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Volume LXIV

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ITALIAN AGRICULTURE 2010

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Table of Contents

Chapter 1 - The Italian Agro-food System

1.1	Agriculture and the international economic climate	7
1.2	Trends in Italian agriculture	8
1.3	International trade in the agro-food sector	10
1.4	Farm enterprises	12
1.5	Food industry	14
1.6	Economic organisation of producers	15
1.7	Distribution and consumption	18

Chapter 2 - Factors of Production in Agriculture

2.1	The land market	35
2.2	Investments, loans and risk management	37
2.3	Inputs	40
2.4	Employment	43
2.5	Knowledge systems in agriculture	46

Chapter 3 - Public Policy in agriculture

3.1	Community Policy: First Pillar	55
3.2	Community Policy: Second Pillar	57
3.3	National policy	59
3.4	Regional policies	61
3.5	Fiscal policy	63
3.6	The framework of responsibilities and consolidated public support	65

Chapter 4 - Multifunctionality, Environment and Territory

4.1	Management of natural resources and sustainable agriculture	77
4.2	The diversification of agriculture	82
4.3	Quality and food safety	85

Chapter 5 - Production in agriculture, forestry and fishing

5.1	Cereals, industrial crops and forage	97
5.2	Fruit, flowers and vegetables	99
5.3	Grapes and olives	102
5.4	Animal husbandry	104
5.5	Milk and dairy products	106
5.6	Fish products	108
5.7	Forestry products	110

Foreword

This volume is an abbreviated version of the sixty-fourth edition of the *Annuario dell'Agricoltura Italiana* (Yearbook of Italian Agriculture), the annual publication of the INEA, the Italian National Institute of Agricultural Economics.

The first edition of the *Annuario* was published in 1948. During more than half a century of life, the publication has benefited from the collaboration of experts drawn from professional, administrative and academic backgrounds, as well as that from numerous important public and private bodies operating in the food sector. It is recognised as a unique and authoritative source of information on all aspects of rural life in Italy.

Successive editions of the *Annuario* trace the history of the remarkable social and economic changes that have taken place in Italy since the middle of the twentieth century: the relative decline of the agricultural sector from its prime position as a source of employment and household income, but, at the same time, the development of a flourishing agro-food sector, noted for the high quality of its final products as well as that of its technical equipment. In this transition, the rural sector has taken on specific new tasks: in particular, it has assumed a key role in protection of the environment, at the same time extending hospitality and information to a wider public, both Italian and foreign, who are now able to appreciate the cultural aspects of the rural environment and benefit from its salutary effects.

The form and content of the *Annuario* have been adapted over the years to take into account changing circumstances, with the intention of producing a “user friendly” volume.

This abbreviated English edition has now reached its twenty-third year. It replaces the summaries in English which followed each chapter in the Italian edition prior to 1987, and includes translations of key statistical tables.

The idea which inspired this publication was that of making available to a wider group of readers information on some of the key factors affecting the Italian rural, agricultural and agro-food sectors – an objective which seems all the more relevant considering the size and importance of the EU agro-food sector and the increased attention to agricultural and environmental policies and trade in the international dialogue.

The present volume is structured into five chapters, each of which summarises the principal contents of each of the five sections (28 chapters) in the Italian version. The statistical tables presented for each chapter have been selected from the more than 250 tables in the original version, giving priority to those documenting newly available information and events of particular interest in the year in question.

This English version of the Yearbook thus reflects the structure of the Italian version, which offers a broad and well-documented collection of data and facts dealing with production, employment, credit in agriculture and with public support for the sector. In particular, the results are also presented of the two annual surveys, on the land market, and on the employment of both EU and non-EU immigrant workers in agriculture. These are surveys which INEA traditionally carries out in the whole of Italy, through its regional branches. Themes regarding the agro-food system including, amongst others, food safety and quality agro-food products are also dealt with.

The Italian version is available through bookshops and is published by Edizioni Scientifiche Italiane.

INEA, the Italian Institute of Agricultural Economics, was established in 1928 and is a public body, an organ of the State, with autonomous administrative and legal status. The statutory task of the Institute is to undertake surveys and studies on the economic aspects of the rural environment, agriculture and forestry, with special reference to requirements for legislation, rural administration, farmers' and workers' organisations. Since 1965, it has acted as liaison organ of the Italian state to the EU Farm Accountancy Data Network. Sixteen Regional Offices and eighteen Farm Accountancy Offices are maintained and coordinated by the Headquarters, which are located in Rome. The Library of the INEA is also situated in Rome, open to the public and also available for consultation on-line. It houses a collection of more than 28,000 volumes and 400 scientific journals, representing publications from most parts of the world.

Chapter 1

The Italian Agro-food System

1.1 *Agriculture and the international economic climate*

Worldwide production in 2010 registered growth of 5%, a strong recovery after the minimal 0.5% contraction posted in 2009. Performance, however, varied across the globe. Lower rates of growth were recorded in advanced economies (up 3%), with higher rates of growth in emerging economies (up 7.3%) such as China and India, which were the principal drivers of world growth with output up on average by 9.7%.

In 2010, the US economy registered growth of 2.9%, while European Union (UE-27) growth of 1.8% - a figure also recorded in the Eurozone - was lower. Europe's fastest-growing economy was Germany (up 3.6%). Lower rates of growth were recorded in France (up 1.5%), and in Italy and the United Kingdom (up 1.3%). Close to zero growth was registered in Spain, while Greece and Ireland posted negative figures. Economic activity across the Eurozone was driven mainly by exports as internal demand provided only limited support. Consumer price inflation in this area during 2010 remained low (1.6%), although by the end of the year it had started rising again. Employment fell slightly in 2010 (down 0.5%), even though significant differences were registered among major nations.

As far as world agriculture was concerned, 2010 was characterised by an upturn in agricultural product prices, which gathered pace during the second half of the year. This was predominantly due to a contraction of supply in the second half of the year, although this was, nevertheless, insufficient to offset globally low levels of inventory. Other causes were depreciation of the dollar, rising demand in emerging economies, oil price trends, and the increasingly large role played by investment funds on agricultural markets. Upward price pressure first emerged in the cereals sector before spreading to other sectors.

EU-27 increases in real income from agriculture in 2010 were a consequence of greater agricultural value of production in real terms (up 3.9%) and, to a more

limited extent, of a rise in production costs (up 1.2%).

In 2010, 56.3 million hectares of crops were grown in the EU (down 3.8%), for total output of 277.2 million tonnes (down 5.8% compared with 2009). An estimated 11 million hectares of oilseed was planted in the EU, generating output of 28.3 million tonnes (down around 3%). Rice production amounted to 1.8 million tonnes, up on the figure recorded in 2009 following an increase in the amount of land cultivated and higher yields. Protein crops yielded output of 2.9 million tonnes.

In the fruit and vegetable sector, 2010 was a positive year in terms of prices, which rose significantly to return to levels seen previously in 2008. Unfavourable climatic conditions penalised output and contributed to these price rises. Olive oil output in 2010 was estimated at 2.1 million tonnes, up significantly compared with 2009.

The value of animal production in 2010 rose as a result of higher producer prices (up 1.2%) and volumes (up 0.8%)

Agricultural input costs posted a 1.2% increase in real terms, driven by a 1.3% rise in prices above all in “power and lubricants” and feed; purchasing volumes remained more or less unchanged (down 0.1%).

As a result of these trends, real agricultural income per labour unit, according to EUROSTAT’s Indicator A, rose in 2010 on average by 12.2% (table 1.1). The largest increases took place in Estonia (up 43.7%), the Netherlands (up 34.2%), Bulgaria (up 33.4%), France (up 29.7%), and Denmark (up 28.4%). On the contrary, significant reductions were registered in the United Kingdom (down 8.3%), Romania (down 3.3%), Greece (down 3.1%) and Italy (down 2.4%).

1.2 *Trends in Italian agriculture*

In 2010, the Italian economy achieved a recovery in economic activity, with GDP posting a modest rise of 1.5% in real terms. This came on the heels of a collapse registered in 2009 (down 5.6%, table 1.2). Exports were the main driver of this growth.

All sectors of production contributed to GDP growth, led by industry in the narrow sense of the term, which posted the best performance in value added at factor cost (up 4.8%). The food industry achieved more modest growth of 1.6%.

Agriculture registered a value added at factor cost increase rate of 0.8%, which was insufficient to counter the drop registered in 2009. These trends meant that agriculture fell slightly as a proportion of GDP (2.2%), whereas the food industry maintained its value of around 1.8% of the economic system as a whole.

In employment terms, agriculture registered a slight increase to 5.3% of the

economy as a whole. On the contrary, the food industry posted a slight decrease to 1.8%.

As a result of these two variables moving in opposite directions, value added per labour unit varied in different sectors of production. Industry in the narrow sense of the term registered the greatest increase (up 7% compared with 2009) to reach an average per capita level of €58,969; on the contrary, agriculture posted a significant drop in per-unit value added (down 4.9%) to just €23,164, an increase corresponding to 41.3% of the average level for the economy as a whole.

As far as price trends were concerned, in 2010 the inflation rate (the general consumer price index) started to rise again, albeit at a moderate pace (up 1.5%, compared with a rise of 0.8% in 2009). On the contrary, consumer prices for food products posted a significant slowdown in growth rates to 0.2%, compared with 1.9% in 2009. In 2010, agriculture resumed its traditional role as a brake on inflation. At production price level, in 2010 the food products index registered an increase of 0.9%, far lower than the general index (which was up 3.1%).

The value of production of agriculture, forestry and fishing amounted to €48,855 million at current prices. The 2% rise recorded in 2010 was sufficient, however, to recover only a small portion of the dismal 2009 performance.

Agricultural production in the narrow sense of the term rose 1.7% to a total of €46,130 million at current prices; in real terms, however, this essentially corresponded to no change at all. The rate of positive change varied from place to place: the highest rates of growth took place in Italy's northern areas (1.7% in the North West, 3.2% in the North East); increases were more limited in the South and Islands (up 1%); and there was close to no change in the Centre (up 0.4%, see table 1.3).

Moving on to examine the main sectors of production, in crops a particularly positive performances were posted by cereals (up 11.3%), pulses (up 15.1%), industrial crops (up 4.4%) and forage crops (up 3.6%), as well as olive-growing products (up 10.3%) and fruit (up 7.2%), all of which were predominantly ascribable to price increases. However, in real terms, trends were prevalently downwards or unchanged.

On the contrary, livestock farming output fell slightly compared with 2009 (down 0.4% at current prices), predominantly as a result of a modest contraction in prices. Varying performances were posted across the sector. Significant growth was achieved in the marginal sector of honey (up 26.3%), while meat underwent a reduction and milk remained essentially unchanged.

Agriculture-related services also registered an increase (up 2.4%), as did ancillary activities (up 5%), which accounted for a slightly greater proportion of the agricultural sector than in 2009 (table 1.4). By region, in terms of production originated by agriculture-related services, Lombardy, Veneto, Emilia-Romagna,

Puglia and Sicily together continued to account for around 50% of Italy's national total; just three regions (Lombardy, Trentino-Alto Adige and Tuscany) accounted for around 45% of output generated by ancillary activities (table 1.5).

Turning now to trends in prices and trade in agriculture, it should be noted that in 2010 prices of both agricultural products and inputs registered an upward trend (figure 1.1). Specifically, the prices of agricultural products accelerated in the general index, especially in the second half of the year, to generate an average increase of 1.5%. The price of vegetables rose 3.1% compared with the preceding year, predominantly as a result of rises in the prices of cereals (up 7.7%), forage crops (up 12.4%) and potatoes (up 13.4%). On the contrary, animal product prices registered a slight contraction (down 1%) compared with 2009. With the exception of ovine and caprine products, this may be ascribed to a general reduction that applied to all types of meat.

Prices of inputs registered a 2.9% increase compared with 2009. This rise was driven predominantly by the prices of goods from outside Italy, such as "power and lubricants", and feed, which registered the highest increases of all (6.6% and 6%, respectively).

A comparison between trends in agricultural product and intermediate input prices in 2010 reveals a further deterioration in terms of trade for Italian agriculture, continuing a trend that has characterised the primary sector for a number of years now.

The higher rate of growth of inputs in 2010 compared with production caused a slight decrease in value added by agriculture, forestry and fishing, which reached €26,370 million at current prices (a rise of 1.9% compared with 2009). In real terms, the increase in value added was more modest still (up 1%). Across Italy, all areas posted positive changes, with the North East registering the best performance and outstripping the national average (up 3.7% at current prices).

1.3 *International trade in the agro-food sector*

In 2010, Italy's degree of openness, calculated as the ratio between trade volume and domestic output, reached a level of 43%, a rise of some four percentage points compared with 2009, following an appreciable rise in both imports and exports. Imports and exports both increased by more than four percentage points over the year, returning to growth after the setback registered in 2009. The degree of commercial coverage, that is to say the ratio between exports and imports, fell slightly over the last year.

Trends on Italy's domestic market were particularly weak, especially on the supply side: domestic production remained more or less pegged to 2009 levels

(up 0.4%), while domestic consumption growth came in only slightly stronger (up 1.4%). Italy's degree of self-sufficiency, that is to say the ratio between production and consumption, amounted to roughly 91%, down slightly on the preceding year.

Italy's trade balance worsened further in 2010 to reach -€29,312 million, the lowest figure registered in recent years (table 1.6). The strong rise of the value of imports (up 23.4%), ascribable above all to an increase in purchases of energy-related products, outstripped the 15.8% increase in exports.

In 2010, the Italian agro-food industry also recorded a reduction in balance, albeit less pronounced. Growth in imports of 11.9% slightly outperformed growth in exports (up 11.5%). In terms of origin and destination, the majority of Italy's exports (about 84%) consisted of consumer products, of which 69% were produced by the food industry. Consumer goods also accounted for a significant proportion of imports (around 52%).

In 2010, exports of consumer products increased significantly. However, agricultural products far outperformed processed products (22.5% compared with 10%).

Foreign sales of raw materials destined for the food industry more than doubled. As far as imports were concerned, significant increases were registered in foreign purchases of products destined for non-food use, both in the primary and food industry sectors (up around 30% in both cases).

Examining trade by sub-sector (table 1.7), it may be seen that in 2010 the recovery was particular strong for agricultural products (imports up 14.3%, exports up 21.3%), but less so for food industry and drinks products (imports up 12.5%, exports up 10.9%). Within the primary sector, imports were down for citrus and other fresh fruit as a result of a collapse in volumes purchased. On the contrary, volumes increased for other imported products, specifically products related to forestry, oilseed and fruit, cocoa, coffee, tea and spices. On the export side, exceptional results were recorded by fresh fruit and vegetables in 2010 following years of gradual decline: a 30% rise for pulses and fresh vegetables, a 35% rise for citrus, and an 18.9% rise for other fresh fruit. Moreover, a particularly large increase was recorded in the foreign sales of Italian cereals (up 68%), which was wholly attributable to an increase in the volume of exports.

As regards industrial food products and drink, significant rises in imports were posted in oils and fats (up 19%), cereal derivatives (up 12%), and dairy products (up 21.8%). On the export side, major increases were posted in 2010 for net export sub-sectors such as processed fruit (up 14.9%), dairy products (up 21.1%), oils and fats (up 15.4%), fresh and frozen meat (up 20.1%), and sugar and sweet confectionery (up 12.6%).

Looking at trade by geographical area, in 2010 the increase in agro-food exports was particularly significant to certain specific areas outside the EU, such as North America (up 13.6%), other European nations (up 14.6%), Asian countries (up 19.8%), candidate countries (up 15.3%), and third-party Mediterranean countries (up 20.3%). As far as imports were concerned, the largest increases occurred with regard to a number of areas outside the EU, in particular Asian nations (up 20.9%), and EEA countries (up 26.3%); far more modest growth was posted for imports from outside the EU (South America up 4.6%).

1.4 *Farm enterprises*

The Italian statistical agency undertook its Sixth Agricultural Census in 2010. In a break from the past, ISTAT boosted its pre-census list of farms by incorporating information from a number of administrative archives. As is customary, the basic unit of measurement used in the survey was the individual farm/livestock enterprise. Companies exclusively involved in forestry were not included in the census.

One important new development concerned the field of observation, which was standardised under EC Regulation 1166/2008, and therefore differs from the field used in previous surveys to define the reference size threshold. ISTAT consequently reprocessed its data from 2000 to comply with the new definition to make it possible to undertake comparisons over time.

As at 24 October 2010, Italy had 1,630,420 farms operating on a Total Agricultural Area (TAA) exceeding 17.2 million hectares, and a Utilized Agricultural Area (UAA) of 12.8 million hectares (table 1.8). Census data confirmed the trend of larger average farm sizes, following a significant reduction in the number of farms (down 32.2% compared with 2000) and a more limited decrease in UAA (down 2.3%). Average UAA increased from 5.5 hectares in 2000 to 7.9 hectares in 2010. The largest decrease in the number of farms (down 40%) and UAA (down 9.5%) occurred in central Italy; in southern Italy, although the number of farms fell by almost 30%, UAA increased by 3.5%. In actual fact, this figure, which is explained by a greater area of meadow and pastureland, may in all likelihood be ascribed more to the inclusion of commonly-owned land, which was not always included in all regions in 2000, than to an actual increase in this type of agricultural land.

The process of transferring land to active farms predominantly concerned utilized agricultural area, and only marginally unused land or woodland. Indeed, TAA fell by 8% over the decade under consideration, which was considerably more than the drop in UAA (down 2.3%).

According to the 2010 Census, land use remained essentially unchanged compared with the preceding decade. The 12,885,186 hectares of agricultural land (table 1.8) was used predominantly for arable crops (54%), followed by meadow and pastureland (27%), and then permanent crops (18%). Arable land is present on more than 834,000 farms (51% of the total), down 35% compared with 2000. A total of 1,197,076 farms grew agricultural tree crops (73% of the total) on 2,370,560 hectares. The number of agricultural tree farms compared with 2000 fell by 32% nationwide, while the area farmed decreased by 3%.

A total of 3,469,663 hectares was permanent meadow and grazing land, up just 1.6% compared with 2000. These results require further investigation as a result of changes to how common land is assessed in a number of regions in the South between 2000 and 2010.

The 2010 Census registered 209,996 farms with livestock, predominantly in the North (44% of the total) and South (39%). The significance of livestock farming in the North is borne out by the fact that 23% of farms in this part of the country raise livestock, compared with 14% of the total in Central Italy and less than 9% of farms in the South. As with arable farms, the trend for livestock farms was towards a gradual concentration of production among an ever-more-limited number of farms.

Moving on to examine output and agricultural income, for 2009 the FADN survey estimated average Gross Farm Income (GFI) of Italian farms at a little over €52,000, with Net Value Added (NAV) at around €28,000, corresponding to 53% of GFI. Net income (NI) reached an average value of just under €20,000 (table 1.9).

The value of GFI exceeded the national average for farms located in northern regions and on plains, which have the highest concentration of farms and the most solid production facilities. At livestock farms, the trend was for costs incurred in the purchase of raw materials, especially feedstuffs and forage, and amortization/depreciation to be higher than average; at fruit and vegetable and tree crop farms, where the use of casual labour is prevalent, costs for waged labour and rent were a significant factor.

On average, public subsidies had a 20% impact on farm earnings (NAV), and were particularly vital for farms specializing in arable crops (41%). Public support has less than average impact at high-earning farms (16% at farms of more than 100 ESUs), making them less dependent on public farm grants for the same NAV produced.

On higher altitude land, there continues to be a substantial difference in average impact: mountain farms receive a lower degree of support from public subsidies than hill or plain farms, notwithstanding ongoing signs of difficulty and a trend in marginal areas for people to quit farming altogether.

As regards factor productivity, average productivity per hectare of cultivated land in 2009 amounted to around €3,225. As in previous years, farms in the North and on plains performed better than the national average in terms of higher levels of production intensity and profitability.

The economic efficiency of labour factors (NAV/LU) – for which the national average corresponds to €23,500 – presented great variability depending on farm location and type. As in previous years, farms in the North achieved far higher than average labour productivity.

Production efficiency and labour profitability were directly related to the economic size of farms. The results for 2009 confirm the difference in circumstances between farms in the mountains and on the plains. Indeed, farms on the plains generated added value per labour unit that was far higher than the national average (close to €30,000/TLU), whereas mountain farms posted profitability per worker that was closer to the national average (a little under €21,000/TLU).

1.5 *Food industry*

For Italy's food industry, 2010 was characterized by a reasonably positive trend in earnings, after a rise in turnover which followed on from the setback recorded in 2009. According to Federalimentare estimates, turnover rose 3.3% compared with the previous year to reach €124 billion at current values. This performance was borne out by data from ISTAT on the industry's turnover index, which in 2010 posted an increase of 2.3% (figure A.2). Exports were key to this increase, posting 10.6% growth in 2010 in the wake of a fall in 2009.

Positive turnover performance was also posted by the ISTAT Index of Industrial Production for the food, drink and tobacco industry, which was up 2.3% (table 1.10). Most sub-sectors posted a rise in production. The only sub-sectors in which the index fell were fruit and vegetable processing (down 0.9%), pasta (down 0.7%), sauces (down 5.1%) and mineral water/soft drinks (down 2.6%).

In 2010, the value added by the food industry came in a little lower than the primary sector, amounting to €24.8 billion at current prices, down 3.5% compared with 2009. In real terms, the change returned to positive territory with a 1.6% rise.

In terms of occupation, the food, drinks and tobacco industry shed 3.4% of its workforce to 441,000.

Structurally, according to Infocamere-Movimprese data the Italian food industry consisted of 67,898 registered firms (down 0.4%), of which 59,730 enterprises were actually active (down 0.2%). Food-producing firms predominated, accounting for 94.5% of the industry.

The most common legal forms for food companies in 2010 were sole proprietorships (accounting for 46.9% of the total), followed by partnerships (30.6%) and joint stock companies (19.2%). Drinks industry companies tend to be joint-stock firms, which accounted for 44.7% of the total.

Enterprises classified as “crafts-based” accounted for a considerable proportion of Italian food companies: 39,819 of which 39,436 were active.

These firms accounted for as much as 68.5% of total food production. As far as legal form is concerned, 60.6% of total crafts-based companies were sole proprietorships.

One of the largest food industry groups at European level, *Nestlé*, maintained its top position in 2010 with turnover of €25.1 billion, and the equivalent of 91,000 employees. Europe’s number two and three groups were, respectively, the Anglo-Dutch *Unilever* Group (€12 billion) and the Dutch *Heineken* Group (€11 billion).

Just two Italian food industry groups ranked in Europe’s top 20: *Ferrero*, Italy’s largest group with turnover of €6.3 billion, in eighth position, and *Barilla*, in 15th position, with turnover of €4.1 billion.

Of Italy’s top 50 food groups, 64% reported a growth in turnover in 2010, confirming the recovery currently taking place in Italy’s food industry (table 1.11).

1.6 *Economic organisation of producers*

A survey undertaken by the National Observatory on Agricultural Cooperation¹ covering the two-year period 2008-2009 showed that the role of cooperative-based producers had consolidated to represent 36% of agricultural production and 24% of Italy’s food industry turnover. The sector is characterized by strong links to local areas, and is mutualistic in nature. Italian agro-food cooperation is one of Europe’s leaders in terms of member raw material input. Despite this, the sector faces a number of critical issues, notably the reduced average size of firms, and an ongoing major growth gap between cooperatives in northern Italy, which are responsible for generating almost 80% of national turnover, and cooperatives in the country’s south.

An analysis of the Italian Agro-food cooperative system reveals that the four central representative bodies (FedagriConfcooperative, Legacoop Agroalimentare, ASCAT-UNCI and AGCI-Agrital) recorded an increase in the number of

¹ The National Observatory on Agricultural Cooperation was established at the Ministry for Agricultural, Food and Forestry Policies under Law no. 231 of 2005, and is supported by agro-food cooperative representation organisations.

cooperatives (around 6,200 in 2010) and turnover (€37.4 billion in 2010), while also experiencing a further reduction in overall membership, which now stands at around 900,000 (table 1.12). These trends resulted in a rise in average turnover per cooperative in 2010 to €5.8 million.

In January 2011, central representative bodies Fedagri-Confcooperative, Legacoop Agroalimentare and AGCI-Agrital established the Alliance of Italian Cooperatives to coordinate cooperative representation to government, parliament, European institutions and the social partners.

As far as Producer Organisations (OPs) were concerned, as at 31 December 2010 a total of 163 non-fruit and vegetable producers were registered on the MIPAAF 163 OP Registry. With 22 new POs recognised (as well as recognition being withdrawn from 2 olive-sector POs) the upwards trend for this type of organisation continued in 2010. The olive sector benefits from the greatest representation, with 35 POs recognised, most of which operate in Puglia and Calabria. For the second year running, the tobacco sector saw the greatest growth, with 13 new POs gaining recognition in 2010.

There were also major developments in the field of agro-energy associations in 2010, following the establishment of the “Verde Energia” [Green Energy] PO, the second organization in Italy to obtain recognition in the agro-energy sector pursuant to article 2, Legislative Decree no. 102/05.

In geographical terms, following a rise in the number of tobacco POs Campania is now Italy’s fourth-largest region in terms of non-fruit and vegetable POs, behind Calabria (20), Emilia-Romagna (20) and Puglia which, with 26 POs is the Italian region with the highest number of such organisations.

In the fruit and vegetable sector, regulated under (EC) 1234/2007 for Common Market Organisation, as at 30 June 2011, 291 organisations were recognised, of which 274 were Producers’ Organisations (POs), 13 were Associations of Producers’ Organisations (AOPs), and the remaining four had been recognised as Producers’ Groups (GPs) prior to 2008.

Moving on to contractual tools, 2010 saw an intensification of contract-related activities in the various sectors of production.

In the dairy industry, after long negotiations a six-month inter-professional agreement was signed in the Lombardy region to set the farmgate price of raw milk at 33.156 eurocents. Another significant agreement was signed in the Lazio region, after regional government mediation, establishing the farmgate price for milk at 38 eurocents per litre. Further locally significant agreements were reached in the regions of Tuscany, Puglia and Piedmont.

In the cereals sub-sector, agreements and supply-chain contract renewals were undertaken in 2010 for landmark agreements (the “High quality durum wheat in Emilia-Romagna” framework agreement, and the SIGRAD and Granaio italiano

supply-chain agreements), alongside the start-up of two new ventures for the wheat supply chain, and conclusion of a major three-year framework agreement for the rice supply chain. New developments included the signature of a two-year regulatory contract between Filiera Italiana Trading Seminativi (FITS)² and Barilla for the provision of DOC registered-origin durum wheat; and, under the auspices of the 2007-2013 Marches Region RDP, the start-up of a supply-chain project oriented towards the signature of an agreement between Fedagri-Conf-cooperative, Legacoop Agroalimentare, a number of cereals brokers and Barilla.

In the fruit and vegetable sector, the main contract-related events that occurred in 2010 were the renewal of sector agreements where they have traditionally been in place, such as tomatoes for industrial use and potatoes (industrial processing and fresh consumption), in addition to the signature of an inter-professional agreement for the peach and nectarine supply chain.

Contractual activities in the tomato for industrial use sector initiated with an update to the three-year 2008-2010 inter-professional agreement, which set a 2010 target ceiling of 68-70,000 hectares of cultivated land, and 46-48 million quintals of product delivered. As part of this process the framework contract for the northern Italy production area was renewed and a base reference price was set at €70 per tonne (-12% compared with 2009). This was followed by completion of an area agreement for Central and Southern Italy (€70 per tonne for round tomatoes and €80 per tonne for elongated varieties). In the peach and nectarine subsector, the inter-professional agreement for the 2010 season set a number of rules for releasing fresh product onto the market, targeting certain product categories and sizes. In the fresh consumption potato subsector, with the patronage of the Emilia-Romagna regional administration a three-year regional framework contract was renewed for the sale of around 100,000 tonnes of product at a price to be set by the Bologna Potato Exchange. The inter-professional agreement for potatoes earmarked for processing entered its third year, and in 2010 confirmed its target to process 170,000 tonnes.

In the olive-growing and oils sub-sector, in addition to an update to the UNAPROL-Consorzio olivicolo italiano supply chain contract, in 2010 the first inter-professional agreement for this supply chain was signed by a majority of sector players.

For the beet/sugar subsector, during 2010 beet associations and sugar companies (Eridania Sadam, COPROB-Italia Zuccheri and Zuccherificio del Molise) signed an inter-professional agreement setting terms of payment for beet over the next four seasons, from 2010/11 to 2013/14, the last year that the current

² Italian agricultural consortia, Fincoop, cereals cooperatives.

COM applies. Moreover, in implementation of Agro-energy projects (in addition to, as opposed to as an alternative to the main production of sugar beet), ground-breaking inter-professional agreements were signed in 2010 that envisage incorporating a minimum payment as part of the base price to reflect the energy value of pulp.

In the Agro-energy subsector, three multi-year framework contracts were signed in 2010 by farm producers and electricity generators, in addition to the COAGR.ENERGY supply chain contract.

Moving on to joint-trade associations, Italy has very few inter-professional organisations within its domestic agro-food system. The first (and thus far only) such body to have gained recognition in Italy through an *ad hoc* ministerial decree is "Ortofrutta Italia", which was established in the fruit and vegetable sector in 2004. In the cereals subsector, one major inter-professional venture is being run by SIGRAD, a consortium with an inter-professional mission established in 2004, whose members include some of Italy's largest industrial and farm production enterprises, in addition to a seed research and production firm. In the beef subsector, Italy's IntercarnePro beef joint-trade association was founded in 2009 to boost cattle farming, drawing inspiration from the French Interbev model. An inter-professional organisation for olive oil was also recently set up in order to create more effective vertical integration between all of the stakeholders in the supply chain.

One new tool introduced under recent Italian legislation (Law no. 33/2009, as amended under Law no. 122/2010) is the network contract, the main function of which is to set rules for firms to maintain their own independence while developing joint industry projects oriented towards enhancing their ability to innovate and compete. In addition to offering opportunities for growth, this approach also ensures access to loans.

1.7 *Distribution and consumption*

In 2010, trade retail sales of food products underwent an overall reduction. While modern distribution channels posted positive sales performance (up 0.4%), smaller retail outlets continued to perform negatively (down 1.4%). The number of specialist stores also staged a recovery, although the number of specialist meat and meat-based products sales outlets suffered a 0.9% setback.

In recent years, farmers' markets have achieved considerable growth.

In the modern retail sector, according to the annual Nielsen survey, 2010 saw a consolidation of growth trends in terms of sales outlet floorspace, particularly in the discount store subsector (up 6.6% compared with 2009). Only mini-markets

continued to perform negatively.

The retail distribution system in Italy is rather highly concentrated: the five largest groups account for fully 60% of the nation's supermarkets and hypermarkets (table 1.13). In 2010, Conad was Italy's largest group, with 2,813 sales outlets (up 1.8% compared with 2009). However, the Coop registered the highest number of sales, amounting to €12.9 billion (up 1.1% compared with 2009).

In addition to stimulating demand, the main strategies employed by modern retailers were the ongoing development of own-brand products, which registered growth corresponding to 6.5% compared with 2009.

Moving on to food consumption, Italian household spending resumed growth (up 2.4%) in 2010. Increases were registered right across the board, led by education, leisure and culture, clothing and footwear. Food spending, however, registered a more limited increase (0.4%); it should be noted that this figure includes higher levels of growth in spending on fish (up 4.1%) and bread and cereals (up 1.3%), as a result of increases both in the quantity consumed and prices (table 1.14). Other products (milk, cheese and eggs, sweet confectionery and coffee, tea and cocoa) registered more modest growth in terms of spending, whereas other categories, particularly oils and fats and vegetable products, posted a decrease in spending.

Moving on to examine household spending by food type, ISTAT data revealed a fall in the quantity consumed of oils and fats (down 16.1%), fish products (down 7.3%) and dairy (down 4.9%). Spending on bread and cereals, vegetable and meat all remained substantially stable. For meat products there was a shift away from red meat towards chicken: in 2010 beef consumption dropped in quantity by 4.6%, while the consumption of chicken rose by 2.7%. In cereal derivatives, there was a reduction in the consumption of bread (around 3%), offset by growth in substitute products (crackers, pre-packaged loaves, bread sticks, etc.).

An upwards trend was also registered in 2010 towards the purchase of products with a higher level of service incorporated, such as the consumption of ready-prepared vegetables and organic produce, alongside a lesser rate of growth in the consumption of typical local and PDO-PGI products. There has also been a constant rise in so-called "functional foods"; in recent years the focus on innovation has been greatest in dairy products.

