



Volume LII

**INEA**

# **ITALIAN AGRICULTURE 1998**

*An abridged version of the  
“Annuario dell’Agricoltura Italiana”*

*Istituto Nazionale di Economia Agraria*





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«Annuario dell'Agricoltura Italiana» Vol. LII**

**INEA** ISTITUTO NAZIONALE ECONOMIA AGRARIA

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# Foreword

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

The first edition of the *Annuario* was published in 1948, in social and economic circumstances very different than those found in Italy today. Beginning with this first edition, and continuing over the years, it has benefited from the collaboration of experts drawn from professional, administrative and academic backgrounds, as well as from that of numerous important public and private bodies operating in the agro-food sector; it is recognised as a unique and authoritative source of information on all aspects of rural life in Italy.

The successive editions of the *Annuario* trace the history of the remarkable social and economic changes which have taken place in Italy during the last half of the twentieth century, which witnessed the decline of the agricultural sector from its primary position as source of employment and household income, but, instead, saw the development of a flourishing agro-food sector, noted for the high quality of its final products, as well as for that of its technical equipment.

The form and content of the *Annuario* have been adapted over the years to take into account the changing circumstances. The radical re-structuring of the format undertaken last year has been followed by further adjustments in this edition, with the continued intention of making the volume more synthetic and “user friendly”, but without reducing the subject coverage.

This abbreviated English edition has now reached its twelfth year. It replaces the summaries in English which followed each chapter in editions of the *Annuario* prior to 1987. The idea which inspired the publication of a separate volume in English was that of making available to a wider group of readers, information on some of the key factors affecting the Italian rural and agro-food sectors – an objective which seems all the more relevant nowadays, considering the increased trend towards globalisation and the importance of the size of the Italian agro-food sector within the EU.

The Introduction to this volume explains the format of the *Annuario*, Italian version, and provides an overview of the main issues and events affecting the rural and agro-food sector in 1998. It is followed by summaries in English of the twenty six chapters which are published in full in the Italian edition. A series of statistical tables are provided, selected from the 245 tables in the original volume. In the process of selection, which is obligatory for reasons of space but difficult to implement, priority has been given to tables documenting newly available information and information on events of particular interest in the year in question. Several tables which recur each year have been included in the English version on a two-year rotating basis. This year, statistics on foreign trade have been included, substituting the tables on production published in last year's edition.

INEA, the Italian National 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 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 Accounting Offices are maintained and coordinated by the Headquarters, which are located in Rome. The Library of the INEA, also situated in Rome and open to the public, houses a collection of more than 20,000 volumes and 400 scientific journals, representing publications from most parts of the world.

# Introduction

Since its first edition in 1947, the *Annuario dell'Agricoltura Italiana* (Yearbook of Italian Agriculture), published by INEA, has been an invaluable tool for understanding the changes in the sector, highlighting the most significant events affecting Italian agriculture and identifying the gradual structural transformations in progress. Besides being a precious source of factual information, the *Annuario* also plays an important role in documenting research and analysis, with ad hoc surveys on issues of particular interest, such as the land market, the employment of non-EU immigrants in agriculture, Regional public expenditure, research, and taxation in agriculture.

Over the years, the content and range of subjects present in the *Annuario* has steadily grown, to take into account the increased complexity of relationships between agriculture and other economic sectors, the growing interdependence of world markets and the greater influence of Community and international policies.

Volume LII, referring to events in 1998, is divided into six sections (the national and international scenarios; the agro-food system; factors of production; policies; agriculture and the environment and production), with 26 chapters, accompanied as usual by a statistical appendix, which includes tables with Regional data. There are some significant changes in this edition, as compared with the previous year:

- the first section as usual offers an analysis of the economic events at national and international levels;
- the second section deals more specifically with trends in the various components of the agro-food system; this edition includes the chapter on farm structures which appears from time to time;
- the third section presents the chapters dealing with factors of production. It includes the chapter on employment in agriculture, where the results of the INEA survey on employment of non-EU immigrants is also reported. It contains the chapter on the land market, with data on the average value of land and land rents, the result of another survey traditionally carried out by INEA;
- the fourth section refers to policies for the agricultural sector, with chapters organised to deal with public intervention and expenditure in

agriculture separately, at Community, national and Regional level. There is a great deal of statistical information in this section which is the result of specific surveys carried out by INEA, such as those on Regional expenditure, taxation and public research in agriculture; the latter survey was carried out in collaboration with the National Research Council;

- the fifth section deals with the relationship between agriculture and the environment and agro-environmental policies. There are two chapters: the first deals with nature conservation, particular attention being given to protected areas and biodiversity, and the second examines the pressures on the agro-ecosystem and sustainable agriculture;

- the sixth section includes economic results for production in the agricultural, forestry and fishing sectors, including non-food production.

A new addition to this edition is the data base provided on the enclosed CD-Rom, organised in an interactive search format for the period 1990-97, along with the tables for 1998.

\* \* \*

As regards policies, there were important moves on the part of the European Union in 1998:

- as part of the process of European integration, the Community progressed into the third phase of Economic and Monetary Union following the decision taken on 3rd May by the Heads of State or Government of eleven Member States to participate in the creation of the euro, as from 1st January 1999, and in the adoption of the single currency by 1st January 2002;

- on 31st March, negotiations for accession were initiated with six countries applying to become members of the European Union (Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia);

- following the publication of the Agenda 2000 paper, the European Commission formulated its reform proposals for the CAP and rural development policies, presenting drafts of new regulations in the various sectors involved. The package of regulations represented the starting point for subsequent debate which concluded with the final decisions of the European Council of Berlin in March 1999.

The reform of the Common Agricultural Policy proposed in Agenda 2000 included a number of important changes: the progressive withdrawal of support directly linked to production, through reductions in prices and the gradual move towards a system of direct payments to farmers; increased funding for accompanying measures, above all for the environment, and recognition and promotion of a multi-functional role for agriculture.

There was intense legislative activity in policy making at national level, with the emanation of several important provisions affecting the agricultural sector:

- the transfer of responsibility to the Regions for administrative functions for agriculture and fishing, implemented under legislative decree no. 143/97, was completed at the end of the year for all Regional administrations except Piedmont where, as a result of legislative decree no.60/98, the first case of the application of powers of substitution for agriculture occurred;

- in December the reform of AIMA, the Intervention Board, was approved, providing for the establishment of the Agency for Payments to the Agricultural Sector (AGEA), with more limited management responsibilities. Under this reform, the Regions have been given responsibility for making payments from EAGGF-Guarantee, through specific ad hoc offices;

- on 30th April the Government approved the legislative decree no.173 on "Provisions for limiting production costs and improving farm structures". It is an important provision whose aims are: to limit costs of factors of production for farms; to improve the international competitiveness of Italian enterprises; favour the structural improvement of the sector and the integration of the filière and accelerate the process for utilising Community Structural Funds. The most significant measures introduced in the decree concern procedural simplification, the launch of a series of aid regimes for agricultural and agro-food enterprises, the extension of negotiated programming to the agricultural and fishing sectors and the implementation of agro-monetary measures approved by the EU in favour of Italy following the revaluation of the lira;

- on 2nd December, Law no.423 was emanated on the financing of urgent intervention in the agricultural, citrus fruit and livestock sectors. As a result, despite the fact that a new pluri-annual law had not been approved, significant financial resources were assigned to agriculture. In contrast, the continued restraints on public finance during 1998 imposed to permit Italy to join the Economic and Monetary Union, also had an effect on agricultural policy, causing a reduction in resources of 15% in the 1998 budget, as compared with 1997;

- on 15th December, Law no. 441 was approved, providing for a series of priority measures in favour of young farmers to give them access to benefits already in force, and simplifying procedures for access;

- some important legislative provisions were also taken during the year to introduce significant changes in the marketing of extra virgin and virgin olive oil, in milk quotas and in fruit and vegetable producers' organisations.

As regards output and economic performance, Italian agriculture achieved positive results in 1998 in real terms (+0.8%) but negative results (-1.1%) at current prices, on account of the falling trend in basic prices. Agricultural production amounted to 81,221 billion lire in 1998. The harvests for the entire cereals sector were excellent (with the exception of maize), as was output of fresh vegetables, grapes and wine and fruit; in contrast, results were very poor for olives, in a low-yield year, and for citrus fruit, still suffering from the consequences of an ongoing crisis in the sector. A slight reduction was recorded for industrial crops, forage crops, beef and pork as compared with 1997. Weather conditions had a minimal effect on output throughout the country, although there was widespread (though not uniform) drought.

Results varied between different geographical areas, with significant increases for the north-western and central districts (+4.4% and +2.4% respectively), a fall in output in the South (-1.8%) and stationary levels on average, for north-eastern Italy, though with strong differences between individual sectors.

Prices of agricultural products fell by 2.2% in 1998 as compared with the previous year. The contraction was greater than that for technical inputs (-1.8%) and as a result the terms of trade in agriculture were again unfavourable. Italian agriculture continued to make a positive contribution to inflation control, helping to put a brake on consumer prices. In contrast, the repercussions for farmers' income were negative.

Value added at basic prices in the sector increased as compared with 1997, by 1.2% in real terms, due to good results in output for the sector and to a slight fall in intermediate inputs. At current prices, value added amounted to 54,710 billion lire, a contraction of 1.1% as compared with 1997.

In 1998, the continued erosion of the workforce in agriculture, which fell a further 2.5%, with a loss of 31,000 units, affected per capita value added in agriculture, which stood at 40.4 million lire in constant lire as a national average, equivalent to a 3.9% increase as compared with the previous year. There were considerable disparities between areas of the country: value added in the North-west exceeded 58 million lire per person employed in agriculture (+5.4%); the North-east recorded 48.3 million lire (+8.6%); central Italy was just below the national average with nearly 40 million lire (+7.2%) and once again the South stood apart from the other areas, recording a value added per person employed in agriculture averaging 31.8 million lire at constant prices. The disparity has increased as compared with 1997, since value added in the South remained unchanged while in all the other areas it rose. In 1998, value added per

person employed in agriculture in the South was equivalent to 78.6% of the national average (it had been 81.4% in 1997) and to only 54.6% of average value added for the North-west (as compared with 57.4% the previous year). These data are further evidence that the inadequate support provided by the CAP for Mediterranean crops is reflected in the profitability of agriculture in the South, already hampered by poor structures, which have a negative effect on the sector's competitiveness.

As regards the traditional surveys carried out by INEA at its various regional offices, the survey results on the land market reveal that for 1998 there was an increase in the value of land of 3.3% as compared with the previous year, exceeding the general index of consumer prices by 1.4 percentage points, for the second consecutive year. Land prices increased on average, especially in northern Regions and in the plains. The disparity between prices in the North and Centre-South is still very marked, although there are some signs of recovery, particularly in certain southern Regions.

The survey on employment of non-EU immigrants in agriculture reported that there were 79,740 immigrants employed in agriculture in 1998, a similar number to the previous year. The levelling off occurred after years of constant growth in the employment of immigrants in Italian agriculture. Of all non-EU immigrants 55.6% were employed in the South, with Puglia, Calabria, Campania and Sicily together employing 38,000. The sector with the highest level of immigrant workers was that of tree crops (37.9%), followed by vegetables, industrial crops and livestock.

\* \* \*

Thanks go to all the experts, Institutions and bodies that, with their invaluable contributions, have made this new edition of the *Annuario* possible.

\* \* \*

We remember Silvana Soligno, a colleague and author of the survey on immigrants in agriculture for several years, following her untimely death in August 1999.

President-in-charge  
Prof. Francesco Adornato





# Methodological note on SEC95

At the end of April 1999, ISTAT produced the national accounts data for the period 1988/98 based on the new European accounts system (SEC95). SEC95 represents a further step in the harmonisation of accounts systems used internationally and provides a more complete picture of the economy. With the revision, ISTAT used the input-output matrix of 1992, and updated the base year from 1990 to 1995 for the aggregates at constant prices.

There are important changes for the agricultural sector as compared with the old national accounts. Under SEC95, the basic unit observed in agricultural accounts is the unit of local economic activity which substitutes the notion of “national agricultural enterprise”. Farm output utilised in the following production cycle and exchanges between farms have been included in production values, as well as services directly connected with agriculture. The calculation of intermediate inputs has been modified and production has been valued at basic prices, that is the price of a product net of indirect taxes and including public subsidies. The inclusion of re-utilisation and inter-farm exchange in production aggregates has resulted in a substantial increase in the estimate for overall production. Given that these items are also included for intermediate inputs, the data on value added is relatively unchanged as compared with the old series.



## Chapter 1

# The global economy in 1998

In 1998, the global economy experienced financial crises that first affected South-east Asia and later Russia and Latin America. There was slower growth, with an increase in gross product in 1998 of 2.5%, as compared with over 4% in 1997. As regards developed countries, the best and the worst results in 1998 came from North America and Japan respectively, while those for Europe were about midway between the two. The volume of world trade also recorded much slower growth, amounting to 3.3% in 1998, while in terms of value, exports contracted by 2% and imports by 1%.

In OCSE countries, the low rate of inflation favoured a reduction in interest rates which, in turn, contributed to favourable results in several countries. In the USA, growth continued at a rate similar to that of 1997, even though a slower rate had been forecast. The negative results recorded for the Japanese gross product were mainly due to the fall in domestic demand, added to the effects of the South-east Asian crisis.

Russia and Latin America were also in difficulty; the International Monetary Fund intervened in both cases, linking aid packages to plans for the reorganisation of their domestic economies. As regards developing countries, growth in the Middle East was slower than in previous years, due mainly to the slow-down in oil prices. In contrast, Africa's results were positive overall.

The rate of growth in the EU increased slightly in 1998 as compared with 1997. Expansion was boosted by domestic demand and by the limited price increases for raw materials, as well as by a climate of confidence following completion of the Economic and Monetary Union (EMU). The moderate increase in consumer prices also helped to instil optimism.

Policies for promoting stability and convergence achieved good results, particularly as regards control of inflation and improvement in trade deficits. EU trade with non-EU countries (excluding trade between member states) increased in 1998, as compared with 1997. The EU maintained its leading position in world trade.

In 1998, the international markets for agricultural products experienced an increase in supply, a fall in international prices, an accumula-

tion of stocks and slower growth in the volume of international trade. World agricultural production maintained the levels achieved in the previous year, whilst population grew slightly.

Both value added and agricultural income recorded slower growth. Average agricultural income in the EU did, however, continue to increase as compared with the early 1990s. Prices of factors of production contributed positively to the results. Favourable weather conditions and higher yields were also prime factors in the increased output recorded for 1998. As compared with the previous year, there was an increase in both the output of crops and in livestock production.

Prices fell in real terms by almost 4% in the EU (15), with a small reduction in crop prices and a sharper decrease in those for livestock.

In 1998, implementation of the GATT agreement continued and is due to be completed in 2001. As a result, in the EU there was a further reduction in duties, in maximum quantities of subsidised exports and in the maximum expenditure on export subsidies, as well as an increase in the share of imports with reduced duty, as set out in the agreement. In 1998, the sectors most affected by the limits agreed by the EU in 1994 were dairy, beef, poultry, wine, fresh fruit and vegetables and sugar.

In 1998 the agreements for association with the EU made with the ten countries of Central and Eastern Europe were all but completed, and the agreements with the three Baltic states (Estonia, Latvia and Lithuania) came into force on 1st February 1998. The most recent agreement to be completed was that with Slovenia, which came into force on 1st February 1999.

During the year the EU also completed protocols with most of the Central and Eastern European countries regarding trade concessions for the agricultural sector contained in the European agreements, in order to take into account the enlargement of the EU to Austria, Sweden and Finland, as well as the Uruguay Round decisions of 1995.

Relations between the EU and countries in the CIS were consolidated, with agreements for partnership and cooperation coming into force with the Ukraine (1st March) and Moldavia (1st July), following that already in force with Russia. Another agreement for partnership and cooperation was signed in May with Turkmenistan, with the aim of strengthening its independence, accelerating the democratic process and facilitating access to the market economy. The relationship between the EU and other countries in the CIS is currently based on the implementation of provisional trade agreements.

Within the framework of Euro-Mediterranean partnership defined at the Barcelona conference of November 1995, the Euro-Mediterranean

agreement for association between the EU and Tunisia came into force on 1st March 1998. This agreement covers political, economic and trade relations by strengthening of economic, socio-cultural and financial cooperation and establishing conditions to allow the gradual and complete liberalisation of trade. The agreements completed with Israel, Morocco, Jordan and the Palestinian Authorities are still in the process of being ratified by the national parliaments of EU Member States, although it has been agreed that some measures for reciprocal agricultural concessions should provisionally come into force beforehand. The Euro-Mediterranean agreements with Algeria, Egypt, Lebanon and Syria were still under negotiation.

As regards the customs union with Turkey, the new preferential regime for agricultural products came into force in 1998, modifying the reciprocal concessions set out in the agreements with the EU following the Uruguay Round decisions and the latest EU enlargement; it also provided for an improvement and consolidation of trade preferences agreed for agricultural products.

In March 1998, the EU initiated negotiations for the admission of Cyprus, paying particular attention to the strategy for this country prior to admission.

The EU has initiated political, economic and commercial cooperation in various parts of the world, through the negotiation and completion of various types of agreement. These include trade relations with South-east Asian countries (ASEAN), and with Cambodia and Laos in particular; with ACP countries (Africa, the Caribbean and the Pacific), with the entry into force on 1st June 1998 of the interim revision of the Fourth Convention of Lomé, and with PTOM countries (overseas countries and territories) with which the EU has agreed details for importing rice.

The EU initiated negotiations with the Republic of South Africa (a new country participating in the Revised Fourth Convention of Lomé), to complete a free trade agreement and a separate agreement for wine and alcoholic beverages.

Agreements for cooperation were completed with the Former Yugoslav Republic of Macedonia, which came into force on 1st January 1998 and with Yemen. Another agreement for cooperation is being negotiated with Pakistan.

EU relations with Latin American countries were consolidated in 1998 with closer partnership between the two areas, based on cooperation in the political, institutional, social and economic spheres. The agreement for cooperation with the Andes Community (Bolivia, Colombia, Ecuador, Peru and Venezuela) came into force on 1st May

1998 and aims to consolidate, strengthen and diversify relations between the parties through broad cooperation in the commercial and economic spheres. The EU also decided to initiate negotiations to complete an agreement for inter-regional association with Mercosur (Argentina, Brazil, Paraguay and Uruguay) and with Chile, an agreement for political and economic association.

As regards EU-USA relations, an action plan was agreed, to launch a transatlantic economic partnership, aimed at removing obstacles to trade and extending multilateral liberalisation. In particular, it includes provisions for strengthening bilateral and multilateral cooperation on agricultural matters.

## Chapter 2

# The Italian economy in 1998

The Italian economy experienced slower growth in gross product in 1998. GDP had increased by 1.3% at constant prices at year end, compared with an increase of 1.5% in the previous year. The positive cycle of previous years, generated by the devaluation of the lire, drew to a close and the turbulence of emerging markets challenged the competitiveness of Italian exports; meanwhile, growth in domestic demand did not compensate for the downward trend in foreign trade, although a slower rate of growth for consumption was accompanied by satisfactory results for investments. Italy's performance did not match its objectives and was much lower than the average results achieved overall in the area of Economic and Monetary Union (EMU).

Industrial production increased by 1.7%, due, above all, to growth in intermediate goods; performance in the services sector was mediocre, affected by the negative trend in industrial production.

Domestic demand recorded signs of expansion, overall, making a significant contribution to the growth of GDP. The most important contribution to expansion in domestic demand came from the growth in investments, influenced both by the dynamic of interest rates and by incentives in the automobile sector.

Whilst domestic demand was one of the most important positive contributions to the Italian economy in 1998, foreign trade, in contrast, was an equally significant braking factor. Exports increased 1.2% in real terms, less than the increase in imports. Export levels to non-European countries were maintained, to the United States in particular, as well as to other EU countries. The balance of trade contributed to a reduction in the surplus on the current account of the balance of payments, whereas results for the balance of services and for income from capital and work were far more positive.

The labour market recorded generally positive signs. Despite an increase in employment of around 110,000 units in 1998, the overall rate of unemployment remained at 12.1%, because of an increase in female workers available for work. The increase in salaries overall was less than the previous year (+2.4% as compared with +4.3% in 1997).

The index of consumer prices rose by 2.2% and producer prices



rose by 0.1%.

The ratio between budget deficit and gross product remained stable at 2.7%. In contrast, the ratio between overall debt and GDP fell from 122.4% to 118.7%. There was also a contraction in charges for debt servicing (-14.9%) which was due mainly to a reduction in interest rates.

National agricultural output increased slightly in 1998, as compared with a general stagnation in 1997. Growth was due above all to cereals and several other field crops but, in contrast, output for tree crops contracted. There were no significant changes in livestock production – a slight fall in meat sectors and a small increase for milk. There was a reduction in value of intermediate inputs for agriculture.

Agricultural value added at market prices increased, at constant prices, in line with the increase for other productive sectors (+1.44%). The share of agriculture in 1998 was just under 3% of the total economy. As regards value added per standard labour unit, this was considerably lower in agriculture, forestry and fishing than in other sectors. Compared with the average for 1992-93, however, value added per labour unit increased more rapidly in the primary sector. In 1998, there was a reduction of 30,000 labour units in agriculture, as compared with 1997. Employment in the primary sector continued to fall.

Gross fixed investment for agriculture, forestry and fishing increased significantly between 1997 and 1998.

As regards foreign trade, agro-food products contributed in limiting the otherwise unfavourable results overall. The normalised balance recorded a reduction in the agro-food deficit in 1998. The ratio between average unit values of exports and imports was also favourable for agro-food products, improving more for agro-food products than for the total trade.

## Chapter 3

# Farm structures

In 1997, there were 2,315,233 agricultural and livestock farms in Italy, covering a total area of about 20 million hectares, of which just under 15 million hectares constituted utilised agricultural land (UAL) (74% of total area). About 55% of these farms were in the South, 28.5% in the North and only 17% in the Centre. The trend towards a decline in the number of farm holdings continued, numbers being -6.7% less as compared with 1995, a reduction of 166,000 farms and of about 325,000 hectares; there was a more modest reduction in agricultural area (-2.1%) - UAL actually increased slightly (+1%).

The distribution of farms by size of UAL revealed a considerable number of very small farms. There were almost 2 million farms (51% of total) with less than 2 hectares and their combined UAL stood at around 1 million hectares (7% of the total).

As regards use of land, 8 million hectares were under arable crops (41%), almost 4 million hectares were given over to permanent meadow and pasture (19%), 2.7 million hectares were under tree crops (13.5%), 3.8 million hectares were woods (19%) and about 1.6 million hectares were non-utilised agricultural land and other areas (8%). As regards geographical distribution, arable crops predominated in the North (43% of farm land), while in the South the highest percentage of land was under permanent crops. There was an increase in UAL and a fall in total agricultural area as compared with the last survey in 1995. These trends were more marked in the North (+1.1% and -2.7%) than in the Centre (0.9% and -1.2%) and South (+1% and -0.8%).

There were just under 700,000 livestock farms in Italy, amounting to about 30% of total farms but signifying a reduction of around 130,000 farms as compared with 1995. Livestock farms in the North were typically for cattle raising, amounting to two-thirds of Italian cattle raising enterprises, whilst in the South, livestock farms for raising sheep and goats prevailed. Although there were numerically more pig farms in the South, the North had a greater share in terms of number of animals (6.5 million pigs).

Italian agriculture is traditionally family-run, with 86% of days worked carried out by family members; this percentage is even higher in

the North (90%) than in the South (82%) and more than half of all family work is done by the farm manager. As regards non-family labour, there are more permanent employees in the North and Centre (about 5%), while in the South, short-term, temporary labour is preferred (16%). Pluri-activity is a structural phenomenon in Italian agriculture. In 1997, about 77% of nearly 2.3 million farms were run by farm managers working mainly or exclusively on the farm; the remaining 23% were farms whose managers' main employment was off the farm.

In 84% of cases, farms were specialised in a certain sector, with slight differences between the North (85%), the Centre (79%) and the South (85%). The Centre and North typically specialised in arable and permanent crops and livestock, while in the South tree crops prevailed (58.6%).

A comparison between the two most recent surveys (1995 and 1997) reveals that there are no significant changes in the geographical distribution of farms according to economic size. Most enterprises (80%) achieve less than 8 ESU (European Size Units).

As regards income produced overall by small and large farm holdings, the contrasts between geographical areas were still considerable. While in the North and Centre small enterprises produced 14% and 23% of gross income respectively, in the South small enterprises produced one third of gross income. In the North, and to a lesser extent in the Centre, the greater part of income (52% and 45% respectively) was produced by 6.5% and 3.3% respectively of farms, those with a size of more than 40 ESU. In contrast, in the South, large farms, which represent only 1.9% of the total, produced about 32% of income.

About 45% of Italian farms made use of agricultural contractors, although this phenomenon is more widespread in the North and South (49% of farms) than in the Centre (31%). In the North and Centre, farms favoured hire companies (76% and 71% respectively of the farms using services supplied by others), while in the South, hire companies were employed (44%) but recourse to other agricultural enterprises was preferred (55%). There was an expansion in active contracting - the use of one's own machinery on other farms - especially in the South (+23%) and a contraction in passive contracting, that is, the use of machinery provided by others.

## Chapter 4

# Agriculture in Italy

In 1998, production at basic prices<sup>1</sup> in agriculture, forestry and fishing recorded a slight increase in real terms (+0.8%), contrasting with a reduction (-1.1%) in values at current prices, caused by a negative trend in basic prices (-1.9%). Weather conditions varied, but there was widespread drought in Italy, though most kinds of production were unaffected.

The positive results achieved in agricultural production in 1998, which amounted to 81,221 billion lire at current prices, were due mainly to cereals, vegetables, grapes and wine and fruit; these were offset by very poor harvests of olives (in a low production year) and citrus fruit, as well as by less marked reductions for industrial crops, fodder, beef and pork.

There were contrasting results between Regions, with appreciable increases for north-eastern and central areas (+4.4% and +2.4% respectively), a fall in production in the South (-1.8%) and stable levels of production in the North-west. The increases in overall production in the North-east and Centre were due mainly to excellent harvests of grapes, fruit and vegetables; in contrast, overall production in southern Regions suffered due to poor harvests of olives and citrus fruit. The results for the North-west were unchanged but obviously concealed positive and negative trends for single crops.

An analysis by sector<sup>2</sup> reveals a particularly positive trend for cereals, where output increased by about 6.6% as compared with 1997. Production benefited from an excellent rise in yields, which more than compensated for the general reduction in area cultivated. The increased output in soft wheat (+23%), and hard wheat (+28.6%) was particularly marked, due to very favourable weather conditions in the areas traditionally growing these crops. Barley and oats also achieved good results, with an increase in production in almost all regions of 15% and 20% respectively. In contrast, maize production fell (-11.5%), suffering from a poor season due to a significant reduction in area sown, in response to

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1 Reference is made to ISTAT data calculated on the basis of the new, SEC95, system of accounting and comparison with data published in previous editions of the *Annuario* is not possible.

2 Data in this section may differ from corresponding aggregates found in the chapters on individual productive sectors; although all data are obtained from ISTAT, they may have been collected in different time-periods.

the low prices of the previous year and unfavourable weather conditions which had a negative effect on crop yield. Rice production also contracted, falling by about 6% as compared with 1997, due to a reduction both in yield and in the area sown.

As regards industrial crops, there was an increase in the area under soya of 17% as compared with 1997, mainly concentrated in northern Regions. This expansion meant that the “guaranteed maximum area” for oilseeds agreed for Italy was exceeded, with damaging consequences on the level of support for the following year. The increase in soya was more modest (+7.2%) in terms of production, because of a sharp reduction in yields. In contrast, 1998 proved to be a poor year for sunflower and colza since the area cultivated was reduced, with a consequent fall in production concentrated mainly in northern and central Regions.

Sugar beet and tobacco production also fell in 1998 (-3.4% and -1.9% respectively). The area cultivated was unchanged for the former and reduced for the latter.

There was an overall increase of 1.7% for vegetables as compared with the previous year, due to good results for most crops, with few exceptions (fennel, melons, artichokes, aubergines, peppers, courgettes and endives). The most important increases were recorded for potatoes (+8.7%) and tomatoes (+4.5%). As regards geographical differences, Puglia was the main producer of tomatoes in Italy, with around 18.7 million quintals, followed by Emilia-Romagna where, due to an increase in volume of nearly 25%, production exceeded 14 million quintals in 1998. The expansion in tomato production in this Region, made possible by an increase in the area cultivated and by favourable weather conditions, helped to satisfy the needs of the processing industry, including those plants based in the South, whose requirements could not be met on account of the reduced output in southern Regions. Total production exceeded the national maximum quota permitted to qualify for Community aid for processing. Despite this fact, average prices paid to farmers in 1998 remained higher than prices for the previous year, sometimes exceeding the minimum guaranteed price.

Output in the tree crops sector fell slightly, overall, (-1.4%) as compared with 1997, due to a significant rise in grape and wine production (+11.5%) and an even more marked increase in fruit (+22.5%), offset by considerable contractions in olive (-32.8%) and citrus fruit (-11.6%).

Grape and wine production in 1998 showed a strong recovery, as compared with the previous year, despite the slow but steady reduction in the area under vines. As regards quality, production in 1998, just as for 1997, can be considered one of the best years of the last decade

Performance in the fruit sector was even more impressive, as already mentioned, although in this case the results represent a strong recovery after the collapse in harvests recorded in 1997. With the exception of the North-west (-7.8%), production in all other areas of the country increased, sometimes very markedly. The negative results for citrus fruit are partially due to unfavourable weather conditions in the phase preceding the harvest, but also to a crisis which has been affecting the sector for some time. This crisis is linked to the increasing volume of imported citrus fruit on the domestic market and, above all, to the lack of competitiveness of most Italian citrus production because of poor quality, which has contributed to a further reduction in prices.

As regards the livestock sector, production was, as usual, generally stable overall, although there were some significant variations for single areas. The meat sectors recorded a slight contraction (-0.9%), attributable to beef and pork, counterbalanced by an increase in poultry and rabbit – while milk production increased (+1.7%).

Expenditure in agriculture for the purchase of technical inputs in 1998 amounted to 26,186 billion lire in real terms, just below that of the previous year. This fall, reflecting the trend of recent years, was due, above all, to reductions in the use of fertilisers, pesticides, feedstuffs, electric energy and the “various” component. This trend seems to mirror a general tendency on the part of farmers to limit production costs and the use of technical inputs. The trend in intermediate inputs also reflects the growing adhesion to Regulation (EEC) no. 2078/92, due to which eco-compatible agronomic practices are now more widespread.

Of the technical inputs which have recorded increases in use, irrigation water experienced the highest rate of increase (+6.9%), due mainly to the dry weather conditions which affected all Italian Regions and, in some cases, caused water shortages.

Prices of technical inputs purchased by agriculture fell slightly in 1998 (-1.8%). The dynamic of base prices for agricultural products was even worse (-2.2%) and the agricultural terms of trade were, therefore, again unfavourable. Italian agriculture once more made a positive contribution to controlling inflation, helping to put a brake on consumer prices.

Agricultural value added at base prices increased 1.2% in real terms in 1998, due to good results in output for the sector and to a slight fall in intermediate inputs. At current prices, value added amounted to 54,710 billion lire, a contraction of 1.1% as compared with 1997. A comparison of value added by geographical area revealed a slight increase in value added in the North-east and Centre, contrasting with a fall in the South and a static situation in the North-west.

An analysis of value added per person employed in 1998 showed an increase of 3.9% in real terms; the continued erosion of the workforce in agriculture, which fell a further 2.5%, contributed to this result. Real per capita value added in agriculture stood at 40.4 million lire, as a national average. Value added in the North-west exceeded 58 million lire per person employed in agriculture, equivalent to a 5.4% increase as compared with 1997 and was due, above all, to a contraction in the number employed in the sector (-5.1%), given that results for the agricultural year were mediocre. Agriculture in the North-east recorded a value added per capita of 48.3 million lire, an increase of 8.6%, attributable mainly to the excellent season. Central Italy was just below the national average with a value added per person employed in agriculture of nearly 40 million lire, an increase of 7.2% as compared with 1997. This was the result of a good performance in overall output together with a contraction of around 3.6% in the number employed in agriculture. Once again, the South stands apart from the other areas, recording a value added per person employed in agriculture averaging 31.8 million lire at constant prices. The gap has widened further as compared with 1997, since value added in the South remained unchanged while in all the other areas it increased. In 1998, value added per person employed in agriculture in the South was equivalent to 78.6% of the national average (it had been 81.4% in 1997) and equivalent to only 54.6% of average value added for the North-west (as compared with 57.4% the previous year).

## Chapter 5

# The food industry

In 1998, value added at factor cost for the food industry, according to the new series of national accounts based on the SEC95 system, amounted to 38,616 billion lire, equivalent to about two thirds of agricultural value added, just under a tenth of total value added for the processing industry and nearly 2% of that for the whole national economy.

The 1998 results must be analysed carefully on the basis of the various estimates of value added under the current system of national accounts. According to data at current prices for value added at factor cost, the national food industry results for 1998 were negative, with a reduction of around 500 billion lire as compared with 1997. In contrast, in volume terms – that is, on the basis of the series at constant prices - value added at factor cost increased by 3.3%, deflating the series at current prices by the average inflation rate. In real terms, results in 1998 confirmed, and emphasised the downward trend that has characterised the sector throughout the 1990s, showing a fall of around 10% as compared with 1990 and of 6% as compared with 1995. Value added at basic prices revealed the same trend at basic prices as that for value added at factor cost, but recorded growth equivalent to 1.7% at current prices. As regards value added at market prices, the results for 1998 were positive, with an increase of 4.3% at current prices, from 50,010 billion lire in 1997 to 52,155 billion lire in 1998 and an increase of 2% at constant prices.

The year may, therefore, be considered positive as regards the expansion in output and sales, but negative as regards the income earned by operators in the food industry, due to the reduction in production subsidies, which fell from 2,783 billion lire to 2,174 billion lire.

The revision of the national system of economic accounts brought about some important changes in the numbers employed in the food industry as activities previously recorded under the sectors of agriculture and distribution were grouped together with the food industry. As a result, there was an increase of over 100,000 units as compared with the old series. In 1998, the number employed in the food industry amounted to 491,000 units, of which 347,000 were employees, an increase of over 20,000 units between 1997 and 1998, whereas the data produced by the industrial associations estimate limited growth of around 1,000 units,



although this data still confirmed the positive dynamic. Both these sources indicate stable employment levels and some capacity for job creation.

In 1998, industrial production of food and drink increased 2.3%, but the dynamic slowed progressively during the year, culminating in a contraction in the final quarter. The food industry recorded increased turnover (+1.6% as compared with 1997) but the rise was smaller than that achieved by the manufacturing sector as a whole, although higher than the average for the 1995-1998 period. Overall growth continued to be underpinned by the positive foreign trade component, although it only represented 14% of overall turnover for the Italian food industry. Indeed, food industry turnover from exports in 1998 increased by 7.6%.

Growth in domestic food consumption for Italian households slowed as compared with non-food consumption, with an increase of 1.5% at current prices and 0.8% at constant prices. In contrast, food consumption outside the home continued to increase at a higher rate, generally in line with that of other non-food sectors. Demand for food and drink may, therefore, be divided into three distinct components with differing effects on the evolution of the sector's production: firstly, there is the main domestic component, which is now almost saturated and dominated by the role of modern retail distribution; it is accompanied by a positive domestic component, regarding food consumption outside the home, also including, therefore, associated services, and finally there is the export component, which is also dynamic, but the focal selling point is recognised product quality.

There was little change in the list of top companies in the Italian food industry: it was still headed by Nestlé Italiana, followed by Ferrero, Barilla (which moved up past Unilever Italia to take third place) and Galbani. Company results for 1997 showed a slight increase in overall turnover for the top twenty enterprises, contrasting with a reduction in employment levels as a result of restructuring and of externalisation of some functions by the major enterprises. The stationary nature of the competitive scene was due to a lack of significant mergers and acquisitions following a previous period of great activity in this respect. Operations became more focused on the reorganisation of the product portfolio, in order to achieve greater profitability, through relatively small acquisitions and sales. In 1998, several trends which had emerged at national level in previous years were confirmed: the sale of enterprises or of branches of Italian enterprises by foreign groups to Italian companies; the acquisition of foreign enterprises on the part of Italian groups; changing ownership of Italian enterprises from one foreign group to another and, lastly, the consolidation and reorganisation of some national groups.

## Chapter 6

# Organisation for improving the economic position of agricultural producers

The cooperative movement in Italian agriculture represents a significant share of cooperation within the European Community, although it is considerably fragmented and the average turnover per Cooperative is amongst the lowest. This situation reflects the fact that strategies to respond to the changing agro-industrial scene have not yet been widely formulated, despite the recent acceleration in the process of concentration within the agro-industrial cooperative system.

In recent years, the process of promoting and consolidating new cooperatives in less developed areas, particularly in the South, has accelerated: besides support for the creation of new cooperatives, partly through the mechanism of mutual funds foreseen in the Law no.59/92, existing cooperative groups have merged and new groups have been formed, with the participation of cooperatives from southern Italy, making use of the legal provisions for Macro Commercial Organisations.

The problem of capital formation and procuring financial resources is a crucial factor for the development of the cooperative movement. The contribution of risk capital on the part of “non ordinary” members (members providing finance as foreseen by law) has not yet achieved satisfactory results. Consequently, it has been proposed that provision be made to establish reserves that could be distributed to these members if the cooperative were liquidated, and that shares should be transferable in order to permit access to capital gain.

As regards loan capital, Law no.448/98 introduced the possibility for cooperatives to collect savings from the public through the emission of shares, but the current provisions for implementing the law actually make it more difficult for many smaller cooperatives to alleviate the problem of raising capital.

The access of cooperative enterprises to resources under Regulation (EC) no.1257/99, regarding policies for farm structures and rural development 2000-2006, will be dictated by the decisions each Regional Government takes in its Plan for rural development. National measures provided for under legislative decree no.173/98 have also

begun to take shape, following the emanation of the first decrees for implementation; these decrees provide for financial support to cooperative enterprises, producer associations and their national unions and to agricultural consortia, regarding both negotiated programme measures and aid in favour for improving processing and marketing enterprises.

As regards Producer Associations, despite the abrogation of Regulation (EC) no.952/97 and the “horizontal” concept of producer associations associated with it, the orientation of the EU increasingly favours this kind of economic organisation, considering it a fundamental component of the new Common Organisation of the Market (COM), as has already been the case for the fruit and vegetable and tobacco sectors in the last few years and, more recently, for wine.

In the fruit and vegetable sector, producer organisations have gradually increased their operations, but their share of fruit and vegetable production is still quite limited, besides being regionally unbalanced.

In the tobacco sector, the implementation of the new COM ought limit the number of Associations, as well as favouring a process of reorganisation, leading to the formation of Associations which group together producers of similar quality products.

In general, the crisis of identity which has recently affected Italian Associations in many sectors (milk, olive oil, fruit and vegetables, sugar beet and tobacco) has become more acute, as they encounter a great number of difficulties in carrying out their role in promoting the interests of farmers.

The use of interprofessional agreements has also proved to be problematic in recent seasons, despite the fact that the changes currently taking place in the markets and in agricultural policies make improved programming of filière relationships an increasingly pressing issue. The long-term variability and instability of interprofessional agreements, the difficulties and delays encountered to complete them and the problems faced in ensuring they are enforced demonstrate their inability to orient and control the planning and development of the various sectors effectively; as a result, they may prove little more than an administrative and bureaucratic agreement for implementing specific norms on support and regulation.

Some new and interesting prospects are emerging for more effective interprofessional intervention, both on the basis of regulation of some COMs (fruit and vegetables, tobacco and wine) and, more generally, in the implementation of legislative decree no.173/98, particularly regarding traditional and typical production and the negotiated programming tools.

The main sectors affected by interprofessional agreements in Italy are those of durum wheat, oilseeds, industrial tomato and potato, sugar beet, tobacco, citrus fruit and cow’s milk.

## Chapter 7

# Italian foreign trade in agro-food products

The process towards concentration in the Italian food distribution system continued in 1997, at the expense of traditional retail and self-service outlets which contracted considerably in terms of number and of sales area.

As regards types of retail outlet, supermarkets continued to increase their share of the market, continuing the trend of the previous three years (+20%) while the downward trend for traditional retail outlets persisted. The increase for hypermarkets was very small (+2.2%) while discount stores maintained their growth (+7.2%), although expansion both in the number of outlets and in turnover is expected to slow down, especially in northern regions where the market is showing signs of saturation.

The supermarket component is certainly the most dynamic, favoured by the conversion of many soft discount stores into supermarkets, while in towns megastores (a retail outlet of intermediate size, between that of a supermarket and a hypermarket, with a large non-food sector) are flourishing.

Two main types of strategy are currently being implemented: increased competitiveness and the conquest of new market segments. The first objective is pursued by measures such as the rationalisation of management and logistics, improvements in efficiency and reductions in unit cost, mainly through the creation of supercentres for purchasing. These macro-organisations link together several distribution chains with the aim of increasing concentration and negotiating leverage with suppliers.

The expansion of market share is sought above all in terms of customer loyalty and store name strategy. The battle for customer loyalty between the principal retail groups is fought mainly on the basis of distinguishing one's services from that of competitors; the key elements are: the quantity and quality of services offered to the customer, the range of products available and the direct promotion of the retailer's name through private label products and fidelity cards. The use of promotional price points and discounting helps to tackle competition on pricing from discount stores.