Table 1.1 – *Net real value added¹ from farming to base prices, labour units and the real farm income index per labour unit in the EU-27 (net value added at factor cost per labour unit in agriculture)*

	Value added at real price (constant millions of euro 2005=100)		Labour units in farming (000)		Indicator A ²	
	2010	% change 2010/09	2010	% change 2010/09	2010	change 2010/09
Belgium	1,669.1	29.9	62.6	-3.5	134.3	26.6
Bulgaria	968.7	12.4	358.3	-10.4	158.7	33.4
Czech Republic	321.0	148.5	129.5	-0.6	113.9	15.4
Denmark	648.9	450.2	60.1	-0.5	78.7	28.4
Germany	6,810.6	40.0	525.3	-2.0	124.6	22.8
Estonia	118.6	57.5	28.7	-2.0	138.2	43.7
Ireland	805.0	396.6	145.7	-0.5	85.3	18.3
Greece	3,769.3	-5.6	568.8	-0.3	86.5	-3.1
Spain	15,342.8	2.9	897.3	-1.3	101.7	7.9
France	15,046.6	39.7	855.8	-1.8	116.3	29.7
Italy	10,184.9	2.3	1,162.4	-0.1	83.6	-2.4
Cyprus	267.0	1.4	25.3	0.4	92	-0.3
Latvia	121.1	39.2	87.9	-5.9	127.8	25.4
Lithuania	334.9	8.9	143.4	-2.5	121.8	15.2
Luxembourg	6.9	-236.8	3.5	0.0	70.2	12.8
Hungary	1,051.5	37.2	414.4	-2.4	123.3	16.1
Malta	46.4	-8.2	4.2	0.0	114.4	13.4
The Netherlands	5,616.0	38.4	179.7	-1.1	122.1	34.2
Austria	984.2	34.3	149.2	-1.8	106.2	12.3
Poland	5,114.4	-0.0	2,086.9	-5.7	145.2	10.5
Portugal	1,211.9	-2.1	337.4	-1.9	109.2	8.6
Romania	3,339.8	-4.6	2,241.0	4.1	89.1	-3.3
Slovenia	140.4	15.4	80.9	-1.2	92.8	6.1
Slovakia	106.0	53.8	83.2	-3.3	115.2	4.7
Finland	328.7	84.0	84.5	-2.8	107.8	-0.8
Sweden	482.9	182.4	60.6	-4.1	121.7	26.9
United Kingdom	5,288.2	-7.1	281.6	-0.4	121.3	-8.3
EU-27	80,125.9	15.3	11,058.3	-1.5	111.1	12.2

¹ Net valued added is calculated as the difference between the value of production - (inputs + amortization/ depreciation).

² 2005 = 100.

Source: EUROSTAT.

Table 1.2 – *Agriculture in the Italian economy*

	2008	2009	2010
% change in value added at factor cost (chained values)			
Economy total	1.2	-5.6	1.5
- agriculture ¹	1.5	-2.5	0.8
- industry in the narrow sense	3.4	-15.6	4.8
- food, beverages and tobacco industries	3.8	-0.1	1.6
- services	0.4	-2.6	1.0
% share of agriculture out of overall value added²	2.3	2.3	2.2
Value added at factor cost per labour unit (euro)			
Economy total	54,807	54,993	56,107
- agriculture ¹	24,258	24,352	23,164
- industry in the narrow sense	56,529	55,120	58,969
- food, beverages and tobacco industries	50,979	55,404	54,827
- services	58,155	58,828	59,620
% share of agricultural employment out of total employment³	5.2	5.2	5.3
% change in consumer price index ⁴			
- food products	5.3	1.9	0.2
- total (entire Italian community)	3.2	0.8	1.5
% change in producer price index			
- food products	9.4	-3.9	0.9
- total	5.8	-5.4	3.1
% share of international trade in agro-food products out of total trade			
- exports	7.3	8.6	8.3
- imports	9.0	10.6	9.6
Normalised trade balance			
- agro-food products	-12.4	-11.4	-11.5
- all products	-1.7	-1.0	-4.2
% change in terms of trade (imports/exports)			
for agro-food products	2.3	4.1	-1.7

¹ Agriculture, forestry and fishing.

² At factor cost (current prices).

³ In terms of labour units.

⁴ National consumer price index, 1995=100.

Source: ISTAT and the Bank of Italy.

Table 1.3 – Production and value added to basic prices in agriculture in Italy by product category and geographical area - current prices

	(million of euro)											
	North West		North East		Centre		South and Islands					
	2010	distrib. %	% change 2010/09	2010	distrib. %	% change 2010/09	2010	distrib. %	% change 2010/09			
CROPS	4,602	43.9	18.2	6,200	48.8	5.5	3,958	57.6	0.7	10,931	68.1	1.7
- Field crops	2,462	23.5	3.2	3,046	24.0	7.4	1,923	28.0	1.9	5,540	34.5	-2.2
- Cereals	1,308	12.5	7.1	1,208	9.5	23.7	517	7.5	0.4	778	4.8	9.5
- Pulses	14	0.1	9.9	10	0.1	34.8	22	0.3	25.5	41	0.3	8.3
- Potatoes and vegetables	511	4.9	-0.5	1,341	10.5	-3.5	1,034	15.1	3.0	4,061	25.3	-4.7
- Industrial crops	64	0.6	6.6	327	2.6	8.6	142	2.1	0.1	137	0.9	-1.5
- Flowers and potted plants	565	5.4	-2.1	160	1.3	-1.8	209	3.0	-0.1	522	3.3	0.8
Forage crops	587	5.6	6.9	535	4.2	4.6	239	3.5	1.9	355	2.2	-1.6
Tree crops	989	9.4	2.8	2,619	20.6	3.6	1,796	26.2	-0.8	5,036	31.4	6.6
- Wine and grape-related products	508	4.8	4.9	895	7.0	-4.1	469	6.8	-7.3	1,162	7.2	10.2
- Olive-related products	26	0.2	-17.2	10	0.1	1.6	263	3.8	5.9	1,354	8.4	11.9
- Citrus	0	0.0	-	0	0.0	-	2	0.0	6.5	1,368	8.5	1.0
- Fruit	266	2.5	3.7	1,555	12.2	9.4	308	4.5	3.7	960	6.0	5.7
Other tree	188	1.8	-0.5	158	1.2	-3.0	755	11.0	-0.3	192	1.2	-2.4
LIVESTOCK FARMING	5,346	50.9	-0.1	4,826	37.9	0.4	1,748	25.5	-1.3	2,970	18.5	-2.0
Livestock food products	5,346	50.9	-0.1	4,825	37.9	0.4	1,745	25.4	-1.3	2,962	18.5	-2.0
Meat	3,235	30.8	-1.3	2,971	23.4	-0.5	1,136	16.5	-1.6	1,790	11.1	-1.5
Milk	1,800	17.2	1.6	1,406	11.1	1.6	447	6.5	-2.4	888	5.5	-4.4
Eggs	300	2.9	2.8	440	3.5	2.8	154	2.2	2.8	275	1.7	2.8
Honey	10	0.1	29.9	9	0.1	27.7	8	0.1	24.4	9	0.1	22.8
Non-foodstuff livestock products	1	0.0	7.9	1	0.0	10.0	3	0.0	0.2	8	0.0	-0.7
AGRICULTURE-RELATED SERVICES	930	8.9	1.9	1,321	10.4	2.5	916	13.3	2.2	2,283	14.2	2.5
PROD. OF AGRICULTURAL GOODS AND SERVICES	10,313	98.3	1.5	12,347	97.1	3.2	6,622	96.4	0.3	16,184	100.8	1.1
(+) Ancillary activities 1	348	3.3	7.2	591	4.6	4.6	370	5.4	3.8	255	1.6	4.7
(-) Ancillary activities 1	168	1.6	4.0	221	1.7	5.5	126	1.8	10.7	385	2.4	6.6
PROD. FROM THE AGRICULTURAL SECTOR	10,493	100.0	1.7	12,717	100.0	3.2	6,866	100.0	0.4	16,054	100.0	1.0
intermediate consumption (including Sifim)	5,678	54.1	2.2	6,595	51.9	2.7	2,872	41.8	0.9	6,492	40.4	1.7
VALUE ADDED IN THE AGRICULTURAL SECTOR	4,815	45.9	1.1	6,122	48.1	3.7	3,994	58.2	-0.1	9,562	59.6	0.6

¹ Ancillary activities are considered to be activities carried out within the agricultural sector, and which therefore are not separable, that is to say, agri-tourism, the processing of milk, fruit and meat, which are indicated by the (+) sign, and activities carried out by other sectors of economic activity within the framework of cultivation and livestock rearing (for example, by shops), as indicated by the (-) sign.

Source: ISTAT.

Table 1.4 – *Associated and ancillary activities in agriculture – Production at current prices*

	2000	2008	2009	2010	Distrib. % 2010	% change 2010/09 at current prices	Chained values (2000) % change 2010/09
(million of euro)							
ACTIVITIES REGARDING							
AGRICULTURE-RELATED SERVICES							
Agricultural contracting, and the hiring of agricultural machines and equipment	2,045.6	2,305.9	2,317.2	2,398.5	44.0	3.5	0.7
Harvesting, initial processing and preserving agricultural products ¹	1,109.1	1,390.7	1,438.6	1,481.0	27.2	2.9	2.5
Seed conservation	219.7	358.9	353.1	324.9	6.0	-8.0	-0.4
Maintenance of parks, gardens and flowerbeds	989.5	1,507.9	1,471.4	1,473.2	27.0	0.1	-1.2
New crops and plantations	183.3	218.2	211.0	193.0	3.5	-8.5	-10.5
Livestock raising-related service activities ²	94.4	95.7	96.9	96.8	1.8	0.0	-2.3
Total	4,238.6	5,300.3	5,324.0	5,449.4	100.0	2.4	0.6
ANCILLARY ACTIVITIES							
Meat processing	340.4	396.5	373.5	402.0	25.7	7.6	0.5
Fruit processing	72.8	39.8	39.3	42.6	2.7	8.5	1.9
Milk processing	234.5	271.8	264.4	287.3	18.4	8.7	-0.3
Farm-based tourism	387.3	819.2	813.0	832.3	53.2	2.4	2.5
Total	1,035.0	1,527.4	1,490.0	1,564.1	100.0	5.0	1.5

¹ Also refers to other contracted out farm-related service activities. Does not include agricultural product processing.

² Excluding veterinary services. Source: ISTAT.

Table 1.5 – Associated and ancillary activities in agriculture by region - Production at current prices

	(million of euro)											
	Associated services				Ancillary activities (+)				Ancillary activities (-)			
	2009	2010	distr. %	% change	2009	2010	distr. %	% change	2009	2010	distr. %	% change
Piedmont	320,352	326,912	6.0	2.0	91,046	96,756	6.2	6.3	52,287	55,134	6.1	5.4
Valle d'Aosta	9,839	10,149	0.2	3.1	12,688	13,188	0.8	3.9	1,175	1,198	0.1	2.0
Lombardy	522,842	532,975	9.8	1.9	202,924	219,395	14.0	8.1	102,165	105,230	11.7	3.0
Trentino-Alto Adige	85,339	87,615	1.6	2.7	268,055	272,215	17.4	1.6	9,953	10,595	1.2	6.4
Veneto	513,712	526,572	9.7	2.5	123,814	132,558	8.5	7.1	94,121	98,757	11.0	4.9
Friuli-Venezia Giulia	131,154	133,954	2.5	2.1	38,575	40,616	2.6	5.3	8,886	9,223	1.0	3.8
Liguria	59,640	59,612	1.1	0.0	17,761	18,427	1.2	3.7	5,724	6,187	0.7	8.1
Emilia-Romagna	557,976	572,871	10.5	2.7	134,967	145,874	9.3	8.1	96,352	102,159	11.4	6.0
Tuscany	264,602	269,688	4.9	1.9	202,549	208,965	13.4	3.2	26,273	28,623	3.2	8.9
Umbria	100,668	102,756	1.9	2.1	34,893	36,360	2.3	4.2	10,999	11,438	1.3	4.0
Marches	198,941	204,095	3.7	2.6	50,393	52,396	3.3	4.0	21,429	22,276	2.5	4.0
Lazio	332,029	339,013	6.2	2.1	68,775	72,343	4.6	5.2	54,899	63,408	7.0	15.5
Abruzzo	132,895	135,671	2.5	2.2	40,242	41,864	2.7	4.0	31,698	34,961	3.9	10.3
Molise	70,327	72,286	1.3	2.8	10,499	11,284	0.7	7.5	8,791	9,584	1.1	9.0
Campania	302,214	309,917	5.7	2.5	52,451	55,730	3.6	6.3	90,959	101,624	11.3	11.7
Puglia	512,964	524,310	9.6	2.2	25,256	26,562	1.7	5.2	71,212	75,567	8.4	6.1
Basilicata	167,997	172,948	3.2	3.0	13,167	14,016	0.9	6.4	14,770	15,946	1.8	8.0
Calabria	225,278	231,263	4.2	2.7	28,232	24,172	1.5	4.0	29,929	32,163	3.6	7.5
Sicily	570,681	585,694	10.7	2.6	31,776	33,530	2.1	5.5	77,788	73,659	8.2	-5.3
Sardinia	244,875	251,110	4.6	2.5	46,973	47,846	3.1	1.9	36,436	41,829	4.6	14.8
Italy	5,324,025	5,449,412	100.0	2.4	1,490,036	1,564,097	100.0	5.0	845,847	899,562	100.0	6.4

Source: ISTAT.

Figure 1.1 – *Agricultural product and input price trends*

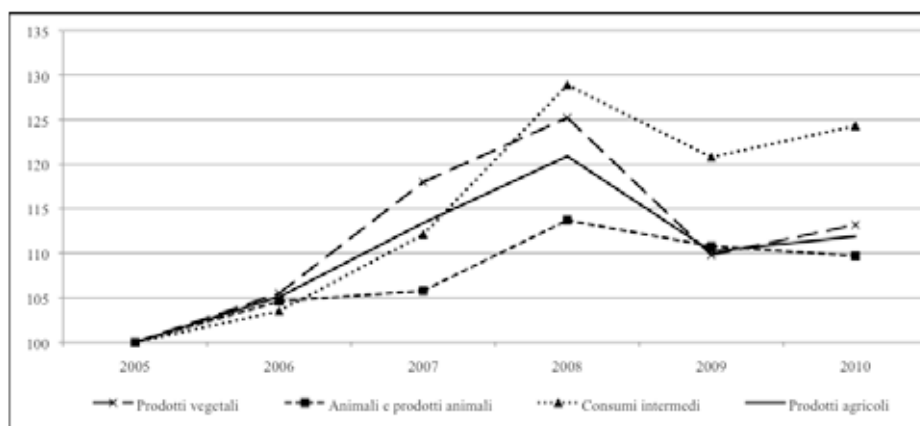


Table 1.6 – *Trends in Italian agro-food and overall trade*

(million of euro at current values)

	2006	2007	2008	2009	2010
Imports					
Total	352,465	368,080	382,050	297,609	367,122
Agro-food	31,636	33,112	34,532	31,640	35,406
AF1/total (%)	9.0	9.0	9.0	10.6	9.6
Exports					
Total	332,013	358,633	369,016	291,733	337,810
Agro-food	22,789	24,732	26,894	25,166	28,087
AF1/total (%)	6.9	6.9	7.3	8.6	8.3
Balance					
Total	-20,452	-9,447	-13,035	-5,876	-29,312
Agro-food	-8,846	-8,380	-7,638	-6,474	-7,353
Non Agro-food	-11,605	-1,067	-5,397	599	-21,959
Normalised balance (%)					
Total	-3.0	-1.3	-1.7	-1.0	-4.2
Agro-food	-16.3	-14.5	-12.4	-11.4	-11.5
Non Agro-food	-1.8	-0.2	-0.8	0.1	-3.4

¹ AF = Agro-food

Source: INEA, *Il commercio con l'estero dei prodotti agroalimentari. Rapporto 2010.*

Table 1.7 – Italian agro-food trade by subsector - 2010

	million of euro					Balance normalised
	imports	%	exports	%	balance	
Cereals	1,959.1	5.5	164.9	0.6	-1,794.2	-84.5
- from seed	80.4	0.2	33.3	0.1	-47.1	-41.4
Fresh pulses and vegetables	874.6	2.5	1,214.6	4.3	340.0	16.3
- from seed	160.2	0.5	86.4	0.3	-73.8	-29.9
Dried pulses and vegetables	177.1	0.5	37.3	0.1	-139.8	-65.2
Citrus	238.4	0.7	208.9	0.7	-29.5	-6.6
Fresh fruit, other	1,052.8	3.0	2,281.8	8.1	1,229.0	36.9
Dried fruit	663.5	1.9	256.8	0.9	-406.7	-44.2
Coarse fibrous plants	98.3	0.3	9.5	0.0	-88.8	-82.4
Oilseeds and oleaginous fruits	719.7	2.0	75.8	0.3	-643.9	-80.9
Cocoa, coffee, tea and spices	1,138.5	3.2	50.6	0.2	-1,087.9	-91.5
Ornamental flowers and plants	503.9	1.4	643.5	2.3	139.6	12.2
Raw tobacco	51.4	0.1	218.2	0.8	166.8	61.9
Live Animals	1,457.8	4.1	54.9	0.2	-1,402.9	-92.7
- for breeding	117.5	0.3	27.5	0.1	-90.0	-62.1
- for fattening and slaughter	1,317.2	3.7	16.0	0.1	-1,301.2	-97.6
Other livestock products	358.8	1.0	91.4	0.3	-267.4	-59.4
Forestry products	753.6	2.1	89.8	0.3	-663.8	-78.7
Fish products	979.3	2.8	207.5	0.7	-771.8	-65.0
Game	72.4	0.2	11.9	0.0	-60.5	-71.7
Other agricultural products	65.4	0.2	55.4	0.2	-10.0	-8.3
Total primary sector	11,164.5	31.5	5,672.7	20.2	-5,491.8	-32.6
Cereal derivatives	1,098.8	3.1	3,765.5	13.4	2,666.7	54.8
- Pasta	61.2	0.2	1,793.3	6.4	1,732.1	93.4
Sugar and confectionery	1,429.4	4.0	1,229.8	4.4	-199.6	-7.5
Fresh and frozen meat	4,349.0	12.3	1,016.6	3.6	-3,332.4	-62.1
Processed meat	330.2	0.9	1,072.9	3.8	742.7	52.9
Fish, processed and preserved	3,022.4	8.5	320.5	1.1	-2,701.9	-80.8
Processed vegetables	890.4	2.5	1,902.4	6.8	1,012.0	36.2
Processed fruit	483.5	1.4	890.6	3.2	407.1	29.6
Dairy products	3,587.5	10.1	2,151.1	7.7	-1,436.4	-25.0
- milk	842.0	2.4	11.2	0.0	-830.8	-97.4
- cheese	1,498.6	4.2	1,660.1	5.9	161.5	5.1
Oils and fats	2,837.0	8.0	1,591.2	5.7	-1,245.8	-28.1
Oilseed cake and feed	1,597.5	4.5	436.7	1.6	-1,160.8	-57.1
Beverages	1,369.5	3.9	5,249.1	18.7	3,879.6	58.6
- wine	256.3	0.7	4,036.7	14.4	3,780.4	88.1
- other alcoholic	901.4	2.5	712.0	2.5	-189.4	-11.7
- non-alcoholic beverages	206.8	0.6	459.8	1.6	253.0	38.0
Other food industry products	1,500.1	4.2	2,174.8	7.8	674.7	18.4
Other food products	1,089.5	3.1	347.5	1.2	-742.0	-51.6
Total food and drinks industry	23,584.8	66.6	22,139.8	78.9	-1,445.0	-3.2
TOTAL AGRO-FOOD¹	35,408.1	100.0	28,053.0	100.0	-7,355.1	-11.5

¹ The agro-food total includes other products (under thresholds 1-24) that are not reported under primary sector and food and beverage industry totals.

Source: INEA, *Il commercio con l'estero dei prodotti agroalimentari. Rapporto 2010*.

Table 1.8 – *Farms and related areas covered under the main forms of UAA*

	Italy		North		Centre		South	
	2010	% change 2010/00	2010	% change 2010/00	2010	% change 2010/00	2010	% change 2010/00
Farms (no.)	1,630,420	-32.2	397,847	-32.7	256,059	-40.0	976,514	-29.6
UAA (ha)	12,885,186	-2.3	4,605,144	-5.6	2,204,700	-9.5	6,075,342	3.5
TAA (ha)	17,277,023	-8.0	6,371,724	-10.7	3,471,535	-11.0	7,433,764	-3.9
Arable farms (no.)	834,650	-34.5	257,874	-32.0	147,214	-37.8	429,562	-34.7
Under arable crops (ha)	7,014,892	-3.7	2,834,779	-3.5	1,391,270	-7.6	2,788,843	-1.9
Agricultural tree crop farms (no.)	1,197,076	-32.0	179,871	-40.8	198,800	-39.6	818,405	-27.4
Area under tree crops (ha)	2,370,560	-3.0	455,176	-4.5	387,300	-6.8	1,528,084	-1.5
Farms with meadows and grazing (no.)	275,757	-45.6	116,481	-44.1	42,614	-64.0	116,662	-35.2
Area under meadow and grazing (ha)	3,469,663	1.6	1,308,049	-10.0	419,180	-17.0	1,742,435	19.6

Source: ISTAT, 6th and 5th Censimento generale dell'agricoltura.

Table 1.9 – Gross farm output, net value added and average net income by location, altitude, and ESU and Farm Type - 2009

	Gross Farm Income (GFI)	Net Value Added (NAV)	Net Income (NI)	NAV/GFI	NI/NAV	Public subs. /NAV
	euro			%		
Geographical areas						
North	77,580	37,717	29,025	48.6	77.0	20.1
Centre	51,289	25,784	16,853	50.3	65.4	23.7
South	34,518	21,684	14,716	62.8	67.9	19.0
Altitude						
Mountain	47,327	26,313	19,510	55.6	74.1	18.1
Hill	37,215	21,187	15,205	56.9	71.8	21.5
Plain	76,368	38,492	27,492	50.4	71.4	19.8
Economic Size Unit						
4 - 8 ESUs	14,710	8,797	6,259	59.8	71.2	20.6
8 - 16 ESUs	23,982	13,077	8,462	54.5	64.7	25.2
16 - 40 ESUs	53,326	28,680	18,410	53.8	64.2	22.4
40 - 100 ESUs	124,363	66,404	50,329	53.4	75.8	20.8
More than 100 ESUs	540,116	273,907	212,775	50.7	77.7	16.2
Technical-economic orientation						
Arable	40,969	21,404	13,163	52.2	61.5	40.8
Fruit, vegetables and flowers	119,324	67,338	44,144	56.4	65.6	0.6
Permanent crops	34,201	21,560	13,845	63.0	64.2	10.0
Herbivorous livestock	105,588	49,172	45,353	46.6	92.2	24.1
Granivorous livestock	478,043	191,244	169,573	40.0	88.7	4.6
Polyculture	43,646	22,681	16,995	52.0	74.9	26.6
Italy	52,677	28,126	20,238	53.4	72.0	20.2
of which:						
Change 2009/2008	-6%	-7%	-9%	-	-	-

NOTES:

GFI: gross farm income is the sum total of sales, public subsidies for operating expenses, own consumption, payments in kind, repurposing for farm use, fixed assets, the value of production earmarked for processing, and the balance of the value of product inventory and revenues from associated activities.

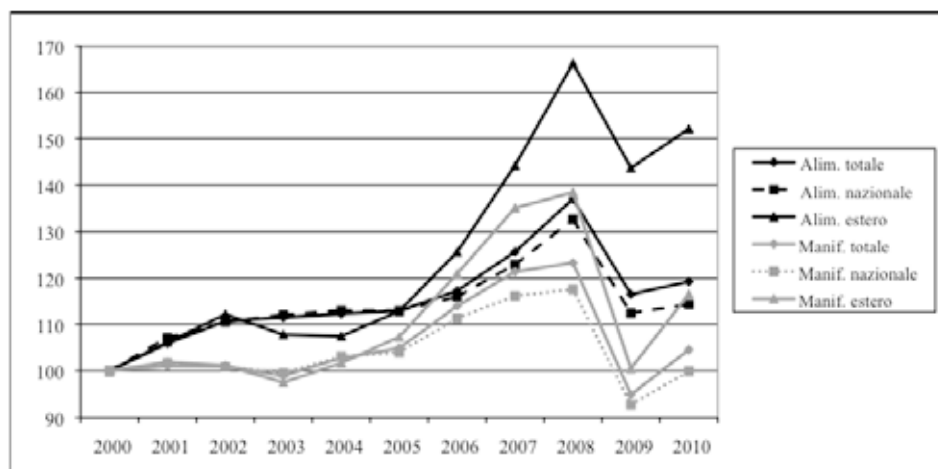
NAV: Net Added Value is the result of the difference between GFI and current production costs and amortisation/depreciation. NI: Net Income is the difference between NAV and wages payable to off-farm factors of production.

Public subsidies: aid paid for operating expenses is taken into consideration.

Source: INEA, RICA database 2009.

Source: INEA, FADN database 2009.

Figure 1.2 – *Index of food and manufacturing industry turnover*



Source: calculated using ISTAT data.

Table 1.10 – *Trends in Italian food industry production*

(rough indices - 2005=100)

	Average			% change
	2008	2009	2010	2010/09
Prod. of processed meat and derivatives	102.1	100.6	101.8	1.2
Processing and preservation of fish and derivatives	98.0	96.6	98.7	2.3
Processing and preservation of fruit and vegetables	112.4	113.2	112.2	-0.9
Manuf. of plant and animal oils and fats	104.6	110.0	123.1	11.9
Dairy industry	101.3	97.6	100.5	3.1
Processing of grains and starch products	92.7	93.1	95.3	2.3
Bakery products	104.0	103.7	105.6	1.8
Fresh bread and confectionery	105.7	104.3	106.9	2.5
Toasted biscuits, sweet biscuits and pre-packaged confectionery	105.9	110.0	112.2	2.0
Pasta, couscous and similar	97.4	96.2	95.5	-0.7
Other food products	93.6	92.4	96.1	4.0
Sugar	28.2	26.6	27.4	3.0
Cocoa, chocolate, sweets and confectionery	101.8	98.7	103.6	4.9
Tea and coffee	110.8	108.8	114.7	5.4
Flavourings and spices	119.4	114.4	108.6	-5.1
Prepared dishes	82.4	81.9	111.5	36.2
Baby foods and dietetic preparations	101.6	100.6	100.9	0.3
Manufactured food for animals	103.2	93.4	96.9	3.7
Drinks industry	104.9	105.1	105.6	0.5
Distilled alcoholic beverages	109.0	113.5	115.7	1.9
Wine (from grapes not produced on-site)	102.0	103.9	106.4	2.4
Beer	104.4	100.0	100.3	0.3
Mineral water and soft drinks	106.2	w103.7	101.0	-2.6
Food, drinks and tobacco industry	101.8	100.5	102.8	2.3
Manufacturing industry	103.1	82.8	88.5	6.9

Source: calculated using ISTAT data (CONISTAT database).

Table 1.11 – The main food firms in Italy - 2010

		"Turnover (€m)"	% change 2010/09	Employees	Province	Core business
1	Ferrero Spa (Ferrero Group)	2,338	3.8	5,931	TO-CN	confectionery
2	Veronesi Finanziaria Spa ¹	2,320	2.5	7,043	VR	feedstuffs and meat
3	Barilla G. e R. Fratelli Spa (Barilla Group Holding)	2,247	-2.4	4,243	PR	pasta
4	Nestlé Italiana Spa (Nestlé Italiana Group)	1,455	-2.2	3,449	MI	confectionery
5	Coca Cola Hbc Italia Srl ²	1,146	16.7	3,226	MI	soft drinks
6	Gesco Consorzio Cooperativo Scarl (Amadori Group)	1,128	-4.1	544	FC	meat
7	BIG Srl (Lactalis Italia Group)	1,043	1.7	1,143	MI	dairy products
8	Luigi Lavazza Spa (Luigi Lavazza Group)	984	4.4	1,570	TO	coffee
9	Granarolo Spa 3 (Granarolo Group)	854	-2.1	1,254	BO	dairy products
10	Egidio Galbani Spa (Lactalis Italia Group)	835	10.0	1,834	MI	dairy products
11	Parmalat Spa (Parmalat Group)	821	0.1	1,670	PR	dairy products
12	Kraft Foods Italia Spa ⁴ (gruppo Kraft Foods Italia Intellectual Property Group)	797	17.1	363	MI	dairy products
13	SanPellegrino Spa (SanPellegrino Group)	788	2.2	1,559	MI-BG	soft drinks
14	Bunge Italia Spa	677	-17.1	274	RM-RA	oils and fats
15	Massimo Zanetti Beverage Group Spa ¹	674	3.2	2,375	TV	coffee
16	Conselve Italia Scrl (Conselve Italia Group)	658	-3.0	1,963	BO	processed vegetables
17	Heineken Italia Spa	619	4.2	909	MI	beer
18	Carapelli Firenze Spa ⁵	607	1.9	334	FI	oils and fats
19	Acqua Minerale San Benedetto Spa (Zop-pas Finanziaria Group)	567	-2.3	1,099	VE	mineral water
20	Bolton Alimentari Spa (Bolton Alimentari Group; formerly Trinity)	530	-0.3	612	MI-CO	preserved fish
21	Davide Campari Milano Spa (Davide Campari Group) ⁶	493	59.7	658	MI	alcoholic beverages
22	Birra Peroni Spa	489	-0.8	738	RM	beer
23	Danone Spa	479	-2.5	340	MI-CR	dairy products
24	Plada Industriale Srl	479	-2.5	340	MI-CR	dairy products
25	Consorzio Latterie Virgilio Scrl (Consorzio Latterie Virgilio Group)	411	18.7	223	MN	dairy products
26	Unipeg Scrl (Unipeg Group)	410	3.8	287	RE	meat
27	Unigrà Spa (Unigrà Group)	393	6.1	344	RA	oils and fats
28	Eurovo Srl	359	7.4	206	RA	eggs
29	Roquette Italia Spa	348	-1.5	461	AL	starch and starch products
30	Fratelli De Cecco Spa ¹	341	11.5	741	CH	pasta
31	Bauli Spa	338	29.5	865	VR	confectionery
32	Star Spa	330	-0.4	419	MI	processed vegetables
33	Colussi Spa (Colussi Group)	327	-5.3	966	PG-MI	dolciario
34	Martini & Rossi Spa	322	1.0	373	TO	alcoholic beverages
35	Alcar Uno Spa (Alcar Uno Group)	305	9.4	159	MO	meat
36	Pastificio Rana Spa (Pastificio Rana Group)	289	7.2	810	VR	pasta
37	Fruttital Distribuzione (GF Group)	274	3.3	289	-	fruit and vegetable distribution
38	Consorzio Agrario Lombardo Veneto Scarl (Cons. Agr. Lomb. Ven. Group)	273	-3.3	216	VR	feedstuffs
39	Grandi Molini Italiani Spa (Grandi Molini Italiani Group)	267	4.3	233	RO	milling
40	San Carlo Gruppo Alimentare	266	2.9	269	MI	bread and snacks
41	Salov Spa (Salov Group)	261	-3.7	204	LU	oils and fats
42	La Doria Spa (La Doria Group)	260	-0.1	628	SA	processed vegetables

cont.'d

Table 1.11 – *The main food firms in Italy - 2010*

		"Turnover (€m)"	% change 2010/09	Employees	Province	Core business
43	Newlat Spa	259	-0.3	887	RE	dairy products
44	Illycaffè Spa (Illycaffè Group)	259	7.5	570	TS	coffee
45	Fileni Simar Srl	256	3.6	7	MC	meat
46	Sterilgarda Alimenti Parmareggio (Consorzio Granterre Group) ⁷	252	7.2	268	MN	dairy products
47	Cameo Spa	241	13.3	274	MO-RE	dairy products
48	Mellin Spa	235	6.4	339	BS	confectionery
49	Lindt & Sprungli (Lindt & Sprungli Group)	235	0.3	260	MI	baby food
50		233	6.8	608	VA	chocolate

¹ Consolidated turnover.

² Absorbed subsidiary SOCIB - Società Capua Group Imbottigliamento Bevande on 1 Jan. 2010.

³ Sold its logistics arm to subsidiary Zeroquattro on 1 June 2010.

⁴ Took over the Kraft Foods Italia Biscuits Production (formerly Saiwa) marketing activities going concern on 14 Jun 2010. Through a partial spin off, on 19 July 2010 sold the "Simmenthal" brand to parent company Kraft Foods Italia Intellectual Property.

⁵ Formerly Mediterranean Dressing. On 1 Jan. 2010 absorbed Carapelli Firenze and took on its name.

⁶ On 1 Jan. 2010 absorbed subsidiary company Campari Italia.

⁷ During 2010, took over the "Servizi Gestionali" arm of Consorzio Granterre-Caseifici e Allevamenti, and transferred its "Allevamento Bovini" going concerns in Castelfranco Emilia (MO) and Carpi (MO) to Bonlatte and Albalat respectively.

Source: calculated using Mediobanca data.