Food consumption in 1997 remained practically stationary (+0.3%). In contrast, purchases of other consumer goods increased by 2.8%, although average price increases were +2.9%. The differentiation in trends between categories of consumption resulted in a contraction in the share of food expenditure from 17.2% in 1996 to 16.4% in 1997.

In the early 1990s figures revealed an increasing preference in Italy for a lighter diet, above all in the home. The latest data, referring to 1996, show increases in consumption of bread (about +1%) and especially of pasta (+3.4%). In contrast, consumption of fruit continued to fall (-2.7%) as did that of beef (-8.7%), with a more marked drop as a consequence of the BSE crisis. Average monthly expenditure on food fell, reflecting the trend established in recent decades, from 21.5% of total consumption in 1995 to 21% in 1996.

Expenditure for food consumption in the home as compared to total consumption fell in 1996 for the entrepreneur category to 16.2% (-1.5%) and for the self-employed and professionals to 20.4% (-1.1%). This phenomenon is due to more frequent meals out by these families.

Changes to the structure and importance of main meals continued, with lunch as the main meal becoming less standard. Dinner is now the main meal of the day for around 21% of Italians, rising to 27%-30% in the Centre and North, whilst only 10-11% consider it so in the South. In 1996 families spent an average of 138,000 lire per month on eating out, though variations ranged from 190,000 lire in the North-east to 76,000 lire in the South, where there was a fall as compared to 1995. Average monthly food expenditure was highest for families of those in professional categories (279,000 lire), while the lowest expenditure was amongst farmers' families and those of non-professional categories. One sector of food demand in constant expansion was that of schools, with expenditure rising from 2,123 billion lire in 1996 to 2,239 billion lire in 1997. Indeed, children represent the category that consumes most outside the home: 40% and 13% respectively for 3-5 year-olds and 6-10 year-olds. The incidence of catering on total food consumption was estimated at around 22-23%, and is forecast to reach 25-26% in 1998.

As regards the quality of agro-food products, the iter for recognition of PDO and PGI products, provided for under article 17 of Regulation (EEC) 2081/92, can be considered almost complete. The European Community can now count on a protected agro-food patrimony of nearly 500 different products and Italy may consider itself duly satisfied as it holds second place, after France, for the number of products recognised. Italy's success is well deserved, rewarding its tradition and product diversification, even if in some cases the choice of product had

less in common with the spirit of the Regulation and more to do with excessively regional interests.

The most recent wave of recognitions in particular favoured Italian olive oils (a total of 20) and fresh fruit and vegetables (24 products). Also worthy of note was the recognition of 4 salted meats from Calabria. The first Italian bakery product to achieve PGI status was Genzano bread, and the first fresh meat product to gain recognition was the beef *vitellone bianco* from the Central Apennines, distinguishing the meat from Chianina, Marchigiana and Romagnola cattle.

The success achieved regarding recognition has not, however, been followed up with swift implementation of all the details of the Regulation; implementation has been delayed both by cultural problems, and by difficulties concerning the technical and organisational resources to set up adequate control and certification systems. Italy has not yet implemented the requirements of article 10 of the Regulation and a clear framework for operators of protected production is still not in place although some progress has been made.

During the first half of 1998 initiatives emerged and the debate heated up over certain issues regarding the quality of PDO and PGI production, particularly with regard to the problem of control, but also regarding controversial subjects such as planning production in line with market trends.

The legislative decree no. 173 of 30<sup>th</sup> April 1998, "Dispositions concerning limitation of costs of production and strengthening farm structures" also deals with questions relating to typical and protected production. The measures aimed at strengthening farm structures and achieving economic integration in the filière give consortia and, in general, organisations within the filière involved in PDO and PGI production, specific power to programme production according to market trends, by means of agreements between agricultural producers or between producers and firms. They can also carry out plans for improving product quality, even if this means limiting volumes supplied, and concentrate supply and the flow of produce to the market.

As usual, the Central Inspectorate for the Repression of Fraud operated on the basis of directives from the political-administrative programme of guidelines defined by the Ministry for Agricultural Policies and in accordance with the systematic programme of measures emanated jointly with the Ministry for Health. The first of these two programmes identified a series of controls with priority in the following sectors: quality wine; DPO cheese; fresh soft cheese and similar; citrus fruit juices; honey and feedstuffs for cattle to prevent any risk of BSE spreading.

As regards laboratory results, 1,405 irregular samples were recorded (13.1% of those analysed) as compared with 1,531 in 1996 (-8.2%). There has been no change in the priority sectors subject to control. These are the wine, dairy and oils sectors, all of which hold a key position in the Italian agro-food filière in terms of image and socio-economic importance, given the high levels of employment in these sectors. Considerable weight was given to checks in the feedstuffs sector, owing to the BSE emergency.

As regards the activities of the Anti-trust Authority, the number of decisions taken in the agro-food sector, as compared with previous years, fell both in absolute and relative terms and concentrated mainly on the dairy sector. The acquisition by Cirio of 75% of the capital of the Centrale del latte di Roma came under examination. In 1996 about 40% of fresh milk was processed by three groups: Cirio, Granarolo and Parmalat, all of which also have a strong position in the UHT milk market. With the proposed concentration, Cirio would have acquired a leading position in the Lazio Region for fresh milk production, increasing its share from 25% to 66%. At the end of its investigation, the Authority maintained that the acquisition of the Centrale del latte di Roma by Cirio would have had negative effects on competition in the market for fresh milk in Lazio; Cirio therefore agreed to relinquish one of its own brand names, together with the corresponding productive capacity, to an operator with a suitable industrial plan. Under these conditions the Authority approved the operation.

## Chapter 8

# The domestic market

In 1998, the reform of the retail sector was launched (legislative decree no. 114/98); this should also improve and simplify agro-food distribution. The main aims of the reform were: market transparency and free circulation of goods; consumer protection and product safety; efficiency, modernisation and development of the retail distribution network; limitation of price increases; plurality and balance between the various types of retail distribution structures and the different kinds of outlet, with particular attention given to the safeguard of small and medium enterprises and of retail services in urban, rural and mountain areas and on islands.

The trend in recent years towards increased concentration through modern retail distribution at the expense of traditional wholesale and retail outlets, appears to have slowed, despite the fact that there was a further sharp fall in the number of shops.

According to Nielsen, grocery outlets in the modern retail distribution sector (hypermarkets, supermarkets and self-service) accounted for under 66% of overall business; in addition, discount stores recorded a declining share of 9%. Only the hypermarket category increased in number, to 4.3%, as compared with 1997 (2.2%); in contrast, the rate of growth for the other types of outlet either slowed significantly (that of supermarkets fell from 8.8% to 4.6% and that of department stores fell from 7.3% to 0.2%), or recorded a contraction in absolute terms (discount stores -7.7% and cash and carry outlets -1.7%).

As regards geographical location, the significant contrast between the Centre-North and the South remained. The number and size of outlet were inferior both for food and non-food outlets in the South. As regards the number of large food outlets (supermarkets, excluding hypermarkets), there were 15 outlets per 100,000 inhabitants in the North-east; the ratio was almost 10 to every 100,000 in the North-west and Centre. In contrast, in the South the ratio was only 6.5 per 100,000. The sales area per 1,000 inhabitants in the North-east stood at 135 square metres, falling to around 95 and 83 square metres in the North-west and Centre, respectively, and to only 50 square metres in the South.

1998 proved to be an important year for the financial strategies of



the retail distribution groups, led by the major French enterprises. Rinascente-Auchan became the leader in Italy for the hypermarket sector, with 33 outlets at the end of 1998.

The largest retail outlets continue to pursue their main objective – winning customer fidelity – with mainly “traditional” methods: differentiation of services, in terms of the range of products available and the quality and quantity of services offered, as well as in pricing strategies. The leading strategy employed by modern retailing was that of promoting “star prices” and of creating an image for its own-label goods similar to that of brand-name products.

As regards food consumption, trends evident in recent years were maintained. Consumers have greater discernment, are better informed, independent and individualistic and with a greater propensity to change the choice of food and of retail outlet. The very limited average increase in consumer prices for food (0.7%) encouraged growth but this was still lower than that for non-food goods. As a result, however, there was a reduction in the share of expenditure for food consumption (from 16.5% in 1997 to 16.1% in 1998). Moreover, in real terms, the slower growth (0.6%) regarded food in the narrowest sense, as the soft drinks sector continued to expand (+3.4%) and there was a slow-down in trend for alcoholic beverages, where consumption rose by 1.6%.

As regards quality, although there is still no clear framework at national level for the promotion of Italian agro-food products, it is interesting to note how, at the end of 1998 and even more so in 1999, the issue of quality has come to the attention of Italian politicians, who have chosen quality as the password in the war of competition waged by Italian products abroad. There is an increasing focus on the defence of traditional production associated with a specific geographical location, representative of Italian gastronomic heritage as well as of Italian agriculture.

The main provision in 1998 which had significant implications for PDO and PGI products, as well as for the numerous products certified as “typical”, was legislative decree no. 173/98 “Dispositions concerning the limitation of costs of production and for strengthening farm structures”. With this decree, Consortia, and organisations in general within the filière involved in PDO and PGI production, were given specific power for the first time to plan production according to market trends and to implement plans for improving product quality. The decree also provides for an action plan to promote the patrimony of traditional agro-food products, linked with references to cultural heritage, crafts and tourism. The Ministry for Agricultural Policies (MIPA) is working on the implemen-

tation of this initiative and has produced a draft regulation for identifying and cataloguing traditional products; it is also examining ways of introducing derogations to the norms for standards of hygiene which were drawn up for industrial production and which are not easily applied to production of typical products as these owe their unique character to “non standard” methods and materials.

Recognition of products from the Italian mountain areas was also approved, as was the establishment of a register of mountain products. The additional label “made in the Italian mountains” may be applied exclusively to agro-food products which have already achieved EU PDO or PGI recognition and which come from municipalities in mountain areas.

As regards PDO and PGI recognition, a further batch of products was registered in 1998. Italy has registered one hundred products and is second only to France, due to cheeses and salted meat, for which Italy has the greatest number of recognised products (the most recent were Cotechino and lo Zampone di Modena), to its fruit and vegetables and to olive oil. PGI status was recognised for Genzano bread and for vitellone bianco (white veal) from the Central Apennines. Mozzarella made from cow’s milk was accorded “certification of specificity”. Most Italian products which have gained PDO or PGI status are processed food, from the agro-food sphere, such as cheese, prepared meat and olive oil. They represent the exceptional variety of Italian food tradition.

During most of 1998, work proceeded to bring Italy into line with article 10 of Regulation 2081, which specified that responsibility for controlling and checking product conformity should be given to independent bodies. Although there were some difficulties, by early 1999 regulatory bodies had been recognised for a large number of PDO and PGI products.



## Chapter 9

# The industry for production of technical inputs

In 1998, Italian farmers spent around 18,400 billion lire for the purchase of industrially produced technical inputs. As in the past, just under half of the expenditure was for feedstuffs, almost a third was for new investments in farm machinery and equipment and the remaining part was divided up between the various inputs used for crop cultivation.

The domestic market for technical inputs in 1998 recorded results similar to those of 1997: alongside a considerable increase in expenditure for agricultural machinery (7.6%), only expenditure for seeds increased slightly in value terms, while the negative trend for fertilisers and feedstuffs continued, and also affected expenditure on phyto-pharmaceuticals.

The small increase in expenditure was due to a very modest rise in prices (+0.4%), while the quantity purchased was practically unchanged. For the fourth consecutive year, the overall trend in prices for technical inputs was better than that for agricultural products, which fell by 1.9%, so the deterioration in the terms of trade between agriculture and the supplier sectors continued.

An analysis of the individual sectors reveals that fertiliser use in the agricultural year 1997/98 amounted to 1,776,500 tons, an overall reduction of 2.4%. The fall was due mainly to the reduction in use of double ammonium phosphate, which contributed to the overall reduction in use of phosphate, nitrogen and binary compounds. Use of ternary compounds was practically unchanged, whereas that of potassium fertilisers fell slightly. In contrast, organic fertilisers met with growing success.

Overall use of phyto-pharmaceuticals in Italian agriculture fell slightly, confirming the market trend towards the gradual introduction of new, more expensive products, with lower environmental impact and the steady contraction in the quantity sold.

As regards seeds, there were positive trends for soya (+16.5%), alfalfa (+2.5%), barley (+1.7%) and legumes (+4%); use of soft wheat, minor cereals and potato was practically unchanged while use of maize in particular, as well as hard wheat, rice and sugar beet, fell.

As regards feedstuffs, positive results were recorded for poultry feedstuffs, mainly used by the livestock farms owned by the feedstuff

producers. The pig feedstuffs sector was stable; in this area, production by the livestock farms themselves has partly substituted the use of industrially produced feedstuffs. There was a contraction in cattle feedstuffs.

In 1998, the recovery in domestic demand for agricultural machinery continued. Growth was recorded in most areas and was boosted in the second half of the year when provisions offering incentives for the renewal of agricultural machinery came into force.

With respect to 1995, Italian industrial production of technical inputs for agriculture recorded a slight increase of 1.7%, as a result of growth in the agricultural machinery sector (+10.3%), chemical inputs (5.7%) and feedstuffs (+2.8%), offset by a significant contraction in fertiliser production (-19.5%) which, after signs of stability in 1997, contracted again by almost 15% in 1998.

In contrast, the index of industrial production of technical inputs for agriculture recorded a reduction of 3.4% as compared with 1997, due to the contraction in fertilisers, agricultural machinery and phyto-pharmaceuticals, while production of feedstuffs increased. In 1998, the positive trend in national seed production also suffered a setback after several years of growth. The negative results were attributable exclusively to the main cereal crops and to potatoes, since all the other types of certified seeds recorded increases which were, in some cases, considerable.

As regards foreign trade, after years of consistent improvement, the positive balance in 1998 fell slightly, amounting to 2,630 billion lire, as a result of a 3.4% increase in imports and generally stable levels for exports. The overall trend is due to a reduction in the trade surplus of around 400 billion lire for the agro-mechanical sector which was not offset by improvements in the trade deficit of the other sectors. With the exception of agricultural machinery, which maintained a high level of net exports, dependence on foreign goods remained significant both for seeds (31.4%) and for fertilisers (54.2%); 18% of phyto-pharmaceuticals were imported and less than 10% of feedstuffs, excluding purchases of raw materials used in the national industry.

In 1998, the area under transgenic crops world-wide rose to 29.6 million hectares, more than double that of 1997 and more than ten times the area in 1996. In the USA and Canada 20.5 million hectares and 2.8 million hectares were cultivated respectively, equivalent to 69% and 9% of overall area world-wide. Within this context, the EU situation is in stark contrast, due to the very limited development of these crops. In 1998 the first transgenic plants for marketing were grown, but the area cultivated was confined to 20,000 hectares in Spain and 2,000 hectares in France.

The very restricted diffusion in the EU is due mainly to the difficulties encountered at normative level, and to the strong opposition faced from environmental pressure groups. On 31st December 1998, authorisation had been given to market ten genetically modified plants, in accordance with Directive 90/220/EEC, of which only four in 1998. Moreover, only five of these were authorised for cultivation.

In 1998, there were also some changes in the European normative framework. Directive 98/44/EC was approved regarding the legal protection of biotechnological inventions. The final text aroused reactions from environmentalist groups and other opposition. Yet it seems cautious in acknowledging the need for innovation and is oriented primarily towards the objective of harmonisation of national patent norms. In the agriculture sector, Directive 98/44 does not recognise the patenting of plant varieties, which was accepted in Italy in 1998, nor of animal breeds, while recognising the farmer's right to produce seed for his own use from patented seeds and the right of those who develop new varieties to use patented seeds.

Lastly, Directive 98/81/EC was also approved, modifying the previous Directive 90/219 on the restricted use of genetically modified microorganisms. European research, both public and private, continued, although the number of field experiments, which had reached a peak in 1997 with 277 authorisations, fell to 172 in 1998. Italy conducted 15.7% of the experiments carried out in Europe in the 1990s.



## Chapter 10

# Agricultural credit

Fears were justified that the further prorogation (to 30th June 1998) granted by the Commission to Member States to bring the level of subsidy on short-term credit operations into line with the criteria fixed by Communication (92/C 44/02) would prove inadequate. Although the amount of subsidised short-term finance fell in just six months to less than 3,000 billion lire, as compared with 4,300 billion lire at the end of 1997, Regional governments could no longer concede subsidies on short-term operations when this most recent prorogation expired.

The government fared better on the case which the Commission had threatened to initiate in April 1998 over subsidies payable under Law no. 1329/65 - the so-called "Sabatini law" - to enterprises processing and marketing agricultural products. The ban on subsidies for the purchase of equipment by the agro-food industry was lifted, following the European Commission's decision of 14th October 1998. It accepted the Italian government's defence and assurances and ruled that the measures provided for under the Sabatini law were compatible with the common market.

At the end of March 1999 the Ministry for Agricultural Policies (MIPA) presented a draft for a new law on the "Reform of subsidised credit for agriculture and fishing and of forms of joint guarantee in the agricultural and fishing sectors, to be supported by financial measures". The draft put forward two main proposals: the first was the abrogation of the system of reference rates, affirming the principle of net separation between the concession of credit and that of subsidy; the second promoted the development of consortia for collective guarantees for credit in the agricultural and fishing sectors. The draft law has not yet been debated in Parliament, having been sidelined because of the negative reactions it received from Regional governments.

The MIPA decided not to persist with its own proposal, but some measures originally put forward in the ministerial draft law were included in legislative decree no.173 of 30th April 1998 "Measures for limiting production costs and improving the structure of agricultural enterprises, in accordance with art. 55, commas 14 and 15, of Law no.449 of 27th December 1997". More specifically, article 5 made provision to extend



the guarantees provided by the fund established at the Mediocredito Centrale bank (in accordance with article 2, comma 100 of Law no.622 of 23 December 1996) to include loans for small and medium-sized enterprises operating in the agricultural, agro-food and fishing sectors, made from collectively guaranteed funds. The same article, at comma 3, gives mortgage holders the possibility of renegotiating or paying off agricultural and property mortgages agreed at a subsidised rate, without losing the right to subsidy. There was strong resistance on the part of the banks to implementing such a disposition. In practice, as of December 1998 comma 3 of article 5 of legislative decree no.173/98 - also known as the "Cost-cutting decree" had yet to be implemented. Further legislative provisions were awaited which would define more clearly the technical details for implementing the disposition.

Many Regional governments took the initiative and passed regional legislation on subsidised agricultural credit, so that beneficiary and local government can operate unhampered. The Regions of Emilia-Romagna, Lombardy, Abruzzo, Friuli-Venezia Giulia, Veneto, Liguria and Umbria have already legislated on the basis of the Commission's findings and other Regions are about to pass laws, forced by the urgency of implementing comma 3 of article 5 of legislative decree no.173/98 on mortgage renegotiation and settlement. In many of the laws approved at regional level the establishment of consortia for credit guarantee in agriculture is encouraged, as a means of overcoming the difficulties of individual farmers when they need to negotiate conditions for loans with banks.

The number of Consortia for collective credit guarantee has been increasing in the agricultural sector, at first spontaneously, but later due to specific legislation to favour their establishment. In many Provinces new agricultural credit consortia have been established, often promoted by local government; thirty were set up between 1996 and 1997.

Another provision that ought to favour development of subsidised credit in the agricultural sector is Law no. 441 of 15th December 1998, "Norms for the promotion and enhancement of entrepreneurial skills in young farmers", the so-called "Youth package". It aims to promote farm management among young people and focuses on establishing and settling farmers under 40 years old.

Italy's inclusion in European Monetary Union provoked a sharp fall in interest rates in 1998 and 1999. It is interesting to note that the reference interest rate for agricultural credit for working capital was always lower than the average for all sectors, while the rate for credit operations for improvements was nearly always higher.

A detailed analysis of operations of agricultural credit, by area and type of investment, reveals that the number of erogations and size of operations for the purchase of rural property have fallen. Moreover, this fall is so sharp that only a change in the way the data is collected can adequately account for it. The Bank of Italy, however, gives no explanation on this matter.

It is clear, however, that the fall in credit operations for the construction of farm buildings and the purchase of machines, transport and equipment was concentrated in north-western Regions, whereas there was an increase in north-eastern, central and southern Regions. In particular, there was a sharp fall in erogations for the purchase of machines, transport and equipment in Lombardy (-54.6%) while erogations almost doubled in Emilia-Romagna (+89.5%), in contrast to fairly limited differences in all the other northern Regions. Increases, even if somewhat limited, in operations for the purchase of machines, transport and equipment were recorded for almost all the other central and southern Regions, except for Tuscany, Le Marche, Lazio, Campania and Sicily.

Recourse to agricultural credit has become less frequent, as a result of the reforms introduced by the new Single Text for banking and credit issues and a lack of national legislation similar to past pluri-annual laws to offer incentives. The strong weight of Community subsidies on total expenditure for agriculture, even for intervention of a structural nature, is also a significant factor. This downward trend continues against a backdrop of market rates which, in the last year, have fallen to levels very close to that of previously subsidised rates.



# Agricultural employment

Employment in Italy increased slightly in 1998, by 111,000 units (+0.6%). Once again it was the services sector which contributed most to this growth (+1%), together with the industrial sector (+0.3%), whereas the negative trend in employment in agriculture continued (-2.3%). The increase in the number of employed persons is due almost entirely to the increase in numbers in part-time employment.

The slight rise in employment was not enough, however, to bring down levels of unemployment, which increased by 33,000 units, resulting in an unemployment rate of 12.3%. Growth in the labour force is a phenomenon which typically regards women and the South of Italy: the overall increase at national level was 0.6%, but the increase for the South in particular was 1.4% and for women it was 2%.

Employment in agriculture fell by 2.3%, with a loss of 31,000 units as compared with 1997. The sharpest fall was in the Centre-North, both in absolute terms (-22,000 units, as compared with -9,000 in the South) and in relative terms (-3.2% and -1.3% respectively). The percentage of women employed in agriculture rose to 34.2%.

The family-run enterprise continues to dominate Italian agriculture. Only 17% of agricultural enterprises employ non-family labour, with contrasting regional differences: in the North non-family labour represents only 8.6%, in the Centre it increases to 9.2% and in the South it rises to 23.9%. As regards days worked, 86% of days worked were provided by the farm manager (50%) and his/her family; the remaining amount was carried out by employees. Here, too, regional differences were marked: the percentage of days worked by family members was smaller in the South (82.2%) than in the Centre (88%) and North (90.2%). As regards the farm manager's age, only 14.7% of farmers were under 45 years old; 46.6% were aged between 45 and 64 and 38.7% were 65 or over. As regards education, some signs of improvement are evident, particularly in the percentage of those with degrees or secondary school qualifications (11.9%, of which 2.1% in agricultural technical colleges), which is rising (9.9% in 1995 and 8.8% in 1993).

As regards employment of non-EU immigrants, 1,250,214 foreigners were registered as resident in Italy in 1998, an increase on the previ-

ous year. The number of foreigners has always been greater in the Centre-North than in the South and Islands, rising from 80% in 1990 to 83.3% in 1997 and to around 85% in 1998. These figures indicate that southern Italy represents a point of entry, from which immigrants then move towards the Centre-North, where there are better employment prospects.

As regards the number of registered unemployed, 73.6% were registered for the services sector, 19.8% for industry and 6.6% for agriculture. A comparison with the previous year highlights a drop in numbers in the agricultural and industrial sectors (-8.9% and -5.8% respectively) and a rise in the services sector (+17.3%).

In contrast, as regards the percentages starting work, 26.4% of the national total was in the agricultural sector, 39.4% in industry and 34.2% in the services sector. A comparison with the previous year reveals an overall increase in all sectors, particularly strong in the agricultural sector (+29.5%), moderate in the services sector (+11.8%) and almost unchanged in industry (+0.5%).

Of the non-EU immigrants working in agriculture, 44.4% were employed in the North and Centre and 55.6% in the South and Islands.

The six Regions employing most immigrant workers in agriculture were: Puglia, with 14,942 (18.7%); Calabria, with 9,050 (11.3%); Lazio, with 8,890 (11.1%); Campania, with 8,100 (10.2%); Trentino, with 7,000 (8.8%) and Sicily, with 6,070 (7.6%). These Regions alone employ 54,052 immigrants, equivalent to 67.8% of the total. The remaining 32.2% (25,688 units) is employed by the other 14 Regions. The agricultural sector employing most immigrants is that of tree crops (37.9%), particularly at harvest time, in the Trentino apple orchards, the Calabrian and Sicilian citrus fruit groves and in the orchards, vineyards and olive groves common to almost all Regions. The second sector, after tree crops, is that of vegetables, employing 22.6% of immigrants, followed by industrial crops with 20.3% and livestock with 10.8%. The livestock sector showed an even distribution of employment around the country.

As regards employment and pensions policies in agriculture, the most important events worthy of note in 1997 and 1998 were: the introduction of three new kinds of contract to permit a more flexible use of employed manpower (apprenticeship, part-time and temporary work); the relaunch of realignment negotiations; the extension to the primary sector of negotiated programming measures; area agreements, area contracts and programme contracts; the introduction of supplementary national insurance contributions and the approval of a partial amnesty on unpaid contributions.

The agricultural sector was brought into line with the other productive sectors as regards a more flexible use of labour by the agreement of 25th July 1994 regarding the labour market and the Law no.196/97. This law states quite clearly that apprenticeship contracts may be stipulated in all sectors. It delegates the question of the extension to the agricultural sector of measures for part-time employment to national-level negotiations. The most representative unions are also given the possibility of introducing interim contracts in the agricultural sector, on a trial basis, subject to a signed agreement outlining the areas involved and the details of the experiment.

Apprenticeship contracts are aimed at 16-24 year olds (or 26 in the areas identified in Objectives 1 and 2 of Regulation (EEC) no. 2081/93). The length of the apprenticeship contract is in accordance with national contracts, from a minimum of 18 months to a maximum of 4 years.

As regards part-time contracts, the national contract for agricultural workers provided for their inclusion on condition that it was on a voluntary basis, that priority be given to workers already employed by the enterprise and that all the contractual regulations in force for standard working hours be applied.

The most recent innovative disposition included in the national contract for agricultural workers concerns interim work. For this, the unions decided to carry out the trial provided for under Law 196/97. The length of the trial was agreed (from 1st July 1998 to 31 December 2001), the areas involved were named (Lombardy, Veneto, Trentino, Alto-Adige, Umbria, Puglia, Basilicata, as well as the Provinces of Reggio Emilia, Modena, Parma, Piacenza, Turin, Imperia, Pordenone, Arezzo, Latina, Ascoli Piceno, Salerno and Ragusa) and the terms and conditions for the use of temporary employment were set out.

As regards realignment contracts, Laws 448/98 and 144/99 offered firms operating with unregistered labour the opportunity gradually to come into line with national contracts and benefit from all the subsidies provided for under the law. The offer was limited to six southern Regions (Campania, Basilicata, Puglia, Calabria, Sicily and Sardinia).

With decree no. 127 of 11 November 1998, the Interministerial Committee on Economic Planning (CIPE) extended the use of negotiated programming measures on area agreements, area contracts and programme contracts to agricultural, fishing and forestry enterprises. This was a significant development since, it allowed producers in the primary sector to benefit from the normative and economic support associated with these new negotiated programming tools. These bring together various elements from the public and private sectors, both individuals

and groups, to work towards promoting and creating local employment and development opportunities.

The main change agreed during the renewal of the national labour contract signed on 10th July 1998 was the establishment of supplementary national insurance contributions and the related lump sum payment made at the end of a work contract; workers can now also increase the size of contribution they pay, up to a maximum of 2% of retribution.

The Budget, Financial law 448/98, approved at the end of 1998, included an amnesty on unpaid contributions for the agricultural sector. The provision concerns tens of thousands of farms and gives them the opportunity of regularising their position with the pensions bodies (INPS and INAIL) regarding contributions both for the self-employed (farmers, tenant farmers, share-croppers and farm managers) and for employers in the agricultural in general who owe obligatory contributions for employees.

## Chapter 12

# The land market

In 1998, the price of land in Italy continued to increase at an average annual rate of 3.3%, exceeding the general index of consumer prices by 1.4 percentage points for the second consecutive year. The difference in prices between the North, Centre and South is still marked – the excellent fertility and adaptability of land in the Po valley for a varied range of specialised crops is undoubtedly one of the most important factors in determining the price of land, but other decisive factors include the type of urbanisation and the level of development of the local economy. There were, however, some signs of recovery, especially in some southern Regions. In the last five years average prices have increased 25% in northern Regions, while in central Italy increases reflected the national average (15%) and in the South, they amounted to only 5%. Differences in land value classified according to altitude were less marked, but the value of land in the plains still recorded the greatest increases (+21%).

The distribution of land prices by class highlights the fact that more than 70% of utilised agricultural land (UAL) was valued at less than 30 million lire per hectare. Only 15% of UAL was worth between 30 and 45 million lire, while the remaining UAL (13%) was valued at more than 45 million lire per hectare. Land in some Provinces in Lombardy and Reggio-Emilia fell within this latter category. Land prices in Piedmont and Liguria were quite uniform, with some notable exceptions for quality vineyards and coastal agricultural land where vegetable, flower and nursery production is prevalent. In Romagna, the highest prices were recorded in Provinces with land suitable for fruit production (Ferrara and Ravenna). In Tuscany, the average value of land only exceeded 45 million lire per hectare in some agricultural areas around Pistoia, determined by the dominant presence of nurseries and flower production. In other central Italian Provinces, average prices ranged from 15 to 30 million lire per hectare, except for some areas in the Provinces of Latina and Rome, where intensive crops and the proximity to densely populated areas were the likely causes of considerable increases in land values. In southern Regions and the Islands, average land prices depended on agricultural use: rainfed arable crops and meadows on the one hand, and spe-



cialised crops on the other (orchards, vineyards, citrus fruit groves, olive groves, vegetable and flower production and nurseries). The value of land in areas under rainfed arable crops reached no more than 15 million lire per hectare, as was the case for most of Sardinia or Basilicata, whereas prices in areas where specialised crops predominated were much higher. The coastal Provinces of Campania (Caserta, Salerno and Naples) are an example of this phenomenon, with the average value of land exceeding 45 million lire per hectare.

In north-west Italy, the value of land increased by just over 4%, due once more to the considerable rise recorded in Lombardy (more than 5%) and, more generally, to increases for land in the plains and in the mountainous areas inland. Sales and purchases recorded similar levels to that of 1997, with the exception of the Provinces of Brescia, Cremona and Como, where the market was more animated.

The north-eastern Regions recorded the greatest increases in prices as compared with the rest of the country: in 1998, the average increase in prices was 6%, with sharper increases for land in the hills inland (8%) and the plains (7%).

The land market in central Regions was characterised by a low number of transactions and by a slight increase in average land values. Only Tuscany witnessed a recovery, both in the number of transactions and in the average increase in prices, which rose by just over 1%. The increase in land value in this Region was due mainly to the encouraging results achieved by typical and quality products and by a further expansion in agri-tourism.

Following the substantial stability in the value of land in recent years, land prices in southern Italy increased slightly (1-2%), mainly on account of the rise in land values in the plains (2-3%).

On the Islands, there was still a certain stagnation in prices, with the exception of a slight recovery in the value of land for orchards and vines following the reductions recorded in 1997.

The area of rented land in Italy amounted to 3,854,000 hectares – equivalent to 19% of agro-forestry land in Italy, and distributed between 81,000 farms using exclusively rented land (1.2 million hectares) and 251,000 farms for which 50% of land was rented (2.6 million hectares of rented land). Data confirm a considerable increase in rented land as compared with 1990. As regards geographical location, records for 1997 do not reveal any major changes: a higher than average area is rented in north-western Regions - where there is a strong tradition of contracts for rented agricultural land - and in Sardinia, where vast areas of rented land are used for grazing. The area of rented land increased by about 4-

500,000 hectares in the early 1990s, but in subsequent years there were no signs of a continued upward trend.

In northern Italy, ground rents increased, whereas in central Regions (with some exceptions) and in the South, rents maintained the levels of the previous year. There seems to be a trend towards shorter contracts, generally to 3-5 years for arable crops and 5-10 years for vines and orchards, although there are many cases of annual contracts.

Demand for rented land outstripped supply in most of the country, confirming a basic trend caused by high land prices and by the obvious need to expand farm area in order to make economies of scale and achieve improved market competitiveness.

The most important change in policies for land mobility was the approval of the law favouring young entrepreneurs, which provides for fiscal concessions in the transfer of agricultural land. The lack of generational changeover in agriculture is a problem directly affecting land mobility, given that access to land is an essential requisite for guaranteeing an adequate number of young farmers. Consequently, 1998 will be remembered for the approval of Law no. 441 of 22 December 1998 "Norms for the promotion and enhancement of entrepreneurial skills in young farmers", strongly backed by the young farmers' associations and the result of a parliamentary iter initiated in November 1996 with the presentation of the first draft of the proposed law. The most important provision is undoubtedly the abolition of taxes (inheritance, gift, cadastral and capital gains) in the transfer of agricultural land to close relatives, but the 25% reduction in registration duty (from 8% to 6% on the land purchase value) was also of great interest to agricultural entrepreneurs purchasing land.

The EU Commission also intends to re-propose the incentives regime for early retirement of farmers and farm workers as part of Agenda 2000, by including this measure in the Regulation for rural development. As from 1999, the law regarding young farmers places great emphasis on the priority concession of subsidies for expanding or establishing agricultural enterprises, not only for young owner operators but also for those under 40 whose main source of income is agriculture. The initiatives have been implemented in collaboration with 11 Regional administrations which have so far stipulated agreements with the Cassa per la Formazione della Proprietà Contadina (Bank for the Formation of Peasant Property) to finance land purchases associated with investments for farm improvements. In 1998, financial concessions were still available to farmers for purchasing land, following a new prorogation conceded with the approval of the 1998 Budget.



# The legislative framework

Activity on the part of the European Union in 1998 was dominated by discussions on the Commission's proposals for reform of Community policy in the paper known as "Agenda 2000", on which agreement was reached in Berlin on 26th March 1999.

The compromise reached for structural and cohesion policies did not differ greatly from the Commission's proposals. The European Council approved the Commission's approach regarding the simplification and concentration of measures and allocated a total of 213 billion euros (18 billion euros for the Cohesion Fund and 195 billion euros for Structural Funds).

As regards the reform of the Common Agricultural Policy, the agreement sets agricultural expenditure at an average of 40.5 billion euros a year (at 1999 prices), in addition to resources for rural development and veterinary measures (about 4.3 billion euros per year). The final compromise did not reveal major departures from the Commission's initial proposals, although some measures were diluted over a longer period and the start of the reform was delayed for some sectors, for financial reasons and also in order to reduce the impact on agricultural income. The main points are as follows: a further 15% reduction in intervention prices for cereals and oilseeds; the establishment of equal compensatory payments for cereals and oilseeds; overall confirmation of the existing milk quotas system with general intervention on quotas for every country and specific intervention for certain countries (including Italy); the reduction in intervention prices for beef and a change in its pricing system. The Common Organisation of the Market for wine was also modified, with the aim of ensuring the sector's competitiveness, discouraging excess stocks and defending producers' income. The approval of the so-called "horizontal measures" was also significant, giving Member States the power to adjust compensatory payments according to environmental, employment and income distribution objectives.

In Italy, State reform towards federalism continued; it had been inaugurated with legislative decree no.143 of 4th June 1997, approving the "conferral on the Regions of administrative functions for agriculture, fishing and the reorganisation of agricultural administration". By the end

of 1998 all Regions except for Piedmont had ratified the decree.

Preliminary approval for the reform of AIMA, the Intervention Board, was given by the Council of Ministers in December 1998. The principal components in the reform are the suppression of AIMA and the establishment of the Agency for Payments to the Agricultural Sector (AGEA), whose managerial role will be far more limited than that of AIMA. Indeed, the Regions have been given responsibility for erogating payments from EAGGF-Guarantee fund. In the case of a Region's failure to organise payment, or on specific request, AGEA will be able to substitute the Regions. The reform of organisations reporting to the Ministry for Agricultural Policies was still to be implemented at the end of 1998, and will principally affect Agricultural Research Institutes and the National Forest Guard.

As regards the normative framework, significant changes were introduced with legislative decree no.173 of 30 April 1998, regarding limitation of production costs and improvement in the structure of agricultural enterprises. This decree aimed to:

a) limit costs of factors of production for agricultural enterprises (taxes, social security and pension contributions, energy, transport and financial credit);

b) increase international competitiveness of Italian enterprises;

c) strengthen sector structure and integrate the filière;

d) accelerate the procedure for access to Community Structural Funds.

The decree includes several intervention measures but these were only partially operative in 1998. There were two main aims: the first was simplification of bureaucratic procedures, by eliminating barriers to entrepreneurial activity through a register of agricultural enterprises and introducing an electronic card system for farmers and fishermen; the second was the launch of a series of support regimes for agricultural and agro-industrial enterprises, permitted under Community legislation on State aid, to help limit transport costs, to encourage energy production from renewable sources and to save and restructure agricultural enterprises in financial difficulty.

As in the previous three-year period, the restraints on public expenditure required for Italy's entry in the European Monetary Union continued in 1998 and affected finance for agricultural policies, amounting to a reduction in resources of about 15% in the 1998 budget, as compared with 1997. The lack of a new pluri-annual law resulted in resources for agriculture being allocated through Law no.423 of 2nd December 1998 for financing urgent interventions in the agricultural, cit-

rus fruit and livestock sectors. This law allocated 391 billion lire to agriculture, of which 70 billion lire for the Plan for citrus fruit and 60 billion lire for the financial programme for upgrading buildings and equipment on dairy farms to bring them into line with Community norms.



# Structural and rural development policies

Structural and rural development policies have become an increasingly important component of general strategies for rural areas. Their current form and characteristics are the result of a process of evolution closely reflecting the more general development in Community policies. The nature of structural and rural development policies has, indeed, radically changed in recent decades, from a sectorial structure – generally focused on the need to modernise farm structures – to the inclusion of such policies within a broader strategy of development of rural areas. The objectives have, therefore, been extended beyond purely agricultural concerns and the policies have been transformed to integrated measures within the broader sphere of Regional policies, aimed at achieving balanced socio-economic development of rural areas and closer integration of the various EU areas.

In the 1994/99 programme phase, public finance for structural interventions in Italian rural areas (the programmes under Objectives 1, 5a and 5b and the Leader II Community initiative), amounted to just over 9 billion ECU, added to which was 4 billion ECU of private investment.

Total EAGGF funding for these measures amounted to 3.8 billion ECU, of which 2.2 billion ECU (about 65%) was destined for Regions under Objective 1; 659 million ECU was for Regions under Objective 5a and 674 million ECU was for Regions under Objective 5b.

In 1998, efforts to accelerate expenditure were intensified, both by central Government and by individual Regional administrations, and a significant increase was achieved in measures implemented as a result. Indeed, investments showed good progress in the level of allocations and expenditure, especially as compared with the previous year. As regards Regions under Objective 1, the total expenditure allocated as compared with that planned amounted to 78%, solely for EAGGF interventions, representing a considerable recovery as compared with 1997 (45%). For Regions under Objective 5b allocations rose from 52% to over 65%. The ratio between payments and planned expenditure for the Regions under Objective 1 increased from 27% to 43% and from 19% to 31% for Regions under Objective 5b. An examination of individual programmes reveals that these results were achieved using methods



which varied considerably between the different Central and Regional administrations involved in managing the intervention.

It should be noted, however, that the Government objective of achieving expenditure on measures in agriculture and rural areas equivalent to at least 55% of total available resources was not met. This failure is due to unresolved questions which continue to have a negative impact on the level of use of the Funds and which mainly regard procedural problems in the programmes, as well as the areas of intervention of the planned investments. In the latter case, the main cause is the persistent geographical fragmentation of measures, aggravated by a lack of integration, both in terms of geographical location and sector. These problems have resulted in a greater weight for “traditional” intervention (structural and infrastructural investment), at the expense of those of a more innovative nature which are more in harmony with the orientation and objectives of rural development policies (promotion of local production, diversification of income sources for farms).

The LEADER II initiative is worthy of separate attention: it is favouring the introduction of new orientation in the management of Italian rural areas. There are currently 187 selected beneficiary groups, operating in an area representing about 45% of national territory, populated by over 9 million inhabitants (17% of the national population). A study of the interventions initiated by the Local Action Groups (LAGs) highlights how, thanks to LEADER, local systems are rediscovering their own cultural identities and, above all, promoting the most vulnerable sectors of the local economy which often remain marginalised in major development processes, but which represent the socio-cultural heritage of rural areas. Finally, as a result of the promotion of initiatives, training and awareness instigated by the LAGs, professional knowledge and skills in the planning sector at local level have been consolidated and these skills are already being employed to take advantage of resources offered in programmes other than LEADER (other Community programmes, intervention as part of Single Programming Documents (SPDs), Operative Programmes (OPs), territorial pacts, employment pacts, etc.).