Table 1.12 – *Trends regarding farm cooperative members of central representative organisations in Italy*

Entries	2006	2007	2008	2009 ¹	2010	Var. %20 10/09 ²
Number of cooperatives	6,419	6,431	6,213	4,997	6,197	1.5
Number of members	914,334	949,632	932,649	694,752	900,196	-0.9
Turnover (million of euro)	34,666	35,477	36,216	28,704	37,391	2.2
Average turnover per cooperative (thousands of euro)	5,400.5	5,516.6	5,829.0	5,744.3	6,033.7	0.7
Average turnover per member (thousands of euro)	37.9	37.4	38.8	41.3	41.5	3.1

¹ 2009 is not inclusive of data for Legacoop Agroalimentare, as it was not available.

² 2010/09 percentage changes were calculated solely using Fedagri, ASCAT-UNCI and AGCI-Agrital data. Source: calculated using data from FEDAGRI, Legacoop Agroalimentare, ASCAT-UNCI and v-Agrital.

Table 1.13 – Number and sales area of modern food retailing in Italy, by main enterprise group and geographical area - 2010¹

Groups	North West		North East		Centre (including Sardinia)		South (including Sicily)		Total	
	no.	area. (sq.m.)	no.	area. (sq.m.)	no.	area. (sq.m.)	no.	area. (sq.m.)	no.	area. (sq.m.)
Centrale Italiana	831	768,070	1,679	1,114,222	1,534	878,630	1,055	674,903	5,099	3,435,825
- Coop Italia	427	514,146	819	683,035	467	493,114	140	230,745	1,853	1,921,040
- Despar	105	36,203	553	318,933	398	162,024	420	284,392	1476	801,552
- Sigma	255	70,481	305	107,654	669	223,492	495	159,766	1724	561,393
- Il Gigante	44	147,240	2	4,600					46	151,840
Sicon	755	502,189	498,100	1,694	2,402	1,082,321	2,402	1,082,321	5,770	2,878,559
- Conad	286	164,258	505	277,934	987	512,036	1,035	505,601	2813	1,459,829
- Interdis	247	128,935	314	127,185	579	172,023	1,248	482,820	2388	910,963
- Rewe	222	208,996	100	92,981	128	111,890	119	93,900	569	507,767
Esd Italia	636	451,867	683	546,185	369	248,293	593	330,501	2281	1,576,846
- Selex	636	451,867	683	546,185	369	248,293	593	330,501	2281	1,576,846
Esselunga	100	295,872	12	31,625	29	67,440	-	-	141	394,937
CSA	1,110	852,113	114,990	184,104	363	332,482	459	337,877	2,050	1,706,576
- Carrefour	763	542,910	26	66,187	221	222,432	287	230,992	1297	1,062,521
- Gruppo Sun	44	88,825	41	69,200	113	93,395	86	63,730	284	315,150
- Agorà	303	220,378	51	48,717	29	16,655	-	-	383	285,750
- CDS	-	-	-	-	-	-	73	27,740	73	27,740
- Disco Verde	-	-	-	-	-	-	13	15,415	13	15,415
C.Finiper	278	317,707	147,609	594	1,109	447,665	1,109	447,665	2,335	1,192,002
- Sisa	52	24,730	302	100,934	437	148,816	815	357,868	1606	632,348
- Coralis	50	8,340	30	4,730	29	10,775	281	65,977	399	92,707
- CE.DI GROS	-	-	-	-	126	101,945	10	2,495	136	104,440
- Finiper	176	284,637	13	41,945	2	14,600	3	21,325	194	362,507
Auchan/Crai	882	485,625	814	282,859	747	421,578	905	606,189	3,348	1,796,251
- Crai	418	94,736	600	152,677	274	81,806	441	152,780	1733	481,999
- Auchan	464	390,889	214	130,182	473	339,772	464	453,409	1615	1,314,252
Grido	-	-	2	570	22	4,460	234	55,925	258	60,955
- Co.Dist.	-	-	-	-	-	-	39	10,185	39	10,185
- Gruppo Brio	-	-	-	-	17	2,315	143	26,140	160	28,455
- S.A.I	-	-	2	570	5	2,145	52	19,600	59	22,315
C3	47	58,842	204	179,103	47	41,890	285	98,990	583	378,825
PAM	192	122,055	188	143,203	204	235,723	403	141,467	987	642,448
Lidl	182	127,678	176	133,416	109	85,213	88	75,318	555	421,625
Eurospin	138	93,774	153	96,836	291	202,293	226	169,444	808	562,347
Bennet	53	279,999	11	61,275	-	-	-	-	64	341,274
Totale²	6,200	4,704,774	5,972	3,626,577	6,961	3,832,770	10,233	4,779,746	29,366	16,943,867

¹ Data updated to 1 Jan. 2011.² Self-service (category does not include marginal stores).³ The total refers to all brands in Italy, including brands not indicated above.

Source: calculated using Nielsen data.

Table 1.14 – *Trends in food consumption in Italy, by category*

(billions of euro at current prices)

Categories	2000	2009	2010	% change 2010/09	% change 2010/00
Valori correnti					
Bread and cereals	20.7	26.6	27.0	1.3	2.7
Meat	25.1	31.7	31.5	- 0.4	2.3
Fish	7.4	8.9	9.2	4.1	2.2
Milk, cheese and eggs	15.5	18.3	18.4	0.5	1.7
Oils and fats	5.5	5.9	5.8	- 1.9	0.5
Fruit	7.7	9.5	9.5	- 0.1	2.1
Vegetables, including potatoes	11.8	15.4	15.4	- 0.4	2.7
Sugar, jam, honey, syrups, chocolate and confectionery	7.6	9.1	9.2	0.5	2.0
Food products ¹	0.3	0.4	0.4	- 0.1	2.7
Coffee, tea and cocoa	1.7	1.9	1.9	0.5	1.2
Mineral water, fizzy drinks and juices	6.2	7.2	7.2	- 0.5	1.5
Alcoholic beverages	5.7	6.7	6.9	3.4	2.0

¹ Not otherwise classified.

Source: calculated using ISTAT - National accounting data.

Chapter 2

Factors of production in agriculture

2.1 *The land market*

The general situation – In 2010, land values increased by 0.8% at current prices, building on the effectively modest increases posted in recent years. The average price of land nationally has stably reached a little over €18,000 per hectare (table 2.1)³, but values vary widely from the Po Valley area (average prices around €35,000/€45,000 per hectare) to inland mountainous areas in the South (€6000/€7000 per hectare). The particular feature of land market trends in Italy in 2010 was the very low level of sales. The negative repercussions of the economic downturn continued to impact the investment decisions of potential purchasers, while vendors remained highly cautious, given the uncertainties of the financial markets and the reinvestment of liquidity generated from a land sale. As a result, land prices have remained essentially stable, and do not seem to have been affected by a speculative bubble, as was the case for property markets in other nations.

A comparison with the rate of consumer inflation (up 1.6%) shows that in real terms land underwent a further decline (down 0.8%). With the exception of 2007, when the uptick in land values equalled the rate of inflation, land prices have suffered a slow but continuous erosion since 2005. In real terms, over the last five years the average value of land has declined by 5%, rising to 6%-7% in Italy's South and Islands; the fall has been more circumscribed (down 2%) in northern areas. Certain specific areas have escaped this general trend: areas that boast high levels of fertility and benefit from good infrastructure, or have specialist crops, especially vineyards, which, thanks to impressive output and sales, have always

³ An update on the methods used to make estimates and greater detail on the land value database may be found on the *Indagine sul mercato fondiario* webpages (www.INEA.it/prog/bdfond).

been capable of generating new demand, and are unlikely to prompt farmers to quit the industry.

Developments in income support policies do not seem to have had much impact on market conditions. Industry players have grown accustomed to the new system of uncoupled payments, and at the time of sale assess whether or not land is eligible for aid; eligibility has had a greater impact on rental prices than on sale prices. Clearly, land values are influenced by the amount of income support received, yet the impact of this factor on the final price is less significant than generally believed.

Professional farmers who maintain prices high by fighting for the most fertile land and best infrastructure are becoming increasingly rare. In some areas, the market is being driven by livestock farms seeking new land to comply with restrictions on stocking and, lastly, by renewable energy players, although this latter category is generally more active on the rental market. On the other hand, the supply side consists of elderly or part-time farmers who are intent on quitting farming, and are no longer interested in maintaining their residence in rural areas. Despite this, although in many regions there is a prevalence of supply over demand, no significant reductions in land prices have taken place. Going forwards, the fact that prices are holding up might increase interest for investors seeking safe forms of investment not subject to excessive fluctuations caused by changing economic circumstances.

The rental market - According to provisional results from ISTAT's Sixth Agricultural Census, over the last decade the land ownership structure in Italy has undergone substantial change, in part as a result of more land being rented or managed without recompense. Indeed, the considerable reduction in the number of farms seems to have increased the supply of land for rent, particularly in Italy's central and southern regions. In 2010, the amount of land being rented, inclusive of use for no recompense, rose some 46% to around 4.5 million hectares, up from a little over 3 million hectares in 2000 (table 2.2). As a percentage of overall UAA, this form of arrangement exceeds 35% of total land, in line with averages across Europe, where the amount of land being rented accounts for around 40% of the total. There is, however, a very real difference in the proportion of rentals in the North and South of Italy, although the trend is for this gap to narrow as more and more land is being rented in Italy's southern regions (up 88%).

The market is more dynamic in Italy's north-western regions, where demand clearly outstrips supply; demand is slightly lower in Italy's north-eastern regions. Rents are tending to increase, and by a considerable amount for land that can be used for energy-related crops, in a phenomenon that seems to have been amplified by the addition of crops for the production of biogas, particularly waxy maize, as

well as biofuel crops. In Italy's central areas, the substantial balance noted by previous surveys continues to prevail, as rents remained generally stable. Tuscany is the exception: reductions were driven by the fall in agricultural prices registered during the first half of 2010. In the South too, falling prices have directly impacted the rental market, encouraging the signature of short-term – indeed, even seasonal – contracts. Nevertheless, demand for CAP-eligible land remains active in order to gain access to the envisaged aid, creating a kind of parallel market for eligible and ineligible land. As far as contracts are concerned, the regularisation of contracts proceeds for contracts not covered under the regulations of Law no. 203/82, even though many cases remain of atypical contracts (verbal agreements, joint use, or payments in kind), particularly in the country's inland areas.

There is no sign of the controversy dying down about the effects of energy policies on the rental market, something that was already evident over the previous two years. The greatest tensions continued to be in northern Italy, where, in particular, the emergence of a biogas supply chain has led to a significant increase in demand for agro-energy-related cropland. This would seem to have triggered a speculative bubble for rental prices, generating concerns among agricultural organisations. Booming biogas production plants using cereals and livestock waste have been particularly evident in the regions of Lombardy and Veneto.

In future, the rental market is expected to be driven by the recovery of agricultural prices in the final quarter of 2010, along with increasing demand for land to produce alternative power, although this phenomenon remains closely linked to future changes in domestic Italian energy regulations.

Land policy and contracts for agricultural land - Two thousand and ten will be remembered as the year when tax breaks for the sale of agricultural land were simplified – one of the main planks of Italian land policy since the second world war – rather than being subject to yet another annual extension. Indeed, Law no. 25/2010 applies to for-payment deeds of transfer of land defined as agricultural according to applicable town planning instruments, and favours self-employed farmers and farmers registered with INPS, including those who own their own farms, offering the previous subsidised approach allowing the payment of a fixed rate of stamp duty and mortgage tax (€168), and 1% land tax, albeit without a time limit. This regime will remain applicable until the tax federalism law becomes operational and introduces a new set of concessions in 2014.

2.2 *Investments, loans and risk management*

Loans - Bank loans to farming, forestry and fishing totalled €40.8 billion at year-end 2010, with agricultural loans corresponding to 4.2% of total loans in

the economy. A breakdown by geographical macro-area shows an increase in the concentration of loans in northern Italy: the North West accounts for 27.5% of loans; the North East for 33.3%; the Centre for 19.9%; and the South and Islands 19.3%.

As regards loan terms, the share of subsidised credit continues to decrease: it amounted to €485 million in 2010, declining from 1.8% to 1.2% of total loans in 2010.

If we look at the use of non-short term loans (table 2.4), during the year there was a significant increase in loans for machinery, transport and equipment (disbursements up 62.8%), though these loans failed to compensate for low levels of investment during the previous downturn (amounts outstanding down 12.3%). This may be explained by the waiting period prior to a decree offering trade-in incentives, which led to purchases being frozen in 2009, and was only approved during the course of 2010. Loans for the construction of rural buildings followed a similar trend (disbursements up 23.3%, amounts outstanding down 3.3%). Loans for the purchase of rural buildings decreased (disbursements down 11.8%, amounts outstanding up 3.6%).

Despite the impact of general economic circumstances, growth in loans to agriculture proved to be more sustained, while insolvency rates for farms grew at a slower pace than other sectors. In particular, the quarterly rate of failure to pay for agriculture went from 0.59 in the first quarter to 0.74 in the final quarter. Moreover, looking at loan performance by category, the rate of failure to pay for agriculture, forestry and fishing showed that smaller borrowers, that is to say, those with exposures of less than €125,000, proved to be less risky.

Past-due status also increased markedly in farming and the economy as a whole up to the first quarter of 2010.

As far as costs were concerned, the actual rates of cash flow loans distributed by type of transaction and original duration of the rate in 2010 remained substantially stable for all loan lengths (average rate 3.0%), and for loans lasting up to 5 years (average rate 2.8%). Loans lasting longer than five years posted a slight reduction, from 5.46% in the first quarter to 5.21% in the final quarter.

A number of different tools have been adopted to tackle the greater difficulties experienced by smaller firms on the market for loans. Public and consortium-backed loan guarantees have played a major role. In the challenging framework of increased risk, ISMEA offered its support through a range of traditional supplementary guarantees, and implemented a new primary guarantee. In 2010, 36,480 new supplementary guarantees were issued for a total of €3.1 billion (up 26.6% compared with the preceding year). During the year, ISMEA focused a great deal of its efforts on granting first demand guarantees, which it began providing in

2008: 193 applications were made for a total of €63.7 million; 103 guarantees were deemed worthy of release, for a total of €34.6 million.

Actions in support of risk management - As part of debate on the future of the CAP, a need has emerged for preparation of a package of risk management instruments capable of reacting more effectively to fluctuations in income and countering market instability. In an October 2010 Communication, the European Commission confirmed the need to introduce new, more effective mechanisms that tackle not just production-related risks as a result of natural calamities, but also the risk of firms ceasing to be profitable as a result of market downturns or price fluctuations.

Among the Commission's CAP-related legislative proposals, this new package of risk management tools envisages the following three main types of action to support rural development:

- Financial contributions to farmers to pay insurance premiums on crops, animal and plants against economic losses caused by adverse climatic events and animal or plant diseases or pest infestations;
- Financial contributions to mutual funds for the payment of financial compensation to farmers in cases of economic loss caused by outbreaks of animal or plant diseases, or by the occurrence of an environmental emergency;
- An income stabilisation tool consisting in the payment of financial contributions to mutual funds for the payment of financial compensation to farmers who suffer a drastic drop in income.

Specific risk prevention and management measures include the recovery of agricultural production potential damaged by natural calamities and catastrophic events, and the reconstitution of forestry potential damaged by natural disasters and fires through the introduction of adequate prevention measures.

At present in Italy, farmers may guarantee their production against adverse climate conditions and plant and animal diseases by taking out insurance policies at preferential rates, pursuant to the terms and conditions of Legislative Decree no. 102/2004. From the 2010 season, the system was amended to allow the option of also drawing on community resources (the COM wine fund, article 68, (EC) Regulation no. 73/2009, and the COM vegetable fund).

For the 2010 season, as a result of procedures implemented by MIPAAF, subsidised insurance policies could access funds in addition to those initially set aside, making it possible to generate cost savings under the provisions of programmes pursuant to article 68 and the wine COM.

For the purpose of covering agricultural risks in 2011, a MIPAAF decree dated 4 March 2011 confirmed the annual 2010 agricultural insurance plan with a

number of amendments and additions designed to broaden opportunities for farm entrepreneurs to access insurance instruments; a decree issued on 20 April 2011 brought the terms, conditions and procedures for the pay out of state subsidies regarding subsidised policy insurance premiums into line with new community financing channels.

ISMEA data on results of the 2010 season showed that overall, the subsidised agricultural market (crops, farm structures and livestock production) reached an insured value of more than €5.8 billion, a rise of 4.9% on the preceding year.

2.3 *Inputs*

Increasing production costs are one of the main causes of worsening farm earnings potential in recent years, as may be seen from the proportion of farm production accounted for by intermediate inputs, a figure that has risen constantly over the last decade from 38.6% in 2001 to 47.6% in 2010.

Prices have driven up costs for farmers, who over the last few years have attempted to keep a lid on intermediate input quantities. Feedstuffs and other livestock-related expenses were the cost component that had the greatest impact on overall intermediate inputs, followed by power and repurposing for farm use.

Although it is true that generally speaking, prices generated the increase in intermediate inputs, individual goods and services exhibited an opposite trend. A 9% reduction in fertilisers may almost wholly be ascribed to a contraction in prices; on the other contrary, the increase in repurposing for farm use was above all in value rather than quantity, as over the last two years production targets remained essentially unchanged, whereas the price of repurposed products increased. An intermediate situation applies to power, consumption of which increased overall by 3.1%, as a result of a significant increase in prices (in excess of 6%), offset by a 3.2% fall in amounts consumed. As far as prices were concerned, there has been an upward trend in the price of oil products, particularly agricultural diesel, which went up by 20% in 2010. This price rise has impacted the cost of mechanical operations undertaken directly by farms and via contractors.

The reduction in quantities is ascribable to keeping a closer eye on consumption, and to a reallocation of farm resources, for example, by focusing on less machine-dependent activities.

Moving on to other goods and services, which account for almost one third of overall costs, there was a considerable drop in financial services both in terms of quantity and value, in all likelihood associated with the global downturn, along with a sharp reduction in insurance, a discretionary cost for farm owners which

they may decide to do without in times of difficulty.

Consumption of irrigation water remained more or less stable, representing just one percent of overall intermediate inputs. Water is a strategic factor for agricultural development, as it makes it possible to undertake high value-added types of farming. It is estimated that around 40% of agricultural output depends on irrigated crops.

This analysis of national accounting macro-economic statistics may be further enhanced by examining micro-economic information drawn from farm accounts surveyed by RICA⁴. The intermediate inputs used by Italian farms in 2009 amounted on average to just over €20 thousand, down 5.3% on 2008. This average conceals wide differences, ranging from a 14.9% drop in feedstuffs to a 13.7% increase in agro-pharmaceuticals. Breaking this figure down to individual items, nationwide feedstuffs make up the largest category, corresponding to 20.1%, followed by other costs which account for 17.7% inclusive of costs incurred for agri-tourism-related products, services and consumption, other direct production costs such as substrate costs, and costs for health-related products. These two items – feedstuffs and other costs – tended to rise fastest particularly at larger farms. Among other items, mechanisation and seeds both accounted for more than 10%, while fertilisers and agro-pharmaceuticals corresponded, respectively, to 9.3% and 8.3%.

A geographical analysis of costs shows that consumption decreases with latitude. This phenomenon is ascribable to a greater presence in northern Italy of specialist, professionalised agricultural activities, in which a significant role is played by major herbivorous and granivorous livestock farming for milk- and meat-production purposes. The production costs of medium- and small-sized farms of up to 16 - 40 ESUs are below the Italian average; their proportion as a percentage of GFI is also lower than the national average, showing that activities are more extensive. As for farms of more than 100 ESUs, intermediate inputs reach a figure of almost €240 thousand, corresponding to 43.9% of GFI; once again, the largest single item was feedstuffs (28.9%). As far as the distribution of costs by technical speciality is concerned, granivorous livestock came in first with an average value in excess of €269 thousand, of which 49.6% consisted of feedstuffs, followed by herbivorous livestock, for which intermediate inputs amounted to €45,554. The costs incurred by fruit and vegetable farms amounted to just over €45 thousand, of which around 40% consisted of seeds and agro-pharmaceuticals. Moving on to look at individual sectors, in terms of turnover in

⁴ RICA (*Rete Informativa Contabile in Agricoltura*), the Italian Agricultural Accounting Information Network, provides representational data on farms equal to or larger in size than 4 ESUs, and therefore does not cover very small farms.

2010 Italian feedstuff production rose 16% to an estimated €6.8 billion, driven predominantly by price rises in basic raw materials. In terms of quantity, domestic production of compound feed was estimated by Assalzo⁵ to be almost 14.3 million tonnes, an increase of 3.1% compared with the previous year. The same change was also registered for the overall domestic availability of compound feed, corresponding to 14.5 million tonnes. The estimated value of exports rose in quantity by 19.8% to 322,992 tonnes, and in value by 15.9% to €240 million. After improving in recent years, the balance of trade worsened (-€431 million). Imports of 572,559 tonnes, corresponding to a value of €671 million (10.5%), were up by a significant 9.9%.

According to the most recent available data (2009) published by Assalzo, production of simple feedstuffs amounted to 21.6 million tons, a reduction of 12.9% compared with the previous year. The drop in the domestic production of the most important cereals in recent years – notably wheat, maize and barley – has also impacted the production of simple feedstuffs.

The Italian seed production industry registered turnover of around €750 million⁶. For 2010, the Nazionale Sementi Elette (ENSE) domestic seed body registered domestic seed production (especially seeds subject to official tagging) of 527,448 tonnes. This corresponded to a significant 16.6% drop for the industry compared with the preceding year. The quantity of seeds produced in organic farming corresponded to 4,548 tonnes (down 46.0%), of which 3,864 tonnes were cereal seeds.

As well as the contraction in seed production, the amount of officially controlled land also fell considerably (by 16.6%) compared with 2009. Italy's 182,171 hectares of seed-bearing land is used predominantly for cereal crops, (over 100,000 hectares), and for horticultural crops (around 20 thousand hectares).

In Italy, over the two-year period 2009/2010 the fertiliser sector registered a slight increase in agricultural consumption (up 2.6%), reversing a long downward slide that began in 2001. Data supplied by Assofertilizzanti shows that usage fell from 1.7 million tonnes at the start of the last decade to 1.2 million tonnes in 2010, corresponding to an industry contraction over the last five years of -5% per year.

Annual economic data on the means of production (ISTAT 2009) revealed that over the two-year period 2008/2009, fertilisation per hectare of land diminished by 11.3%.

⁵ Source: *Annuario Assalzo* 2008.

⁶ Assosementi 2011.

According to Agrofarma figures, in 2010 a total of €807.9 million worth of agro-pharmaceuticals were used in agriculture (table 2.5). Unlike in 2009, in 2010 quantities climbed to 95,800 tonnes (a rise of 7.2%), pushing turnover higher in the process. Conversely, despite a five-year upward trend (a rise of 2.3%), prices underwent a significant reduction (down 6.8% over the two-year period 2009/2010).

According to ISTAT data from 2009, Italy's North East and South-Island regions⁷ saw the greatest distribution of agro-pharmaceuticals, corresponding respectively to 33% and 37% of the total. Looking at land treated,⁸ it emerges plant protection products are used more intensively in the North of Italy: in the North East, application is estimated at 27.3 kg per hectare, while in the North West, about 20.1 kg per hectare over a total treatable land area of more than 1.2 million hectares. Use of agro-pharmaceuticals classified as highly toxic has been falling constantly: in 2009, just 3.6% of products used belonged to this category; 19.3% were harmful, a higher amount than in the past.

In the North East and in the South plus Islands, as in the past, greater quantities of products for plant protection are used in organic farming, corresponding respectively to 41% and 34%. Traps, on the other hand, are utilised in the Central Italy area in particular, which accounts for 48% of the national total.

2.4 Employment

Employment in agriculture - In 2010, a total of 867 thousand people was employed in agriculture, a rise of 2% on the previous year (table 2.6). The number of female employees grew at a faster rate than male employees (3.5%), and now represents 29% of total agricultural employment, after recovering some of the proportion lost following last year's reduction.

Compared with the economy as a whole, agricultural employment accounts for just 3.8% of the total (2.8% for women), though in Southern Italy the figure is considerably higher (6.6%).

The increase in agricultural employment in 2010 was more marked amongst employees (up 3.4%), a category that now accounts for almost as many workers as independent employees.

These trends in agricultural employment were confirmed by national accounting data. In 2010, primary sector employees amounted to just under 1.3 million,

⁷ Source: *Dati annuali sui mezzi di produzione*, ISTAT 2005.

⁸ The per-unit usage of plant protection products is measured by ISTAT in a sample survey that only takes into account land potentially eligible for treatment. Considering that some of this land may not actually be treated, it follows that the per-hectare figures are, as an estimate, on the low side.

corresponding to 5.4% of the overall economy, a rise of 4.2% compared with 2009.

Agricultural labour and immigrants - An INEA survey on the employment of non-Italian labour in Italian agriculture showed a significant decrease in workers from outside the EU, who totalled an estimated 116,000, down over 5% compared with 2009 (six thousand people in absolute terms). This was offset by over 20% growth in the number of workers from new Community states (table 2.7).

Overall, agricultural labour was provided by some 190,000 non-Italian citizens, predominantly in the country's northern regions.

Workers from outside the EU were employed mainly for tree crops, followed by livestock and horticulture. Almost 50% of all citizens from new Community states worked on tree crops, followed by horticultural crops.

Seasonal work predominates, particularly in the South and Islands, in clear concomitance with the intensity of land use and livestock rearing.

Although the increase was limited, the proportion of regularised employment relationships continued to rise (68.9%). There remains, however, a significant gap between South and North: irregular workers continued to prevail in the South (57.6%), peaking in Calabria at close to 85%.

On average, pay packages showed a slight prevalence towards compliance with the terms and conditions established under labour contracts. Geographical discrepancies remained considerable: Puglia and Calabria retain not just a continuation of gangmaster systems and piecework, but also widespread failure to comply with union rates, whereas in almost all northern regions, plus Molise and the Marches, contractual provisions predominantly applied.

For workers from new Community nations, the prevalence of informal arrangements (24.2%) was lower and, in general, closer to union rates than was the case for non-EU workers.

In terms of origin, North Africans, Albanians and citizens from former Yugoslavia would appear to be employed in the highest numbers.

Regulation of labour in agriculture - No major contractual changes occurred in agricultural labour during 2010, although a number of renewals did take place. Nor were there any major amendments in terms of social security provisions. Indeed, independent workers – specifically self-employed farmers, sharecroppers, independent farmers and professional farm entrepreneurs – are almost always required to pay social security contributions on the basis of the income band to which they belong pursuant to Law no. 233/1990, which envisages four income bands and the application of a percentage rate based on individual stipulated income as allocated to that specific band. The average stipulated income is calculated by taking into account average daily wages for farmworkers: for 2010, this figure amounted to €50.35.

For employed workers, pensions and welfare protection are subject to special regulations pursuant to national collective contracts, which were drawn up to take into account activities undertaken and various qualifications.

Although not a new development – Indeed, it has been in practice for a number of years – it should be noted that there has been a major increase in the use of “work vouchers” in farming as a new and specific means of employment for irregular and occasional work that, owing to its specific nature, does not give rise to a subordinate relationship of employment, but rather caters to contingent and temporary needs. The desultory and highly seasonal nature of agricultural work very much encourages use of these vouchers, particularly for olive and grape harvests, as is evident from INPS data which presents a true “peak” in the sale of vouchers during the month of September. Geographically, vouchers sold were used above all in central and northern Italy, where they have become a standard form of paying casual workers. In the South, even though a great deal of seasonal labour is hired (including non-Italians), this instrument is only adopted in a desultory fashion, which raises a number of questions about local sentiment concerning the regularisation of the black economy. Bearing in mind that the acquisition of vouchers in 2010 was primarily associated with agricultural activity (23.6%) – almost 50,000 workers received a total of 140,765 work vouchers corresponding to an average amount collected of €316 (against an overall average of €591) – vouchers may to some extent have been a useful tool for employing foreign seasonal labour, making it possible to regularise off-the-books labour and exploitation in this sphere, albeit only for regularised non-Italians.

Social security payments in agriculture - In 2010, the agricultural industry made €3,429 million in social security payments, up 3% on the previous year. The increase principally regarded contributions paid by employers (up 5%); the increase in payments made by employed (3%) and independent (2%) workers was more limited.

Between 2006 and 2010, social security payments made by employers represented 52% of overall contributions made, followed by payments made by independent workers (37%) and employed workers (11%).

As far as social security payments to INPS for employed labour were concerned⁹, in agriculture these were predominantly made for farmworkers on limited-term contracts (a proportion always greater than 66%). Social security

⁹ INPS data is an estimate of social security payments drawn from the DMAG form sent in to INPS by employers. Furthermore, payments made to the Institute do not include payments from employers to parties other than farmworkers who are, nevertheless, employed on the farm (i.e. managers).

payments to INPS for farmworkers on open-ended contracts were undertaken predominantly in northern regions: Lombardy (18%), Veneto (12%) and Emilia Romagna (12%).

A breakdown of social security payments to INPS by independent workers shows that 96% were made by self-employed farmers, just 0.2% by independent farmers and sharecroppers and, lastly, 4% by professional farm entrepreneurs.

2.5 Knowledge systems in agriculture

The complexity of “national knowledge systems” is a mainstay of current European and world debate. Renewed attention towards knowledge as an issue may be ascribed to the emergence of increasingly tough challenges faced by agriculture, most notably climate change and food security.

Domestic agricultural research - Nationally in Italy, a distinction may be drawn between parties that fund and plan research, and parties that actively conduct research. The former category includes the Ministry of Agricultural, Food and Forestry Policies (MIPAAF), and the Ministry of Education, Universities and Research (MIUR)¹⁰. The latter category consists of bodies that are supervised and funded by the Ministries: universities, the CNR (National Research Council), and public research bodies.

Planning - The principal tools for the planning of Italian scientific research¹¹ are the government’s scientific policy guidelines and the National Research Programme (PNR in the Italian acronym) established by the MIUR.

The Inter-ministerial Committee for Economic Planning (CIPE in the Italian acronym) recently approved the 2011-2013 National Research Plan (March 2011). As regards strictly agricultural and agro-food-related planning issues, requests were made for advanced research in order to:

- Help raise production of healthy and high-quality foods, in a sustainable manner for the environment, with lower consumption of energy, water and CO₂ emissions;
- Take part in research into new sources of energy, along with using plants and

¹⁰ Certain agricultural research activities are funded and managed by other ministries, such as the Ministry of Economic Development, the Ministry of Health, and the Ministry of the Environment, backing work on topics closely related to their own missions: human health, food security, work, etc.; such funding is, in any event, relatively marginal.

¹¹ Legislative Decree no. 204 of 1998 (articles 1 and 2), containing provisions for coordinating, planning and assessing national policy on scientific and technological research.

- animals to produce raw materials;
- Help supply foods that have functional properties suited to the population's variety of nutritional needs.

Funding - A distinction may be drawn with regard to funds set aside for research: regular funding for running research facilities, covering operational costs (staff, offices, equipment, and compulsory expenses); and specific funding earmarked for research activities.

The MIUR supports university-level facility operations through its Ordinary Financing Fund (FFO); the MIPAAF is responsible for providing regular funding to the public and research bodies it oversees (INEA, INRAN and CRA) through specific budget items under its management: "Capitolo 2200", "Capitolo 2081", "Capitolo 2083" and "Capitolo 2084".

The MIUR promotes and funds agricultural research through the following instruments:

- *Progetti di Rilevante Interesse Nazionale* (PRIN);
- *Fondo per la Ricerca di Base* (FIRB);
- *Fondo Integrativo Speciale per la Ricerca* (FISR); and the
- *Fondo per le Agevolazioni alla Ricerca* (FAR).

The MIPAAF essentially funds applied research initiatives by promoting researchers' free expression (panel) and by setting priority issues. Over the two-year period 2009/2010, the MIPAAF invested some €77 million to fund 216 agricultural research projects.

Training and education in agriculture - Training and education offer significant opportunities for development of human capital in agriculture. Unfortunately, policies often approach these tools in a marginal manner; they have been subject to continuous reforms and significant cuts in resources.

Educational reform - Reform of Italy's primary, secondary and University-level education, which began in 2008, has most recently resulted in a legislative act to reorganise the university system¹². The Act – Law no. 240 of 30 December 2010 – ushered in substantial changes to both university structure and organisation.

According to MIUR data, four different courses were available in the agricultural and agro-food sector for the 2010-2011 academic year: Agricultural and Forestry Science and Technology, Food Science and Technology, Livestock Sci-

¹² For more information on previous legislative changes, please consult the 2009 Yearbook, Volume LXIII.

ence and Animal Production Technologies, and Forestry and Environmental Science and Technology. In total, there were 7,333 registered degree students in the agricultural and agro-food sector during the 2010-2011 academic year, a significant 11.4% drop on the preceding academic year.

In higher education, particularly agricultural and environmental-focused schools, an initial effect of the post-2008 reform has been a significant reduction in the number of hours of teaching at professional institutes: 32 hours per week during the 2010-2011 school year, compared with the 40 hours envisaged by the Ministerial Decree dated 24 April 1992, which previously regulated professional institute programmes and teaching hours.