The considerations that have been presented here so far are also useful for trying to understand some of the possible implications of the provisions in the new reform. During 1998, there were protracted, intense negotiations regarding the form of the overall Structural Funds package as well as for rural development policy in particular. As regards the latter, considerable modifications were made to the underlying principles and operational methods. These innovations reflect the orientation of the European Commission, which wishes to accord rural development poli-

cy the major supporting role for market policy in the coming years. The following provisions have therefore been made: the concentration of all structural measures in favour of agriculture and rural areas in a single Regulation; the extension to all rural areas of the measures of economic diversification; recourse to EAGGF-Guarantee for financing structural investments and a programming framework paper for rural areas. These new developments will require increasingly major efforts on the part of government institutions in programming and co-ordinating development policies in rural areas.



## Chapter 15

# EU expenditure

In 1998, total funding available in the EU budget for allocations amounted to over 90,662 million ECU and to 83,529 million ECU for payments. Chapter 1, destined to the Common Agricultural Policy, was allocated 44% of total funds while structural initiatives (Chapter 2) received about 37%. Total agricultural expenditure (EAGGF-Guarantee, EAGGF-Guidance and accompanying measures) represented a 48.6% share of funding from the Community budget.

Overall EAGGF-Guarantee expenditure for 1998 declined 4.7%, as compared with the previous year, falling below 50% of effective expenditure of the Community budget for the first time. The reduction was due principally to the contraction in expenditure for animal products, the share of which fell to 25%, mainly as a result of the reduction in expenditure in the beef sector and, to a lesser extent, in the dairy sector. The significant reduction in expenditure for the grape and wine sector should be highlighted, its weight on overall agricultural expenditure falling to just 1.8%. In contrast, expenditure increased considerably in the arable sector, which alone accounted for 46% of total resources in 1998. Finally, as regards accompanying measures, a notable contraction in expenditure was recorded, due, above all, to problems in payment procedures in some Member States.

Many of the factors contributing to the negative trend in overall EU agricultural expenditure in 1998 also affected the level of expenditure allocated to Italy, which fell from 5.1 billion ECU in 1997 to 4.1 billion ECU in 1998. This reduction caused a significant decline in Italy's share of total EAGGF-Guarantee expenditure, from 12.6% in 1997 to 10.7% in 1998, closer to the average recorded for the period 1994-96.

Just as was the case for the EU overall, agricultural expenditure in Italy recorded a marked reduction in the grape and wine sector (-215.6 million ECU), falling from a share of 8.6% to 3.3%, due above all to the practically total disappearance of subsidies for permanent withdrawal from production. Similarly, accompanying measures also recorded a sharp reduction (-224.3 million ECU), owing to technical problems in paying subsidies, rather than as a result of a reduced intervention. The sharpest fall, however, was witnessed in the olive oil sector (-420 million

ECU), which habitually records great swings, and returned to a share of around 13% after a considerable increase in 1997. The reduction was most evident in the level of production subsidies, which was almost halved, and may be attributed to the cyclical nature of production typical of this sector. Expenditure also fell significantly in other sectors, such as tobacco (-135 million ECU) and beef (-77 million ECU). On the contrary, and in contrast to the overall trend in the EU, expenditure in Italy for arable crops fell significantly (-256 million ECU). This was as a result of a reduction in expenditure for set-aside as well as to a contraction in effective expenditure for direct payments.

The dynamic of overall agricultural expenditure also affects the way EAGGF-Guarantee expenditure is divided between the various Member States. An analysis of several years reveals that while some countries have maintained quite a stable share of the total budget (France, Germany and Ireland), the position of others has changed significantly. In recent years, the United Kingdom, Spain and Sweden have all increased their shares; in contrast, Belgium, the Netherlands and, to a lesser extent, Italy and Denmark have recorded a steady fall in their respective shares. Finally, it should be noted that overall agricultural expenditure is largely concentrated to the benefit of just a few countries. In recent years, France alone has regularly received about one quarter of total expenditure, followed by Germany which obtained about 15%, then Spain, Italy and the United Kingdom, all with a share of over 10%.

As regards EAGGF-Guidance, total allocations for expenditure amounted to 4,366.6 million ECU, an increase of 234.3 million ECU as compared with the previous year. Objective 1 Regions received 57.3% of total allocations (about 2.5 billion ECU). Objective 5a received 24.4% of total allocations (1,066 million ECU), while expenditure for Objective 5b represented 12.9% of total allocations (about 563 million ECU). The trend in EAGGF-Guidance expenditure in Italy in recent years recorded a considerable increase in 1993, followed by a collapse in 1994; expenditure then settled back in 1995-96 to levels more or less in line with the trend of the previous period. In 1997, there was a significant increase, of 152 million ECU, due to efforts on the part of Italian Central Government and Regional administrations to accelerate the rate of use of available resources. This increase was consolidated in 1998, with planned expenditure increasing by 173 million ECU as compared with the previous year. The positive trend was undoubtedly influenced by the reprogramming of resources allocated for this objective, linked to the new problems that had to be faced in the rural areas of Le Marche and Umbria following the earthquake in 1997.

The overall trend in EU budget allocations is obviously affected by the implementation of structural and rural development policies in Italy. There has, indeed, been a notable acceleration in expenditure in the last year for most programmes planned both at Regional and Central Government levels. In the future, allocations in the EU budget for EAGGF-Guidance expenditure will change on the basis of the new role given to the EAGGF-Guarantee section within the framework of the new regulation on support for rural development (Regulation EC no.1257/99).



# National and Regional expenditure

In the three-year period 1996-98, the following resources were allocated to the Ministry for Agricultural Policies: 2,950 billion lire in 1996, 2,751 billion lire in 1997 and 2,955 billion lire in 1998. The contraction in the financial resources allocated to the Ministry has been significant in the last few years: in 1991 the allocation amounted to 3,729 billion lire. An examination of the total budget, by category of intervention, highlights the prevalence of expenditure for personnel and running costs (29% in 1998 and 1997; 34% in 1996). The measures most directly dealing with agricultural policy intervention in the three-year period received an average of 30% of funds. In the same period, the Ministry erogated payments worth 2,392 billion lire in 1996, 1,978 billion lire in 1997 and 2,169 billion lire in 1998. Similarly, expenditure for running costs predominated (35.9% of total expenditure in the three-year period). Analysis of the Ministerial budget confirms that it is no longer a dynamic, incisive instrument of agricultural policy.

In the three-year period 1996-98, AIMA, the Intervention Board, continued to play an important role in support payments, which amounted to 9,677.5 billion lire in 1996, 9,931 billion lire in 1997 and 8,892.7 billion lire in 1998, equivalent to an average of 14% of the value of final output and 20% of value added in agriculture. The weight of expenditure allocated from Community funds in 1996 was 92.8%, rising to 95% in 1997 and 95.9% in 1998. These data confirm the contraction in AIMA's role for national intervention and the net prevalence of expenditure deriving directly from the European Community, as a result of the marked reduction in national public expenditure. A comparison of AIMA expenditure by sector with the respective sector's value of final output reveals very high levels of direct support for some crops: tobacco (122%), protein crops (soya, colza and sunflower) (55%), olives (32.5%) and cereals (26.9%).

The analysis of data for Regional expenditure confirms the negative trend already observed in previous years. The time series for expenditure, at constant prices, reveals a reduction of 40% from 1990 to the present with no inversion in trend. The contraction in expenditure in 1997 was due principally to dwindling Regional financial resources for agricul-



ture, as Regions are no longer constrained to assign funds for protecting the sector, as previously imposed by the 1995 national budget. Among the main beneficiaries of Regional intervention were individual or associated enterprises, which received 48% of the total for non-exclusive actions, followed by cooperatives and associations (10%) and land reclamation bodies (8%). A part of the budget is automatically assigned to sub-regional bodies which are involved in the process of delegation of tasks (13%) and to other bodies and organisations (9%). It is more difficult to classify spending according to the main sectors of production as most Regional intervention is, by its very nature, pluri-sectorial (48%). Some measures worthy of note, however, were in favour of specific sectors such as forestry, livestock, fishing and aquaculture and fruit and vegetables. An analysis of the main economic-operational categories shows that the item "Research and development services" receives 10% of Regional expenditure for agriculture; interventions for processing and marketing and product promotion receive 4%; interventions in favour of enterprises 33%; expenditure for infrastructure 28% and finally, income support, 24% of total expenditure.

For the third consecutive year there was an overall increase in value, in nominal terms, of taxation in agriculture, as a result of a significant contraction in social security payments on the part of employers, offset by a considerable increase in indirect taxation. The incidence of public taxation on value added at market prices in percentage terms remained practically unchanged at around 15%, due to stability in value added. In the other sectors the incidence was triple that for agriculture and there were no signs in the period under consideration of any reduction in the disparity.

During 1998, the level of tax concessions continued to fall, although it was still high in absolute terms, equivalent to about half of taxation. Net fiscal revenue calculated as the difference between taxation and concessions, represents an appreciable and growing share of value added. The social security component, despite the marked decline both in absolute and relative terms, still represented the dominant share of concessions. On the other hand, the fiscal component recorded an increase, due mainly to the concessions on manufacturing duties on fuel for agricultural use, which reached 30% of total concessions.

Total support in the agricultural sector in 1998 amounted to 26,984 billion lire (24,312 billion lire at 1995 prices), equivalent to 34.9% of agricultural output at market prices and 53.4% of value added in agriculture at market prices; agricultural policy transfers represented more than two thirds of the total (69%) and fiscal concessions the remaining share

(31%). Support in the three-year period 1996-98 confirmed a marked downward trend (an average of -4.4% at current prices 1995-98 and -7.7% in real terms at 1995 prices). The contraction was particularly sharp in 1998 (-8.4% at current prices as compared with the previous year and -13.9% at constant prices) and was due not so much to transfers – although these also showed a marked downward trend (-0.8% at current prices on average for the period 1995-1998 and -4.2% at constant prices) but above all to the considerable reduction in fiscal concessions (-10.8% at current prices and -10.9% at constant prices).

The most important item in 1998 was once again that of AIMA support payments (9,787 billion lire, equivalent to 36.3% of total), followed by Regional intervention (6,998 billion lire, or 25.9%), pensions and social security payments (4,434 billion lire, or 16.4%), concessions for fuel (9.5%, worth 2,552 billion lire) and fiscal concessions on income tax (IRPEF) and local taxes (ICI) and, in 1998, Regional taxes (IRAP), which amounted to 1,374 billion lire, equivalent to 5%.

An analysis of the origin of funds (from national or Community budgets) reveals the growing importance of EU funds (averaging 51.5% in 1996-98, 9,848 billion lire, as compared with 49.5% in the three-year period 1994-96). National resources accounted for the remaining 48.5% (9,275 billion lire), as compared with 50.5% in the preceding three-year period. A part of national expenditure is incurred as a direct result of Community decisions (AIMA “related expenditure”), therefore support decided in Brussels is actually 54.2% (as compared with an average of 53.9% for 1994-96). The data reveals that the downward trend in public support to the agricultural sector is only partly due to the scaling-down process of the Common Agricultural Policy and is influenced more by the gradual reduction in national support as a result of cuts to reduce the public deficit.

The increased role of the Regions in support to agriculture (from 21.4% in 1995 to 25.9% in 1998) mainly derives from the fact that they have been given direct responsibility for the management of most Community Structural Funds; it may also be partly due to the implementation of the third phase of decentralisation under the “Bassanini law”, which continues in parallel to the reduction in MIPA payments.

Data for 1996-98 highlight that more than half of support (55.7%, equivalent to 16,236 billion lire) was allocated for interventions in favour of farm enterprises (37.6% for production subsidies, 13.1% for management subsidies and only 5% for investment subsidies). Almost a third of payments (31.5%, equivalent to 9,176 billion lire) was allocated for income support while the remaining amount was used for intervention in

favour of infrastructure (2,444 billion lire, equivalent to 8.4%), development services (633 billion lire, or 2.2%), processing and marketing of agricultural products (1.6%, or 465 billion lire) and research, for which barely 0.4% of the total (198 billion lire) was spent. In short, for every 100 lire available for support to the sector, more than 82 lire were spent to guarantee farmer income in some way (production and management subsidies, income support) and less than 18 lire were spent for structural interventions on methods of production (investment subsidies, research, development services, processing and marketing and infrastructure).

# Research and development services in agriculture

Financial resources for research and experimentation in the agricultural sector fell 13% in 1998 as compared with 1997; similarly, human resources were also reduced by about 5% as compared with the previous year. The greatest reduction regarded university personnel, while the CNR (National Research Council) actually recorded a slight increase in personnel due to recruitment as part of the programme to strengthen the network in southern Italy.

Total financial resources for research from Regional administrations in 1998, equivalent to 127.1 billion lire, were higher than in 1997. The Regions which showed particular commitment in this sector recorded quite stable levels of expenditure: this is the case, for example, of Emilia-Romagna, the autonomous Provinces of Bolzano and Trento, Calabria and Sardinia.

The ratio between expenditure for research in agriculture by Regional administrations (127 billion lire) and the value of final output (81,221 billion lire) is only 0.16% on average.

The share of external expenditure by Regional administrations is indicative of their choice between the alternatives of setting up their own research bodies and commissioning research from third parties; it reached 33% in 1998, as compared with 24% in 1997. This increase is due to funding by Emilia-Romagna (14.5 billion lire), destined mainly for six research centres in the Region.

The reform of research organisations includes the reorganisation of the CNR, newly defined as “The National Research Body, with responsibility for general science and scientific institutes in Italy, which carries out activities of major interest for the advancement of science and for progress in Italy”. The reform of research bodies reporting to MIPA was presented in a draft bill approved by the Government in 1999 and now awaiting the opinion of the Joint Commission of the Upper and Lower Houses and other Parliamentary Commissions in order to conclude its iter. The crux of the reform is the unification, into a single body, of the research carried out by the 23 Agricultural Research Institutes, the Central Office for Agricultural Ecology (UCEA) and some other minor organisations. The same bill proposes the reorganisation of the National

Institute for Agricultural Economics (INEA), the National Organisation for Selected Seed (ENSE), the National Institute of Nutrition (INN), and the Institute for Study and Analysis of Agricultural Markets (ISMEA). While in the case of the first group (IRSA, UCEA and the Central Laboratory of Hydro-biology) the organisations would lose their present legal status, becoming part of the Council for Agricultural Research, the other four institutes would retain their current autonomy.

As regards agricultural development services, the cultural and operative knowledge gained at the end of the last decade and the beginning of this has been incorporated in the National Plan for agricultural development services which has reorganised the sector, defining scope, roles, responsibilities and horizontal and vertical actions to be undertaken. As part of the Multi-regional Operative Programme "Support for development services for agriculture" 1994/99, a further initiative was promoted by MIPA and the EU to be financed by Structural Funds for eligible regions. Efforts are underway to implement specific initiatives in the three areas defined in the Programme. As regards technical advice (Measure 1), a job description for agricultural advisers has been defined and agreed with Regional officials which attempts to free the role of the rather inflexible task-based description of recent years, and to create a figure whose role is essentially that of promoter of development.

Research promoted as part of Measure 2 attempts to create a network of operative connections between the various research institutes, including the Regional development services. The new approach encourages joint research, experimentation and extension, with innovative methods and tools.

The survey for the reorganisation of training in agriculture (Measure 3) is based on the hypothesis that training is effective if it is formulated and carried out taking into account the local context, with on site learning.

The new job description for agricultural advisers has not yet been approved by the joint State and Regional Committee. The reorganisation of training for extension, set out in the Multi-Regional Operative Programme (MOP) following INEA's feasibility study, has not been achieved, and it is now unlikely it will be carried out. However, the gradual dismantling of the CIFDA training centres has continued, with only two centres remaining: Metaponto and Sicily-Sardinia.

In contrast, the measures for linking research and extension seem to have had an important impact on the world of Italian agricultural research. There are currently 79 projects underway, with about 115 billion lire in funding and involving 370 institutes. Each project has involved

at least two southern Regions, with a total of 251 adhesions.

The scenario emerging in recent months for Community intervention 2000/06 is radically different from that of the last decade. There will no longer be multi-regional support initiatives and the new regulation for rural development (Regulation (EC) no. 1257/99) does not specify particular areas for service initiatives except for professional training. As regards training, besides that carried out by the Regions as part of normal programming in 1996/97, the Regions also provided over 26,000 courses, about 3,000 more than the previous year, with attendance totalling 406,920 people (+72,000); of these, only about 1,100 courses (4.2%) were organised in the agricultural sector. Agricultural training initiatives were concentrated in northern Regions (53.6%), particularly in Emilia-Romagna and Lombardy and these were aimed mainly at farm workers. In central Italy, Tuscany and Lazio offered most training opportunities, predominantly for the second level. In the South, however, training was limited and prevalently for first level, with the exception of Sicily, which ran 2,500 courses. Most training was financed by Structural Funds (66%).



## Chapter 18

# Nature conservation

In 1998, the total number of protected areas increased to 924, covering almost 3.2 million hectares. The total protected area in Italy currently amounts to over 10% of total land area, while at regional level it may even exceed 20%, as is the case for Lombardy, Bolzano, Abruzzo and Campania. In addition, there are other protected areas, established as a result of “private” initiatives by environmental associations. The activities carried out on these latter areas, and the example they provide for using environmental resources are very important. The picture is completed by Directive 79/409, regarding the conservation of birds, and Directive 92/43, for habitat conservation, both introduced to help establish the Nature 2000 network. In Italy, 2,508 sites of Community importance have been identified and 202 areas of special protection, amounting to 5,368,000 hectares, of which 1,600,000 hectares are in areas already protected.

The increase in protected areas has been accompanied by greater financial support. At national level the main measure was the introduction of two Triennial Programmes for Protected Areas, with funding of nearly 270 billion lire, aimed principally at the recovery of degraded areas, planning, creation of tourist accommodation and structures for utilising environmental resources. A further 71 billion lire have also been assigned since 1996 as part of the Natour programme, for developing the most backward areas through the creation of structures for tourism and the promotion of local resources. Recently, additional funding worth over 450 billion lire was assigned for the development of protected areas. The amount of actual expenditure recorded so far from these programmes has, however, been extremely limited. In addition to national resources, there is also financial intervention from the EU, through the two Multi-Regional Operative Programmes (MOP) for the environment and tourism.

As regards legislation in 1998, Law no. 426/98 - “New measures in the environmental sphere” - was approved, and introduced important modifications to the legislative framework for protected areas, particularly regarding the need to streamline administrative procedures for management of parks. This law sanctions a shift in the concept of conserva-



tion and promotion of the environment, to highlight anthropological elements (local customs, traditional crafts and employment, local culture, etc.), acknowledging that these are inseparable from environmental and scenic issues.

If, on the one hand, the rapid increase in protected areas has created an important opportunity at national level for protecting land, it also presents problems in organising policies and intervention in these areas. For this reason, the establishment of the National Ecological Network has been proposed, to operate as “ a natural and environmental infrastructure which aims to link areas of major natural value”; it represents an important attempt to link the different protected areas. The Network is made up of various organisations which, at a conservative estimate, together represent a protected area of about 5.9 million hectares, equivalent to about 20% of national land area.

As a signatory country to the Convention on biological diversity, Italy has defined its strategic objectives in the “National plan on biodiversity” to ensure adequate protection of biological diversity. The principal objective is that of gaining knowledge of the characteristics and conditions of the natural patrimony, through surveying and continuously monitoring national genetic resources. The Carta della Natura (Nature Chart) is the main point of reference. Besides recognition and monitoring, further objectives have been set regarding research, education, increased awareness and professional training.

There are 57,344 species of Italian wildlife, mainly belonging to the invertebrate group (56,168). The 1,176 species of vertebrates include 473 species of birds and 118 mammals.

The implementation of Law no. 152/92 is an important reference point for wildlife management, regarding the protection and culling of wildlife; besides including wildlife in protected State patrimony, it also introduces innovations in the management of game for shooting, including the concept of planning.

The law requires Provinces and Regions to draw up Wildlife and Game Plans for homogenous districts through differentiated use of agricultural land and forests in order to achieve optimal wildlife density by recuperating environmental resources and regulating culling.

Protected areas used as game reserves amount to about 2 million hectares, divided up into re-population areas (1.2 million hectares) and protected oases (0.8 million hectares), which represent 8.6% of agro-forestry land. A more detailed analysis, carried out by the National Institute for Wildlife in 1995, revealed that there were also 400,000 hectares classified either as respected areas or refuge areas and a fur-

ther 71,000 hectares of private estates, breeding centres and mountain passes. There were more protection oases in the north than in the rest of the country, concentrated above all in mountainous and hilly areas. Furthermore, about 20% of the 919 oases represent almost 70% of protected area, with an average size of about 3,000 hectares.

Privately managed game reserves increased in area to 1.2 million hectares in 1996, as compared with 1 million hectares in 1990. While shooting activities are increasingly under private management, there has also been a gradual contraction of over 5% per year in the number of licensed shooters - there are currently 875,000 of them, almost half the number registered 10 years previously. In addition, controls on shooting have increased, carried out by 2,933 agents. Moreover, the law on shooting requires each Region to set aside between 20% and 30% of agricultural and forest land in which shooting is prohibited, in order to protect wildlife.