*Training measures in rural development policy*¹³ - Under the framework of Regional Rural Development Programmes (PSRs in the Italian acronym), Community planning for growth 2007-2013 envisaged three training and information measures to encourage knowledge and the advancement of human capital, of which two – nos. 111 and 133 – were part of Axis I, focusing on the development of competitiveness, and one – no. 331 – was under Axis III, concerning the promotion of local development.

Consultancy services in rural development programmes - A consultancy system for businesses was introduced under the Common Agricultural Policy (CAP) in order to support agricultural and forestry businesses in their compliance with conditionality-related requirements, drawing on implementation funding from associated rural development regulations.

Midway through the 2007-2013 planning programme, an analysis of progress in the company consulting system under the framework of CAP Pillar II reveals delays in the implementation of both envisaged measures: no. 114, funding expenses incurred by agricultural and forestry entrepreneurs for the acquisition of consulting services regarding conditionality-related issues, and no. 115, supporting the start-up costs of parties wishing to establish enterprise management, substitution and consultancy assistance activities.

As regards measure no. 115, at present, 7 out of the 8 regions for which the measure is envisaged have initiated procedures to select new consultant parties, although in just five cases did this result in funding them prior to the end of 2010. Financial progress has therefore been held back to 3.2%.

As for measure no. 114, fourteen of Italy's regions have published their lists of parties accredited to offer consulting, selected beneficiary companies and re-

¹³ RRN data: www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/5266

imbursed the costs of consultancy provided; in two cases, the list of beneficiaries is under approval (Abruzzo and Basilicata), while in another two the calls for tenders have not yet been published (Sardinia and Umbria). In three regions (Friuli-Venezia Giulia, the Province of Bolzano, and the Province of Trento) the measure was not included in rural development programmes. Financial progress as at year-end 2010 corresponded to around 4.9%.

A number of critical issues and potential opportunities have emerged from the initial operational implementation phase of Measures 114 and 115. One of the problems hampering Measure no. 115 is a general lack of adoption by Italy's regions (less than half have adopted it), and a downsizing of its potential in terms of the range of interventions eligible for financing.

The critical issues affecting Measure 114 principally concern a lack of appeal to enterprises when it comes to the compulsory issues (the correct implementation of conditionality-rated prescriptions), associated with the non-congruent nature of the maximum eligible contribution per consultancy of €1500.

Table 2.1 – Changes in average farm values - 2010

	Altitude classification					Total
	inland mountain	coastal mountain	inland hilly	coastal hilly	plain	
Value in thousand of euro						
North West	5.0	26.0	21.2	77.0	34.9	24.3
North East	19.7	-	39.5	29.6	44.2	37.3
Centre	7.6	10.3	11.3	16.8	19.9	12.3
South	6.7	10.0	10.7	16.5	15.1	11.6
Islands	5.9	8.8	7.7	10.6	14.8	9.3
Total	9.2	9.8	13.6	15.3	31.3	18.4
Percentage change 2010/2009						
North West	0.9	1.5	1.7	2.0	1.8	1.7
North East	-1.4	-	2.5	2.4	2.0	1.7
Centre	0.3	-0.8	-1.8	-0.9	-1.2	-1.2
South	0.2	0.0	-0.1	0.1	0.0	0.0
Islands	-0.3	-0.4	-0.4	-0.1	-0.8	-0.5
Total	-0.5	-0.1	0.3	-0.1	1.5	0.8

The data in this table is incompatible with data published in previous volumes of the Italian Agricultural Yearbook, as the land value database is currently undergoing an upgrade

Source: INEA, Banca dati dei valori fondiari.

Table 2.2 – Trends in rented UAA - 2010

	Land rented		% of total	% of total UAA	% change 2010/2000
		of which without recompense			
North	1,998,982	210,892	44.7	43.4	23.9
Centre	697,967	79,450	15.6	31.7	39.6
South	1,772,785	456,820	39.7	29.2	88.3
Italy	4,469,734	747,162	100.0	34.7	46.3

Source: ISTAT, 2010 Agricultural Census.

Tab 2.3 – Non-short term loans for agricultural investments

Geographical areas	(amounts in million of euro)											
	Construction of rural buildings		Machines, vehicles, misc. equipment		Rural real estate purchase		Total					
	2009	2010	% change	2009	2010	% change	2009	2010	% change			
North West	2,783	2,584	-7.2	1,269	1,576	24.2	668	698	4.5	4,719	4,858	2.9
North East	2,310	2,279	-1.3	1,386	1,600	15.4	846	894	5.7	4,542	4,773	5.1
Centre	2,057	2,009	-2.3	748	738	-1.3	734	768	4.6	3,540	3,516	-0.7
South/Islands	1,250	1,253	0.2	969	996	2.8	591	581	-1.7	2,809	2,830	0.7
Italy	8,400	8,126	-3.3	4,372	4,909	12.3	2,839	2,942	3.6	15,611	15,977	2.3

Source: calculated using the Bank of Italy Statistical Bulletin.

Table 2.4 – Non short term loans for agricultural investments

Geographical areas	(disbursements in million of euro)											
	Construction of rural buildings		Machines, vehicles, misc. equipment		Rural real estate purchase		Total					
	2009	2010	% change	2009	2010	% change	2009	2010	% change			
North West	369	464	25.7	390	778	99.5	171	115	-32.7	932	1,358	45.7
North East	286	394	37.8	418	706	68.9	178	176	-1.1	882	1,276	44.7
Centre	312	316	1.3	226	276	22.1	140	136	-2.9	678	726	7.1
South/Islands	188	251	33.5	259	345	33.2	77	75	-2.6	526	672	27.8
Italy	1,156	1,425	23.3	1,293	2,105	62.8	568	501	-11.8	3,018	4,031	33.6

Source: calculated using the Bank of Italy Statistical Bulletin.

Table 2.5 – Use of plant protection products

	2006	2007	2008	2009	2010	Table % 2010-06	% change 2010/09
Value (million of euro)							
herbicides	228.3	235.2	255.4	261.4	256.4	2.9	-1.9
insecticides and acaricides	185.9	191.1	158.6	185.1	187.9	0.3	1.5
fumigants and nematocides	19.2	20.0	21.9	24.1	25.0	6.8	3.7
fungicides	256.4	276.9	303.7	316.1	318.4	5.6	0.7
other	13.6	18.4	19.0	21.4	20.3	10.4	-5.2
Total domestic market	703.5	741.6	758.6	808.1	807.9	3.5	0.0
Quantity (thousand tonnes)							
herbicides	21.3	22.3	19.8	19.7	22.9	1.9	16.4
insecticides and acaricides	19.5	18.4	14.3	20.1	20.6	1.4	2.5
fumigants and nematocides	8.0	8.5	9.4	7.2	7.6	-1.4	4.9
fungicides	40.2	39.4	43.8	38.8	41.4	0.8	6.8
other	2.5	3.5	3.7	3.6	3.3	7.7	-7.0
Total domestic market	91.4	92.1	90.9	89.4	95.8	1.2	7.2
Average prices (euro per kilo)							
herbicides	10.74	10.53	12.93	13.28	11.19	1.0	-15.7
insecticides and acaricides	9.53	10.39	11.10	9.20	9.11	-1.1	-0.9
fumigants and nematocides	2.41	2.35	2.32	3.34	3.31	8.2	-1.1
fungicides	6.38	7.03	6.93	8.15	7.69	4.8	-5.7
other	5.53	5.31	5.18	5.99	6.10	2.5	1.9
Total domestic market	7.69	8.06	8.34	9.04	8.43	2.3	-6.8

Source: calculated by INEA using AGROFARM data.

Table 2.6 – Work force and employees by sector of economic activity and geographical area in Italy

	(migliaia di unità)									
	North West		North East		Centre		South and Islands		Italy	
	2010	% change 2010/09	2010	% change 2010/09	2010	% change 2010/09	2010	% change 2010/09	2010	% change 2010/09
POPULATION of 15 years plus	13,789	0.7	9,903	1.0	10,228	0.9	17,696	0.4	51,616	0.7
Employed:	6,813	-0.7	5,025	-0.3	4,833	0.0	6,201	-1.4	22,872	-0.7
agriculture	153	1.0	179	6.1	123	-1.2	412	1.8	867	2.1
industry	2,212	-2.3	1,718	-3.0	1,261	0.2	1,388	-5.2	6,578	-2.7
other activities	4,448	0.0	3,129	0.8	3,449	0.0	4,401	-0.4	15,428	0.1
People seeking jobs	452	7.2	293	18.7	399	5.8	958	6.6	2,102	8.1
	2.2		3.6		2.5		6.6			
Work force	7,265	-0.3	5,318	0.5	5,232	0.4	7,159	-0.4	24,975	0.0
Activity rates (%) ¹	52.7	-1.0	53.7	-0.5	51.2	-0.5	40.5	-0.8	48.4	-0.7
Employment rate (%) ²	49.4	-1.4	50.7	-1.4	47.3	-0.9	35.0	-1.7	44.3	-1.4
Unemployment rates (%) ³	6.2	7.5	5.5	18.0	7.6	5.3	13.4	7.0	8.4	8.1
of which: Female										
POPULATION of 15 years plus	7,143	0.7	5,113	1.1	5,349	1.0	9,193	0.4	26,798	0.7
Employed:	2,903	0.1	2,129	-0.4	2,041	0.4	2,165	0.0	9,238	0.0
farming	46	3.7	47	-1.2	39	-4.1	123	8.0	254	3.5
industry	488	-5.9	411	-5.1	251	-3.4	156	-6.6	1,306	-5.3
other activities	2,370	1.4	1,672	0.8	1,751	1.1	1,886	0.0	7,678	0.9
People seeking jobs	223	4.4	158	19.2	201	-2.6	407	3.7	989	4.7
Work force	3,126	0.4	2,287	0.7	2,242	0.2	2,572	0.5	10,227	0.5
Activity rates (%) ¹	43.8	-0.1	44.7	-0.2	41.9	-0.3	28.0	0.0	38.2	-0.1
Employment rates (%) ²	40.6	-0.2	41.7	-0.6	38.2	-0.2	23.5	-0.1	34.5	-0.2
Unemployment rates (%) ³	7.1	0.3	6.9	1.1	9.0	-0.2	15.8	0.5	9.7	0.4

¹ Percentage ratio of the work force to the 15+ population. The change is the difference compared with the rate for the preceding year.

² Percentage ratio of employed people to the 15+ population. The change is the difference compared with the rate for the preceding year.

³ Percentage ratio between people seeking jobs and the work force. The change is the difference compared with the rate for the preceding year.

Source: calculated using ISTAT data.

Table 2.7 – Indicators of the use of non-EU immigrants and immigrants from new Community nations in Italian farming 2010

	Total agricultural workers ¹		Non-EU		Neo-EU ³		Non-EU agric. total agric. workers		Non-EU agric. L. units/ workers		Neo-EU agric. total agric. workers		Neo-EU agric. L. units/ workers	
	(a)	(b)	(c)	(d)	(e)	(f=b/a)	(g=c/b)	(h=d/a)	(i=e/d)	(j=b/a)	(k=c/b)	(l=d/a)	(m=e/d)	(n=i/d)
	n.	n.	n.	n.	n.	%	%	%	%	%	%	%	%	%
	346,675	50,375	46,468	52,172	34,589	14.5	92.2	15.0	66.3					
Piedmont	75,207	9,490	12,491	6,850	9,235	12.6	131.6	9.1	134.8					
Valle d'Aosta	2,073	475	684	260	406	22.9	144.0	12.5	156.3					
Liguria	14,196	3,600	2,831	724	591	25.4	78.6	5.1	81.6					
Lombardy	70,796	15,980	17,510	2,920	3,194	22.6	109.6	4.1	109.4					
Veneto	67,621	9,390	4,525	14,120	6,788	13.9	48.2	20.9	48.1					
Trentino - Alto Adige	24,844	2,960	773	14,690	3,867	11.9	26.1	59.1	26.3					
Aut. Prov. of Bolzano/Bozen	15,980	1,370	376	8,310	2,270	8.6	27.4	52.0	27.3					
Aut. Prov. of Trento	8,864	1,590	397	6,380	1,597	17.9	25.0	72.0	25.0					
Friuli-Venezia Giulia	13,233	1,770	1,826	2,071	2,022	13.4	103.2	15.7	97.6					
Emilia-Romagna	78,705	6,710	5,828	10,537	8,485	8.5	86.9	13.4	80.5					
CENTRE	127,000	21,855	28,889	4,380	5,571	17.2	132.2	3.4	127.2					
Tuscany	55,649	11,630	15,542	1,520	2,404	20.9	133.6	2.7	158.2					
Marches	18,159	1,490	2,557	610	985	8.2	171.6	3.4	161.6					
Umbria	12,271	2,440	1,829	1,080	945	19.9	75.0	8.8	87.5					
Lazio	40,921	6,295	8,961	1,170	1,237	15.4	142.3	2.9	105.7					
SOUTH	280,095	37,907	43,717	15,438	12,373	13.5	115.3	5.5	80.1					
Abruzzo	19,519	9,200	10,799	1,300	1,891	47.1	117.4	6.7	145.5					
Molise	7,704	465	643	653	470	6.0	138.2	8.5	71.9					
Campania	66,962	9,550	14,232	1,000	1,345	14.3	149.0	1.5	134.5					
Puglia	108,726	12,522	10,876	9,020	4,274	11.5	86.9	8.3	47.4					
Basilicata	15,491	2,970	1,604	639	639	19.2	54.0	9.1	45.2					
Calabria	61,693	3,200	5,564	2,050	3,753	5.2	173.9	3.3	183.1					
ISLANDS	137,237	4,964	4,964	2,332	3,921	4.3	83.8	1.7	143.2					
Sicily	107,718	5,730	4,815	1,890	2,977	5.3	84.0	1.8	157.5					
Sardinia	29,519	191	442	442	363	0.6	78.1	1.5	82.1					
ITALY	891,007	116,058	124,039	74,322	55,872	13.0	106.9	8.3	75.2					

¹ Sourced from ISTAT.² From an INEA survey.³ Citizens from new Community countries, 2004 to 2007.

Source: calculated using INEA and ISTAT data.

Chapter 3

Public policy in agriculture

3.1 *Community Policy: First Pillar*

Community farms benefited from a partial recovery of profitability in 2010 compared with the crisis conditions they faced in 2009.

Despite this, the Commission was forced to step in a number of times to tackle critical situations in a number of sectors of production (pork and horticulture) as a result of a drop-off in consumption following health crisis outbreaks. Furthermore, increases in the price of certain products, which continued into 2011, provoked problems of scarcity on internal markets, particularly the cereals and sugar markets, prompting the Commission to adopt measures to increase product availability on internal markets.

On the legislation front, reform proposals for the dairy sector and the so-called “quality package” were presented. The most important development occurred in November 2010, with “the CAP towards 2020” presentation (COM (2010) 672), followed in October 2011 by publication of CAP reform proposals.

Regarding CAP First Pillar direct payments, the proposal aimed to make distribution of support fairer between Member States, reducing differences in the amount of aid received by each partner. As well as levelling things out between different nations, the proposal is, by 2019, to achieve convergence in levels of aid to farms within each Member State. One of the ground-breaking aspects of the reform proposal is to divide the single payment into multiple elements in order to acknowledge the many different functions undertaken in agriculture. The basic payment, which from 2014 is scheduled to replace the single payment, will be supplemented by a number of compulsory payments such as a green payment and a payment for young farmers, as well as a number of optional payments, such as a payment for areas with natural restrictions, and coupled support. Moreover, a system for small farmers is also envisaged. Under this simplified regime, small

farmers will be able to receive aid up to specific thresholds.

These CAP reform proposals match the financial resources envisaged for this policy to the proposal concerning the financial framework for the period 2014-2020, presented in June 2011 (COM 2011 no. 500). According to this communication, CAP spending is forecast to remain stable in nominal terms, while being reduced in 2011 real terms, at a time when the EU budget will be growing, as will the overall resources earmarked for other policies, notably policies oriented towards job creation and re-launching the economy, in line with new “Europa 2020” strategy objectives.

The EU budget for 2010 set aside the sum of €120.5 billion. Item 1 – Sustainable growth absorbed €48 billion. The largest item in terms of financial resources activated was, in any event, Item 2 – Conservation and management of natural resources, which received €56.1 billion. The item associated with direct payments had €39.4 billion at its disposal.

The 2011 budget was the first to be approved under the Treaty of Lisbon, which, along with the Council, envisages active European Parliament participation in approval procedures. Application of this new procedure generated a significant delay in approval of the budget owing to disagreements between the Parliament and Council on an early draft. This forced the Commission to present a second draft on 29 November 2010.

In 2010, EAGF spending to fund CAP First Pillar interventions reached €44 billion, up 1.4% compared with 2009. Item by item, EAGF disbursements did not undergo significant changes with respect to the trend established over the last few years, following the introduction and implementation of the Fischler reform. Community level resources dedicated to the single payment regime (SPR), that is to say directly uncoupled aid, now stably represents 77% of First Pillar spending, plus a further 13% for other direct aids, such as, for example, aid granted pursuant to article 69, Reg. (EC) 1782/2003. Overall, as much as €40 billion out of €44 billion in total is set aside to support farmer income. Agricultural market intervention spending also remained stable at around 9%. The Community-level spending structure is repeated at national level. In Italy, spending on direct payments reached €4.1 billion, equal to 85% of overall national EAGF and 10% of overall direct payments distributed in the EU. More significant were the amount of market interventions (representing 19% of spending at Community level), particularly spending on wine products, fruit and vegetable products, and food programmes, all of which were significant.

In Italy, the main changes resulting from the Health Check (HC) concerned the distribution of specific support envisaged under article 68, Reg. 73/2009, which was applied for the first time in 2010. Payments actually disbursed proved to be lower than those theoretically possible, after presentation of requests for aid

that were higher than initial estimates (table 3.1).

As far as regional distribution of spending was concerned (table 3.2), in 2010 Italy's northern regions were the biggest beneficiaries of transfers, accounting for more than 48% of resources paid out, followed by southern regions (38.4%) and central regions (13.4%).

In southern regions, the greatest draw on First Pillar measures was direct income aids, which accounted for around 87% of resources paid out. On the contrary, in central and northern regions interventions on agricultural markets were of a certain significance, exceeding 20% and peaking at 28% as regards distribution in the North East.

3.2 *Community Policy: the Second Pillar*

In 2010, the effects of the CAP Health Check (HC) process were consolidated at financial planning level. Examining the distribution of overall public spending (EAGF plus co-financing), compared with the main priorities pursued under rural development programmes (RDPs), it may be seen that at EU member country level there was essentially stability in the choice between three different types of strategy:

- an environment-centric strategy;
- a strategy promoting sectoral competitiveness;
- a more balanced strategy.

Alongside the implementation of changes downstream from the CAP HC, debate has begun at Community level on the future of rural development policy. The most important new developments for the Second Pillar concern the following areas:

- Coordination and complementarity with other policies, along with the need for both an overarching Community strategic framework for its various Funds, and stronger forms of coordination, (i.e. drafting a partnership contract);
- An opportunity to review the current programmes structure, defining new priorities more suited to CAP objectives and clarifying relations between First and Second pillars;
- The role played at local level, in particular, an improved definition of LAGs.

RDPs completed their fourth year in 2010. However, analysis of financial spending progress (referring solely to EAGF resources) reveals widespread delay in implementation.

The total of €11.1 billion paid out in 2010 was 35% higher than in 2009; the majority of States (24 out of 27) registered payments that exceeded the previous year. Despite the economic downturn that affected the EU, the need to avoid re-

cuperation and a loss of resources has led to an improved trend in spending.

During 2010, spending appeared to be concentrated on two axes (Axis II: 51%; Axis I: 35%); Axis III and Axis IV came in respectively at around 9% and 3%. In terms of progress in spending, the best-performing Axis I measures were investments in farms and in processing. In Axis II, agro-environmental payments (27%) were the measure with the highest levels of spending.

At individual member state level, advancement by axis generally reflected the overall average, confirming a delay in the implementation of Axes III and IV. In very few countries (Belgium, Czech Republic, Denmark, Germany and Luxembourg) Axis III achieved an advancement of more than 30%. On average, Axis IV did not achieve more than 10% of its planned spend. To sum up, available data shows there has been reasonable procedural advancement, and confirms an evident preference for measures that guarantee speedy payout.

In Italy, following an additional endowment of resources as a result of the HC and European Recovery Plan, the overall resources available for rural development interventions that have been realised exceeded €17.6 billion, of which around half were through the EAGF.

For automatic recuperation purposes, all regional administrations and autonomous provinces, as well as the “National Rural Network” Programme, succeeded in reaching the threshold set for 2010. This was in part achieved through the option of considering resources paid out as advances to be expenses, including amounts provided through additional Recovery Plan provisions.

Over the 2007-2010 period, funds totalling more than €4 billion were paid out, with an expenditure capacity (Community quota only) of 8% (table 3.3). However, from region to region the speed of spending advancement varied a considerably. The Province of Bolzano easily exceeded half of its resources, followed by the Marches, the Province of Trento and Valle d’Aosta, which registered advancement of around 35%. With the exception of Campania, all Convergence Objective regions recorded spending levels equal to the national average.

If we look at the distribution of spending by axis of intervention, there was once again a clear prevalence of Axis II intervention disbursements (66%). This may be ascribed to the preponderance of interventions of this type at the planning stage, the carry-over of spending from previous planning stages, and, lastly, greater rapidity in award payout. At regional level, the concentration of spending on Axis II was especially notable in Italy’s southern regions.

Further delays in initiating interventions oriented towards farm competitiveness and the development of rural territories would make it close to impossible to avoid a loss of resources.

In terms of specific types of intervention envisaged, there was not only a clear prevalence of Axis II interventions, but they were very much concentrated on

interventions of an environmental nature (60%).

Despite this, interventions to improve physical capital clearly increased during the course of 2010, representing a significant proportion of RDP disbursements, and accounting for spending of more than 21% of the total. Interpreting this data along with spending capacity by individual type, we find that advancement of these measures has not yet reached high levels (17% of planned resources), and remains below the level of advancement of forestry measures (18%) and investments in human capital (19%). Significant delays continue to be recorded in the realisation of relevant interventions based on the Leader approach (Axis IV). By now, regional administrations should already have completed the local partner selection process for the management of initiatives and resources, making it possible to move on to the implementation phase.

3.3 *National policy*

In 2010, national agricultural policy was affected by a general containment of budget provision, even though, by the end of the year, with ratification of Law 220/2010, significant relief for social security concessions in disadvantaged and particularly disadvantaged areas were consolidated and brought up to speed, in addition to fiscal subsidies for agricultural property-related land readjustment.

The most significant measures to impact domestic agricultural policy were regulations on labelling and indication of place of origin for agricultural products contained in Law 4/2011, along with regulations for energy generation (Legislative Decree 105/2010), and regulations enshrined in Legislative Decree 78/2010, regarding the rationalisation of bodies and ministerial spending. In addition, the deadline for the payment of instalments was delayed several times – due on 31 December 2010 – owing to milk producers exceeding quotas held.

Italy's national agricultural policy in 2010 was characterised by the partial start-up of sector plans envisaged under Law 296/2006. The plans were originally allocated three-year provisions totalling €110 million. However, after budget cutbacks, the actual resources available as at 31 December 2010 were reduced to €73 million, of which around €65 million had been reserved for the following sectors: floriculture and nurseries (€11.5 million), cereals (€1.2 million), olive-growing and oils (€8 million), hazelnuts (€2.6 million), biodiversity and varietal testing (€6.7 million), rabbit farming (€3 million), pork (€7 million), beef (€7 million), buffalo (€5 million), chestnuts (€1 million), egg-laying hens (€1.5 million), and potatoes (€2.5 million).

The relationship between the State and regional governments in agriculture was, once again in 2010, one of the key aspects of Italy's national agricultural policy. An example of this was the work carried out by the State/Regions Confer-

ence, which during the year dealt with important aspects of agricultural policy. Indeed, the Conference proved itself to be the true forum for dialogue in order to establish approaches to be adopted, including with regard to Italy's position before EU institutions. On the domestic front, the Conference reached agreements on the main sectors of spending for the Ministry (the Irrigation Plan, National Solidarity Fund, Beet Sugar Plan, Sector Plans, and research activities). On the Community front, agreements were reached on implementation of conditionality (article 68, Reg. [EC] 73/2009), implementation of the fruit and vegetables CMO, management of the national CAP aid reserve and the protected denominations policy.

In 2010, provisions totalling around €1,764 million were available to the Ministry of Agriculture, Food and Forestry Policies (MIPAAF), down slightly (2.4%) on 2009 (table 3.4).

Once again in 2010, ministry operational expenses were the largest item on the budget (51%), after rising 10.4% as a result of new National Forest Guard-related outgoings. Overall, in 2010 provisions non-functional to active agricultural policies (operations, transfers to regional government, exemptions and mortgages) absorbed around €900 million, equivalent to 60% of the budget; for the first time in the last decade, the ministerial budget allocated less than 40% to active agricultural policy.

The largest provisions to true agricultural policies, corresponding to €192.4 million, were allocated to infrastructure investment, of which around €152 million was for National Irrigation Plan-related works. The ministry budget allocated around €152 million to aid for farm management, for the most part consisting of contributions to farmers' insurance policies pursuant to Legislative Decree 102/2004. Funds allocated to research and experimentation amounted to €127.4 million, which was the lowest provision since 2004. Lastly, €53.4 million and €48.6 million were allocated respectively to the acquisition of goods and services in the agricultural sector, and to farm investments.

Close to 6% of the 2010 ministerial budget was absorbed by fishing sector-related interventions. The main provisions were set aside for fishing business tax relief (€48.3 million), contributions for on-board ship safety (€27.2 million), training for workers in the industry (€6.6 million), trawler credit (€5.5 million), and fishing industry research (€5.6 million).

Payments made in 2010 amounted to €1,770 million, down slightly (2%) compared with 2009. MIPAAF's spending capacity in 2010 (the ratio between provisions and payments) once again remained very good, with payments exceeding provisions. Indeed, in 2009 the ratio between these two spending items already reached 100%.

Continuing a trend that had already emerged in recent years, there is a now

a consolidated tendency for the ministerial budget to focus its spending on a limited number of interventions. Indeed, net of budget provisions for fishing and provisions non-functional to active agricultural policy, as much as 78.3% of the sum total effectively earmarked for agricultural policy interventions was spent on the three items of infrastructure, insurance policies and research.

3.4 *Regional Policies*

In the wake of interpretation-related uncertainties and the difficulties that characterised the years following the review of Italian Constitution Title V in 2001, the legislative powers of Italy's regional governments have enjoyed greater stability with regard to the substantive matters upon which the State and regions are, respectively, called upon to govern. More specifically, over the years since then, regional governments have fully taken possession of the regulatory source represented by "the law", and generated more complex legislation for organic sectors and issues.

Over the last few years there has been a prevalence of regional laws regulating specific topics *ex novo*, rather than more traditional maintenance activities, alongside a decrease in primary source regional legislative output in favour of secondary source output, and regional governments dedicating greater attention to the formal and substantive quality of laws and regulations.

As far as content is concerned, the first thing to emerge is that many regional activities are disciplined through financial laws and/or "multisector" laws. In 2010, taken together Italy's regional governments issued 43 laws that more or less directly impacted the agro-food system. This figure was down significantly compared to 2009 (when 87 laws were issued).

A look at regional legislation shows that, in a number of different areas, a significant role has been played by legislation designed to encourage awareness and adoption of high-quality agricultural and agro-food products, direct consumer access to the market for such produce and a reduction of energy consumption and polluting emissions associated with transportation of these products by promoting the consumption of locally-produced items of certified and acknowledged quality, organically grown and, lastly, the organisation of short supply chains for agricultural and agro-food products. By way of example, these include Regional Law 1/2010 (Sardinia), Regional Law 15/2010 (Basilicata), and Regional Law 5/2010 (Molise). Moving in the same direction are laws targeted at environmental and food education in schools, such as Sardinian Resolution 14/15 in 2010, Provincial Law 8/2010 (Bolzano), and Regional Law 4/2010 (Friuli-Venezia Giulia).

Laws designed to leverage local agro-food and agri-tourism traditions include the Campania region's financial law for the protection of cultural heritage and

rural countryside through the promotion of Campania region agro-food assets, and Regional Law 9/2010, through which the Molise Region has identified agri-tourism as a priority tool for making the most of local culture and traditions, promoting local agro-food products, and leveraging local resources.

The Liguria region has set up an organic district through Regional Law 66/2009 to develop and make the most of organic products. As a result of Regional Council Resolution 1016/2010, the Puglia Region established measures to support the sales and marketing of organic products, envisaging the approval of projects to promote and market Puglian organic farming. Via its financial law, the Campania Region set up a Wine District uniting all municipalities in the region's DOC and DOCG areas. As a result of Regional Council Resolution 10525/2010 and Regional Council Resolution 1810/2011, the Lombardy Region approved the adoption of a list of twelve Accredited Agricultural Districts.

An increasing number of regional government interventions are oriented towards conservation of the countryside, cultural traditions, the environment, natural resources and local territories, following an approach increasingly targeted at sectoral multifunctionality. Merely by way of example, these include Valle d'Aosta Regional Law 3/2010; Veneto Regional Law 25/2010 and Province of Bolzano Law 6/52010.

Regional governments undertook a number of interventions in favour of farms suffering difficulties as a result of the economic and market downturn and adverse atmospheric conditions, most notably the establishment of a Solidarity and Support Fund (Campania financial law and Sicily Regional Law 11/2010).

State aid is playing an increasingly significant role as an instrument of regional policy. In 2010, 110 new agricultural and forestry sector aid measures were adopted, of which 47 were notified and 63 communicated pursuant to agricultural exemption regulations. In addition to these, 14 incentive measures were adopted for associated activities, of which three were notified and 11 communicated. Interventions were predominantly oriented towards technical support actions (23) and the forestry sector (24). An additional 11 interventions focused on investments in farms; four were to protect quality; and the remainder were oriented towards actions for livestock farming, animal and plant diseases (10), insurance premiums (five), training (five), research (three), natural calamities, landscape conservation, agri-tourism, job provision for young farmers, advertising and restructuring farms in difficulty, application of the nitrates directive, and interventions to promote broadband take-up. Total public resources for agricultural sector measures instituted in 2010 amounted to €73.62 million, of which €26.43 million corresponded to resources that had already been spent, €36.6 million to resources already committed, and €10.5 million to funds set aside but yet to be spent. The total number of beneficiaries amounted to 53,937, of whom 32,537

were beneficiaries of anti-downturn aid totalling €5.5 million.

In terms of tools used, capital contributions remained preponderant (90%). Geographically, the majority of interventions took place in Italy's southern regions.

According to region and autonomous province accounts, spending on the agricultural sector is following a downward trend. Indeed, the 2009 spending figure of €3,111 million fell by 13% (table 3.5). As in previous years, the ratio between spending and sectoral value added continued to fall, and now stands at just 12%, despite the reduction of value added in agriculture during the year concerned.

Looking at regional budgets for FY 2009, the speed of spending by local governments improved on average compared with 2008, although Ordinary Statute Regions (RSOs) posted a greater improvement than Special Statute Regions (RSSs).

As far as spending earmarked for sectoral economic growth was concerned, the data demonstrates significant and widespread geographical differences, with a decrease in spending on support for research, product promotion, processing and marketing measures, technical assistance, infrastructure, and forestry activities. Generally speaking, spending on items ascribable to aid for farm management and farm investments registered an increase.

3.5 *Fiscal policy*

Between 2006 and 2010, social security contributions constituted the number one item (60%) among taxes and payments levied by government from agriculture (table 3.6), followed by indirect taxes (16%), direct taxes (15%) and land reclamation contributions (6%). Social security contributions remained essentially stable during the period concerned, as did revenues from land reclamation contributions and income tax; for these latter two categories, this is ascribable to their predominant flat-rate tax basis. On the other hand, the economic downturn over the last few years has significantly reduced the proportion of indirect taxes, which are more sensitive to general economic fluctuations.

These trends were also reflected in pressures on the value-added tax take, which between 2007 and 2010 remained essentially stable in agriculture, unlike in other sectors of the economy, where significant reductions in tax and fiscal pressure were recorded. These changes did not, in any event, alter the gap between agriculture and other sectors of production, which over the period concerned averaged respectively 16% for fiscal pressure and 14% for tax pressure. These differentials may be ascribed to tax breaks on applicable rates, and on how tax bases, taxes and social security payments are calculated, all of which benefit

the agricultural sector. The size of these concessions has gradually been whittled away over time. At the start of the decade it corresponded to roughly 18% of value added; by 2010, that figure had fallen to just 13%. This reduction, however, has not been uniform (table 3.7). In particular, it has affected social security contributions by independent workers and IRPEF (personal income tax) payable by farm entrepreneurs on the basis of a land register-based calculation of income – a form of tax in which lump-sum elements prevail in tax base calculations. Introduction of the Single Municipal Tax (IMU in the Italian acronym) under the “Municipal Federalism” decree will, over the next few years, lead to a further erosion of overall fiscal concessions from which the sector benefits: from 2014, the ICI town council rates tax and associated concessions will be abolished, along with fiscal concessions on registry, mortgage and land register taxes (Legislative Decree 23/11 article 10, subsections 1 and 4). Like the ICI tax before it, the new tax will adopt income from ownership of land as its tax base. In consequence, introduction of the new tax will necessarily have an impact at a geographical level, as there is a difference in land ownership income rates currently subject to ICI between the country’s North and South. Specifically, as tax bases are “normalised” there will certainly be a tax increase in southern regions over and above the rise in other parts of the country.