# Agriculture and the environment

During the ten-year period 1986-96, the use of chemical fertilisers recorded a gradual downward trend, falling 16% in terms of quantity and 15% in relation to the area to be fertilised. The greatest reductions were recorded for nitrate fertilisers, which fell by 22% in quantity (equivalent to over 2 million quintals) and by 21% in intensity of applications (falling from 76 to 60 kilograms per hectare). It may be reasonably assumed that after 1996 the downward trend in quantity for all types of fertilisers has persisted. Indeed, from 1996 to 1998 the sharpest fall was recorded for phosphate (-7.2%), followed by potassium (-6.2%) and nitrogen (-4.9%).

With the approval of the legislative decree of 11th May 1999, known as the "Single text on water", Italy ratified Directive 91/676 regarding protection of water from nitrate pollution caused by agricultural sources.

During the period 1986-96, the use of phyto-pharmaceuticals in agriculture declined both in terms of volume (-8%) and in terms of quantity per unit area (-7%), amounting to 1 kg/ha. The overall decline may be attributed principally to the contraction in volume, which is greater than the reduction in area to be treated (-1.6%). In the period 1986-96, contrasting trends were recorded for the quantity of inputs used: indeed, the three-year period 1986-88 witnessed an upward trend, followed by a downturn lasting until 1994, then a slight increase in 1995 and a further fall in 1996.

From 1996 to 1998 sales of phyto-sanitary products fell 4%; more specifically, sales of anti-parasitic inputs fell 2.4%, insecticides fell 7.7% and herbicides fell 7.5%, as a result of the introduction of new low-dose formulations and the reduction in area under maize. Use of phyto-regulators also declined, whereas there was a 23% increase in fumigants, attributable to the introduction of new products which have substituted methyl bromide.

In December 1997, the first phase was completed of the project "National network for monitoring residuals of chemical products in agriculture", financed by MIPA as part of the "National Plan for integrated and organic pest control" (Law no. 752/86). In a five-year period, the project, initiated in July 1992, has helped to quantify the phenomenon of

chemical residuals. As a result, the authorities responsible have had access to some of the elements necessary for implementing a suitable policy for chemical inputs, based on the data deriving from agricultural practices and in reply to the increasingly urgent demand for greater safety of agricultural products, to safeguard the consumer and protect the sector's image.

As part of the inter-regional Programme "Agriculture and quality" – Measure 2 – financed by MIPA, information is being gathered on the most commonly used phyto-sanitary techniques. Indeed, in 1998 a two-year study was initiated to analyse chemical residuals in 14,000 samples collected on site. The data was analysed from checks on 10,449 samples in the first year and 9,490 samples in the second, of agro-food products taken from outlets at a level of the commercial chain near to the consumer. The results reveal that for all the phyto-sanitary products considered, the percentage of residual, as compared with the daily acceptable dose is negligible.

As regards waste disposal regulations, the dispositions in Law no. 426/98 "New interventions in the environmental sphere" are worthy of note. This law, known as "Ronchi III", makes some changes as compared to the previous law, "Ronchi II", in the norms regarding the agricultural sector. The main contribution of "Ronchi III" to environmental protection is two-fold: it regulates the procedure for disposal of packaging, previously excluded from integrated programmes and it also introduces simplified rules for implementing the norm, making it easier for operators to fulfil their duties regarding the environment.

As regards implementation of Regulation 2078/92, the first five-year programme for agro-environmental measures was completed in numerous EU countries and regions. The regulations, approved as part of the 1992 MacSharry reform, encouraged the adoption of agricultural practices with low environmental impact and the conservation of the agro-ecosystem, by means of voluntary agreements between farmers and public administrations. The Member States were required to implement the regulation by programming intervention either in a national plan or in several area plans, lasting five years. The Community initiative was part of the framework of intervention provided for under the Fifth Programme for environmental action (COM(92) 23) which, in the case of the agro-environment, aimed to achieve agro-environmental agreements covering at least 15% of agricultural land by the year 2000. The area committed under agro-environmental measures was equivalent to 21% of agricultural land in the EU, and an average of 15% of farms in the EU signed a voluntary agreement.

In 1998, there was a further significant expansion in implementation of Regulation 2078/92 in Italy. Between 1996 and 1997 there had already been a considerable increase (600,000 hectares), which subsequently rose to 857,000 hectares. As a result, the total area amounted to 2.5 million hectares. The rate of diffusion of agro-environmental commitments was equivalent to 16.6% of total utilised agricultural land, exceeding the objective of 15% set for EU Member States by the Fifth Programme for environmental action. The expansion is due, above all, to an increase in southern Italy, where the delay accumulated during the first phase of implementation was almost completely recuperated.

As regards methods of implementation, the most prevalent measures are those for the reduction of chemical inputs (39% of area under Reg. 2078) and for organic farming (20%), which both recorded the greatest increases, of 374,000 hectares and 188,000 hectares respectively, as compared with 1997.

The 175,000 beneficiaries of the agro-environmental incentives were assigned 1,258 billion lire, an increase of 60% as compared with expenditure in 1997. Analysis covering the last five years reveals an almost exponential growth in expenditure.

Amongst the changes introduced in 1998 was the emanation of ministerial decree no. 159/98, which ratifies the Community dispositions contained in articles 19 and 20 of Regulation (EC) 746/96 regarding administrative controls, on-site samples and possible sanctions. In the decree, the role of Regions is clarified: the Regions are responsible for the preliminary proceedings, but share the responsibility for carrying out controls with the National Forest Guard. AIMA, the Intervention Board, was assigned the task of backing up the Regional offices using an integrated system of management and control which permits cross-referencing of data for each individual application under Reg. 2078 with other aid regimes.

There were 41,639 agro-biological farms operating in Italy as of 31st December 1998, with a total UAL (organic or under conversion) of 786,439 hectares. The number of farms increased by 35% and there was a 23% rise in area, as compared with the same period of 1997. According to 1997 data, Italy was the leading European country in terms of organic UAL, including that under conversion. The analysis of production and consumption of organic products has revealed a specialisation in northern European countries as consumers, while southern European countries have taken on the role of main producers. The average farm size, in organic UAL, including that under conversion, was 18.9 hectares in 1998, a reduction as compared with 1997 (20.7 hectares).

Fodder crops represented almost half of organic UAL in Italy (46.9% in 1997), while cereals represented 22.9% and organic olive production was in third position, with a 9.4% share. Fruit and vegetables recorded a 7.7% share, of which 6.8% was for fruit and only 0.9% was for vegetables. As regards the fruit sector, citrus fruit held the largest share with around 2.4% of UAL, while grape production also had a significant share (2.7%), along with protein crops. Protein crops recorded a greater incidence in conventional agriculture due to rotation schemes adopted by organic farmers. Generally, the expansion of organic farming prevalently regarded marginal agricultural regions.

It is estimated that the value of output in the Italian organic agro-food sector amounts to about 1.8 billion lire, just over 1% of total national production. Data for 1997 recorded a value of 1.5 billion lire, and point to an annual increase of 20%. About 40% of production is exported (700 billion lire) while imports of organic products are estimated at around 600 billion lire.

As regards channels of distribution, specialised retail outlets still retain the greatest share (45%), although the modern retailing sector has made significant progress (40%), an increase of 15% as compared with 1997. In contrast, the share of direct marketing has fallen further (15%).

## Cereals and industrial crops

World cereals production in 1998 amounted to 1,882 million tons, a reduction of 1.2% as compared with the record levels of production achieved in 1997.

The area under cereals in the EU in 1998 amounted to 37,368,000 hectares (-0,3%). The area under barley, maize and soft wheat was reduced considerably, while, in contrast, the area under hard wheat increased. Due to an increase in yields, estimated production for the EU reached its highest level in recent years, with a record 211 million tons.

Italian production increased by nearly 5%, rising to around 19.5 million tons (+4.2% as compared with 1997), due mostly to increased yields and despite a 1.7% reduction in the total area sown. The area under soft wheat was practically unchanged as compared with 1997 (-0.6%), but production increased by 15%, due to considerable increases in yields. Despite a 2% reduction in area sown, as compared with 1997, hard wheat also recorded a significant increase in yields, amounting to an increase in production of 29%. As regards rice, the area cultivated was reduced by 4.4% and estimated production fell 7.7%. The 1998 season proved to be particularly poor for maize, production of which fell by 11%, due to a reduction both in area sown and in yields. In contrast, the considerable increase in yields for barley boosted the positive results achieved also as a result of an increase in area cultivated.

The trade balance for non-processed cereals showed a deficit of just over 2,500 billion lire, a reduction as compared with the deficit for 1997 (-6.2%) and both imports and exports fell. Soft wheat, supplied principally by France, made up around 60% of cereals imports whereas the main export was maize. Cereal derivatives represented one of the most important positive components in the Italian agro-food trade balance, with a surplus of around 3,680 billion lire.

Italy's main trading partners were the EU member states, and particularly Germany, France and the United Kingdom, which together supplied 91% of imports and received just under 60% of Italian exports. The most important product was pasta, representing 45% of total exports of cereals derivatives and the United States was its main buyer.

World oilseed production rose to 354 million tons in 1998. Soya



production increased to unprecedented levels once again, reaching over 158 billion tons (+10.4%), due to the increase both in yields and in area cultivated.

At Community level, production of the three main types of oilseed increased in the 1998/99 season, undoubtedly benefiting from the increase in area sown. As regards soya, the increase in area was entirely responsible for a 17% increase in production, given that yields remained unchanged as compared with 1997. A lower yield for sunflower offset increases in production due to an expansion in area, giving a net rise of just 2%. In contrast, colza recorded improved yields together with an increase in area sown and production rose to just under 9 million tons (+15%).

The area under oilseeds in Italy rose by 6.3% as compared with 1997. Overall production, however, increased only 9%, because of contrasting trends in yields for different geographical areas and crops.

The area under soya increased by an estimated 17% as compared with 1997. Yields, however fell considerably and consequently production rose by only 1.9%. In contrast, the area under sunflower fell 2.5% and as a result of an even sharper contraction in yields, production fell by 9.5%. As regards colza, the reduction in area sown was estimated at 10%, as compared with 1997, but the contraction in production was even more marked (-23%) because of the significant drop in yields.

Italy's negative balance of trade for oilseed worsened. Indeed, exports fell by 65% while imports increased by 18%. Soya was the main product and its share of trade increased as compared with 1997. Soya imports represented 60% of total oilseed imports in value: export levels were low and mainly directed towards other Community countries. As regards sunflower, its negative balance of trade increased further in 1998. In contrast, the trade balance for colza was unchanged overall since both imports and exports were down by 20%.

Overall availability for oilseeds increased by 1.7% as compared with 1997. Availability of oil-cakes and extracted flours rose by nearly 11%, as a result of increased domestic production (mostly from imported seeds) and rising imports, and in the presence of an expansion in exports. Soya oil-cakes and flours represented the main component in this increase in overall availability.

According to estimates for the 1998/99 season, world sugar production should have risen to 131 million tons (in raw sugar equivalent), an increase of about 2.6% as compared with the 1997/98 season.

EU sugar production was estimated at 16.4 million tons, of which 16.1 million tons was white sugar. Production fell 7.7% as compared with

the previous season, partly due to a general reduction in area under sugar beet (-2.6%) and partly to a contraction in yields (-5.3%). Italy maintained its position as the third producer, with production totalling 1.6 million tons, equivalent to 10% of overall EU production.

As regards Community legislation, an important development in the 1998/99 season for Italy was the suppression of the regionalisation of the intervention price for sugar beet and sugar, as Italy was no longer considered a deficit country.

The area in Italy under sugar beet in 1998 was unchanged overall as compared with the previous year. However, while the area cultivated in northern Regions contracted significantly (-19.2% in north-western Regions), the area under sugar beet in central and southern Regions increased considerably. In contrast, production fell by about 6%, due to generally lower crop yields, although in southern Regions yields increased.

National sugar production fell 4.1% as compared with the 1997/98 season. Sugar production amounted to 1,595,850 tons (-8.3%), with heavy losses recorded in the North and South but an increase in the Centre.

The number of processing plants remained unchanged. In the 1998/99 season, there were 23 plants, of which 15 were in the North, 4 in the Centre and 4 in the South. Taking into account the considerable stocks carried over from the 1997/98 season (187,338 tons), production attributable to the 1998/99 season was estimated at 1,738,188 tons, of which 1,320,000 tons in quota A and 248,830 tons in quota B. The production exceeding the quotas amounted to 214,938 tons of which 214,830 tons to be carried over to the 1999/2000 season and 108 tons to be supplied to the world market by producers.

The most important event of the 1998/99 season in Italy was the industrial restructuring of the Eridania and SADAM Groups, with the aim of uniting the processing business under a single Company (SADAM) in Le Marche Region.

In 1998, the trade balance for sugar and other related sugar products recorded a deficit of just under 300 billion lire, a slight reduction as compared with 1997.

World production of leaf tobacco was less than 7 million tons in 1998, experiencing a strong decrease of about 13.6%. Production in the EU has been estimated at more than 34,000 tons.

In Italy there was a slight contraction in area cultivated (-2.7%) but a modest rise in the quantity produced (+2.2%). The positive trend in yields continued, due both to favourable weather conditions and to a

generally trouble-free season as regards parasites, as well as to better cultivation techniques.

As regards foreign trade, Italian uncured tobacco exports, at 959,000 quintals in 1998, contracted (-3.1%) as compared with the previous year, although there was a slight increase in value (+2.1%). There was also a rise in volume of uncured tobacco imports (+12.4%) accompanied by a smaller rise in value (+1.5%), whereas exports remained stationary in both volume and value as compared with 1997. Italy continues to be the major exporter of uncured tobacco in the EU, producing about 60% of European exports, and is in fourth position for exports on the world market with about 8% of world exports, after China, the United States and Brazil.

In 1998 the conflict between state institutions over the future development of crops for non-food purposes was once more a key issue. The debate in Italy focused particularly on the decision of the Ministry of Finance to suspend the sale of tax-free biodiesel as from September 1997. In June 1998 the Ministry for Agricultural Policies (MIPA) presented the draft of the "National programme for renewable energy from biomass" (PNERB). The programme contemplates a possible increase in area cultivated for crops mainly for energy purposes, up to a total area of between 200,000 and 300,000 hectares, by the year 2002. In the European Union, France has taken more advantage of set-aside for non-food crops than other countries and recorded a total of 200,000 hectares under colza and sunflower in 1998. In contrast, as regards the use of set-aside for non-food crops in Italy, there are crops for which a cultivation contract must be stipulated and crops for which no contract is required, in accordance with Regulation (EC) no. 1586/97. For the former, the area cultivated was 12,672 hectares; for the latter, it was 3,745 hectares.

# Vegetables, fruit and flowers

World vegetable production continued to grow by nearly 1% annually, reaching 606 million tons in 1998, while production of fresh fruit remained stationary as compared with 1997 at around 435 million tons.

Vegetable production in the European Union amounted to over 53 million tons in 1998. The leading producers were the Mediterranean countries: Italy (27.1%), Spain (21.5%), France (14.6%) and Greece (7.7%).

EU production of fresh fruit, including grapes for wine, stood at around 54.5 million tons and came mainly from Italy (32.4%), Spain (24.4%) and France (nearly 20%). Apple production in particular recorded a slight rise (about 500,000 tons) in Italy, France and Germany, whereas harvests in Spain and Portugal fell. Pear production reached 2.7 million tons (33.7% in Italy).

The gross saleable output for the fruit and vegetable sector rose to 18,000 billion lire, representing a slight increase as compared with 1997.

Domestic consumption, which is amongst the highest in the world, remained practically unchanged at around 96 billion quintals (44.9 quintals of fruit and 51 quintals of vegetables), although the number of families buying fruit and vegetables rose. Consumption of fresh fruit increased slightly (+0.5%) whereas there was a slight fall in vegetable consumption (-0.3%).

The trade balance for the Italian fruit and vegetable sector, at around 1,300 billion lire, fell by 200 billion lire in 1998 (-13.8%). Exports of fruit and vegetables in particular fell overall by about 3.3 million tons (-1.2%) as compared with a smaller reduction in imports (-0.2%). Organic fruit and vegetable production is a niche sector which revealed interesting developments in 1998: more than 550,000 hectares were under organic production (including those areas under conversion), a 25% increase as compared with 1997. Organic fruit now represents 11% of total fruit production, but only 0.9% of vegetable production.

The tomato is still the most commonly cultivated vegetable in Italy. In 1998 over 58 million quintals of tomatoes were harvested, from an area under production of more than 120,000 hectares (+4.8% as compared with 1997). More than 42 million quintals from total production

went for industrial processing. Despite the fact that production quotas, fixed at 35 million quintals, were exceeded, the season can be considered a success. The tomato sector is one of the most important in the national agro-food industry: the raw material destined for processing is worth 1,000 billion lire, tomato-based derivatives are worth more than 3,000 billion lire and, in addition, 350 billion lire of financial support from EU funds was received by Italian processing enterprises.

A considerable portion of vegetable production takes place in greenhouses: more than 27,400 hectares are given over to production of the main crops, with overall production standing at 12.9 million quintals in 1998. Greenhouse tomato production covers an area of just under 8,700 hectares and produces over 6 million quintals of fruit.

As regards foreign trade for the sector in 1998, Italy recorded a positive balance overall for fresh and dried fruit, of 436 billion lire. Exports of pulses and fresh vegetables recorded an increase in volume as compared with 1997 but a 2% fall in value. Imports increased 3%.

As regards fruit, despite a slight contraction in the area under production for the main kinds of fruit, production rose in all areas. Italy is the world leader for the production of dessert grapes, with 15 million quintals. Production for the 1998 season was above average in volume and of reasonable quality, despite weather conditions, favourable early in the season but unfavourable towards the end. From a commercial point of view the year started well, but trailed off notably towards the end.

National production of nuts is mainly comprised of almond, hazelnut and walnut: these three types produced a combined average annual production of 2,350,000 quintals. The area under production is around 90,000 hectares for almond, 69,000 hectares for hazelnut and just over 4,000 hectares for walnut. Almond production reached around 900,000 quintals (more than +15% as compared with 1997), while hazelnut production stood at just over 1.1 million quintals (-29%). The overall trade balance for nuts was negative (550 billion lire of imports, as compared with exports worth 210 billion lire). Italian production is mainly exported to other EU countries, with Germany and France the main buyers.

The overall area under citrus fruit did not undergo any significant variations, as in previous years: there was a slight increase in the area under orange, offset by a contraction in the area under lemon.

Exports of fresh citrus in 1998 increased to 2,171,450 quintals (+10.1%), valued at 187.4 billion lire (+3.9%) and imports also rose, to 2,160,910 quintals (+10.6%), worth 250.7 billion lire (+5.5%). The negative balance of trade stood at 63.3 billion lire.

In 1998 (the 1997/98 processing season) 1,371,250 tons of citrus

fruit were processed (+37.7%), of which 904,750 tons were oranges (+52.3%), 345,000 tons were lemons (+7.8%), 105,000 tons were small fruit (+54.4%) and 15,000 tons were bergamot (+7.1%). Overall, about 42% of total production was processed. Improved distribution of produce to the processing plants permitted better utilisation of plants and reduced production costs. As a result, production of derivatives increased about 50% for oranges and small fruit and there was a recovery for lemons.

Exports of citrus derivatives amounted to 207.3 billion lire (-6.1%) and imports stood at 89.9 billion lire, resulting in a positive balance of 117.4 billion lire, which compensated for the deficit in the balance for fresh citrus fruit. As a result, the citrus sector overall had a positive balance of 54.1 billion lire.

Nursery and flower production grew by just 0.5% and prices fell by 9.1%, resulting in a sharp loss in value of 8.6%. This loss in value is due entirely to flower production (-11.4%), as nursery production increased by 3.2% in value.

Imports increased to 661 billion lire (+12.2%) and exports rose to 802 billion lire (+8%), with a positive trade balance of 141 billion lire, although this was 8.1% lower than the balance for 1997.

Total flower sales fell from 4,182 billion lire in 1997 to 3,705 billion lire in 1998. The reduction was due to a fall both in production and in prices, although there were increases in the area under production for roses, carnations and gerbers. Overall production fell but it increased for these three flowers, due above all to the increase in the area under production.

The balance of trade for flowers and plants worsened once more because of the progressive loss in competitiveness of cut flowers. Imports, worth 261.9 billion lire, rose 11.6%, while exports, worth 357.6 billion lire, increased by only 3.7%. The positive balance fell, therefore, to 95.7 billion lire, a contraction of 11%. The major cause of the reduction in the positive trade balance was the increased imports of roses, which reached over 133 million pieces, worth 84 billion lire. On the contrary, plant exports, which were already sizeable, increased further, by around 3%. As a result of limited imports and increased exports, the trade surplus for the plant sector rose to around 140 billion lire, although this could not compensate entirely for the fall in flowers.