ICI and IRAP (regional business tax) are the main forms of tax levied by local bodies. However, their importance in different regions varies depending on the prevailing rate of tax pressure (table 3.8). In regions where the rate of tax pressure (in the narrow sense of the term) exceeds the average, revenue from ICI is equal to or greater than 50% of overall revenues, whereas in all other regions revenue from IRAP is the higher of the two. The level of tax pressure is, on average, higher in all of Italy’s northern regions, with the exception of Valle d’Aosta, Trentino-Alto Adige and the Marches. On the contrary, fiscal pressure is higher in the South, where regional administrations contribute to the overall public take on average with 19% of value added, compared with 16% ascribable to other regional bodies.

Differences between fiscal and tax pressure in different parts of the country may be ascribed to the on-the-ground distribution of the workforce, that is to say the different proportion of social security contributions “paid in” by employers and by independent workers. Use of sourced labour tends to be higher in northern regions, where it is inversely related to production efficiency. Furthermore, in all of the regions where labour productivity is the highest (with the exception of Trentino-Alto Adige, Tuscany and Lazio), the rate of tax pressure is higher than average, whereas regions with lower productivity also have a lower rate of tax pressure (with the exception of Friuli-Venezia Giulia and Piedmont). This situation would seem to prove that a sort of regional progressivity exists, as the tax

burden increases in step with production capacity, although in some cases it is tempered by specific local policies.

3.6 *The framework of responsibilities and consolidated public support*

In 2010, Italian farmers received aid from the public authorities that may be assessed at around €13.9 billion (table 3.9). This figure was lower than the preceding year (€15.5 billion), wholly as a result of a reduction in direct transfers, in as much as fiscal and social security contribution concessions remained more or less unchanged in absolute terms. A breakdown of consolidated expenditure shows that transfers, which constituted 76.2% of overall support, fell by €1.6 billion, whereas the value of concessions, which constituted 23.8% of the total, remained stable at around €3.3 billion.

The reduction in support during 2010 also affected its proportion of sectoral macro aggregates. Public aid to agriculture constituted 55.7% of value added (VA), compared with 65% in 2009. This corresponded to 29.8% of the value of production, compared with 34.1% the preceding year.

Almost half of support (48.4%) came from implementation of Community policies, represented by transfers through AGEA, Regional Payment Bodies (OPR), SAISA and the National Rice Body. In order of size, this proportion was followed by regional governments (22.7%) and social security contribution concessions (10.8%). Italy's ministries (agricultural, food and economic development policies) and National Bodies (Invitalia, ISMEA and the SAS) taken together accounted for just 5.1%.

A more detailed analysis of transfers broken down by fund origin (EU, Italy and regional government) demonstrates the EU's primary importance. Indeed, more than half of transfers (53.3%) came from the Community budget; the remainder (46.7%) was drawn from State or regional government resources. Community funding is all the more fundamental when funds are broken down by decision-making body. In a de facto sense, Community institutions make decisions on the destination of 63.5% of transfers, whereas national authorities retain responsibility for deciding on the remaining 36.5%.

The distribution of overall support (transfers and concessions) by intervention type, which may be assessed by dividing support into three major categories (Community, national and regional policies), and then breaking this down further still into each of these levels' support for ten different types of intervention, ascribes greater importance to national policies compared with an analysis of transfers alone (table 3.10). This is owing to concessions, which exist exclusively at national policy level. Notwithstanding this, Community policies continue to be the number one supporter of agriculture in Italy, providing in excess of €6.7 bil-

lion (48.4% of the total), followed by national policies with €4 billion (28.9%), and regional policies, corresponding to €3.1 billion (22.7%).

Examining the different types of spending in the classification used (INEA), the largest items are the CAP First Pillar single payment, and fiscal and social security concessions, which together account for almost half of the consolidated total (48.5%). Significant spending was also apportioned to infrastructure (corresponding to 13%), undertaken provisionally at regional level, in addition to sectoral aid (9.8%), which is exclusively the preserve of Community policies. A decidedly modest amount was reserved for farm investments (6.6%), and an absolutely insignificant amount for research (1.4%).

Table 3.1 – Italy - Application of article 68, Reg. (EC) 73/2009 - 2010

Sectors concerned	Plafond (euro)	Theoretical annual supplementary payment	Quantity eligible for payment	Supplementary annual payment	Difference between theoretical payment and payment due
Beef					
- LG primiparous cows	24,000,000	200 euro/head	31,908 heads	172,30 euro/head	-14%
- LG pluriparous cows		150 euro/head	137,866 heads	129,23 euro/head	-14%
- dual purpose cows		60 euro/head	13,257 heads	51,69 euro/head	-14%
- slaughter labelling	27,250,000	50 euro/head	618,136 heads	42,63 euro/head	-15%
- PGI slaughter		90 euro/head	11,703 heads	76,73 euro/head	-15%
Sheep and goat meat¹					
- purchase of rams	10,000,000	300 euro/head	172 heads	300 euro/head	-
- possession of rams		70 euro/head	3,121 heads	70 euro/head	-
- slaughter		15 euro/head	113,000 heads	15 euro/head	-
- extensification		10 euro/head	345,092 heads	10 euro/head	-
Olive oil	9,000,000	1 euro/kg	29,267,512 kg	0,31 euro/kg	-69%
Milk	40,000,000	15 euro/t	7,482,950 t	5,35 euro/t	-64%
Tobacco					
- generic	20,500,000	2 euro/kg	84,622,200 kg	0,24 euro/kg	-88%
- Kentucky	1,000,000	4 euro/kg	1,110,030 kg	0,82 euro/kg	-80%
- Home-grown		2,5 euro/kg	168,919 kg	0,51 euro/kg	-80%
Sugar	14,000,000	300 euro/ha	60,540 ha	231 euro/ha	-23%
Danaee racemosa	1,500,000	15,000 euro/ha	261 ha	5,736 euro/ha	-62%
Agri-environment	99,000,000	100 euro/ha	875,129 ha	100 euro/ha	-
Insurance premium payment contribution	70,000,000	max 65%	137,096,961 euro	65%	-

¹ Figures regarding head eligible for payment are provisional.

Source: calculated using MiPAAF data.

Table 3.2 – Italy - Application of article 68, Reg. (EC) 73/2009 - 2010

	Interventions on agricultural markets					Direct aid				First Pillar grand total
	Sugar	Wine	Fruit and vegetables	Other	Total	Decoupled direct aid (SPP)	Specific payments (art. 69)	Other direct	Total direct aid	
Piedmont	6.1	11.4	3.8	2.4	23.6	271.8	11.7	49.1	332.6	356.3
Valle d'Aosta	0.0	0.0	0.0	0.1	0.1	2.6	0.0	0.0	2.6	2.7
Lombardy	8.6	9.0	7.1	23.4	48.0	386.6	8.9	49.2	444.7	492.7
Trentino-Alto Adige	0.0	6.9	49.5	5.2	61.6	18.2	0.3	0.0	18.6	80.2
Veneto	15.4	67.7	9.9	8.5	101.5	432.9	27.2	32.5	492.6	594.1
Friuli-Venezia Giulia	1.7	9.9	0.3	1.3	13.3	60.4	1.3	0.7	62.4	75.7
Liguria	0.0	0.1	0.0	0.7	0.8	5.5	0.1	0.0	5.7	6.5
Emilia-Romagna	23.8	67.7	86.8	19.7	197.9	319.6	21.1	61.8	402.5	600.5
Tuscany	3.1	21.2	1.8	4.3	30.4	117.4	6.9	11.2	135.6	165.9
Umbria	2.4	8.8	0.0	2.2	13.4	72.9	0.9	22.8	96.5	110.0
Marches	9.2	8.7	1.3	8.2	27.4	111.5	1.9	2.8	116.2	143.6
Lazio	1.1	12.0	7.0	29.9	50.1	140.0	1.4	5.4	146.8	196.9
Abruzzo	0.8	26.7	1.7	0.3	29.5	55.2	0.5	1.3	57.0	86.5
Molise	0.9	5.2	1.8	0.3	8.3	44.1	0.7	0.9	45.6	53.9
Campania	0.1	3.8	12.3	1.4	17.6	144.2	0.4	32.1	176.8	194.3
Puglia	2.4	64.0	9.7	4.6	80.7	455.3	2.6	9.6	467.4	548.2
Basilicata	0.1	0.7	2.6	0.5	3.9	80.5	5.3	6.3	92.1	96.0
Calabria	0.2	1.9	8.4	3.3	13.7	265.9	0.4	0.9	267.2	280.9
Sicily	0.0	61.5	12.1	1.4	75.0	268.2	3.2	8.5	279.9	354.8
Sardinia	0.9	3.3	0.9	0.9	6.0	135.3	2.1	2.7	140.2	146.2
Italy	76.8	390.5	217.1	118.7	803.1	3,368.2	96.7	297.9	3,782.8	4,585.9
Non distributable quota	-	-	-	-	-	-	-	-	-	200.0
Associated expenses	-	-	-	-	-	-	-	-	-	80.0
Total Amount	-	-	-	-	-	-	-	-	-	4,865.9

Source: calculated using the Public spending in agriculture database - INEA.

Table 3.3 – *Public resources for Rural Development Programmes 2007-2013 by region - Spending advancement, 2007-2010 1*

	Planned public expenditure	Planned EFRD	Public expenditure disbursed	EFRD spending disbursed	Advancement EFRD (%)
Piedmont	980,463	444,824	213,162	93,790	21.1
Valle d'Aosta	124,429	56,451	44,970	19,787	35.1
Lombardy	1,025,193	471,110	286,803	126,591	26.9
Aut. Prov. of Bolzano	332,335	149,111	188,205	83,239	55.8
Aut. Prov. of Trento	280,633	109,220	94,227	38,508	35.3
Veneto	1,050,818	481,965	210,572	93,226	19.3
Friuli-Venezia Giulia	266,779	120,512	69,022	30,401	25.2
Liguria	292,024	115,325	72,403	28,187	24.4
Emilia-Romagna	1,058,637	484,146	275,940	122,441	25.3
Tuscany	876,141	391,426	218,325	96,029	24.5
Umbria	792,389	356,758	207,880	91,456	25.6
Marches	485,141	218,926	172,419	75,852	34.6
Lazio	703,933	317,474	145,456	64,387	20.3
Abruzzo	412,777	186,252	90,600	40,312	21.6
Molise	207,871	93,526	43,003	18,921	20.2
Campania	1,813,586	1,118,831	353,332	210,633	18.8
Puglia	1,617,660	933,584	343,373	197,430	21.1
Basilicata	671,764	386,840	142,846	82,094	21.2
Calabria	1,089,902	653,941	235,751	139,099	21.3
Sicily	2,185,430	1,279,201	388,344	268,328	21.0
Sardinia	1,292,254	574,899	301,319	132,561	23.1
National Rural Network	82,920	41,460	18,837	9,419	22.7
Italy	17,643,079	8,985,782	4,116,790	2,062,687	23.0

¹ Data as at 31 December 2010.

Source: calculated using MIPAAF data.

Table 3.4 – *Main agreements approved in 2010 at the Standing Conference for Relations between the State, the Regions and the Autonomous Provinces of Trento and Bolzano*

Session date	Agreement on
29-Apr-10	<p>Ministerial Decree on implementation of the aid regime for land on which nut crops are grown - Reg. (EC) 1121/2009.</p> <p>Strengthening the National Plant Health Service</p> <p>Denominations of rough rice varieties and corresponding rice varieties</p> <p>Intervention plans for the floriculture and nursery, rabbit farming and hazelnut sectors</p> <p>National strategic nitrates plan</p> <p>Ministerial Decree regarding the implementation provisions of Reg. (EC) 11/2008 on the definition, designation, presentation and protection of the geographical indication of spirits</p> <p>Free distribution of fruit in schools programme – National Strategy</p> <p>Ministerial Decree amending the decree containing measures for implementation of article 68, Reg. (EC) 73/2009 from the Council</p> <p>Ministerial Decree amending regulations for use of the term “Talento” in the designation and presentation of V.S.Q.D.O.P. and V.S.Q. sparkling wines produced using the classic method</p> <p>Ministerial Decree on the “Terms and conditions for allocating financial resources received via Reg. (EC) 1233/2009 for the support of milk”</p> <p>Amendment of the Charter for the Istituto Nazionale di Economia Agraria</p> <p>Ministerial Decree stating “Priority criteria for access to the national reserve pursuant to the Ministerial Decree issued on 24 March 2005”</p> <p>Ministerial Decree stating “Emergency plant health measures against propagation of the <i>Pseudomonas solanace-arum</i> (Smith) Smith pest in respect of Egypt”</p>
06-May-10	<p>Outline of Legislative Decree stating the “Implementation of Dir. (EC) 2008/90 on the marketing of fruit plant propagating material and fruit plants” intended for fruit production</p> <p>Ministerial Decree stating an amendment of Ministerial Decree 354/2009 on “Provisions for implementation of Regs. (EC) 834/2007, 889/2008 and 1235/08 concerning organic production and organic product labelling”</p>
08-Jul-10	<p>Ministerial Decree for the implementation of Regs. (EC) 1234/2007 555/2008 regarding the “Promotion of wine on third-party country markets” measure</p> <p>Ministerial Decree on the payment of supplementary aid to beet growers for diversification as part of the 2008-2009 marketing campaign</p> <p>Ministerial Decree containing “Amendments to the decree issued on 24 March 2005, concerning management of the CAP single payment regime national reserve”</p> <p>Ministerial Decree stating “Provisions for the implementation of Reg. (EC) 710/2009 amending Reg. (EC) 889/2008 containing terms and conditions for the application of Reg. (EC) 834/2007, as regards establishing application-related terms and conditions for organic aquaculture animal and seaweed production”</p> <p>Ministerial Decree stating “National provisions for the implementation of Regs. (EC) 1234/2007 and 555/2008 regarding the “Harvest insurance” measure (Wine COM)</p> <p>Agreement on checking regional spending capacity for the beet/sugar sector restructuring programme</p> <p>Programme for checking aptitude for producing milk and/or meat (functional controls) undertaken by livestock farmers’ associations for each species, race or genetic type – 2010</p> <p>Ministerial Decree establishing distribution among Regions and Autonomous provinces of €36.465 million in National Solidarity Fund for agriculture compensatory interventions</p> <p>Distribution of financial resources for allocation to the Regions for 2010 in the exercise of functions delegated with regard to agriculture and fishing – article 2, Council of Ministers’ Presidential Decree 11 May 2001</p> <p>New planning of works under the National Irrigation Plan in Southern Italian regions</p> <p>Ministerial Decree containing “Measures for the implementation of Regs. (EC) 479/2008 and 555/2008 by the Commission regarding application of measures for the distillation of wine-making sub-products”</p>
23-Sep-10	<p>Ministerial Decree concerning “Updates to procedures pursuant to the annex to Ministerial Decree no. 3932/09, with regard to fruit and vegetable producer organisations, operational funds and operational programmes, in compliance with the 2009-2013 National Strategy”</p> <p>Ministerial Decree concerning “National financial aid to fruit and vegetable producer organisations for 2010”</p>

Table 3.5 – Total payments and proportion of value added in the agricultural, forestry and fishing industry

	(million of euro)									
	2005	%	2006	%	2007	%	2008	%	2009	%
Piedmont	222.8	14.0	233.0	13.6	139.6	8.3	145.6	8.5	171.5	11.4
Valle d'Aosta	84.5	190.8	82.9	187.9	105.9	227.0	88.6	180.8	75.4	178.9
Lombardy	253.1	8.4	247.1	7.9	304.4	9.8	284.8	8.9	317.9	11.3
Aut. Prov. of Bolzano	157.8	27.3	169.0	29.4	160.3	24.9	147.2	20.5	163.1	23.5
Aut. Prov. of Trento	136.9	36.2	70.9	19.7	77.7	17.9	47.3	10.6	65.4	15.6
Veneto	211.7	8.7	177.0	7.8	153.3	6.2	139.5	5.9	137.0	6.2
Friuli-Venezia Giulia	115.8	24.5	141.8	29.2	102.8	18.5	87.7	19.2	86.8	23.3
Liguria	19.2	3.0	23.8	3.9	22.3	3.7	18.8	3.3	14.3	2.7
Emilia-Romagna	136.0	4.9	115.2	4.1	104.9	3.7	94.1	3.3	82.0	3.2
Tuscany	152.8	9.0	111.3	6.2	130.7	7.0	149.1	7.6	112.4	6.2
Umbria	57.5	14.8	72.9	17.2	47.9	10.3	46.2	10.3	29.8	7.2
Marches	40.0	5.9	41.5	6.4	59.6	8.9	36.4	5.6	27.3	5.0
Lazio	116.0	7.0	113.3	6.5	69.1	4.1	58.9	3.5	82.0	5.3
Abruzzo ¹	84.3	12.2	99.5	14.3	77.1	12.8	81.2	12.6	85.9	14.8
Molise	45.2	21.7	42.1	18.5	33.8	13.9	44.8	17.8	32.7	15.3
Campania	220.2	9.6	433.4	19.6	376.0	17.1	236.3	10.8	223.4	10.3
Puglia	246.2	9.4	199.6	8.2	158.0	6.8	180.8	7.5	215.3	10.3
Basilicata	130.2	26.1	103.7	21.6	120.0	23.1	112.1	21.6	114.9	26.5
Calabria	508.4	32.0	509.8	34.6	493.1	33.5	506.6	42.0	406.3	35.1
Sicily	517.9	17.2	623.1	21.2	555.0	19.4	546.8	18.8	497.4	18.1
Sardinia	519.7	50.9	288.2	28.1	361.9	35.2	523.5	51.1	170.7	17.5
North West	579.6	11.0	586.8	10.6	572.2	10.5	537.7	9.7	579.0	11.8
North East	758.1	11.4	673.9	10.4	598.9	8.6	515.9	7.5	534.2	8.5
Centre	366.3	8.3	339.1	7.4	307.2	6.6	290.5	6.1	251.5	5.8
South	1,234.4	15.6	1,388.2	18.4	1,258.1	17.1	1,161.9	16.1	1,078.5	16.2
Islands	1,037.7	25.7	911.3	22.9	916.8	23.6	1,070.3	27.2	668.1	17.9
RSOs	2,443.3	10.7	2,523.4	11.1	2,289.8	10.1	2,135.2	9.4	2,052.7	9.9
RSSs	1,532.7	27.8	1,375.8	25.3	1,363.5	24.5	1,441.1	25.7	1,058.8	20.1
Italy	3,976.1	14.1	3,899.3	13.9	3,653.2	12.9	3,576.3	12.6	3,111.4	12.0

¹ 2009 estimated.

Source: INEA - Spesa agricola delle Regioni database.

Table 3.6 – Taxation in the agriculture, forestry and fishing sector

(million of euro)

	2006	2007	2008	2009	2010
	Absolute values				
Social security payments	3,440.9	3,378.0	3,309.3	3,315.6	3,429.1
Indirect taxes	904.5	1,003.1	897.5	859.0	852.6
Direct taxes	843.2	869.2	808.8	779.4	798.0
IRPEF income tax	765.9	782.1	746.9	725.9	744.0
- employees	251.1	254.4	260.7	255.5	263.2
- sole proprietors whose income is determined by land register records	347.5	366.5	328.6	311.0	317.9
- sole proprietors whose income is determined by actual income	50.9	35.8	41.9	41.5	42.3
- other landowners	116.4	125.4	115.6	117.9	120.6
Taxes on companies	77.3	87.1	61.9	53.6	54.0
Land reclamation contributions	315.5	316.4	360.9	330.4	345.9
Overall total	5,504.1	5,566.6	5,376.5	5,284.5	5,425.6

Source: calculated using data from ISTAT, INPS, INAIL and MEF.

Table 3.7 – Tax relief

	2006	2007	2008	2009	2010
Virtual subsidies					
Social security payments	1,519.9	1,530.4	1,587.6	1,433.2	1,501.2
Indirect taxes	1,216.2	1,209.6	1,157.3	1,139.4	1,102.0
IRAP regional business tax	229.1	253.2	220.2	198.3	202.9
ICI local property tax	131.1	132.7	133.2	125.2	123.5
Tax on mineral oils	856.0	823.7	803.9	815.8	775.7
Indirect taxes	863.4	900.4	904.6	454.7	444.2
IRPEF income tax	863.4	900.4	904.6	454.7	444.2
Actual relief	231.1	293.6	287.3	243.3	248.1
VAT	231.1	293.6	287.3	243.3	248.1
Total relief	3,830.6	3,934.0	3,936.7	3,270.5	3,295.6
Percentage of value added	14.0	14.0	14.0	12.8	12.6

Source: calculated using data from ISTAT, INPS, INAIL and MEF.

Table 3.8 – *Proportion of regional value added at base prices absorbed by taxation*

	Fiscal pressure				Tax pressure			
	2006	2007	2008	2009	2006	2007	2008	2009
Piedmont	19,5	20,3	19,3	22,0	7,4	7,8	7,2	8,1
Valle d'Aosta	22,0	19,6	18,2	21,8	4,5	3,5	3,1	3,4
Lombardy	13,4	13,3	13,7	14,9	5,3	5,3	5,8	6,2
Liguria	14,0	14,1	10,9	11,6	7,5	7,8	4,5	4,8
Trentino-Alto Adige	14,5	12,8	11,6	12,4	3,6	3,1	2,7	2,8
Veneto	19,1	17,4	20,1	19,5	9,1	8,5	10,5	8,8
Friuli-Venezia Giulia	20,4	17,7	20,5	24,7	9,3	8,2	9,2	10,6
Emilia Romagna	18,7	18,3	17,6	19,9	8,0	8,0	7,6	8,3
Tuscany	15,9	14,8	13,5	14,9	4,8	4,2	3,8	4,0
Umbria	15,8	14,4	14,3	15,9	5,4	5,3	4,7	5,0
Marches	20,2	19,4	20,3	24,2	5,3	5,4	5,5	6,1
Lazio	13,0	12,8	11,9	12,3	5,4	4,9	4,6	4,7
Abruzzo	14,8	17,1	15,2	16,3	4,5	5,3	4,5	4,6
Molise	17,1	15,7	14,5	16,4	3,9	3,7	3,4	3,6
Campania	14,5	14,4	14,2	14,1	2,7	3,0	2,6	2,8
Puglia	23,3	24,0	22,6	26,2	4,2	4,6	4,5	4,7
Basilicata	20,4	17,7	15,5	17,2	6,1	5,0	3,9	3,5
Calabria	23,9	23,2	25,9	27,6	2,7	2,8	2,7	2,7
Sicily	17,4	17,5	16,7	17,4	3,1	3,3	3,3	3,4
Sardinia	16,6	16,6	18,9	17,8	2,2	2,5	4,8	2,9
Italy	17,5	17,1	16,9	18,1	5,3	5,2	5,3	5,3
North West	15,5	15,6	15,2	16,8	6,2	6,3	6,1	6,6
North East	18,4	17,1	17,6	18,7	7,9	7,4	7,9	7,6
Centre	15,4	14,7	14,0	15,2	5,1	4,7	4,4	4,6
South	18,8	18,8	18,5	19,5	3,4	3,6	3,6	3,5

Source: calculated using data from ISTAT, INPS, INAIL and MEF.

Table 3.9 – Total of support to the agricultural sector in Italy

	(million of euro)											
	2006	%	2007	%	2008	%	2009	%	2010	%	Media 2008-2010	%
AGEA	3.227	20,7	3.800	23,4	3.730	26,6	4.640	29,9	3.829	27,6	4.066	28,4
SAISA - National Rice Body	109	0,7	59	0,4	53	0,4	29	0,2	24	0,2	35	0,2
Regional Payment Organisations	2.633	16,9	2.339	14,4	1.880	13,4	3.248	20,9	2.862	20,6	2.663	18,6
Ministry of Agricultural Policies	592	3,8	874	5,4	688	4,9	710	4,6	629	4,5	676	4,7
Ministry of Trade and Industry (Negotiated programme)	137	0,9	81	0,5	55	0,4	71	0,5	58	0,4	61	0,4
ISA (Agro-food intervention)	4	0,0	16	0,1	22	0,2	32	0,2	22	0,2	25	0,2
ISMEA/ Invitalia (Young Entrepreneurs)	17	0,1	16	0,1	16	0,1	10	0,1	4	0,0	10	0,1
Regions	3.737	23,9	3.597	22,1	3.570	25,5	3.458	22,3	3.143	22,7	3.264	22,8
Total agricultural policy transfers	10.454	66,9	10.782	66,3	10.013	71,5	12.199	78,7	10.570	76,2	10.801	75,4
Tax credit for investment	-	-	-	-	-	-	-	-	-	-	-	-
VAT concessions	231	1,6	294	2,0	238	1,7	230	1,5	248	1,8	243	1,7
Concessions on manufacturing taxes (fuel)	856	6,0	824	5,6	804	5,7	821	5,3	776	5,6	798	5,6
IRPEF concessions	886	6,2	925	6,3	1.025	7,3	491	3,2	444	3,2	641	4,5
IRAP concessions	229	1,6	253	1,7	228	1,6	200	1,3	203	1,5	210	1,5
ICI concessions	131	0,9	133	0,9	133	0,9	131	0,8	124	0,9	127	0,9
Pensions and social security concessions	1.520	10,6	1.549	10,5	1.565	11,2	1.434	9,2	1.501	10,8	1.500	10,5
Total concessions	3.853	26,9	3.978	27,0	3.993	28,5	3.308	21,9	3.296	23,8	3.520	24,6
Total	14.308	100,0	14.760	100,0	14.006	100,0	15.507	100,0	13.866	100,0	14.321	100,0
Agriculture and forestry value added	26.248	-	26.772	-	27.120	-	23.847	-	24.874	-	25.513	-
Support/VA (%)	-	54,5	-	55,1	-	51,6	-	65,0	-	55,7	-	56,1
Agricultural and forestry production	45.058	-	47.014	-	49.577	-	45.530	-	46.607	-	47.441	-
Support/Production (%)	-	31,8	-	31,4	-	28,3	-	34,1	-	29,8	-	30,2

Source: calculated using the Public spending in agriculture database - INEA.

Table 3.10 – Allocation of support to the agricultural sector in Italy by type of intervention - 2010

	Research	Development services	Processing and marketing	Farm investments	Management-related aid	Sectoral aid	Infrastructure	Single payment	Fiscal/social security concessions	Not attributable	Total
						millions of euros					
Community policies ¹	0	288	0	375	6	1,354	384	3,419	0	889	6,715
National policies ²	53	43	90	103	164	0	259	0	3,296	0	4,008
Regional policies	135	391	138	437	224	0	1,153	0	0	664	3,142
Total	188	722	228	915	394	1,354	1,796	3,419	3,296	1,553	13,865
						Percentages					
Community policies ¹	0.0	2.1	0.0	2.7	0.0	9.8	2.8	24.7	0.0	6.4	48.4
National policies ²	0.4	0.3	0.6	0.7	1.2	0.0	1.9	0.0	23.8	0.0	28.9
Regional policies	1.0	2.8	1.0	3.2	1.6	0.0	8.3	0.0	0.0	4.8	22.7
Total	1.4	5.2	1.6	6.6	2.8	9.8	13.0	24.7	23.8	11.2	100.0

¹ Community policies include spending by AGEA, Regional Payment Bodies and the National Rice Body.

² National policies include spending by ministries and bodies with national jurisdiction (ISMEA, ISA, Invitalia, etc.).
Source: calculated using the Public spending in agriculture database - INEA.

Chapter 4

Multifunctionality, Environment and Territory

4.1 *Management of natural resources and sustainable agriculture*

Biodiversity and the countryside – In 2010, the International Year of Biodiversity, Italy unveiled a national strategy to pave the way for future national policies fostering biodiversity. Natural parks, Natura 2000 areas and agricultural and forestry land within or adjacent to reserves or habitats of great natural value are considered vital to the conservation of Italy's wildlife. According to the most recent update to the official list of national protected areas (2010), these areas consist of some 3.2 million hectares of land, up 13% in number and 4% in surface area compared with 2003. In addition to Natura 2000 areas, which cover some 6.2 million hectares, to a large extent overlapping national or regional parks, some predominantly agricultural and forestry wildlife protection environments include protection oases and game repopulation and capture zones, where hunting is prohibited. According to the latest available data (2007), this amounted to more than 2 million hectares of land, for the most part situated in northern Italy. Moreover, privately run hunting reserves (wildlife hunting reserves known in Italian as *aziende faunistico venatorie* and *agro-faunistico venatorie*) account for a further million hectares (table 4.1). The number of hunters in Italy continues to diminish, demonstrating an increasingly limited interest in hunting-related activities: a total of 751,876 hunting licenses were declared, 6% fewer than in 2000.

A number of amendments have recently been proposed to hunting regulations (Law no. 157/92) as a result of increasingly frequent damage caused by wildlife to predominantly agricultural habitats. According to a survey conducted in 2009, damage caused by wildlife amounted to €11 million nationwide, 45% of which was ascribable to ungulates, particularly wild boar, as well as roe deer, deer and fallow deer. Significant damage to farming is caused by nutria too. An amendment has also been requested to hunting regulations regarding starlings, one of

the species that is considered the most problematic for agriculture, and which since 1994 has been protected from hunting in Italy.

The state of forests – The most recent available data on woodland cover in Italy dates back to the 2005 National Forest Inventory, which recorded around 8.5 million forested hectares. The annual woodland growth rate remains high (especially as a result of the natural reforestation of abandoned agricultural land and pasture): it is estimated that woodland is increasing by some 80,000 hectares per year. Application of this trend to the increase in land would lead to a 2010 estimate of around 9.1 million hectares of woodland, and 1.8 million hectares of other wooded areas.

Italy's woodlands are predominantly privately owned (66% of total woodland); public woodland is owned for the most part by town councils. Forest utilisation (tree felling) is far more prevalent by private owners than on land with other types of ownership. However, the average area felled by private owners is less than one fifth that of areas owned by municipalities. Furthermore, almost all forest owners (with the exception of government- and regional-owned property, where management choices differ from those pursued by municipalities and private owners) increased the overall area of land utilised (up 6.3% compared with the preceding year).

According to the most recent estimates, in 2009 defoliation worsened compared with the previous year. Despite deciduous trees being far more susceptible than conifers, in 2009 conifers recorded the highest rate of defoliation since monitoring began in 1997. The causes of defoliation and leaf yellowing may for the most part be ascribed to insects (21%, of which leaf eaters represent 15%), followed by fungus (8%) and environmental agents such as hail (6%).

In Mediterranean areas, forest fires were the main threat to forest ecosystems. Indeed, Italy is one of the highest-risk countries, with an average over the last few decades of around eight thousand fires per year, damaging or destroying an average land area of 43,721 hectares of woodland annually. However, in 2010 the amount of land affected by flames diminished by 37% compared with the preceding year, while the number of woodland fires was down 9.9%, confirming the positive trend registered over the last three years, in what proved to be the best performance posted over the last thirty years. In 97% of cases, fires were caused by man. The main causes remain negligence, particularly as a result of destroying crop residue, and the practice of clearing uncultivated land. There is a significant incidence of fires caused by illegal practices associated with hunting and acts of intimidation and reprisal, in addition to "rural crime", either with the intent of devaluing land and woodland for speculative purposes, or to pursue economic interests associated with subsequent prevention and restoration work.

Water resources and agriculture – According to ISTAT figures, in 2007 a little over 500,000 farms used irrigation on close to 2.7 million hectares of land (21% of UAA). Progress in irrigation techniques has led to the replacement of some surface irrigation systems with sprinkler systems, particularly in northern regions (table 4.2). In southern regions, micro-irrigation is adopted on 50% of irrigated UAA.

Nationally, collective irrigation management is undertaken by 489 bodies. According to figures from SIGRIAN,¹⁴ these bodies administer around 19 million hectares of land, of which 3 million hectares can potentially be irrigated. Close to half of these bodies operate in the Po Valley district. Above-ground water courses and a man-made grid of canals are the principal sources of water supply. Over half of surface collection takes place in the Po Valley and Eastern Alps districts.

Given the quantities used by the agricultural sector, Community legislation considers the cost of the irrigation service to be a key element for rational use of water and the provision of efficient and continuous service; costs are adequately covered by users. SIGRIAN data has been used to calculate an index of the ratio between the annual amount paid for irrigation and irrigation-equipped land. The average figure is €65 per hectare of irrigation-equipped land. Figures range from €124 for bodies in the Central Apennines to €50 in the Po Valley district.