Italian imports came mainly from other EU countries (70.3%); of these, 88.2% came from Holland and 7.4% from France. Imports from Third countries regard, above all, roses (Ecuador, Zimbabwe, Colombia, Kenya and Morocco) and orchids (Thailand). Exports within the EU are

mainly to Germany (52.1%), followed by Holland, France and the United Kingdom. Exports outside the EU are mainly to Switzerland.

As regards pot plants, flowering plants have exceeded levels of production for other types, including seasonal plants which have a strong market. Pot plant production rose to 239 million pieces (+8.1%), with a particularly sharp increase in seasonal plants. As regards leaf plants, which are more expensive and better regarded than flowering plants, production increased to 44 million plants (+2.9%).

The balance of trade for houseplants was in deficit since imports, worth 169 billion lire, far exceeded exports (110 billion lire). The principal supplier was Holland (72.8%) followed, at a considerable distance, by Denmark. Italian exports went to Germany, France, Holland and Switzerland. The deficit for the sector amounted to over 59 billion lire, representing no significant change after the considerable increase recorded in 1997.

Sales for the Italian nursery sector overall reached 1,075 billion lire, an increase of 2.9%. The balance of trade was positive at 105 billion lire, of which 76 billion lire regarded flowering plants.

# Grapes, wine and olives

Overall wine production in the EU fell to 163.4 million hectolitres in the 1997/98 season, after the sharp increase recorded the previous season. Around 38% of this production was VQPRD wines, a sector which continues to expand, and the most significant increases were recorded for Italy (+3%).

As regards intervention to support the market, the EU opened preventive distillation for the 1997/98 season, authorising the withdrawal of 12,685,000 hectolitres of wine overall for the EU, of which 6,075,000 hectolitres were attributed to Italy.

1998 proved to be a very important year for the grape and wine sector: as a result of the proposal for reform of the Common Organisation of the Market (COM), presented in July, wine was included in the CAP reform process connected with Agenda 2000.

In 1998, the area under vines in Italy contracted further (-0.9%) to about 874,000 hectares, of which just over 70,000 hectares were for production of dessert grapes. Despite this contraction in area, grape production was plentiful, amounting to over 94 million quintals, including around 15,000 quintals of dessert grapes, which showed a marked recovery (+12%). The abundant harvest led to a considerable increase in the quantity of grapes pressed (about +14% as compared with the previous year). Similarly, production of wine also rose 12%, to over 54 million hectolitres, almost reaching the levels recorded prior to the sharp contraction witnessed in 1997.

There are 311 Italian wines which have been awarded the status of designation of controlled origin (DOC) and a further 20 wines which have designation of controlled guaranteed origin (DOCG). In addition, 114 wines have already been recognised as being of typical geographical origin (IGT) (figures are for early 1999).

Italy is a major wine exporter and wine is one of the main traditional "made in Italy" products. The leading category of wine exported in recent years has been VQPRD red wine, which, with a share of over 5%, is the second most important single export in the Italian agro-food balance. It reflects a trend in Italian wine exports towards higher quality products. Following VQPRD red wine are red table wine and white VQPRD white



wine, both accounting for more than 2% of total agro-food exports.

Exports of wine exceeded 4,100 billion lire, an increase of almost 15% as compared with the previous year. However, imports rose even more sharply in value (+25%), affected, above all, by an increase in quantity. The category with the fastest increase in exports in 1998 was that of red wine, with sales of VQPRD red wine up by 18% and that of red table wine increasing by a staggering 41%.

As regards imports, Italian trade in wine seems to be very limited, geographically, with over 80% of imports coming from France. Export destinations, on the other hand, were more varied. Germany received over 32%, but several non-EU countries were also major buyers, in particular, the United States, Japan, Switzerland and Canada.

World production of olive oil for the 1997/98 season was 2.6 million tons, according to the estimates of the International Oil Council (COI), a reduction of about 2.6% as compared with the previous season.

Community production in the 1997/98 season is estimated at a record 2,394,291 tons, an increase of over 24% as compared with the previous season. Spain was the prime producer with a 48% share of production and Italy was second with just under 30% of production.

The abundant harvest in the 1997/98 season caused production to exceed the maximum guaranteed quantity (MGQ); consequently, in accordance with Regulation (EC) no.1542/99, the Commission reduced by 43.6% the amount of producer aid paid to the big producers

In 1998 (the 1998/99 season) production of olives and olive oil is estimated to fall by about 30%. The area under olive groves should reach 1,140 million hectares, an increase of more than 15,000 hectares as compared with 1997, whereas production of pressed oil should fall by 214,000 tons, a contraction of 32.9% as compared with the previous year (a year of high production).

The number of oil presses operating in the 1997/98 season increased by 10.5%, as compared with the previous season. As usual, the Region causing these marked variations between years is Calabria, as it is particularly affected by the sharp swings between years of high and low production.

Foreign trade in olive oil in 1998 contracted: imports fell by 15.4%, to under 500 thousand tons, while exports levels remained practically unchanged (-0.8%). Italy's main supplier was Spain, with a 50.6% share of oil imports, unchanged as compared with the previous year, in value terms, but representing a fall in quantity of 15.3%. Greece increased its share to 27.1% in value terms but suffered a contraction in volume of 7.3% and Tunisia also improved its share from 17.4% to 18.7%,

although sales fell 8.7%.

As regards the quality of oil bought, virgin olive oil, excluding the “lampante” quality, represented 60% of total imported olive oil, although imports were down 17% as compared with the previous year. Purchases of “lampante” olive oil, the second most important product (30.2% of imports) remained quite stable (-1.4%), resulting in an increase in its relative share of total oil imports. In 1998, the trend for refined and sansa oils was negative, with imports falling by over 30% and, in the case of refined sansa oil, by almost 70%.

Exports of “olive and sansa oil” were mainly to the United States, which reduced its purchases by 9%; as a result, the share in that market fell from 45.6% to 41.9%. In contrast, sales to countries within the European Union increased, and in particular to Germany (+19%), which strengthened its position as the second most important market outlet. Overall exports fell due exclusively to a contraction in sales of refined olive oil (-8.7%), since exports of all other types of olive oil increased.

Olive oil prices continued their downward trend, begun the previous season. As compared with the first ten months of the 1996/97 season, the corresponding average price for the 1997/98 season was down by about 32%, both for virgin oils (extra virgin and “lampante”) and for refined oils.



# Livestock production

In 1998, world production of meat amounted to approximately 216 million tons, an increase of about 2.5%, as compared with the previous year. Beef amounted to about 56 million tons, equivalent to 25%, and pork reached over 84 million tons (38.9%). Just over 51 million tons was poultry (23.7%) and about 11 million tons was sheep and goat meat (5.2%).

Total EU meat production stood at around 35 million tons, the main producers being France (18%), Germany (17%), Spain (12%) and Italy (11%). Pork represented 48.6% of production, an increase as compared with 1997, and 21.5% was beef, with a slow but progressive decline as compared with previous years. Poultry amounted to 18.2% of total production while sheep and goat meat was just 3.3%.

The total number of cattle in Italy was practically unchanged, although there was a slight increase in number of cows, offset by a reduction in males (dairy cows +1.5%; suckling cows +1%). Overall production of beef and buffalo meat amounted to nearly 15 million quintals (live weight), an increase of over 12% as compared with the previous year. Foreign trade in cattle and beef was mainly within the EU. Imports of live animals came, above all, from France and Spain, while meat came principally from France and Holland. As regards non-EU countries, Central and Eastern European countries represented an important trading area, supplying Italy both with animals for breeding and with meat. In contrast, the main market outlets for Italian products were Germany and France and, as regards prepared meat, Switzerland and countries of the ex-Soviet Union.

In 1998, the positive trend in the pork sector was interrupted by a fall in prices for animals for slaughter (-16%), although it was offset by a reduction of 5.7% in the cost of feed. Imports of fresh and frozen meat rose to 350 billion lire, in contrast with low levels of exports, while semi-processed meat represented one of the main negative components in the agro-food balance, recording imports of over 1,800 billion lire. Imports of fresh meat were principally from France, while semi-processed meat came mainly from Benelux countries and Denmark. In contrast, prepared meats, and pork products in particular, such as ham,

sausages and salami, recorded positive results, representing typical "Made in Italy" exports, which are mainly sold to European partners (France and Germany) and Switzerland.

Production of sheep and goat meat amounted to 874,000 quintals. The sector was affected by the general crisis in the Community market, which was mainly due to the strong competition from third country imports, even though the effect in Italy was not marked. As regards foreign trade, imports of sheep and goats for slaughter were worth 165 billion lire in 1998, equivalent to 43,6 tons (live weight), while meat imports consisted in fresh meat (120 billion lire) and semi-processed meat (47 billion lire). It came mainly from France, Spain and the United Kingdom. Italian exports, both of live animals and meat, were negligible.

National poultry production amounted to about 14.4 million tons. Chicken production fell slightly (-0.6%), in contrast to a sharp increase in turkey production (+6.7%) and a small improvement for eggs (+1%). This rather disappointing performance contrasted with export sales (+25%). Exports of poultry in 1998 amounted to around 30,000 tons of fresh meat and 74,000 tons of semi-processed meat, worth 82 billion lire and 262 billion lire respectively. Imports amounted to 5,000 tons of fresh meat and 13,000 tons of semi-processed meat, equivalent to 13 billion lire and 60 billion lire respectively. The main market outlets for Italian fresh meat were the United Kingdom, Germany and Greece, while semi-processed meat was sold mainly to Germany. Italian imports of fresh and semi-processed poultry came principally from France and Eastern European countries, especially Hungary. As regards rabbit meat, production in 1998 amounted to about 226,000 tons, a slight fall as compared with 1997, although overall levels of production in the last decade have been maintained.

World milk production in 1998 was fairly stable. The lack of expansion in production was due mainly to unfavourable weather conditions, especially in the most dynamic areas, such as Australia and Latin America. An additional factor was the freeze on production in the most industrialised countries due to the difficulties in selling the product on the market and to the problematic reorganisation of production in the ex-socialist countries.

As regards the EU, market equilibrium did not improve in 1998, as compared with the previous year, as there was once more an increase in deliveries of around 300,000 tons – from Italy and Belgium – contrasting with a reduction in deliveries in Germany, the United Kingdom and Ireland. The difficult conditions on international markets also affected the EU, somewhat influencing the strategies and behaviour of operators and

sharply reducing market outlets. Another important factor was the iter of the proposed reform of the Common Organisation of the Market for milk, which aroused broad debate and culminated in the final decision taken in March 1999 to postpone the main reform until 2005/2006. The only modifications which will be made from the year 2000 are increases in quotas agreed for Italy, Spain, Greece and Ireland. The increase for Italy amounts to 600,000 tons, of which 384,000 tons are for the 2000/2001 season and 216,000 tons for the subsequent season.

In Italy, the difficult process of applying the quotas regime still continues to affect the milk sector. In accordance with Law no.5/98, in 1998 (later than planned) quotas and individual production levels were checked for the first two seasons for which the additional levy was applied (1995/96 and 1996/97). The results confirmed a surplus in production of more than 500,000 tons, which seems destined to rise to around 570,000 tons in the 1997/98 season.

Estimates for national milk production indicate that in 1998 there was a significant contraction which, together with a considerable reduction in buffalo milk, amounted to an overall production of 138,747,877 quintals, which was more than 100,000 tons lower than that of the previous year. The increase in imports almost matched the reduction in domestic production and mainly regarded liquid and powder milk. A significant fall in domestic consumption was matched by an expansion in exports. The increase in cheese exports, amounting to 120,000 tons in milk equivalent, is especially worthy of note, given the sharp reduction in demand from some important non-EU countries.

Although overall consumption of dairy derivatives fell, data for 1998 show that the cheese sector maintained its position in the domestic market and expanded on foreign markets. Indeed, exports recovered after the stagnation of 1997, rising by around 9%; as a result, overall production increased, although domestic consumption remained practically unchanged. One of the main factors contributing to the Italian dairy sector's good export results was the general fall in prices, affected by the deepening market crisis for the two types of grana cheese. The increase in cheese production particularly regarded Pecorino Romano, the mixed cheese category and, to a lesser extent, Parmigiano Reggiano and Grana Padano; in contrast, the crisis in production of Pecorino Sardo continued, as production was cut by half, as compared with the already reduced levels of the two previous years.

In 1998 about 12.4 billion eggs were produced, representing an overall weight of 783,000 tons, an increase of 1.1%. Italy imported eggs for reproduction and chicks worth around 57 billion lire, as compared

with exports worth about 22 billion lire. As regards eggs for consumption, imports amounted to 13,500 tons, equivalent to 17.5 billion lire, and came mainly from Germany and Spain. Only 2,000 tons of eggs were exported, for a value of 3 billion lire, and these were sold prevalently to France.

World production of honey rose to 1.4 million tons in 1998, an increase of 2.4% as compared with the previous year. EU production stood at around 116,000 tons (10% of total) and Italy was the fifth European producer, with 11,000 tons, but it was the leading producer for multiflora honey varieties. Honey imports amounted to 12,000 tons in 1998, worth 33.6 billion lire, of which around 505 tons came from Argentina. As regards exports, the overall volume exported amounted to 2,300 tons, worth 11 billion lire, and the most important market outlets were European (Germany, France and Switzerland).

## Chapter 24

# Aquaculture

World aquaculture production rose to 36 million tons in 1997, an increase of 5.8% as compared with the 9.7% rise recorded in 1996. The sub-sector of fish, molluscs and crustaceans rose from 26.3 million tons to 28.8 million tons (+7%). In value terms, world aquaculture production rose to 50.4 billion dollars (+5%), of which 45,5 billion dollars were for fish and molluscs.

In Europe, production of salmon, the most farmed species, continued to expand in 1998, exceeding 500,000 tons (+10% as compared with 1997). Production increased for the three leading producers of Atlantic salmon: Norway (from 316,000 tons to 343,000 tons), the United Kingdom (from 100,000 tons to 115,000 tons) and the Faroe Islands (from 15,000 tons to 25,000 tons). Trout production also rose (from 292,000 tons to 320,000 tons; +8.7%), due, once again, primarily to an increase in Norwegian production (from 34,000 tons to 47,000 tons).

Italian aquaculture production in 1998 increased slightly, after several years of stagnation. Overall production rose from 217,720 tons in 1997 to 222,600 tons in 1998 (+2%). This increase conceals contrasting swings in the various sub-sectors. Farming of marine species (sea-bass, sea-bream and diploodus) increased (+3,050 tons), despite strong competition from other Mediterranean countries. In contrast, fresh water fish (trout, catfish, carp and sturgeon) recorded a fall in production of 3,200 tons. Mussel production remained unchanged, while there was a significant increase in clam farming, with production of grooved carpet shells rising from 40,000 tons to 48,000 tons.

Aquaculture production rose, in value terms, from 950 billion lire in 1997 to 1,048 billion lire in 1998 (+9.3%). Production of marine havelings also increased sharply, rising from 70.5 million units in 1997 to nearly 110 million units in 1998.

In 1998 there were 589 trout farms, mainly concentrated in northern Italy, in Veneto (116), Lombardy (122) and Friuli-Venezia Giulia (87). There were also 74 intensive eel farms, distributed in most Regions, but prevalently in those on the Adriatic Sea (20 farms in Veneto, 12 in Emilia-Romagna and 7 in Puglia).

There were about 1,000 intensive farming enterprises, added to



which there are a further 63,485 hectares for extensive farming.

As regards European policy for the sector, Regulation (EC) no.2468/98 is very important, as it defines the criteria and conditions for community intervention for structural changes in aquaculture and the processing and marketing of its products. Member States are authorised to grant subsidies from the Special Fund for Fisheries Orientation: a) for the construction, equipping and modernisation of plants; b) for the installation and improvement of hydraulic circuits of aquaculture enterprises; c) for the purchase and installation of new equipment and machinery, including service vessels and computer equipment.

Foreign trade in farmed species was fairly stable, with a slight downward trend for imports and exports of trout and mussels. In contrast, exports of eels increased considerably. The balance of trade for live trout fell from 11.2 billion lire in 1997 to 9.6 billion lire in 1998 and it also fell for frozen trout, from 3.1 billion lire to 2.9 billion lire. In contrast, the balance for fresh trout rose from 3.6 billion lire to 5 billion lire.

Imports of mussels from Greece increased significantly (over 11,000 tons), equalling Spanish import levels and making Greece a joint leader as Italy's major supplier.

## Chapter 25

# Fishing

World production of fish amounted to 122 million tons (+0.8%) in 1997, the last year for which data is available. The increase, as in previous years, was due to aquaculture, production of which rose from 26.39 million tons in 1996 to 28.3 million tons in 1997. Dwindling fish stocks were partially to blame for what proved to be a problematic year.

As regards national legislative activity, under legislative decree no.143/97, the MIPA (Ministry for Agricultural Policies) continued to have exclusive responsibility for marine resources at national level.

The Fifth Triennial Plan for fishing and aquaculture 1997-99 allocated 90 billion lire of funds for 1998, of the 270 billion lire agreed for the whole three-year period. Among important events in 1998 was the funding of the Programme Agreements. Introduced in the Fifth Triennial Plan, this measure aims to strengthen the role and function of associations within the fishing cooperative movement. Eligible projects regard initiatives to enhance products and to reduce the costs of commercial mediation in order to increase final value added. Implementation of Law no.72 of 5th February 1992, regarding the National Solidarity Fund for fishing, involved payment of subsidies to enterprises which fished bivalve molluscs in the Tyrrhenian Sea. In 1998, 1.3 billion lire was allocated as partial compensation for damages suffered by the fishing economy because of natural disaster or exceptional weather conditions at sea.

As of 1998, overall structural funds provided for by the EU to support production and employment (Special Fund for Fisheries Guidance) amounted to just over 900 billion lire, which represented effective funding of about 400 billion lire. In 1998, a large proportion of financial support for the fishing sector (about one third of the total) was oriented to finance the Plan for the withdrawal or conversion of fishing vessels registered for fishing with drift nets. Indeed, with the approval of decision 97/292, the European Council recognised its own responsibility for having adopted a provision which penalises fishing fleets in very depressed areas of the country. Following the approval, 50% of funding allocated for the plan (240 billion lire) was provided by the Community from the Structural Funds for fishing.

In the Mediterranean basin, the Italian fleet is by far the largest,

both in terms of number (21% of total fleet) and in terms of tonnage (at least 45%). As regards production, more than 45%, in value terms, is from Italian fishing vessels: according to the ALP (fishing licences register), the fleet registered in 1998 included 19,608 craft, in addition to 33 ocean-going vessels .

In accordance with Regulation (EC) no.65/98, Italy was assigned a fishing quota of 4,415 tons which, because of the over-fishing in 1997, was reduced to 3,463 tons for 1999. There were 3,537 vessels possessing more than one sort of fishing net or equipment, with a tonnage of 57,693 tons; the non-trawling vessels smaller than 12 tons, usually referred to as artisan fishing vessels, amounted to 12,480 boats in 1998, equivalent to 64% of the Italian fleet.

Fish production in the Mediterranean amounted to 465,254 tons, with a value of just over 3,200 billion lire. In 1998, there was an increase in catches of fish and a contraction in catches of molluscs and crustaceans. Within the preserved fish sector, the dominant position of the tuna sub-sector was unchanged and which represented 71% of total with an output of 86 thousand tons.

After years of decline in production and stagnation in supply, the fish processing industry enjoyed an increase in output due to a rise in domestic and foreign demand for preserved fish products. Overall production rose to 121,165 tons, for a value of 1,270 billion lire, an increase of 9.3% and 13% respectively, as compared with 1997.

The trade deficit for the fish sector increased by 8.6% in 1998, the result of 678,000 tons of imports and only 116,000 tons of exports. Imports of live, fresh and frozen fish increased by about 7% and amounted to around 521 million tons; a more moderate increase was recorded for imports of preserved products (+5.8%), which reached 157 million tons.

As regards imports, European Union countries represented the main suppliers and particularly Spain, which provided over 15% of the total imports. Of non-EU countries, the leading supplier of fish products to Italy was Thailand, which provided 36 million tons, followed by Argentina and Morocco.

Overall imports of preserved fish products continued to rise from 148,100 tons in 1997 to 157,000 tons in 1998; the increase in value was even more marked (+16%).

In contrast, fish exports contracted by 2% in quantity. Overall exports of preserved fish products amounted to about 16,327 tons, for a value of 140,000 million lire.