Between 2004 and 2007, the amount of nitrogen originating from farms reaching surface water courses diminished as a result of a reduction in the consumption of nitrogen mineral fertilisers and nitrogen generated by livestock farming.

Climate change, atmospheric emissions and agro-forestry systems – The COP-16 (Conference of the Parties) held in December 2010 concluded with the signature of the Cancun Accord, but failed to achieve progress in negotiations on new and binding targets for UNFCCC (United Nations Framework Convention on Climate Change) member nation emissions reduction. Nevertheless, several new developments appeared to emerge in the negotiating approach that could potentially pave the way for reaching agreement at COP-17 in Durban (December 2011).

According to the European Environment Agency, in 2009 Italy was one of Europe's countries to register a reduction in greenhouse gas emissions compared to 2008 (down 9.3%). Compared with the reference year of 1990, the figure stands at 5.4%, which is very close to the 6.5% reduction target under the Kyoto Protocol. This may be ascribed to both the major economic downturn, which led to a drop-off in demand for energy and fossil fuels, and an increase in the power

¹⁴ MIPAAF-INEA information system for the management of Italy's national water resources.

generation from renewables. Emissions from agriculture, which account for 7% of Italy's total, fell by 4% compared with 2008. Over the entire Kyoto reference period (1990-2009), the reduction amounted to the more considerable figure of 15% (table 4.3). The majority of the decrease may be ascribed to reductions in emissions of methane from enteric fermentation (down 11.5%) and in nitrogen protoxide on agricultural land (down 20.6%). Changes in land use and forestry (LULUCF) have been particular significant in Italy. The nation's positive trend (+53% since 1990) is ascribable above all to an increase in the amount of woodland, and, to a lesser extent, in meadow and grazing land.

Agriculture is also the number one source of ammonia (NH₃) emissions, accounting for 24.5% of the country's 2009 emissions. Between 1990 and 2009, agricultural emissions of NH₃ fell by around 19%, particularly as a result of a reduction in the number of head of livestock and a decrease in the use of nitrogen fertilisers, as well as application of Directive 2008/1/EC on the integrated prevention and reduction of pollution.

The use of natural resources and agricultural systems – According to provisional data from ISTAT's Sixth General Census of Agriculture, in 2010 Italy's total UAA (Utilised Agricultural Area) amounted to some 12.9 million hectares, down 2.3% compared with 2000, corresponding to a loss of close to 300,000 hectares (tab. 4.4). Over the last decade, in percentage terms the reduction in UAA was particularly high in Italy's central regions (down 1.5%); in absolute terms, the greatest loss of farmland took place in the country's northern regions (a loss of 270,000 hectares). Italy's UAA farmland is 54.4% arable, down 3.7% compared with 2000. Permanent crops, which account for 18.4% of UAA, have lost in excess of 20,000 hectares across all geographical areas (a reduction of 3% nationally). There's also been a significant reduction in meadow and grazing land in the country's northern and central areas, corresponding to 10% and 17% respectively.

The most recent data published by ISTAT on the use of agro-pharmaceuticals shows that in 2009 over 74,000 tonnes of active substances were distributed in Italy, of which almost 90% in northern and southern regions. Compared with 2008, overall usage was down by 6,500 tonnes (8%). The decade from 2000 to 2009 registered a considerable reduction in the per land unit consumption of insecticides and acaricides (down 18%), a slightly lower drop in the use of fungicides (down 7%), and a slight increase in the use of herbicides (up 5%). The new Community regulatory framework for agro-pharmaceuticals envisages the elimination of active substances flagged as dangerous to man, with the goal of changing farming practices in order to increase the quality of agro-food production. Specifically, Directive 2009/128/EC on the sustainable use of pesticides will be bringing in a number of obligations from 2014 that will form the foundation of

the integrated production process; Reg. (EC) 1107/2009 is ushering in more stringent restrictions and new conditions for bringing agro-pharmaceuticals to market.

Domestic ratification of Dir. 98/2008/EC strengthened monitoring of the agricultural waste system, with the goal of ensuring that all management operations, from production to recovery and final disposal are undertaken in compliance with procedures. Specifically, Legislative Decree no. 205/2010 introduced the principle of liability extended to the producer, along with a number of legislative measures encouraging the separation and recycling of organic waste. As far as waste traceability is concerned, farms have been requested to maintain a waste loading and unloading register, an Environmental Declaration Form (MUD in the Italian acronym), and make an annual environmental declaration. These paper-based documents are set to be replaced by the SISTRI centralised IT system in February 2012, which will mark the transition towards end-to-end computerisation of the hazardous waste monitoring and management system.

Organic farming – The consolidation of the organic farming sector in Italy continued as part of the national agro-food system, riding out the unfavourable economic conditions of the period. More than 1.1 million hectares of land was organically farmed in 2010 (up 0.6% on the preceding year), corresponding to 8.6% of Italy's UAA (table 4.5). Growth was driven above all by land already farmed organically (up 11.8%). Conversely, there was a marked contraction in land being converted to organic (down 21.4%), which suggests a future slowdown in growth for this sector. As far as the number of organic farmers is concerned, the overall number fell to 47,663 (down 1.7% compared with 2009 figures). As some of the smaller farms and exclusive growers have left the industry, there has been an increasing concentration of specialists and professionals among this number. Organic systems are increasingly being adopted in Italy's livestock sector (up 11.6% for cattle and 13.3% for pigs), although organic livestock farming is only of a certain importance for sheep and goats.

Regional development trends vary in this sector, as development has taken place in a more or less haphazard manner, with erratic rural development policy support. These variations have not, in any event, altered the national picture: 50% of producers are situated in the South, while two thirds of players involved in processing and export are based in the North and Centre.

In 2009, the Italian organic product market was worth \$1.5 billion. Household purchases of packaged organic products recorded the biggest increase of the last eight years (11.6%). In terms of value, 70% of consumption is concentrated in the country's northern regions, particularly the North East, driven predominantly by hypermarkets. The net increase registered in imports of primary organic products in 2010 from other countries (up 49% in terms of quantity compared with 2009)

has strengthened the Italian sector, which is increasingly oriented towards marketing and processing primary products.

In 2010, a new Community logo was introduced following the issue of Reg. (EU) 271/2010, catering to consumer needs to be able easily to identify organic products, distinguishing them from other types of Community certification, and providing producers with a tool to differentiate the marketing of their products, while making the guarantees that quality organic farming offers all European consumers evident.

4.2 *The diversification of agriculture*

Agri-tourism and rural tourism – According to agri-tourism operators' associations, in 2010 the sector is expected to have recorded a further contraction both in arrivals and the length of guest stays. Spending by foreigners in Italy fell, while there was a reduction in the number of hours worked at venues with restaurants. Related commercial activities that normally create flows of tourists suffered setbacks, although there were some exceptions in demand for high-end agri-tourism services.

In 2009, the number of farms authorised to operate agri-tourism numbered 19,019, up 539 (2.9%) compared with 2008 – the lowest rate of growth registered over the last decade. The difference between the number of new permits issued (1,336) and business that ceased operations (797) partially reflected difficulties in the sector, while at the same time revealing a degree of dynamism in traditionally strong regions (table 4.6).

Accommodation is offered by 82% of agri-tourism farms that offer integrated tourism packages inclusive of differentiated services, in order to raise the level of the agri-tourism offering in their specific local area. Farms authorised to hold tasting sessions now number 3,400; more than half of farms (56%) offer other activities (hiking, horseriding, nature walks, etc.).

Some surveys show that there has been a growth in food- and wine-oriented tourism, featuring the purchase of wine, typical local food products and local crafts. Spending on multifunctional farm products accounts for around 40% of overall sector turnover, confirming the importance of tourism to growth in the quality and quantity of local food product consumption.

The National Agri-Tourism Monitoring Centre has proposed a single system for classifying hospitality services at farms that takes into account the objective of sustainability stated in the framework legislation. Some of these requirements refer to standards of comfort and services considered useful by the majority of potential customers.

Agriculture and society – In 2010, an increasing number of farms undertook educational activities. The Emilia-Romagna region is a trailblazer with the most educationally oriented farms, followed by Campania, Veneto and Piedmont. There is still a dearth of specific regional legislation permitting farms to undertake such activities in compliance with clear, specific rules. Nevertheless, almost every Italian region envisages a “Quality Charter” for educationally oriented farms, and regulations for accreditation with local government. The majority of local governments and local action groups have issued calls for tenders to fund work on educationally oriented farms, financing the building or refurbishment of buildings and/or outdoor areas, and the purchase of equipment to be used for educational purposes.

At national level, several framework law bills have been put forward in the realm of social agriculture, none of which have yet been debated in Parliament. For the time being, regional government is responsible for framework activities regarding potential changes in the field of agri-tourism: this is the case for the regions of Lazio, Friuli Venezia Giulia and Veneto. Just a few regions (Calabria, Tuscany and Abruzzo) have issued laws or other specific acts.

In 2010, overall government spending on the three RDP measures for which social agriculture is eligible was highly circumscribed: Measure no. 311 posted spending of just €79.6 million, corresponding to just over 13% of planned spending; Measure no. 321 registered spending of €28.9 million (8% of budgeted expenditure); and Measure no. 312 posted spending of 4%, corresponding to €4.2 million.

Available data shows a significant increase in the quantity of farmland subject to seizure from organised crime, up from 566 farms in 2008 to 1,766 in 2009; that same year, 294 holdings with farm buildings were seized. Agricultural output from this land is in almost all cases either organic, part of an environmental regeneration scheme, or designed to foster the take-up of allotments.

Energy and biomass – Demand for primary energy in Italy during 2010 reached 187 million TPE, up 3.9% compared with 2009. The largest increase was in solid fuels (up 14%) and renewables (up 11%), in addition to gas (up 7%). At the same time, a 1.5% drop in oil was registered, along with a 1.8% reduction in net imports of electricity. Higher demand for primary energy was a turnaround from the negative primary consumption trend posted over the previous four years.

National and regional incentives have prompted considerable growth in renewables in recent years (up 30% over the 2008-2010 period). According to provisional data for 2010, renewables now exceed 22 MTPE and cater to 12% of demand for primary energy. In terms of cumulative photovoltaic and wind power, Italy is Europe’s number three nation. Contributions from biomass and waste also

registered a considerable increase: close to a third of renewable energy comes in the first instance from wood, followed by biofuels, waste and then biogas (table 4.7).

The increase in the number of biogas generation plants continued in 2010, following the introduction of an all-in tariff pursuant to Law no. 99/2009. Fully 75% of agricultural and livestock plants are already operational, raising installed power from 32 MW in 2007 to 350 MW in early 2011. These plants are concentrated above all in Italy's northern regions. They are fuelled either by livestock effluent associated with crop sub-products (60% of plants and 70% of installed power), by livestock effluent alone (29% of plants but just 7% of power), and by plant matter alone (13% and 22%) respectively.

Electricity generation by photovoltaic plants received a major boost thanks to so-called "second feed-in tariff" incentives, which notably increased the economic viability of installing medium/high power plants, and led to the occupation of previously cultivated land. In 2010, according to the GSE energy services company, 42% of installed power was generated by land-based plants on a total of 3,170 hectares. It is estimated that a 1 MW plant occupies around 2 hectares of land.

Biofuel production in Italy grew by 19% in 2010 compared with the preceding year. Biofuels accounted for over 6% of total renewable production, of which 90% was obtained from biodiesel. The only type of incentive still in place was a blending obligation: in 2010, a minimum target of 3.5% of biofuel consumption was set to be put onto the market. Italian plants are theoretically capable of guaranteeing output of more than 2.1 million tonnes, compared with an actual output of 731,000 tonnes in 2010.

After hydroelectrics, solid biomass (wood from forests and waste timber from farming) is Italy's most important source of energy. According to the Italian Association of Agroforestry Energy (AIEL), 13,600 companies operate in the wood energy sector, employing 34,600 people and generating turnover of some €5 billion. It has been estimated that 5 million boilers burn wood biomass, while around 1 million pellet-burning household stoves are installed in Italy. Recent surveys show that at present real consumption is somewhere between 18 and 22 million tonnes of wood, generating the equivalent of 6.7 MTPE.

In 2010, the government approved the National Action Plan for renewables required under the 2009/28/EC renewables directive, establishing an overall target of 17% of Italy's consumption by 2020. In the transport sector, the renewables requirement was set at 10%. The 22 MTPE required from renewables to achieve the target of 17% will come from a major increase in the generation of heat (which in 2020 will account for 15.8%, rather than the figure of 5.5% posted in 2005), matching the contribution of renewables to electricity generation (table 4.8). Bio-

mass of agricultural and forestry origin has been assigned a key role both in the generation of heat (58%) and electricity (20%).

4.3 *Quality and food safety*

Agro-food product quality and protection – Italy continues to hold the Community's record for the number of PDO and PGI products (229), after an additional increase in the country's certified products, which now account for almost 23% of the entire EU register. The majority of Italy's PDO and PGI products are fruit, vegetables and cereals (close to 40%), cheeses (almost 18%), extra virgin olive oils (17.5%), and preserved meats and sausages (15%). In 2010, there was also an increase in the number of players involved in the PDO/PGI sector: 84,587 (up 3% compared with 2009), of whom 92.2% are exclusively involved in production-related activities, 6% solely in processing, and the remaining 1.8% in both activities (table 4.9). Almost 41% of producers work in the dairy sector, 25% in olive oil, and 21% in fruit and vegetables. Processing companies operate predominantly in cheeses, olive oil and fresh meat.

Almost 5% of all Italian farms are involved in PDO/PGI products. The proportion is much higher in the livestock sector: 22.4% of livestock farms were involved in denomination of origin products. A total of 147,537 hectares of land was used for certified crops (up 6.2% compared with 2009), corresponding to 1.1% of Italy's entire UAA.

According to ISMEA estimates, 2010 saw an increase in production compared with 2009. Growth was particularly strong in the fruit and vegetable sector (up 46.4%), good in the fresh meat sector (up 6%), and once again remarkable in vinegar (+450%). A reduction was registered in the production of cheese (down 2.4%) and preserved meats and sausages (down 1.7%); extra-virgin olive oil performance remained stable (0.8%). As far as domestic demand was concerned, in 2010 domestic purchases of PDO and PGI products were stagnant (down 1.6% in value terms compared with 2009).

The Italian quality wine segment continued to add new names, with a further 392 DOC wines, of which 60 are DOCG. DOC-DOCG production from the 2010 harvest amounted to 15.7 million hectolitres (up 3.3% compared with 2009), accounting for 35% of all wine produced in Italy. In 2009 close to 166,000 companies informed Chambers of Commerce that their grape harvest would be used to make DOC-DOCG wines (the most recent available data) from just over 215,000 hectares of vineyards. There is a strong concentration in both notifications and the production of grapes among a small number of denominations, with the top 30 accounting for around two thirds of the total.

In terms of consumption, in 2010 the quality wine segment remained essentially stable in terms of purchase volumes compared with 2009 (down 0.2%), while table and IGT (Typical Geographical Indication)-denominated wines posted a contraction of around 2%. Although there were major differences between brands, overall prices of DOC and DOCG wines diminished by 3.8%. Wines from denominated areas performed well on the export market, and were among the Italian products that sold best on foreign markets, achieving total sales of almost €1.8 billion.

Certification systems – Certification remains an area worth focusing on in order to make the most of agro-food production, even at a time when it is necessary to tackle the current economic crisis and a trend among consumers to seek savings, including on food purchases. In 2010, the number of ISO 9001-certified companies fell compared with 2009, both in the agricultural and food sectors (to 293 and 3448 respectively). ISO 14001 certification numbers remained more or less constant, and a rise was recorded towards the end of the year (64 in the agricultural sector and 732 in the food sector). EMAS registrations fell in the agricultural sector (the total was 20), although their number increased in the food sector and overall (to 103 and 1,263 respectively).

The new Ecolabel Regulations came into effect in early 2010. In all likelihood as a result of compliance times and delays in the new Ecolabel Ecoaudit Committee being set up, the number of agri-tourism farms and shelters that qualified for this certification fell (from 18 to 10, and from 11 to 5, respectively). Furthermore, the number of Italian food products to earn DAP certification reached six, with another one at pre-certification stage (five products already qualify under “*Climate declaration*”), making Italy the world leader.

In 2010, 42 integrated production certificates were issued pursuant to the new UNI 11233:2009 standard. GlobalGap, BRC and IFS certification continues to be requested by the major international retail trade. At year-end 2010, Italy had 18,353 GlobalGap certified businesses and 1,574 BRC Food certified sites in the agricultural and food sector (July 2011).

FSC and PEFC forestry certification continued with the positive trend of recent years. FSC certified land corresponded to 0.6% of Italy’s total forestry land area; PEFC-certified land amounts to 7.4%.

Food security and risk management – All member states are part of the “security system” that ensures high levels of protection for European consumers and safe food products “from the farm to the fork”. In 2010, the European Rapid Alert System for Food and Feed received 3,291 reports, of which 548 were from Italy. Law no. 4/11 strengthened the role of the National Forestry Guard, which is now

part of the judicial police department at each Public Prosecutor's Office.

Reg. (EU) No. 1169/2011, which is set to change the rules on labelling and consumer information, makes it compulsory to state the country of origin or place of provenance on labels for pork, lamb, goat and poultry, in addition to their main ingredients. This regulation was brought forward in Italy under Law no. 4/11, requiring food products that are marketed, processed, partially processed or unprocessed to state on their labels the product's place of origin or provenance, subordinate to the issue of implementational decrees for each product and subject to EU opinions on legitimacy.

In practice, the BSE bovine epidemiological situation in the EU has been eradicated, with just 67 cases in 2009. The same also applies to the bird flu virus for which, in Italy, new prevention and monitoring measures were implemented in the rural poultry sector.

GMO crops worldwide increased by 10.4% in 2010 to a total of 148 million hectares in 29 nations. The USA is the largest producer, with almost 67 million hectares. In Europe, the amount of land on which the only authorized maize crop (MON 810) is grown for the feedstuff industry totalled 91,193 hectares (of which 80% in Spain). Through a "grandfathering clause", five countries have imposed a ban on sowing GM maize; a further nine nations, including Italy, have never authorized growing of this maize.

After years of negotiation, more than 160 nations have signed a new treaty on liability and indemnification of damages arising from the cross-border movement of OGMs, as a supplement to the 2000 Carthage Biosecurity Protocol. In addition, the Codex Alimentarius Commission approved new world market standard for labelling products that contain OGMs, without requiring legal proceedings by the WTO. Reg. (EU) 619/11 set a 0.1% threshold for contamination of feedstuffs by OGMs for livestock imported from third-party countries. In July 2011, parliament approved an amendment that would allow member States to ban or restrict the growing of GM plants on their own territory not just for socio-economic impact-related reasons, as the Commission wanted, but for environmental protection-motivated reasons.

In Italy, where all of the country's regional administrations, 41 provinces and 2,446 municipalities have declared themselves OGM free, in the wake of a ruling by the TAR Lazio administrative court urging regional government to adopt co-existence plans, MIPAAF has sent a request to the EU to apply the "grandfathering" clause to MON 810 maize.

Official control of agro-food products – In December 2010, the State Regions Conference approved the new national integrated control plan for 2011-2014, in compliance with the general orientations established by the EU under Reg. (EC)

882/2004. The Ministry of Health has been allocated predominantly planning, guidance and coordination functions. In accordance with the organization of their various bodies, the relevant civil government entities are involved in carrying out the controls envisaged under the National Integrated Plan. Two main areas of interest are the focus: health safety, carried out under the responsibility of the Ministry of Health, and a product quality level undertaken by MIPAAF. It should be noted that these areas constitute just part of the checks undertaken for food safety and consumer protection purposes.

The Central Inspectorate for the Protection of Quality and Preventing Fraud in Agro-food Products (ICQRF) undertook some 33,000 checks in 2010 on just under 24,000 companies and almost 62,000 products, and found irregularities by 14.8% of companies and 7.6% of products on which checks were carried out (table 4.10). The percentage of irregularities increased compared with previous years, with the exception of analytical irregularities (8.2%), while at the same time there was a decrease in the number of products inspected and the number of samples. More than fifty per cent of inspections were carried out on wine, oils and fats, and on dairy sector enterprises.

In 2010, the Ministry of Health's Food and Nutrition Hygiene Services (SIAN) and Veterinarian Services (SV) conducted inspections at 403,724 food firms. SIAN found the highest percentage of irregularities in catering (23.6%) and among producers and packagers who predominantly sell on the retail market (23.6%). SV found the highest percentage of irregularities among producers and packagers who do not sell on the retail market (27.5%), catering (19.3%) and distribution (12.5%). The majority of overall irregularities were related to hygiene (regarding staff, facilities, HACCP, etc.). Following these inspections, 71,391 administrative measures were issued and 1,552 crime reports sent on to the judicial authorities.

Table 4.1 – Number and size of wildlife hunting areas, hunters and hunting checks

	Wildlife hunting reserves		Protection oases		Repopulation and Hunting agents		Hunters no.	Hunting agents hectares	Volunteer guards no.	Hunting supervision ¹ no.
	no.	hectares	no.	hectares	no.	hectares				
1980	1,512	1,189,141	842	589,270	1,278	943,740	1,701,853	1,976	-	-
1990	981	1,082,700	1,070	840,317	1,620	1,209,000	1,446,935	2,222	-	-
2000	1,373	1,049,989	1,121	864,562	1,787	1,230,919	801,835	3,253	10,140	0.70
2007	1,530	1,057,443	1,112	813,812	2,080	1,282,353	751,876	2,890	15,367	1.00
					2007					
North	777	493,203	702	427,954	1,493	780,215	274,543	1,540	5,362	1.00
Centre	559	420,048	200	183,849	392	297,529	244,723	679	4,434	1.30
South	194	144,192	210	202,009	195	204,609	232,610	1,624	5,571	0.80
Plain	514	224,222	396	185,573	1,033	540,908	n.a.	n.a.	n.a.	n.d.
Hill	714	523,972	376	211,460	780	558,187	n.a.	n.a.	n.a.	n.d.
Mountain	302	309,249	340	416,779	267	183,258	n.a.	n.a.	n.a.	n.d.

¹ Data on the relationship between the number of agents/guards per 1000 hectares of agricultural and forestry land area (SPA 2007).
Source; ISTAT hunting and fishing statistics

Table 4.2 – *Irrigated land by irrigation system and geographical location*¹

	Irrigation system					Irrigated land area
	Surface irrigation and border strips	Basin	Sprinklers	Micro-irrigation	Other systems	
Land area in hectares						
North	718,190	229,394	620,589	112,425	45,598	1,694,452
Centre	12,076	2,542	126,794	36,066	8,475	182,347
South	84,569	11,405	233,638	421,190	47,236	789,406
Italy	814,835	243,341	981,020	569,681	101,309	2,666,205
Percentage of total irrigated land area						
North	42.4	13.5	36.6	6.6	2.7	100.0
Centre	6.6	1.4	69.5	19.8	4.6	100.0
South	10.7	1.4	29.6	53.4	6.0	100.0
Italy	30.6	9.1	36.8	21.4	3.8	100.0

¹ Individual farms and irrigated land areas may be served by more than one irrigation system. Source: ISTAT, Farm structure and production survey, 2007

Table 4.3 – Emissions and absorption of greenhouse gases in the agro-forestry sectors

	(thousand tonnes of CO ₂ equivalent)					
	Italy				European Union 15	
	1990	2000	2009	2009/90 (%)	2009	Italy/EU15 (%)
Total emissions (excluding LULUCF)	519,157	551,640	491,120	-5.4	3,713,206	13.2
Total emissions (including LULUCF)	457,362	472,749	396,449	-13.3	3,419,859	11.6
Agriculture	40,623	40,044	34,481	-15.1	378,324	9.1
- enteric emissions	12,179	12,165	10,779	-11.5	124,304	8.7
- management of manure	7,383	7,140	6,648	-10.0	62,691	10.6
- rice growing	1,562	1,382	1,579	1.1	2,458	64.2
- emissions from agricultural land	19,482	19,341	15,459	-20.6	188,367	8.2
- burning off crop residue	17	16	17	-3.4	503	3.3
Agricultural emissions as a proportion of total emissions (%)	7.8	7.3	7.0	-	11.1	-
Percentage breakdown: Agriculture						
- enteric emissions	100.0	100.0	100.0	-	100.0	-
- management of manure	30.0	30.4	31.3	-	32.9	-
- rice growing	18.2	17.8	19.3	-	16.6	-
- emissions from agricultural land	3.8	3.5	4.6	-	0.6	-
- burning off crop residue	48.0	48.3	44.8	-	49.8	-
- bruciatura dei residui colturali	0.0	0.0	0.0	-	0.1	-
Land use, land change and forestry (LULUCF)	-61,795	-78,891	-94,671	53.2	-293,346	32.3
LULUCF as a proportion of the total	11.9	14.3	19.3	-	7.9	-

Source: European Environment Agency and ISPRA, 2011

Table 4.4 – Breakdown and changes to agricultural land (EU as a whole)

	Utilised agricultural area				Total agricultural area
	arable	permanent meadow and grazing	permanent crops	Total	
Surface (hectares)					
1982	8,293,213	4,493,252	2,925,198	15,711,663	22,127,765
1990	8,106,753	4,106,080	2,733,760	14,946,593	21,465,918
2000	7,284,408	3,415,213	2,444,277	13,183,407	18,775,271
2010 ¹	7,014,892	3,469,663	2,370,560	12,885,186	17,277,023
2010					
North	2,834,779	1,308,049	455,176	4,605,144	6,371,724
Centre	1,391,270	419,180	387,300	2,204,700	3,471,535
South	2,788,843	1,742,435	1,528,084	6,075,342	7,433,764
Change 2010/2000 (hectares)					
North	-101,666	-145,277	-21,640	-270,955	-764,409
Centre	-113,836	-85,727	-28,437	-231,206	-429,812
South	-54,014	285,454	-23,641	203,940	-304,027
Italy	-269,517	54,451	-73,717	-298,221	-1,498,248
Change 2010/2000 (percentage)					
North	-3.5	-10.0	-4.5	-5.6	-10.7
Centre	-7.6	-17.0	-6.8	-9.5	-11.0
South	-1.9	19.6	-1.5	3.5	-3.9
Italy	-3.7	1.6	-3.0	-2.3	-8.0

¹ Provisional data

Source: INEA calculations using ISTAT data

Table 4.5 – Organic players and land area involved by region¹

	Players						Land area			
	Producers		Prod. Processors, Importers ²		Totale		organic UAA		proportion of total UAA	
	no.	% change 10/09	no.	% change 10/09	no.	%	Ha	%	% change 10/09	%
Piedmont	1,369	-19.4	577	7.1	1,946	4.1	32,000	2.9	6.4	3.1
Valle d'Aosta	67	-2.9	14	40.0	81	0.2	1,931	0.2	24.2	2.8
Lombardy	680	5.3	673	9.3	1,353	2.8	15,869	1.4	8.3	1.6
Trentino Alto Adige	966	4.8	398	33.6	1,364	2.9	9,782	0.9	-4.9	2.5
Veneto	951	2.9	714	13.5	1,665	3.5	15,130	1.4	-3.5	1.8
Friuli-Venezia Giulia	262	2.3	128	7.6	390	0.8	3,569	0.3	-1.0	1.6
Liguria	232	-6.1	164	4.5	396	0.8	3,407	0.3	-6.3	6.9
Emilia-Romagna	2,465	0.5	1,075	7.8	3,540	7.4	76,781	6.9	-1.3	7.3
Tuscany	2,190	6.5	1,062	16.2	3,252	6.8	95,219	8.5	0.4	11.8
Umbria	977	-4.0	344	4.9	1,321	2.8	31,141	2.8	-1.0	9.2
Marches	1,783	-12.0	314	19.8	2,097	4.4	52,731	4.7	-7.6	10.6
Lazio	2,490	-2.5	479	14.6	2,969	6.2	84,713	7.6	6.3	12.6
Abruzzo	1,275	1.6	305	13.8	1,580	3.3	31,939	2.9	-0.7	7.4
Molise	137	21.2	55	12.2	192	0.4	3,284	0.3	5.0	1.6
Campania	1,350	-1.0	401	13.6	1,751	3.7	23,170	2.1	20.1	4.1
Puglia	4,501	-19.1	818	13.8	5,319	11.2	137,721	12.4	-1.8	11.5
Basilicata	1,256	-60.9	146	6.6	1,402	2.9	50,922	4.6	-54.7	9.4
Calabria	6,234	1.9	515	18.4	6,749	14.2	101,083	9.1	11.1	19.7
Sicily	7,632	13.3	679	-0.3	8,311	17.4	225,693	20.3	9.3	18.0
Sardinia	1,862	51.0	123	4.2	1,985	4.2	117,657	10.6	43.7	11.0
Italy	38,679	-4.4	8,984	11.6	47,663	100.0	1,113,742	100.0	0.6	8.7

¹ Data as at 31 Dec. 2010² Including producers active in processing and imports

Source: calculated by INEA and SINAB using certification organisation data

Table 4.6 – *Agri-tourism sector operators and guests by accommodation activity*

	Operators			Guests		
	agri-tourism farms	beds	beds/agri-tourism	arrivals	stays	average length of stay (days)
2000	6,816	77,171	11	722,788	4,161,421	5,8
2007	13,941	168,595	12	1,772,173	8,246,445	4,7
2008	15,465	191,099	12	1,878,492	8,786,093	4,7
2009	15,217	193,936	13	1,953,778	8,962,403	4,6
2010	16,639	215,707	13	-	-	-
% change 2010/09	9.3	11.2	1.7	-	-	-
% change 2010/00 ¹	144.1	179.5	14.5	170.3	115.4	-20.3

¹ For guests, the percentage change refers to 2009/00

NOTE - Data on accommodation facility capacity is subject to one-off revision by the local tourism bodies that supply the data

Source: ISTAT, *Capacità e movimento degli esercizi ricettivi*, various years

Table 4.7 – *Energy from waste and biomass in equivalent fossil fuel replaced*

	(thousand TPEs)					
	1991	1995	2000	2005	2008	2009 ²
Waste	51	48	230	751	892	926
Wood for burning ¹	1,700	1,976	2,344	3,246	3,883	4,098
Biofuels	-	65	95	172	567	1,178
Biogas	-	29	162	343	459	499
Total	1,751	2,118	2,831	4,512	5,801	6,700
% of total from renewables	18.1	18.9	20.3	31.4	32.9	32.5

¹ Excluding the consumption of firewood in households

² Provisional data

Source: enea calculations (2011) based on data from multiple origins

Table 4.8 – Gross energy end consumption and targets for renewables (2020)

(MTPE)

	2008			2020		
	Renewables consumption	Gross final consumption	Renewables/CFL(%)	Renewables consumption	Gross final consumption	Renewables/CFL (%)
Electricity	5.0	30.4	16.5	9.1	31.4	29.0
Heat	3.2	58.5	5.5	9.5	60.1	15.8
Transport	0.7	42.6	1.7	2.5	39.6	6.4
Transfers from other nations	-	-	-	1.1	-	-
						0.0
Total	9.0	131.6	6.8	22.3	131.2	17.0
Transport for 10% target purposes ¹	0.9	37.7	2.4	3.4	34.0	10.1

¹ Estimate based on specific parameters outlined in Directive 2009/28/EC.

Source: Ministry for Economic Development, National Action Plan for Renewables, 2010

Table 4.9 – PDO, PEI and TSG players by sector

	Producers ¹		Processors ²		Total players ³	
	2010	% change 2010/09	2010	% change 2010/09	2010	% change 2010/09
Meat	6,287	9.4	949	9.6	7,236	9.4
Meat preparations	3,917	-5.0	691	-0.6	4,608	-4.4
Cheese	32,432	-1.0	1,699	0.2	33,927	-0.9
Other products of animal origin	193	201.6	28	55.6	210	200.0
Fruit, vegetables and cereals	16,499	4.6	949	34.4	16,982	5.3
Extra virgin olive oil	19,891	6.3	1,641	6.8	20,853	6.5
Vinegar (excluding wine vinegar)	157	4.7	493	10.8	568	10.1
Bakery products	47	422.2	34	61.9	81	170.0
Spices	77	5.5	79	6.8	80	5.3
Essential oils	30	3.4	6	25.0	36	-2.7
Fish products	6	-	5	-	6	-
Total	79,536	2.7	6,574	8.4	84,587	3.0

¹ A single producer may have one or more livestock farms.

² A single processor may undertake one or more processing activities.

³ A player may be both a producer and processor.

Source: ISTAT.

Table 4.10 – Irregularities detected during inspections in sectors over which the ICQRF has oversight - 2010

	Players checked (no.)	Irregular players (%)	Products checked (n.)	Irregular products (%)	Samples analysed (no.)	Irregular samples (%)
Foods:						
Spirits	286	21.6	961	6.6	149	10.1
Meat and meat-based products	152	23.1	3,226	13.0	46	6.5
Cereals and derivatives	1,186	11.8	3,255	4.8	671	11.3
Processed vegetables	883	10.8	2,496	4.5	386	5.4
Dairy	2,822	12.6	7,121	6.6	1,337	6.1
Honey	499	6.8	1,201	2.7	205	7.8
Oils and fats	3,831	11.4	7,959	6.3	820	5.2
Fruit and vegetables	1,317	11.2	4,461	4.0	130	9.2
Sugary substances	286	15.4	659	7.4	5	-
Eggs	705	18.9	1,831	7.4	-	-
Wine	6,323	20.1	18,054	10.8	1,815	7.0
Technical inputs:						
Seeds ¹	563	19.5	2,015	9.0	227	7.0
Feedstuffs	1,450	7.2	3,151	4.0	1,207	9.1
Fertilisers ¹	1,089	5.9	2,242	3.1	866	15.7
Plant health products ¹	292	5.8	637	3.1	123	-
Total checks ²	23,884	14.8	61,579	7.6	8,687	8.2

¹ These sectors are not covered by the National Integrated Plan

² Includes other sectors: fruit and wine vinegar, additives and adjuvants, non-alcoholic beverages, nerve stimulant beverages and substitutes, spices, beer, canned fish, shellfish, liqueurs and eaux-de-vie, plant health products, dietetic products, sweet confectionery products, sugary substances.

Source: ICQRF.

Chapter 5

Production in agriculture, forestry and fishing

5.1 *Cereals, industrial crops and forage*

Cereals – The domestic output of Italian cereals in 2010 was, as in 2009, affected by the downturn on the international markets and price volatility. These factors had a negative impact on producers' desire to increase investment in this crop sector. The amount of sown land underwent a slight reduction (down 23,000 hectares) compared with the preceding year, but, bucking the average trend in the EU, national output in quantity terms rose by around 2% (ISTAT, table 5.1). Indeed, investments in wheat and maize remained stable, to the detriment of land used for minor cereals. Thanks to generally favourable climatic conditions, output – particularly in southern Italy, led by durum wheat – exceeded 2009 levels as yield improved significantly.

As far as rice production is concerned, a 5% contraction in output was registered in 2010 compared with 2009, wholly attributable to a fall in yield; on the contrary, around 4% more land was dedicated to production than in the preceding year.

In the processed cereals sector, according to ITALMOPA estimates the milling industry's volume of production in 2010 reached around 10.3 million tonnes, up slightly compared with the preceding year (0.4%). Soft wheat flour production levels remained unchanged, while the durum wheat flour sector registered growth of around 0.8%, driven particularly by increased exports of pasta (up 3.7%). Turnover rose by around 1.2% as a result of both an increase in processed product prices and, indirectly, average product prices.

The balance of trade in processed cereal products continued to be in the black, albeit down on its 2009 performance.

Oil crops and oilseeds – In the oil crops sector, 2010 production remained essentially in line with the results for 2009, both in terms of investment and quantities produced (ISTAT). Looking at crops in greater detail, investments varied in

as much as there was a clear dichotomy between soya, on the one hand, and oil seed rape and sunflower on the other. In 2010, the amount of land dedicated to soya crops increased by 23%. On the contrary, the number of hectares dedicated to oilseed rape and sunflower fell respectively by 18% and 19% (table 5.2). Nevertheless, as a result of improvements in yield, harvests were sharply up on 2009 harvests for soya, while remaining stable for oilseed rape. Sunflower production registered a contraction in line with lower investments. For this particular oil crop, the situation was exacerbated by per-unit yields. On the markets, 2010 was characterised by a general upward trend for the international market and, in consequence, the domestic market too.

Sugar Beet – At Community level, during the 2010/11 season, beet suffered a 10% fall in production and a 2.5% reduction in land area. These negative figures were consistent for almost all main producers.

In Italy, beet was grown on a land area of 63,000 hectares (up 3.5%); the harvest came in at 3.5 million tonnes (up 7%). The season saw an increase in yield, which rose from 59 to more than 64 t/ha (a rise of 9%) and in the value of production, which exceeded €147 million (up 1.8%, table 5.3).

Until 2010, land on which sugar beet was grown was eligible for Community aid (of 5.67 euros/tonne), in addition to Italian aid of 4 euros/tonne. From 2010 onwards, sugar beet has been eligible for a supplementary payment pursuant to article 68 of (EC) Regulation no. 73/2009. A total of 60,540 hectares were confirmed eligible for this payment. Support payments were planned up to a maximum of 300 euros/hectare (for 2010 and 2011), but the €14 million cap resulted in a definitive payment of 231.25 euros/hectare.

Lastly, there were no additional amendments to Italy's sugar quota, which was set at 508,379 tonnes and split among the three groups still operating in Italy. Industrial sugar production was characterised by a positive performance at the plant located in the Molise region, whereas the three plants in northern Italy all registered negative trends. Overall, 86% of the sugar quota was used. In consequence, the companies involved also worked for third parties.

Tobacco – Despite the pessimistic outlook on the economic sustainability of tobacco growing, in 2010 Community production reached 255,000 tonnes (down 8%). The trend revealed that the effects of the reform had been more far-reaching during the initial implementation phase, when (almost everywhere) some aid was still coupled.

Italy remains Europe's number one output state, accounting for 35% of EU production. Nevertheless, production diminished (by 8.8% compared with 2009) in almost all of Italy's tobacco-growing regions. Flue-cured and light-air-cured

tobacco accounted for the lion's share of Italian production, with a slight shift from the latter to the former. Dark tobacco types maintained a 10.5% share, while fire-cured tobacco accounted for 3.5% (table 5.4).

As regards funding paid out under the first pillar of the CAP, an *ad hoc* aid regime came into force for certain tobacco types pursuant to article 68 of (EC) Regulation no. 73/2009, which was endowed with €21.5 million. The final payouts proved to be far lower (by some 80%-90%) than the envisaged ceiling. Under the second pillar, an annual total of €167 million was transferred to RDPs by tobacco-growing regions in 2010. Regional governments focused on implementing "agro-environment" Measure 214, and "farms undergoing restructuring in the wake of COM reform" Measure 144.

Exports posted an increase in sales of raw tobacco (up 6.7%) and cigars and cigarettes (up 10%). On the imports side, a 24% increase was registered in raw tobacco purchases, compared with a more or less stable (down 1%) performance for refined tobacco.

Forage – In 2010, the equivalent of 6.3 million hectares of land was dedicated to forage, of which 4.3 million was permanent meadows (800,000 hectares) and grazing land (3.5 million hectares, table 5.5). This corresponded to a slight increase compared with 2009, which was higher for meadows (up 1.4%) than for grazing land. Temporary forage, on the contrary, diminished by 1.3%. This drop was wholly ascribable to meadows in rotation, which were reduced by approximately 45,000 hectares, for the most part in Central Italy.

The harvest of green forage reached approximately 74 million tonnes (12 billion Forage Units), generating value of around €1.7 billion, up some €60 million on 2009.

Prices for mixed hay and lucerne were particularly high in early 2010 (up 12% and 15% respectively), before becoming decidedly bearish in June.

It is feared that in future domestic forage production will undergo a contraction, particularly for rotated species, as a result of strong competition from plans to grow cereals and oilseed, which are more profitable as crops. Furthermore, a major change may occur from 2012 onward with the elimination of aid for processing dried forage (corresponding to 33 euros/tonne), and integration of this aid into the Single Payment Scheme (SPS).

5.2 Fruit, flowers and vegetables

Vegetables and potatoes – In 2010, Italy's value of production for vegetables and potatoes reached €6.9 million, down 3% compared with 2009 following a

reduction in both prices (down 1.8%) and quantities (down 1.2%).

The downward trend of recent years continued both in volumes and land planted with vegetables: 2010 was characterised by a contraction in tomatoes for industrial use, down 5.8% in terms of production and 2.6% in terms of land area to 5.6 million tonnes (table 5.6). Raw material prices for this product fell by almost 20% compared with 2009 prices: an average fall of 10% in the North and 25% in the South, where there were cases of non-compliance with contracts and failure to pick up the product.

There are also marked reductions in the production of asparagus, cabbage, onion, beans, fennel, aubergine/eggplant and celery. Production of artichokes, endive, lettuce and radicchio all remained essentially unchanged. On the contrary, increases were registered in the production of eating tomatoes, turnip greens, carrots, cauliflower, peas, spinach and courgettes/zucchini, in addition to melon, watermelon and strawberries. There was also a sharp drop in potatoes, as both the amount of land planted and production fell 11.8% and 10.1% respectively compared with 2009. Greenhouse-grown vegetables also posted a halt to growth (down 4.5%), particularly for strawberries, aubergine/eggplant, pepper and courgettes/zucchini.

The foreign trade balance, which for Italy has traditionally been positive, improved significantly as a result of 30.6% growth in exports, allied to a less dynamic growth trend in imports (up 7.4%). The geographical structure of trade did not undergo any substantial change, confirming the importance of traditional Community partners.

Fresh fruit – Worldwide, in 2010 the trend towards gradual growth in the production of fresh fruit in the temperate zone continued. Italy bucked this trend, with a reduction to a total of just below 6 million tonnes (down 6.5%). Nevertheless, growth in production prices more than offset the fall in quantity to generate a rise in the value of production compared with 2009. Reductions in production quantities affected almost all principal crops: nectarines, kiwi, apple, pear and peach. On the contrary, there was an increase in the production of apricots, cherries, plums and table grapes, for which yields were also on the rise. The trend of a reduction in land area used for production (down 8.3% compared with 2009) is no longer merely a reflection of economic circumstances, and, with the exception of apricots and peaches, in 2010 affected a number of products (table 5.7).

The trade balance for this sector, which is traditionally positive, posted a significant improvement in 2010. Exports of fresh fruit and citrus, totalling €2,491 million, recovered sharply (up 24.1%) for practically all of the main export species. Imports, at €1,291 million, were down overall by 5.9%, as indeed they were for many of the main products.

Dried fruit and nuts – The year 2010/11 registered a growth trend in world-wide production of almonds, hazelnuts and walnuts. Italian almond production in 2010 (108,000 tonnes) posted a slight 1.4% recovery following the preceding year's contraction (table 5.8). The planted land area also registered an increase. Hazelnut production, on the contrary, continued to drop (down 14.1%). The planted land area has been significantly reduced, particularly in the South and Islands. Among minor species, strong growth was posted in the output and yield of pistachio; carob, on the other hand, accelerated the decline in production and yield registered in previous years.

Italy is a net importer of dried fruit and nuts, with a trade balance that has been worsening in recent years. In 2010, imports rose 32.1% to €663.5 million, while exports were up 14.6% to almost €257 million. In both cases, in aggregate terms an increase in quantity and prices contributed to these figures. Imports of hazelnuts increased by 13.6%, as a result of further significant growth in the quantity and value of imports from Turkey (which account for 88% of Italy's imports). Exports of hazelnuts also registered growth on all traditional markets, to exceed €73 million.

Citrus and derivatives - Internationally, in 2010 China consolidated its leadership with 23.6 million tonnes of citrus produced on more than 2 million hectares of land. At community level, Spain was once again the top producer, though it is showing evident signs of weakening.

In Italy, while the sector continued to show its fragility, the trade balance posted a clear improvement. At 3.8 million tonnes, harvested production remained at the same level as in the previous season (table 5.9). The marketing campaign began late as a result of a delay in fruit ripening. The campaign was also impacted by a product whose quality was less than excellent in terms of size, colour and taste. Prices never reached high levels either at the beginning or end of the campaign. The organic market appeared to be staging a recovery.

The international trade deficit for fresh produce improved from €123 million last year to €29.5 million this year. The figures clearly show progress in the trade balance for oranges, which registered a positive balance of €40 million compared with a deficit of €48 million the previous season. The campaign for derivatives was also satisfactory, having registered a positive balance in excess of €161 million.

Overall, the balance of trade for the entire sector was €131.6 million in the black, a sharp improvement on the figure of €19.5 million recorded for 2009.

Flowers and plants – Italy's flower and nursery sector was affected by a slump in consumption in 2010, as a result of the world economic downturn and lower

production owing to climate-related factors. Greenhouse crops registered a significant increase in production costs owing to an end to the waiver of levies on diesel, which was not offset by a sufficiently large rise in prices. In 2010, the sector accounted for 6% of Italy's agricultural output (table 5.10). After the 2009 downturn, the flower, ornamental plant and nursery segment achieved a degree of stability. Output of cane and wicker slumped further (down 8.4%) owing to strong competition from Asia.

Bucking the usual trend, with just a few exceptions in 2010 the price of flowers did not peak during festive periods. As far as consumption was concerned, there was a drop in the number of people who purchased flowers and plants in 2010, in parallel with a contraction in the purchasing power of Italian households (ISMEA-ACNIELSENCRA survey). As far as foreign trade was concerned, 2010 closed with a positive balance of some €140 million, although this was down on the preceding year.

5.3 *Grapes and olives*

Vineyards and wine – In 2010, there was a sharp 4.5% reduction in the area of land planted with vines that produce grapes for wine and eating (table 5.11). The reduction was most prevalent in the South as a result of greater compliance with measures specified under the Wine COM (vine grubbing-up and green harvest), while at the same time the trend continued for Italy's winemaking heritage to be eroded.

Production trends varied in different parts of the country, although in most cases, output offset changes to the planted land area. The grape harvest registered a 2.4% rise in 2010, led by wine grapes. The 2010 vintage was declared to be of a high quality, after a long, cold winter, a very wet spring and a hot, humid summer.

The increase in the amount of grapes harvested and sent for processing led to a more or less equivalent increase in production (up 2.1%), although this figure incorporated a sharp reduction in must (down 14%). The recovery in production covered both colours of grapes, confirming a situation of parity between red, rosé and white wines.

Regionally, two areas of production in the North East and South predominated, accounting for over three quarters of Italy's wine. As far as colour is concerned, Veneto region whites accounted for 25% of the total alone, a figure that rose to just under 64% when adding in the regions of Sicily, Puglia and Emilia-Romagna. As for reds and rosé wines, the regions of Puglia, Emilia-Romagna, Veneto and Tuscany accounted for 54% of the total. It should be noted that Sicily was responsible for much of the reduction in must.

Looking at wines production by type, denomination of origin wines now outstrip ordinary wines. Indeed, wines that either have a denomination or a geographical indication account for two thirds of Italy's total. Once again in 2010, a high degree of geographical specialisation characterised the types of wine produced: 63% of PDO wines came from northern Italy; 50% of PGI wines were produced in the North East; and 64% of table wines hailed from the South.

Modest variations in production were also reflected in the value of wine production (at base prices). Trends in the value of grapes varied: grapes for eating registered a sharp recovery (up 28%), while the value of wine grapes sold or transferred remained unchanged; there was a 3.8% drop in the value of grapes used to produce wine using grapes grown on-site.

After a slow start, the domestic market progressed positively from the spring/summer onwards right through to the end of the year. Much as during the preceding campaign, this result was driven by a modest upward trend in production, along with a consequent reduction in inventory and supply. Wines and sparkling wines accounted for around 3% of total household agro-food spending, down slightly compared with 2009. With domestic demand stagnating, the recovery in prices was driven by foreign demand. Over the course of the year, exports recovered sharply (11%) to reach €4 billion, accounting for a top-tier proportion of Italian agro-food foreign sales (14% of the total) and a normalised balance of more than 88%. The Community area was the main trading partner for imports and exports, followed at some distance by North America. For the second year running, Germany was Italy's principal export market (up 5%). The United States once again took second position. Packaged red and rosé wines constituted the principal export product, of which denomination of origin products accounted for 28% of wine exports, making it the number three item in Italy's national agro-food classification (6%).

Olive oil – In 2010, the land area planted as olive groves in Italy was estimated at equivalent to 1,169,833 hectares (up 3.9% compared with the preceding year), thanks to an increase in investments in the South and Islands, allied to substantial stability in the country's other regions (table 5.12). There was, on the contrary, a more limited increase in oil production, which rose 1.8% to 526,778 tonnes.

The value of Italy's oil production in 2010 amounted to €1.4 billion, corresponding to 3% of national agricultural output (a rise of 7% compared with 2009). These improvements are attributable to an increase in quantities sold, along with a slight overall recovery in prices. Looking at the situation in greater detail, the average annual price for extra virgin olive oil registered a 4% increase compared with 2009 at €2.60/kg. The price of virgin oils remained unchanged, while the price of lampante oil prices continued to drop. Denomination of origin oil prices

did not move in a positive direction. Tuscan PGI oil, the category with the largest number of oil producers, oil produced and certified, and turnover, closed 2010 with an average listing of €5/kg, a level similar to 2009 but nevertheless 27% down on the average listing for 2008. The market for organic oils fared no better, with prices on average hovering around €4/kg, and over the last year showing a trend for a narrower differential compared with conventional extra virgin oils.

In 2010, there was an increase in Italian household consumption of packaged olive oil, along with a reduction in spending (ISMEA-ACNielsen survey).

The difficulties that dogged trade in 2009 appear to have been overcome. Indeed, both exports and imports increased to generate a €34 million deficit. Although slightly worse than a year earlier, this was the second best result in the last two decades (after 2009).

As regards application of the CAP, the sector was eligible for support envisaged under article 68, (EC) Regulation no. 73/2009, calling for the payment of aid to improve the quality of olive oil. In 2010, against theoretical aid of 1 euro/kg, the actual payout corresponded to 0.31 euros/kg, for a total outlay of €9 million.

5.4 *Animal husbandry*

Beef – In 2010, Italian production of beef rose by 1.9% to a total of 1.07 million tonnes (table 5.13). The number of head slaughtered, totalling 3.83 million, registered slower growth of 0.5%.

After overcoming the blue tongue epidemic health emergency in northern Europe, 2010 saw a further recovery in Italian imports of cattle for fattening, and a consequent increase in the slaughter of cattle of foreign origin. Output generated by the slaughter of domestic head (842,000 tonnes) remained at the same volume as in 2009 (0.2%).

Meat exports of 134,000 tonnes posted a 26% recovery. Nevertheless, imports of fresh and frozen meat continued to increase to more than 460,000 tonnes. Overall, demand remained in line with volumes posted during the previous two years, but remained down on pre-2008 levels. Sector self-sufficiency remained unchanged at around 60%.

A greater availability of cattle for slaughter, an increase in meat imports and stagnating consumption prompted a new fall in the price of cattle for slaughter.

Pork – In Italy, alongside an increase of 1.3% in the number of pigs slaughtered (13.76 million), there was a 2.8% increase in carcase weight (table 5.14). The number of head slaughtered in PDO areas rose slightly, by 0.4%, to 8.72 million.

At balance sheet level, consumption was up 6.4%, reflecting a further worsening of the foreign balance of trade and, in particular, a major increase in imports of non-processed products (up 12%). The widening trade deficit played its part in reducing the sector self-sufficiency rate to 59%.

The 8.5% increase in export volumes was ascribable to a positive performance by preserved meats and sausages – which account for almost 90% of Italy's value generated on foreign markets – and by fresh and frozen meat.

In 2010, the average price for heavy pigs for slaughter on Italy's main domestic markets (Modena, Mantua and Milan), corresponding to €1.22/kg, was similar to the preceding year. Fresh hams destined for PDO production recovered by 5.4%, which was in any case too little to claw back the 2009 price drop that propelled prices to historic lows.

Poultry – The 2% increase in Italian poultry production during 2010 built on a growth phase that commenced after the 2006 collapse in production. Once again in 2010, growth was driven by chicken production, which rose 5.2% to a total of 780,400 tonnes (UNA). On the contrary, turkey production dropped by 4.6% to 279,300 tonnes.

The overall increase in the consumption of poultry totalled just 0.6%. With demand for chicken up 2.8%, this was sufficient to offset a 5% drop in demand for turkey.

The sector's greater capacity for self-sufficiency, which was up from 107% to 108%, was reflected in an increase in the volume of the trade surplus (up 22%).

Chicken price performance was affected by strong ongoing pressure on supply, the effects of which were already being felt in the second half of 2009. At €1.02 euros/kg (on the Forlì poultry market), the average price of white broilers was down 4% year on year.

A realignment of production to lower consumption volumes led to a partial recovery in turkey prices (up 7.5%), taking the annual average to €1.26/kg.

Lastly, it should be noted that in 2010 a decree was published ratifying Directive 2007/43/EC, which establishes minimum regulations for the protection of chickens applicable to intensive farms where over 500 head are raised (Legislative Decree 181/2010).

Sheep and goat meat – In 2010, the number of sheep and goat slaughtered fell by 6.8% to a total of close to 5.98 million tonnes (table 5.15). Alongside the reduction in the number of head slaughtered, there was a 7.9% drop in carcase weight to 53,434 tonnes.

This slump was caused solely by a reduction in meat from animals of domestic origin, which fell almost 15% to account for just over 62% of overall output. The

recovery in the slaughter of foreign-born animals, which amounted to a total of 1.62 million head, reflected the trend for imports of live sheep from outside Italy.

The sharp drop in the number of domestic head slaughtered led to a fall in the sector's self-sufficiency rate, which was down from 47% to under 43%.

From the final accounts, consumption was down 7.9%, leading to a further reduction in meat imports.

Eggs – In 2010, 12.82 billion eggs were produced in Italy, 2% fewer than during the preceding year (UNA). Eggs and egg equivalents in products placed on the market, corresponding to 12.74 billion, posted a smaller drop of 1.3%. Despite the fall in the volume of the foreign trade balance, at 101% the self-sufficiency rate remained above the self-sufficiency threshold.

The upward trend in prices that characterised the previous three years underwent a slowdown in 2010, although the drop in production kept eggs for consumers at the higher price levels reached in 2009.

A year on from the inception of a ban on using non-modified cages (Directive 99/74/EC), the compliance process is still far from complete. In Italy specifically, at the end of 2010 around 56% of the country's egg-laying hens were on farms that still require reconversion or an upgrade to their facilities.

Honey – The year of 2010 was a good one for the production of honey, which exceeded the volume harvested in 2009 (National Honey Market Monitoring Service). Italian beekeeping succeeded in achieving its potential for output thanks to favourable weather conditions and an absence of specific health issues.

Despite the increase in the availability of home-grown product, prices for certain varieties of honey (such as acacia) continued to rise, while for others the price dropped slightly below the figures posted in 2009 (chestnut, citrus, eucalyptus and honeydew). Exports posted a sharp increase in 2010, more than doubling to just under 7,000 tonnes. Imports fell by 4.6% to 14,554 tonnes.

5.5 *Milk and dairy products*

Cow's milk – In late 2009, the milk market in Italy started to undergo a gradual improvement, and continued to do so throughout 2010. Prices of the raw material and its main derivatives, such as granular cheeses and other PDO output, rose significantly.

Italian milk production increased by 1.15% during the 2010/2011 marketing campaign, a turnaround after four successive annual falls. In 2010, the farmgate price of raw milk staged a recovery of close to 9%. However, this rate of increase

remained lower than the rate achieved on the international market and in other EU nations.

The increase in milk prices was matched by a rise in the price of factors of production, particularly livestock feed and, to a lesser extent, energy products. Despite this, the balance remained positive, as other cost items underwent more moderate price rises, and the price of milk accelerated faster than the price of other technical inputs.

At present, the production potential of Italy's cow milk supply chain stands at 11.2 million tonnes. This, along with imports of tankers of liquid milk (1.8 million tonnes) provided the raw material for Italy's processing industry.

In 2010, there was an increase in the supply of mature cheeses, particularly Parmigiano Reggiano and Grana Padano. Market players tend to keep a close eye on trends in the production of granular cheeses, as there is a concern that excessive growth might lead to oversupply, triggering the much-feared process of a turnaround in prices.

As a whole, Italy's milk supply chain is worth €5 billion to farms, and a little under €15 billion industrially (table 5.16), making it the number one manufacturing sector in Italy's agro-food industry.

Domestic dairy product consumption in 2010 remained stable, although variations were registered in different products and market types.

Italian cheeses continued to perform well on foreign markets in 2010, both in Europe and internationally, as the trade balance rose to €154 million (up from €151 million in 2009).

During the 2010/2011 marketing campaign, as has previously been the case, Italy's volume of milk production for delivery to the processing industry fell below the national quota allocated by the EU. In consequence, livestock farmers were not required to pay any additional levies.

Buffalo milk – After a challenging downturn lasting more than two years, in 2010 the buffalo mozzarella segment completely recovered the losses it had accrued in production, consumption and exports. Over the year, certified PDO Mozzarella production totalled 36,500 tonnes (up 7.6% compared with the preceding year), the highest level in the last decade. Turnover rose 12.5% compared with 2009 to reach €306 million, spurred on by an increase in retail prices. The Mozzarella di Bufala DOP segment is now Italy's third largest denomination of origin cheese, after Grana Padano and Parmigiano Reggiano.

Sheep's milk – In 2010, 502,797 tonnes of sheep's milk was produced in Italy, down 4.9% compared with 2009. Output of PDO sheep milk cheese rose, while mixed-milk cheese production fell. According to Assolatte figures, in 2010 a total

of 99,672 tonnes of products were derived from sheep's milk, compared with over 101,000 tonnes in 2009.

Following on from previous years, 2010 saw lower US imports of Pecorino Romano DOP cheese. On the contrary, exports to other countries increased. Overall, in 2010 sheep's cheese exports posted a 7.9% drop in quantity and a 13.5% fall in value.

During the year, milk and cheese prices trended downward while production costs rose, causing an erosion of farmers' profit margins. Average wholesale prices for Pecorino Romano in 2010 stood at €5.49 per kg, down 10% compared with the preceding year.

5.6 Fish products

Fishing – In 2009, world output of fish products totalled 145 million tons, of which 62% came from fishing and the remaining 38% from aquaculture. In the EU, the amount fished at sea totalled 5.1 million tonnes, in addition to 1.3 million tonnes generated by aquaculture-related activities. Overall, the EU catch corresponded to 4% of worldwide production, a figure that has been falling consistently over recent years.

In 2010, Regulation (EC) 1967/2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea came into full force. In July 2011, the European Commission issued a communication on the reform of its Common Fishing Policy, which is set to come into force on 1 January 2013.

Provisions made by the MIPAAF in 2010 associated with the three-year aid plan amounted to €25 million. During the course of 2010, 26% of funds committed were spent on trade association-related training and improvement. Payouts totalled €34 million, of which 20% was spent on scientific research.

During 2010, Common Fishing Policy-related aid activities included the completion of initial projects associated with the European Fishing Fund 2007-2013 planning period. Under the Axis 1 framework, a little over €55 million was committed to permanent cessation. In terms of the plan to reduce the fishing fleet authorised to catch red tuna pursuant to international agreements, funding was set aside to take 42 trawlers permanently out of service. Additional regionally implemented measures in 2010 committed funding of around €132 million.

Italy's fishing fleet registered in the Fishing Licences Archive working Mediterranean waters and operational as at December 2010 consisted of 13,223 boats displacing a total tonnage of 176,040 GT and engine power of 1,075,878 kW, following a slow but constant reduction in fishing capacity in terms of tonnage and

engine power compared with 2009.

In terms of fishing systems, the fleet predominantly consisted of small fishing vessels and trawlers, with the former accounting for two thirds of Italy's entire output, and the latter accounting for 20%. In terms of tonnage and engine power used, trawling absorbed over half of overall GT and kW, whereas small fishing vessels accounted for just 9% of tonnage and 23% of overall engine power.

In 2010, Italy's fishing fleet worked the equivalent of 1,667,835 days, averaging 126 days per boat. The average number of days at sea fell by 6% compared with figures for the preceding year.

In 2010, the Italian fishing fleet's haul amounted to 223,007 tonnes, which in terms of earnings was equivalent to around €1,103 million (table 5.17). The reduction in operations during the year led to a drop in national output, both in terms of quantity (down 5%) and value (down 6%) compared with 2009. An analysis of the main economic variables in the fishing industry reveals a major recession, with all of the main indicators trending downward. The situation has been further exacerbated by a major rise in the price of diesel, which has further impacted fishing company profit margins.

In 2010, the biggest catch was of anchovies (54,095 tonnes), followed by clams and sardines. As far as earnings were concerned, the kind of fish that contributed most to overall turnover was hake, which generated revenues of €90 million, corresponding to 7.7% of the domestic total. Prices trended downward by around 2% compared with the preceding year.

In 2010, the fishing industry's trade deficit worsened compared with the preceding year. In terms of quantity, the deficit exceeded 800,000 tonnes, worth around €3,500 million. The deficit worsened as a result of an increase in imports; exports remained unchanged.

Aquaculture – Worldwide output of aquatic organisms, including aquatic plants, continued to grow in 2009 to reach 73,000,000 tonnes, generating value of \$110 billion. In the EU, fish farming output rose slightly in terms of quantity (up 3%), although the value generated dropped by 4%. At Community level, on 1 July 2010 new European standards on the labelling of organic foods came into force, which also apply to aquaculture products.

Overall, Italian aquaculture production in 2010 remained essentially stable in terms of quantity, although in terms of value it was worth 7% less (API). The volume of production amounted to 232,000 tonnes, worth €556 million (table 5.18). Trout farming registered a 2% drop in output and a 4% increase in value as a result of a diversification in product supply types. Output of high-end euraline species had contrasting fortunes: sea bream production remained essentially stable, whereas the quantity and value of sea bass registered a fall. Eel farming un-

derwent a further drop in output, as it continues to face structural challenges and a loss of competitiveness for Italy's homegrown products on international markets. Shellfish production put in what was, overall, a negative performance. Although output remained stable in terms of quantity, its value dropped sharply, above all as a result of a strong fall in the clam farming sector.

According to ISMEA figures, producer prices were generally slightly up compared with 2009.

An analysis of the trade balance for total Italian aquaculture output as compared with the previous year shows a slight improvement in foreign trade in quantity, albeit alongside a further reduction in value.

5.7 Forestry products

Woodland area and mass statistics – In 2010, some 9.1 million hectares of land in Italy was wooded. Of this, around 8.1 million hectares consist of accessible woodland, comprised of raw material wood potentially available for felling. In addition to these woodlands, Italy has around 1.7 million hectares of other wooded land, where the trees are less than 5 m high or are particularly sparse. These areas include Mediterranean maquis, a great deal of abandoned agricultural land and pasture in marginal areas that are gradually returning to their natural state as woods, as well as degraded woodland or woods situated in very low fertility areas. Around 8.5 million hectares of land may be considered semi-natural woodland, that is to say areas in which human pressure and intervention (through management) has been very limited. These tend to be woods in which renewal occurs naturally, and where there is no need to plant or seed after woodcutting takes place. On the contrary, woods where artificial reforestation is required (planting or seeding) account for just 0.6 million hectares.

At around 37.2 million m³, the overall increase, that is to say the amount of timber that in theory could be used each year, is very large indeed. However, just a small portion of this is actually consumed: on average, less than 8 million m³ per year, corresponding to around 20% of the increase.

According to official EUROSTAT data, in 2009 and 2010 there was a further fall in forest utilisation (table 5.19), down from 7.58 million m³ in 2009 to 7.25 million m³ in 2010. The overall reduction of 4.3% was more or less evenly divided between conifers (down 5.4%) and deciduous trees (down 4%). Firewood, which in recent years had held up well in terms of use, suffered a small 2.8% fall in 2010.

The wood product supply chain – Looking at production supply chains, the only increase was in use of “premium” timber to manufacture wood veneers,

plies and sawnwood (up 23.8%). Other types of timber (for pulp and other industrial uses) were down by 32.2% and 29% respectively. Clearly, the downturn in the building, furniture and paper industries has severely impacted domestic demand for raw materials.

This was reflected in timber prices, which in 2010 fell considerably for conifers; however, deciduous wood prices remained stable or dropped only slightly.

The level of timber imports to Italy in 2008 and 2009 diminished considerably as a result of the ongoing economic downturn. The situation was decidedly improved in 2010: imports of trunks and semi-processed wood were both up considerably, with the sole exception of tropical deciduous woods. In 2010, the economic circumstances on the main end markets for wood as a raw material remained moderately positive: turnover by the wooden furniture manufacturing system rose 2% compared with the preceding year, yet there was also a worsening of the trade balance which, although still broadly positive, fell 1.7% to around €6.5 billion.

Legislative and legal activity in the forestry sector – In 2010, a ministerial decree was approved containing minimal standards for good forestry practice in order to qualify for “forest-environment payment” eligibility. The decree established main forestry management practices and identified operations that may be eligible for forest-environment payments under the rural development framework, and defined the main objectives for each operation. These include mitigation of climate change, for which the main actions are to lengthen shifts, and refraining from undertaking low-cost felling of woods of differing ages or age types, along with a transition towards these approaches. Measures were also approved regarding the adoption of species that are more resistant to climate change and extreme events, the size of felled areas, and crop management for newly created woods.

At European level, the most significant regulation to be approved in 2010 was Regulation (EC) 995/2010, entailing obligations for companies that work and sell timber and wooden products on the market. The regulation is intended to combat illegal felling by banning the sale of wood produced from felling operations of this type. Furthermore, it establishes a system of legal obligations concerning wood purchases, and has set up a European-level central procedure for the accreditation of monitoring and control organisations.

Policies in the forestry sector – In 2010, an additional €40 million was committed to forestry-related measures in order to strengthen RDP environmental strategy, pursuant to the review and increase in resources envisaged under the Health Check. Specifically, aid was increased from the figure of €2,414.32 mil-

lion initially set aside for forestry-related measures (no. 122, and nos. 221 to 227) and measures of forestry-related interest (nos. 123, 124 and 125), to €2,460.7 million as at 31 December 2010.

As far as RDP financial implementation is concerned, according to data as at 31 December 2010, the advancement of spending on forestry-related measures is moving slowly. Indeed, against an RDP average of 23.4%, forestry-related measures (national average) only achieved 13.4%. Once again, significant differences occurred between regions, with some regions managing levels of spending on forestry-only measures far higher than the average for all RDP measures (Bolzano, Friuli-Venezia Giulia, and the Marches).

Table 5.1 – Land area, output and value of soft wheat, durum wheat, maize and rice in Italy

	Area (thousand hectares)			Harvested output (thousand tonnes)			Yield (tonnes/hectare) ¹			Value of production (thousand euros) ²			
	2009	2010	% change	2009	2010	% change	2009	2010	% change	2009	2010	% change	% share ³
North West	158.1	144.8	-8.4	781.3	796.3	1.9	4.9	5.5	11.3	114,279.7	143,090.6	25.2	1.4
North East	275.2	247.5	-10.1	1,504.4	1,396.8	-7.2	5.5	5.7	2.7	221,065.4	252,555.3	14.2	2.0
Centre	103.8	94.3	-9.2	547.2	500.9	-8.5	5.3	5.3	1.0	80,261.5	90,305.0	12.5	1.3
South/Islands	31.2	85.9	174.9	96.3	258.8	168.8	3.1	3.1	1.2	14,107.1	46,402.9	228.9	0.3
Italy	568.3	572.5	0.7	2,929.1	2,952.8	0.8	5.2	5.2	0.2	429,713.6	532,353.8	23.9	1.2
							Durum wheat						
North West	21.8	21.6	-0.9	120.5	115.8	-3.9	5.5	5.4	-2.9	29,903.0	25,382.6	-15.1	0.2
North East	75.0	84.3	12.3	396.7	430.9	8.6	5.3	5.1	-3.7	100,864.8	96,896.9	-3.9	0.8
Centre	299.7	286.9	-4.3	1,051.4	1,008.7	-4.1	3.5	3.6	0.7	273,726.9	231,931.6	-15.3	3.4
South/Islands	857.5	864.4	0.8	2,037.0	2,269.0	11.4	2.5	2.8	11.1	517,039.6	509,717.5	-1.4	3.2
Italy	1,254.1	1,257.1	0.2	3,605.6	3,824.5	6.1	3.0	3.1	6.3	921,534.2	863,928.6	-6.3	1.9
							Maize						
North West	411.7	407.6	-1.0	3,729.5	3,755.5	0.7	9.1	9.2	1.6	494,415.1	636,011.1	28.6	6.1
North East	409.4	422.3	3.2	3,754.7	3,969.3	5.7	9.3	9.4	1.5	488,487.5	673,768.0	35.2	5.3
Centre	67.8	62.2	-8.1	493.3	484.3	-1.8	7.4	8.0	7.9	68,091.5	85,715.4	25.9	1.2
South/Islands	27.3	32.9	20.2	165.5	227.2	37.3	6.1	6.9	13.1	22,024.9	38,659.5	75.5	0.2
Italy	916.2	925.0	1.0	8,143.0	8,436.3	3.6	9.0	9.2	2.2	1,083,019.0	1,434,154.0	32.4	3.1
							Rice						
North West	-	-	-	-	-	-	-	-	-	490,943.7	385,688.7	-21.4	3.7
North East	-	-	-	-	-	-	-	-	-	21,922.2	17,222.3	-21.4	0.1
Centre	-	-	-	-	-	-	-	-	-	1,030.5	809.5	-21.4	0.0
South/Islands	-	-	-	-	-	-	-	-	-	7,183.2	5,643.2	-21.4	0.0
Italy	238.4	247.6	3.9	1,620.4	1,516.4	-6.4	-	-	-	521,079.6	409,363.7	-21.4	0.9

¹ Yield is calculated on total output.

² The value of production was calculated at a different time to the amounts produced.

³ Calculated as the ratio of the value of production of wheat and the total agricultural value of production in a given geographical area.

Source: calculated using ISTAT data

Table 5.2 – Land area, output and value of soya, sunflower and oilseed rape in Italy

	Area (thousand hectares)			Harvested output (thousand tonnes)			Yield (tonnes/hectare) ¹			Value of production (thousand euros) ²			
	2009	2010	% change	2009	2010	% change	2009	2010	% change	2009	2010	% change	% share ³
North West	29.6	32.9	11.2	106.0	125.9	18.8	3.6	3.8	6.8	26,206.7	32,306.2	23.3	0.3
North East	104.2	131.8	26.5	359.6	448.5	24.7	3.5	3.7	7.2	88,821.0	115,110.9	29.6	0.9
Centre	0.8	1.1	39.2	2.1	2.8	36.2	2.7	2.7	-2.1	493.8	717.9	45.4	0.0
South/Islands	0.2	0.2	4.4	0.6	0.5	-15.2	3.6	2.9	-18.8	123.8	102.8	-17.0	0.0
Italy	134.7	166.0	23.2	468.2	577.8	23.4	3.5	3.7	6.9	115,645	148,238	28.2	0.3
Soya													
North West	8.2	3.6	-56.0	28.0	10.8	-61.3	3.4	3.0	-12.0	5,867.8	2,654.6	-54.8	0.0
North East	7.1	7.1	-0.2	19.7	22.2	13.1	2.8	3.1	12.8	4,107.1	5,402.1	31.5	0.0
Centre	97.0	73.7	-24.1	214.0	153.4	-28.3	2.2	2.3	1.6	44,880.8	50,138.2	11.7	0.7
South/Islands	11.7	16.1	37.6	20.2	26.5	31.1	1.8	1.7	-4.9	4,237.8	6,430.0	51.7	0.0
Italy	124.0	100.5	-19.0	281.9	213.0	-24.4	2.3	2.3	-1.6	59,093	64,625	9.4	0.1
Sunflower													
North West	5.9	8.0	35.9	15.8	19.3	22.2	2.7	2.4	-10.1	2,990.6	3,766.4	25.9	0.0
North East	12.1	8.6	-28.9	26.1	24.5	-6.2	2.2	2.9	31.0	4,915.6	4,738.6	-3.6	0.0
Centre	6.0	2.8	-53.0	7.2	5.3	-26.5	1.4	2.1	44.3	1,362.7	1,034.0	-24.1	0.0
South/Islands	0.8	0.8	2.5	1.1	1.2	7.2	1.7	1.7	-1.9	208.9	235.0	12.5	0.0
Italy	24.7	20.2	-18.3	50.2	50.3	0.1	2.1	2.5	19.8	9,478	9,774	3.1	0.0
Oilseed rape													

¹ Yield is calculated on total output.

² The value of production was calculated at a different time to the amounts produced.

³ Calculated as the ratio of the value of production and the total agricultural value of production in a given geographical area.

Source: calculated using data from ISTAT.

Table 5.3 – Land area, output and value of sugar beet in Italy

	Area (thousand hectares)			Harvested output (thousand tonnes)			Yield (tonnes/hectare) ¹			Value of production (thousand euros) ²			
	2009	2010	% change	2009	2010	% change	2009	2010	% change	2009	2010	var. %	% share ³
North-West	8.3	-	-	473.0	-	-	62.4	-	-	15,312.8	15,232*1	-0,5	0,1
North-East	44.0	-	-	2,475.7	-	-	60.7	-	-	111,202.4	113,764*8	2,3	0,9
Centre	3.0	-	-	153.1	-	-	54.9	-	-	2,322.5	1,035*4	-55,4	0,0
South-Islands	5.3	-	-	205.8	-	-	42.4	-	-	16,066.5	17,538*1	9,2	0,1
Italy	60.6	62.6	3.3	3,307.7	3,549.9	7.3	59.0	64.4	9.1	144,904	147,570	1,8	0,3

¹ Yield is calculated on total output.

² The value of production was calculated at a different time to the amounts produced.

³ Calculated as the ratio of the value of production and the total agricultural value of production in a given geographical area.
Source: calculated using data from ISTAT.

Table 5.4 – Land area, output and aid pursuant to art. 68, (EC) Regulation no. 73/2009 for tobacco in Italy - 2010

	Land area		Output		Aid purs. to art. 68	
	hectares	% change 2009/10	tonnes	% change 2009/10	thousand euro	% of tot
Piedmont	41.1	-19.3	129.6	-22.2	31.4	0.1
Lombardy	60.9	-8.1	155.6	-14.4	37.2	0.2
Veneto	8,578.7	0.1	27,337.2	-5.3	6,548.2	30.5
Friuli-Venezia Giulia	177.2	8.7	472.3	7.2	108.3	0.5
Emilia-Romagna	-	-	-	-	-	-
Tuscany	2,361.7	5.2	5,016.5	2.1	1,636.8	7.6
Umbria	6,763.4	4.2	18,904.3	-3.5	4,535.8	21.1
Marches	33.5	4.1	98.5	32.0	22.7	0.1
Lazio	760.8	-4.8	2,188.3	-10.7	588.0	2.8
Abruzzo	282.6	-6.4	856.8	4.3	190.0	0.9
Molise	12.7	-20.1	35.9	-6.3	8.2	0.0
Campania	8,751.5	-8.1	33,916.6	-15.4	7,779.3	36.2
Basilicata	4.9	-45.7	-	-100.0	-	-
Total Amount	27,828.9	-1.6	89,111.7	-8.8	21,495.7	100.0
of which traditional regions ¹	26,455.3	-1.4	85,174.7	-8.8	20,500.1	95.4

¹ Veneto, Tuscany, Umbria, and Campania.

Source: calculated using agea data.

Table 5.5 – Land area, output and value of forage in Italy

	Land area (thousand hectares)		Total output (thousand tonnes)		Yield (tonnes/hectares)		Forage units (thousand)		Value of production (thousand euros) ¹							
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010						
		% change		% change		% change		% change		% change						
North West	363	370	1.9	15,653	16,428	5.0	43.2	44.5	3.0	3,058,494	3,226,521	5.5	392,190	427,365	9.0	4.1
North East	420	429	2.2	15,022	16,062	6.9	35.8	37.5	4.6	2,485,320	2,608,176	4.9	322,053	348,606	8.2	2.7
Centre	479	425	-11.1	9,266	8,686	-6.3	19.4	20.4	5.5	1,431,883	1,389,612	-3.0	187,462	186,152	-0.7	2.7
South/Islands	733	745	1.6	12,317	11,155	-9.4	16.8	15.0	-10.9	1,889,377	1,716,034	-9.2	230,966	225,068	-2.6	1.4
Italy	1,994	1,969	-1.3	52,257	52,330	0.1	26.2	26.6	1.4	8,865,074	8,940,343	0.8	1,168,909	1,217,378	4.1	2.6
									of which grass							
North West	208	207	-0.6	9,168	9,808	7.0	44.1	47.4	7.6	2,127,073	2,276,861	7.0	-	-	-	-
North East	92	88	-4.6	4,305	4,109	-4.6	46.6	46.7	0.1	1,025,327	980,307	-4.4	-	-	-	-
Centre	162	148	-8.3	3,666	3,750	2.3	22.7	25.3	11.5	654,089	701,776	7.3	-	-	-	-
South/Islands	455	493	8.5	7,112	6,566	-7.7	15.6	13.3	-14.9	1,173,139	1,098,339	-6.4	-	-	-	-
Italy	916	936	2.2	24,251	24,232	-0.1	26.5	25.9	-2.2	4,979,628	5,057,283	1.6	-	-	-	-
									of which in rotation							
North West	155	163	5.3	6,484	6,620	2.1	41.9	40.6	-3.0	931,421	949,660	2.0	-	-	-	-
North East	327	341	4.1	10,717	11,953	11.5	32.7	35.1	7.1	1,459,993	1,627,869	11.5	-	-	-	-
Centre	317	277	-12.6	5,600	4,936	-11.8	17.7	18.3	0.8	777,794	687,836	-11.6	-	-	-	-
South/Islands	278	251	-9.6	5,205	4,589	-11.8	18.7	18.3	-2.5	716,238	617,695	-13.8	-	-	-	-
Italy	1,077	1,032	-4.2	28,006	28,098	0.3	26.0	27.2	4.7	3,885,446	3,883,060	-0.1	-	-	-	-
									PERMANENT FORAGE CROPS							
North West	841	836	-0.6	6,343	6,357	0.2	7.5	7.6	0.8	888,961	891,547	0.3	161,059	163,965	1.8	1.6
North East	591	633	7.2	8,600	8,245	-4.1	14.6	13.0	-10.5	1,194,948	1,145,366	-4.1	189,424	186,516	-1.5	1.5
Centre	522	528	1.2	1,896	2,098	10.7	3.6	4.0	9.4	253,142	283,748	12.1	46,753	52,539	12.4	0.8
South/Islands	2,332	2,312	-0.8	5,392	5,192	-3.7	2.3	2.2	-2.9	787,793	776,064	-1.5	130,260	130,255	0.0	0.8
Italy	4,286	4,309	0.5	22,231	21,891	-1.5	5.2	5.1	-2.1	3,124,844	3,096,725	-0.9	487,240	499,069	2.4	1.1
									of which meadows							
North West	259	261	0.7	5,301	5,350	0.9	20.5	20.5	0.3	763,343	770,380	0.9	-	-	-	-
North East	276	274	-0.7	6,852	6,559	-4.3	24.8	23.9	-3.6	986,677	944,431	-4.3	-	-	-	-
Centre	129	134	4.1	906	997	10.1	7.0	7.4	5.8	130,400	143,533	10.1	-	-	-	-
South/Islands	118	124	4.9	834	865	3.7	7.1	7.0	-1.2	120,139	124,532	3.7	-	-	-	-
Italy	782	793	1.4	13,893	13,770	-0.9	17.8	17.4	-2.2	2,000,559	1,982,876	-0.9	-	-	-	-
									of which pastures							
North West	582	575	-1.2	1,042	1,007	-3.4	1.8	1.8	-2.2	125,618	121,167	-3.5	-	-	-	-
North East	314	359	14.0	1,749	1,686	-3.6	5.6	4.7	-15.4	208,271	200,935	-3.5	-	-	-	-
Centre	393	394	0.2	990	1,101	11.2	2.5	2.8	11.0	122,742	140,215	14.2	-	-	-	-
South/Islands	2,214	2,188	-1.2	4,557	4,327	-5.1	2.1	2.0	-4.0	667,654	651,532	-2.4	-	-	-	-
Italy	3,503	3,516	0.4	8,338	8,121	-2.6	2.4	2.3	-2.9	1,124,285	1,113,849	-0.9	-	-	-	-

¹ The value of production was calculated at a different time to the amounts produced.

² Calculated as the ratio of the value of production for each product and the total agricultural value of production in a given geographical area.

Table 5.6 – Land area and open-field output of vegetables, fresh legumes and tubers in Italy

	Land area (hectares)			Output harvested (thousand tonnes)			Yield		
	2009	2010	% change	2009	2010	% change	2009	2010	% change
Garlic and shallots	2,954	3,185	7.8	26.4	29.7	12.3	9.2	9.5	3.1
Asparagus	5,152	4,991	-3.1	33.7	33.1	-1.7	6.6	6.8	2.6
Beet tops (chard)	2,850	-	-	60.4	-	-	22.8	-	-
Turnip tops	9,391	9,033	-3.8	146.1	149.7	2.4	16.5	17.3	5.1
Artichoke	49,663	49,050	-1.2	486.6	480.1	-1.3	10.3	10.2	-0.7
Carrots and parsnips	12,573	12,598	0.2	506.3	522.0	3.1	41.8	42.7	2.1
Cauliflower	17,320	16,805	-3.0	395.6	407.7	3.1	24.1	25.1	4.4
Cabbage	17,375	15,834	-8.9	338.1	314.3	-7.0	20.3	20.5	1.2
Cucumbers	1,440	1,399	-2.8	26.7	25.9	-3.2	19.3	19.3	-0.1
Onions	12,671	11,882	-6.2	384.4	375.1	-2.4	30.7	31.9	3.8
Watermelon	9,635	11,092	15.1	380.4	388.8	2.2	40.9	36.5	-10.9
Beans and French beans	19,237	18,285	-4.9	174.4	166.3	-4.6	9.3	9.2	-1.2
Broad beans (fresh)	8,563	8,950	4.5	51.1	55.5	8.6	6.4	6.4	0.3
Fennel	21,643	19,766	-8.7	502.9	463.3	-7.9	24.1	24.1	-0.1
Strawberries	2,608	2,761	5.9	49.6	51.5	3.9	19.7	19.3	-1.8
Cultivated mushrooms	-	-	-	720.1	-	-	-	-	-
Endive	10,286	9,558	-7.1	223.8	221.7	-0.9	22.9	23.8	3.9
Lettuce	17,923	17,066	-4.8	373.1	371.4	-0.5	21.9	22.8	3.9
Aubergine/Eggplant	9,571	8,642	-9.7	242.7	232.3	-4.3	26.2	27.5	5.2
Melon	22,732	23,733	4.4	503.6	550.3	9.3	23.1	24.2	4.5
Peppers	10,152	9,931	-2.2	220.5	222.4	0.9	22.4	23.1	2.8
Peas	15,237	15,860	4.1	89.3	92.7	3.8	6.0	5.9	-0.8
Tomatoes	19,314	18,509	-4.2	576.5	612.1	6.2	31.2	34.0	9.1
Tomatoes for industrial use	96,768	94,229	-2.6	5,918.1	5,576.1	-5.8	62.8	60.7	-3.3
Parsley	1,273	1,182	-7.1	21.8	20.6	-5.5	17.7	18.1	2.1
Radicchio or chictory	15,420	15,156	-1.7	248.1	247.1	-0.4	16.7	16.5	-1.1
Turnip	2,939	-	-	55.5	-	-	20.2	-	-
Radish	821	850	3.5	15.2	16.4	7.8	19.8	19.3	-2.6
Celery	3,552	3,221	-9.3	89.6	88.1	-1.7	28.0	27.9	-0.1
Spinach	6,086	6,204	1.9	82.9	84.9	2.4	14.4	14.5	0.6
Courgettes/Zucchini	13,671	13,399	-2.0	322.9	329.0	1.9	24.5	25.2	3.1
Vegetables²	440,058	423,171	-3.8	13,267	12,128	-8.6	31.2	29.8	-4.6
Potatoes overall	70,589	62,289	-11.8	1,773.9	1,595.2	-10.1	26.2	26.1	-0.5

¹ Yield is calculated on total output.

² Provisional data for 2010.

Source: calculated using data from ISTAT.

Table 5.7 - Land area and output for the main types of fresh fruit in Italy

	Land area (hectares)		Output harvested (thousand tonnes)		Yield ¹	
	2009	2010	2009	2010	2009	2010
						% change
Kiwi	22,491	22,124	447.6	429.0	20.7	20.1
Apricot	16,843	18,549	215.1	252.9	13.2	14.2
Cherry	28,796	30,067	116.2	120.4	4.5	4.7
Apple	54,913	54,808	2,325.7	2,223.2	42.7	41.7
Nectarine	29,696	26,663	624.7	549.8	21.3	21.3
Pear	37,072	37,037	872.4	845.7	23.6	23.0
Peach	56,873	55,959	1,067.0	1,030.2	19.3	19.1
Plum	12,712	12,768	189.3	207.5	15.6	17.0
Table grapes	67,727	65,583	1,341.3	1,361.0	20.2	21.5
Fresh fruit	436,503	400,063	6,266.3	5,857.0	14.6	15.1
					-6.5	3.2

¹ Yield is calculated on overall output.

Source: calculated using data from ISTAT.

Table 5.8 – Land area and output for types of nut in Italy

	Land area (hectares)		Output harvested (thousand tonnes)		Yield (tonnes/hectare) ¹	
	2009	2010	% change	2009	2010	% change
North West	-	-	-	-	-	-
North East	6	6	-	0.02	3.53	3.53
Centre	38	41	7.9	0.02	0.44	1.53
South/Islands	79,420	86,137	8.5	106.62	289.1	243.9
Italy	79,464	86,184	8.5	106.66	1.40	1.29
						-7.7
						-7.7
North West	11,352	10,931	-3.7	17.57	1.55	1.52
North East	19	18	-5.3	0.04	1.94	1.98
Centre	18,880	18,900	0.1	33.98	1.90	2.12
South/Islands	40,275	26,055	-35.3	53.53	1.41	1.44
Italy	70,526	55,904	-20.7	105.11	1.56	1.68
						7.8
North West	-	-	-	-	-	-
North East	-	-	-	-	-	-
Centre	-	-	-	-	-	-
South/Islands	3,515	3,522	0.2	3.11	0.89	2.65
Italy	3,515	3,522	0.2	3.11	0.89	2.65
						198.1
						198.1
North West	-	-	-	-	-	-
North East	2	2	-	0.01	6.8	6.8
Centre	3	3	0.0	0.07	25.0	23.0
South/Islands	9184	9188	0.0	29.93	3.3	2.8
Italy	9,189	9,193	0.0	30.02	3.3	2.8
						-15.5
						-15.5

¹ Yield is calculated on overall output.

Source: calculated using data from ISTAT.

Table 5.9 – Land area and output for types of citrus in Italy

	Land area (hectares)		% change		Output harvested (thousand tonnes)		% change		Yield (tonnes/hectare) ¹		
	2009	2010	2010	% change	2009	2010	2009	% change	2009	2010	
Orange	100,212	99,100	-1.1		2,421.3	2,466.6	1.9		24.8	25.4	2.5
Bergamot	1,449	1,439	-0.7		24.9	25.5	2.5		17.2	17.7	3.2
Clementine	28,520	27,830	-2.4		685.6	679.6	-0.9		24.5	25.0	2.1
Lemon	25,832	26,500	2.6		544.5	513.9	-5.6		22.0	20.6	-6.1
Tangerine	8,887	8,533	-4.0		141.2	132.7	-6.1		16.3	16.0	-1.8
Grapefruit	253	253	0.0		7.1	7.1	0.0		29.9	29.9	0.0
Other citrus	68	69	1.5		1.3	1.3	-2.0		19.5	18.8	-3.6
Citrus	165,221	163,724	-0.9		3,825.9	3,826.6	0.0		23.8	24.1	1.2

¹ Yield is calculated on overall output.

Source: calculated using data from ISTAT.

Tab. 5.10 - *Output and base prices of flowers and potted plants in Italy*

	(thousands of euros)			
	2009	2010	% change 2010/09	% share ¹
Flowers and ornamental plants				
North West	576950.4	564,601.0	-2.1	5.4
North East	163009.6	160,145.1	-1.8	1.3
Centre	208704.0	208,521.8	-0.1	3.0
South/Islands	518471.9	522,446.6	0.8	3.3
Italy	1,467,135.9	1,455,714.6	-0.8	3.2
Nurseries				
North West	188,759.4	187,873.6	-0.5	1.8
North East	163,097.6	158,161.6	-3.0	1.2
Centre	756,077.4	753,875.7	-0.3	11.0
South/Islands	195,127.6	190,576.6	-2.3	1.2
Italy	1,303,062.1	1,290,487.6	-1.0	2.8
Cane and wicker				
North West	284.6	251.5	-11.6	0.0
North East	193.1	183.3	-5.0	0.0
Centre	1005.9	927.1	-7.8	0.0
South/Islands	1310.9	1,197.6	-8.6	0.0
Italy	2,794.4	2,559.6	-8.4	0.0

¹ Calculated as the ratio of the value of production for each product and the overall agricultural value of production in a given geographical area.

Source: calculated from ISTAT data.

Tab. 5.11 - Land area and output of vines by geographical area in Italy

	Land area (hectares)			Output harvested (thousand tonnes)			Yield (tonnes/hectare) ¹			
	2009	2010	% change	2009	2010	% change	2009	2010	% change	
North West	77,304	72,581	-6.1	596.9	564.3	-5.5	7.8	7.9	1.5	
North East	160,664	158,209	-1.5	2,324.2	2,330.7	0.3	14.6	14.7	1.1	
Centre	121,296	120,600	-0.6	868.2	877.5	1.1	7.6	7.5	-1.1	
South/Islands	343,286	318,915	-7.1	2,472.0	2,654.2	7.4	7.6	8.6	14.5	
Italy	702,550	670,305	-4.6	6,261.3	6,426.8	2.6	9.2	9.8	6.6	
				Wine grape installations						
North West	176	204.0	15.9	1.4	1.6	13.0	8.5	7.8	-8.4	
North East	118	110.0	-6.8	1.0	1.0	1.3	9.4	9.5	1.8	
Centre	1,169	1,142.0	-2.3	22.2	20.5	-8.1	20.2	18.5	-8.1	
South/Islands	66,264	64,127.0	-3.2	1,316.7	1,337.9	1.6	20.3	21.6	6.6	
Italy	67,727	65,583	-3.2	1,341.3	1,361.0	1.5	20.2	21.5	6.3	
				Overall						
North West	77,480	72,785	-6.1	598.3	565.9	-5.4	7.8	7.9	1.4	
North East	160,782	158,319	-1.5	2,325.2	2,331.8	0.3	14.2	14.4	1.6	
Centre	122,465	121,742	-0.6	890.5	898.0	0.8	7.6	7.7	1.8	
South/Islands	409,550	383,042	-6.5	3,788.7	3,992.1	5.4	9.3	10.4	11.4	
Italy	770,277	735,888	-4.5	7,602.6	7,787.8	2.4	9.9	10.6	6.9	

¹ Yield is calculated on overall output.

Source: calculated using data from ISTAT.

Tab. 5.12 - Land area of olive groves and olive oil output in Italy

Years	Area under production	Production harvested	Yield (tonnes/hectare) ¹	Olives for		Pressed oils produced
				direct consumption	oil making	
(land area in thousands of hectares)						
2009						
North West	18.1	30.0	2.2	1.1	28.9	5.6
North East	7.7	16.9	2.2	0.0	16.9	2.9
Centre	216.9	371.7	1.8	2.7	369.0	59.2
South/Islands	882.8	2,671.4	3.2	54.7	2,616.6	450.0
Italy	1,125.5	3,090.0	2.9	58.5	3,031.4	517.7
2010						
North West	18.1	29.4	2.1	0.9	28.5	4.7
North East	7.7	16.6	2.2	0.1	16.5	2.7
Centre	216.6	424.1	2.1	4.3	419.8	65.1
South/Islands	927.5	2,700.7	3.1	60.1	2,640.5	454.2
Italy	1,169.8	3,170.7	2.9	65.3	3,105.4	526.8
Var. % 2010/09						
North West	-0.1	-2.2	-5.6	-20.8	-1.5	-16.6
North East	-0.1	-1.7	-1.8	3400.0	-1.9	-4.9
Centre	-0.2	14.1	15.3	58.6	13.8	10.1
South/Islands	5.1	1.1	-3.7	9.9	0.9	0.9
Italy	3.9	2.6	-1.2	11.6	2.4	1.8

¹ Yield is calculated on overall output.
Source: calculated from ISTAT data.

Tab. 5.13 - *Beef cattle slaughtered in Italy*

	Number of head (thousands)		% changes 2010/09	Carcase weight (thousand tonnes)		% changes 2010/09
	2009	2010		2009	2010	
Young Calves	920	922	0.1	136.0	136.7	0.5
Bullocks and steer	1,725	1,686	-2.3	593.0	585.8	-1.2
Heifers	622	662	6.4	169.2	188.9	11.6
Oxen and bulls	47	52	10.2	17.7	19.4	9.5
Cows	496	508	2.4	133.4	138.1	3.6
Total	3,811	3,830	0.5	1,049.3	1,068.9	1.9

Source: ISTAT.

Tab. 5.14 - *Pigs slaughtered in Italy*

	Number of head (thousands)		% changes 2010/09	Carcase weight (thousand tonnes)		% changes 2010/09
	2009	2010		2009	2010	
Piglets	790	756	-4.3	8.1	8.1	0.8
Pigs	1,090	1,076	-1.3	72.2	74.0	2.6
Heavy pigs	11,714	11,933	1.9	1,547.8	1,590.8	2.8
Total	13,594	13,764	1.3	1,628.0	1,673	2.8

Source: ISTAT.

Tab. 5.15 - *Sheep and goats slaughtered in Italy*

	Number of head (thousands)		% changes 2010/09	Carcase weight (thousand tonnes)		% changes 2010/09
	2009	2010		2009	2010	
Lambs	4,962	4,589	-7.5	36.7	33.6	-8.6
Larger lambs and wethers	591	580	-1.8	7.4	7.3	-1.2
Ewes and rams	592	539	-9.0	12.6	11.3	-9.7
Total sheep	6,145	5,708	-7.1	56.7	52.2	-7.9
Kids	240	246	2.5	1.6	1.5	-8.1
Male and female adult goats	38	35	-8.0	0.7	0.6	-14.1
Total goats	277	280	1.1	2.3	2.1	-9.9
Total sheep and goats	6,423	5,988	-6.8	59.031	54.34	-7.94

Source: ISTAT.

Tab. 5.16 - *Main indicators in the Italian dairy sector - 2010*

	million of euros	% change 2010/09
Value of domestic milk (all species)	5,009	8.9%
Dairy industry turnover	14,800	2.6%
Value of imports	3,072	15.7%
Value of exports	1,794	17.0%
Trade balance	-1,278	17.0%
	million tonnes	% change 2010/09
Production of milk (all species)	12.1	1.7%
Production of cow's milk	11.2	2.7%
	number	% change 2010/09
Number of dairy cow farms in production	35,580	-4.7%
Number of dairy cows (thousand head)	1,746	-7.0%
Number of sheep (thousand head)	7,089	-0.2%
Number of goats (thousand head)	824	2.5%
Number of buffalo (thousand head)	245	11.0%

Source: ISMEA, AGEA, Federalimentare and Assolatte

Tab. 5.17 - *Catch and revenues for the main species of fish caught in Italy - 2010*

	Catch		Revenues	
	tonnes	%	million euros	%
Anchovies	54,095	24.3	76	6.9
Clams	19,748	8.9	53	4.8
Sardines	16,274	7.3	13	1.2
Hake	11,528	5.2	90	8.2
White shrimp	10,264	4.6	76	6.9
Cuttlefish	7,127	3.2	64	5.8
Mantis shrimp	6,217	2.8	35	3.2
Swordfish	6,032	2.7	67	6.1
Mud mullet	4,934	2.2	29	2.6
Horse mackerel	4,221	1.9	7	0.7
Snails and murex	3,650	1.6	15	1.3
Squid	3,534	1.6	17	1.5
Scampi	3,221	1.4	62	5.6
Eledone moscata	3,215	1.4	13	1.2
Other types of octopus	3,208	1.4	22	2.0
Grey mullet	2,653	1.2	4	0.4
Red prawns	2,519	1.1	46	4.2
Red mullet	2,505	1.1	27	2.5
White muscadin	2,383	1.1	10	0.9
Other	55,680	25.0	376	34.1
Total	223,007	100.0	1,103	100.0

Source: MIPAAF-IREPA.

Tab. 5.18 - Italian aquaculture output - 2010

	Installations on	Installations in valleys	Total	Value
	land and sea	and brackish water		thousands of euros
	tonnes	tonnes	tonnes	
Sea bass	9,100	700	9,800	70,500
Sea bream	8,100	700	8,800	57,200
Umbrine	300		300	2,100
Eel	1,100	100	1,200	11,200
Grey mullet		3,800	3,800	12,000
Trout	40,000		40,000	145,000
Catfish	550		550	3,300
Carp	700		700	2,600
Sturgeon	1,380		1,380	14,000
Other fish	5,600		5,600	17,000
Total Fish	66,830	5,300	72,130	334,900
Mussels			120,000	78,000
Carpet shell clams			40,000	144,000
Total shellfish			160,000	222,000
Total aquaculture			232,130	556,900

Source: API.

Tab. 5.19 - Use of timber in Italy by timber type

	(thousand cubic metres)		
	2009	2010	% change 2010/2009
USE FOR ENERGY			
Total firewood	4,981	4,839	-2.8
coniferous	556	546	-1.9
deciduous	4,424	4,293	-3.0
INDUSTRIAL USE			
Timber for veneer and saw timber	1,110	1,374	23.8
coniferous	530	748	41.2
deciduous	580	626	7.8
Timber for pulp, including leftovers and branches	544	369	-32.2
coniferous	356	147	-58.7
deciduous	188	222	18.0
Other timber for industrial use	946	672	-29.0
coniferous	483	381	-21.1
deciduous	463	291	-37.2
Total timber for industrial use	2,600	2,415	-7.1
coniferous	1,369	1,277	-6.7
deciduous	1,232	1,138	-7.6
TOTAL USE			
Total timber for fuel and industrial use	7,581	7,254	-4.3
coniferous	1,925	1,822	-5.4
deciduous	5,656	5,431	-4.0

Source: EUROSTAT – Roundwood removals and production by type of wood and assortment (update 13/11/2011)

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