# Forestry

The area given over to forest in Italy has not changed greatly in recent years and was estimated at around 6.8 million hectares in 1997, an increase of barely 0.1% on the previous year. The number of new woods is steadily increasing and the total area under timber now stands at around 9.7 million hectares. 60% of the area is under private ownership and 40% is owned by the State, Regions, Municipalities and other public bodies. The most productive forests are generally under public-ownership. This high productivity is due not only to geographical location - concentrated mostly in the Alps where high forest is more common than coppice - but also to historical reasons, as privately owned forest has generally been subject to a higher level of use in the past than publicly-owned forest. Privately-owned woods, moreover, are usually fragmented into smaller areas, making any form of economic management difficult. As regards poplar stands, it is estimated that in the Po valley around 70,000 hectares are under intensive poplar production, with a 10-year production cycle.

At a European level, forest policy in the last ten years has been based around Regulations (EEC) no. 2080/92 and 867/90. The former has been implemented directly by the Regions via specific operative programmes and nearly all Regions and autonomous Provinces in Italy have been involved, with the exception of the autonomous Province of Trento, where the Regulation was only implemented as from the 1998/99 season.

As regards the area included in the operative programmes, the paid-up projects so far represent only 38% of re-forestation planned and less than 11% of forest improvements. It should be noted, however, that the administrative organisation of the scheme for aid makes the iter, from the presentation of the project through to its completion, rather drawn out. Once the project for afforestation or improvement has been approved, it must be implemented and then the work verified by the Regional government. For this reason there are undoubtedly long delays before final payments for the project are received.

Regulation (EEC) no.867/90, which concerns improvement in the organisation of forest-linked enterprises, has been implemented in near-

ly all northern and central Regions as well as in many southern Regions. Altogether, 76% of available funds have been allocated, while payments stand at about 35%.

The area affected by fire in Italy between 1990 and 1998 was about 1,114,000 hectares and of these, about 513,000 hectares were wooded. The statistics for the last year are particularly onerous, as 155,400 hectares were burned, three times that of 1995 and 1996.

About 9.5 million cubic metres of timber were used in 1998, a 7% increase on the previous year. Domestic production is mainly of firewood, which amounts to 46% of wood used in terms of quantity. More valuable timber assortments, such as sawn roundwood and veneer are only 20% of the total.

In the wood furnishings sector, downstream in the timber filière, there was a recovery in domestic demand and a notable expansion in consumption on the European market, except for Germany. In contrast, Asian and East European countries significantly reduced their demand for furniture and furnishings. The overall result shows that exports in 1998 increased by 2.9% in value as compared with 6.5% the previous year.

As regards overall industrial production, the trends for all the principal cyclical indicators showed signs of recovery as compared with the stagnation of previous years. Turnover for the sector increased by 2.8% and the index of industrial production showed an increase of 5.2% for wood products and of 3.6% for furniture.

Total exports for the wood furnishings sector reached about 19,600 billion lire, of which 14,600 billion lire was for the furniture sector. Imports of raw materials increased at a greater rate, with a 10% increase, confirming the significant reliance of the sector on foreign supplies. The balance of trade amounted to 11,538 billion lire, a fall of 1.6% as compared with the previous year. Domestic demand in this sector increased 3.9% in current lire terms, due, above all, to an increase in demand for furniture and other furnishings.

The performance of the paper and allied products industry reflected the general trend in the Italian economy. Production of paper and card amounted to around 8.2 million tons, an increase of 2.7% as compared with the previous year. Annual turnover amounted to was 11,450 billion lire, a 5% increase as compared with 1997. Foreign penetration in the Italian market, i.e. the ratio between imports and apparent consumption was 39.5%. In contrast, export levels were stationary after considerable growth in 1997. The trade balance was negative and stood at 1.6 million tons.

# **TABLES**



**Tab. 1.5 - Index of terms of trade for agriculture in the member states of the EU**  
(1990-91=100)

	1996	1997	1998	% change 1998/96
Belgium	85,0	85,7	86,1	0,5
Denmark	95,0	90,6	82,8	-8,6
Germany	86,2	85,9	84,7	-1,4
Greece	83,1	83,1	81,8	-1,6
Spain	106,2	110,1	105,4	-4,3
France	86,3	85,8	88,2	2,8
Ireland	91,5	86,8	89,7	3,3
Italy	90,4	89,2	89,5	0,3
Luxembourg	87,4	86,7	84,3	-2,8
Netherlands	89,5	91,7	89,7	-2,2
Austria	75,5	74,1	70,8	-4,5
Portugal	100,2	97,5	100,3	2,9
Finland	73,6	68,8	70,3	2,2
Sweden	79,8	77,0	76,8	-0,3
United Kingdom	80,1	73,6	73,3	-0,4
<b>EU</b>	<b>90,7</b>	<b>89,8</b>	<b>89,8</b>	<b>0,1</b>

Source: Eurostat

**Tab. 2.2 - Gross domestic product at market prices (1)**

	1990	1996	1997	1998	% change	
					1997/96	1998/97
Gross domestic product at market prices	1.320.832	1.896.022	1.974.618	2.057.731	4,1	4,2
<b>Current prices, billion lire</b>						
<b>Value added at market prices (2)</b>	1.243.076	1.788.642	1.860.198	1.928.757	4,0	3,7
Agriculture, forestry and fishing	41.970	52.500	52.089	52.323	-0,8	0,4
Industry, narrow definition	371.272	502.722	520.673	535.366	3,6	2,8
Construction industry	78.889	94.211	96.003	98.020	1,9	2,1
Services	814.127	1.218.054	1.270.967	1.321.647	4,3	4,0
<b>Constant prices (1995)</b>						
<b>Value added at market prices (2)</b>	1.575.708	1.696.893	1.720.760	1.743.430	1,4	1,3
Agriculture, forestry and fishing	45.119	51.714	52.190	52.841	0,9	1,2
Industry, narrow definition	451.027	483.654	497.176	511.156	2,8	2,8
Construction industry	94.365	91.328	90.939	92.331	-0,4	1,5
Services	1.056.282	1.148.415	1.161.832	1.171.985	1,2	0,9
Indirect taxes on imports	102.176	105.854	108.704	110.504	2,7	1,7
Gross product at market prices	1.677.885	1.802.746	1.829.464	1.853.934	1,5	1,3

(1) Provisional data for 1998.

(2) Net of implicit banking services.

Source: Ministero del Tesoro, Bilancio e Programmazione Economica.



**Tab. 2.3 - Final domestic consumption (1)**

	1990	1996	1997	1998	% distribution	
					1990	1998
<b>Current prices, billion lire</b>						
<b>Food and beverages</b>	<b>156.292</b>	<b>193.420</b>	<b>194.403</b>	<b>197.409</b>	<b>20,5</b>	<b>17,3</b>
<b>Non-food</b>	<b>593.616</b>	<b>906.337</b>	<b>962.485</b>	<b>1.006.179</b>	<b>78,0</b>	<b>81,0</b>
Tobacco	11.565	19.210	20.108	21.294	1,5	1,7
Clothing and footwear	78.696	106.341	111.454	116.194	10,3	9,5
Housing, fuel and electricity	126.426	223.644	235.693	247.128	16,6	20,0
Domestic furniture, furnishings and equipment	76.790	106.821	111.699	114.953	10,1	9,5
Health	16.859	35.413	38.249	39.655	2,2	3,2
Transport	92.992	135.162	152.392	156.533	12,2	12,1
Communications	13.421	24.155	27.337	31.829	1,8	2,2
Recreation, entertainment, education & culture	66.424	93.889	98.306	100.869	8,7	8,4
Other goods and services	122.008	180.912	187.355	199.018	16,0	16,2
<b>Final domestic household consumption</b>	<b>761.473</b>	<b>1.118.967</b>	<b>1.176.996</b>	<b>1.224.882</b>	<b>100</b>	<b>100</b>
Overseas expenditure of Italian residents	12.228	24.588	28.721	30.014	-	-
Consumption expenditure in Italy of non-residents	19.636	46.259	51.271	52.018	-	-
<b>Final national consumption expenditure</b>	<b>768.881</b>	<b>1.140.638</b>	<b>1.199.546</b>	<b>1.246.886</b>	<b>-</b>	<b>-</b>
<b>Constant prices (1995)</b>						
<b>Food and beverages</b>	<b>194.652</b>	<b>185.009</b>	<b>185.699</b>	<b>187.156</b>	<b>19,4</b>	<b>17,3</b>
<b>Non-food</b>	<b>809.614</b>	<b>885.306</b>	<b>912.138</b>	<b>929.590</b>	<b>80,6</b>	<b>82,7</b>
Tobacco	19.325	18.138	18.239	18.325	1,9	1,7
Clothing and footwear	97.334	102.306	104.636	106.269	9,7	9,6
Housing, fuel and electricity	189.466	210.572	209.874	211.222	18,9	19,7
Domestic furniture, furnishings and equipment	97.143	102.436	104.790	105.910	9,7	9,6
Health	20.693	33.681	34.897	34.965	2,1	3,1
Transport	123.311	129.801	144.270	146.529	12,3	12,1
Communications	15.461	24.583	27.583	32.040	1,5	2,3
Recreation, entertainment, education & culture	84.539	90.772	93.559	94.466	8,4	8,5
Other goods and services	162.342	173.017	174.290	179.864	16,2	16,2
<b>Final domestic household consumption</b>	<b>1.004.266</b>	<b>1.070.315</b>	<b>1.097.837</b>	<b>1.116.746</b>	<b>100</b>	<b>100</b>
Overseas expenditure of Italian residents	19.674	25.638	28.666	29.279	-	-
Consumption expenditure in Italy of non-residents	25.078	44.480	48.323	48.031	-	-
<b>Final national consumption expenditure</b>	<b>1.009.670</b>	<b>1.089.157</b>	<b>1.117.494</b>	<b>1.135.498</b>	<b>-</b>	<b>-</b>

(1) Provisional data for 1998.

Source: ISTAT.

**Tab. 3.1 - Distribution by geographical area of farms, agricultural land and standard gross margin**

	Farms	% change		total agric. land	% change		utilised		SGM	% change	
		%	1997/95		%	1997/95	agric. Land	%		1997/95	%
North	660.870	28,5	-9,2	7.309.457	36,3	-2,9	5.179.951	34,9	8.181.782	44,1	59,7
Centre	388.873	16,8	-5,7	4.173.740	20,7	-2,2	2.703.815	18,2	2.956.341	15,9	10,4
South	1.265.490	54,7	-5,7	8.672.854	43,0	-1,3	6.949.339	46,8	7.405.290	39,9	7,6
<b>Italy</b>	<b>2.315.233</b>	<b>100</b>	<b>-6,7</b>	<b>20.156.050</b>	<b>100</b>	<b>-2,1</b>	<b>14.833.806</b>	<b>100</b>	<b>18.543.359</b>	<b>100</b>	<b>26,3</b>

Source: INEA calculations on ISTAT data.

**Tab. 3.5 -Distribution of farms classified by on-farm and off-farm activities of the manager**

	North	%	Centre	%	South	%	Italy	%
<b>1993</b>								
On farm	574.707	79,5	297.716	72,8	1.037.457	77,2	1.910.032	77,2
Off farm	148.425	20,5	111.406	27,2	305.564	22,8	565.443	22,8
On other farms	15.552	2,2	9.578	2,3	83.715	6,2	108.849	4,4
In industry	65.118	9,0	35.902	8,8	61.984	4,6	163.022	6,6
In other sectors	67.755	9,4	65.926	16,1	159.865	11,9	293.571	11,9
<b>Total</b>	<b>723.132</b>	<b>100</b>	<b>409.122</b>	<b>100</b>	<b>1.343.021</b>	<b>100</b>	<b>2.475.475</b>	<b>100</b>
<b>1997</b>								
On farm	547.284	83,6	299.321	77,8	961.384	76,1	1.808.150	78,5
Off farm	107.045	16,4	85.474	22,2	301.756	23,9	494.314	21,5
On other farms	8.852	1,4	19.729	5,1	82.349	6,5	110.936	4,8
In industry	40.368	6,2	22.358	5,8	50.288	4,0	113.026	4,9
In other sectors	57.825	8,8	43.387	11,3	169.119	13,4	270.351	11,7
<b>Total</b>	<b>654.329</b>	<b>100</b>	<b>384.795</b>	<b>100</b>	<b>1.263.140</b>	<b>100</b>	<b>2.302.464</b>	<b>100</b>
<b>Percentage change, 1993-1997</b>								
On farm	-	-4,8	-	0,5	-	-7,3	-	-5,3
Off farm	-	-27,9	-	-23,3	-	-1,2	-	-12,6
On other farms	-	-43,1	-	106,0	-	-1,6	-	1,9
In industry	-	-38,0	-	-37,7	-	-18,9	-	-30,7
In other sectors	-	-14,7	-	-34,2	-	5,8	-	-7,9
<b>Total</b>	-	<b>-9,5</b>	-	<b>-5,9</b>	-	<b>-5,9</b>	-	<b>-7,0</b>

Source: INEA calculations on ISTAT data.

**Tab. 4.1 - Production and value added at basic (1) prices in agriculture and forestry(2)**

	(million lire)					
	at current prices			at constant prices (1995)		
	1997	1998		1997	1998	
		value	percent change		value	percent change
<b>Agriculture</b>						
<b>Arable crops</b>	<b>33.208.089</b>	<b>32.399.678</b>	<b>39,9</b>	<b>32.195.781</b>	<b>32.991.636</b>	<b>2,5</b>
Cereals	10.795.358	10.327.827	12,7	10.830.957	11.546.925	6,6
of which wheat	4.214.314	4.247.639	5,2	3.490.078	4.414.645	26,5
Legumes	105.658	103.967	0,1	104.972	107.806	2,7
Vegetables and potatoes	10.869.075	11.437.215	14,1	10.534.461	10.717.288	1,7
Industrial crops	3.601.605	3.217.721	4,0	3.232.322	3.184.072	-1,5
Fodder crops	4.181.823	3.705.230	4,6	3.910.479	3.870.865	-1,0
Flowers and ornamental plants	3.654.570	3.607.718	4,4	3.582.590	3.564.680	-0,5
<b>Tree crops</b>	<b>18.201.592</b>	<b>18.827.925</b>	<b>23,2</b>	<b>16.896.398</b>	<b>16.661.915</b>	<b>-1,4</b>
Vineyards	5.990.893	7.094.839	8,7	5.274.299	5.879.057	11,5
Olives	5.168.806	3.747.554	4,6	4.681.326	3.147.430	-32,8
Citrus	1.874.515	1.733.766	2,1	1.865.659	1.650.136	-11,6
Fruit	4.122.490	5.176.990	6,4	4.037.993	4.909.098	21,6
fresh	3.713.468	4.761.001	5,9	3.656.238	4.477.612	22,5
dried and nuts	409022	415.989	0,5	381.755	431.486	13,0
Other tree crops	1.044.888	1.074.776	1,3	1.037.121	1.076.194	3,8
<b>Livestock</b>	<b>26.809.898</b>	<b>25.846.042</b>	<b>31,8</b>	<b>26.628.787</b>	<b>26.609.380</b>	<b>-0,1</b>
Meat	16.681.345	16.029.182	19,7	17.224.637	17.065.074	-0,9
of which beef	6.170.953	6.391.818	7,9	7.079.067	6.961.017	-1,7
pork	4.602.827	3.807.541	4,7	4.471.096	4.374.595	-2,2
poultry	5.085.567	5.092.838	6,3	4.877.262	4.930.913	1,1
Milk	8.273.752	7.989.972	9,8	7.720.508	7.854.502	1,7
Eggs	1.790.172	1.764.700	2,2	1.629.960	1.637.779	0,5
Honey	38.660	35.109	0,0	30.460	28.641	-6,0
Non-food livestock production	25.969	27.079	0,0	23.222	23.384	0,7
<b>Associated services (3)</b>	<b>4.145.429</b>	<b>4.147.532</b>	<b>5,1</b>	<b>3.840.036</b>	<b>3.907.103</b>	<b>1,7</b>
<b>Total production at base prices</b>	<b>82.365.008</b>	<b>81.221.177</b>	<b>100,0</b>	<b>79.561.002</b>	<b>80.170.034</b>	<b>0,8</b>
Intermediate products (4)	27.051.500	26.510.891	32,6	26.238.251	26.186.017	-0,2
Value added at base prices	55.313.508	54.710.286	67,4	53.322.751	53.984.017	1,2
<b>Forestry</b>						
Timber products (5)	991	1.166	97,1	916	1.026	12,1
of which: wood for manufacture	480	546	45,4	444	482	8,6
firewood and charcoal	511	620	51,6	472	544	15,4
Non-timber products	33	35	2,9	12	12	0,0
<b>Total production at base prices</b>	<b>1.024</b>	<b>1.201</b>	<b>100,0</b>	<b>928</b>	<b>1.038</b>	<b>11,9</b>
Intermediate products (4)	116	129	10,7	126	130	3,2
Value added at base prices	907	1.072	89,2	801	908	13,4

(1) Calculations have been made using the concept of "basic prices", introduced with the revised SEC95 system; these include subsidies and exclude indirect taxes on produce.

(2) Provisional data for 1998. For Regional data, see Appendix tables A1 and A4 for agriculture and A5 for forestry in the Italian version of this volume.

(3) These are included in the classes 01.41 and 01.42 of the classification of economic activities and include hire of agricultural machinery for contracting for operations of preparing fields for cultivation, application of pesticides, irrigation, mowing and harvesting, and preparing produce for the market, excluding processing. Services for livestock production are those for reproduction, including selection, artificial insemination, delivery.

(4) Data calculated on the basis of the revised national accounting system, SEC95.

(5) Value of the volume of timber utilised.

Source: INEA calculations on ISTAT data.

**Tab. 4.2 - Agricultural production at basic prices (1), by product group and by area (2)**

	(million lire, 1995 prices)														
	North west		North east		Centre		South and islands		Italy						
	1997	1998 % change	1997	1998 % change	1997	1998 % change	1997	1998 % change	1997	% change					
Crops	7427489,0	7542927,0	1,6	7661080,0	7687589,0	0,3	5309538,0	5358802,0	0,9	11797674,0	12404318,0	5,1	32195781,0	32991636,0	2,5
Cereals	3383757,0	3495520,0	3,3	3170080,0	3184589,0	0,5	1870404,0	1860939,0	-0,5	2406716,0	3005877,0	24,9	10830957,0	11546925,0	6,6
Legumes	18561,0	17668,0	-4,8	7905,0	7972,0	0,8	9750,0	12656,0	29,8	68756,0	69510,0	1,1	104972,0	107806,0	2,7
Vegetables and potatoes	777737,0	773774,0	-0,5	1742132,0	1842420,0	5,8	1551825,0	1592904,0	2,6	6462767,0	6508190,0	0,7	10534461,0	10717288,0	1,7
Industrial crops	516732,0	545471,0	5,5	1339224,0	1264663,0	-5,6	714762,0	734810,0	2,8	661544,0	6391280,0	-3,4	3332322,0	3184072,0	-1,5
Fodder	1328831,0	1313701,0	-1,0	1100826,0	1088537,0	-1,1	628876,0	624240,0	-0,7	853946,0	844387,0	-1,1	3910479,0	3870865,0	-1,0
Flowers and ornamental plants	1403811,0	1396793,0	-0,5	300913,0	299408,0	-0,5	533921,0	531253,0	-0,5	1343945,0	1337226,0	-0,5	3582590,0	3564880,0	-0,5
Tree crops	1638646,0	1508019,0	-8,0	3373329,0	4207388,0	24,7	2013571,0	2228005,0	10,6	9870855,0	8718523,0	-11,7	16896401,0	16661915,0	-1,4
Vineyards	1019495,0	896035,0	-12,1	1235748,0	1626011,0	31,6	757604,0	884160,0	16,7	2261452,0	2472851,0	9,3	5274298,0	5879057,0	11,5
Olive	22254,0	47958,0	115,5	11048,0	13138,0	18,9	414489,0	404351,0	-2,4	4233538,0	2681983,0	-36,6	4681329,0	3147430,0	-32,8
Citrus	437,0	522,0	19,5	0	0	0,0	8542,0	9212,0	7,8	1856680,0	1640402,0	-11,6	1865659,0	1650136,0	-11,6
Fresh fruit & nuts	400007,0	368796,0	-7,8	1971250,0	2407605,0	22,1	399964,0	470372,0	17,6	1266772,0	1662325,0	31,2	4037993,0	4909098,0	21,6
Other tree crops	196453,0	194708,0	-0,9	155283,0	160614,0	3,4	432972,0	459910,0	6,2	252413,0	260962,0	3,4	1037121,0	1076194,0	3,8
Livestock	9444411,0	9425942,0	-0,2	8216889,0	8221114,0	0,1	3173321,0	3170184,0	-0,1	5794166,0	5792140,0	-0,0	26628787,0	26609380,0	-0,1
Meat	5882705,0	5809397,0	-1,2	5409453,0	5373828,0	-0,7	2246778,0	2230514,0	-0,7	3685701,0	3651335,0	-0,9	17224637,0	17065074,0	-0,9
Milk	3132197,0	3185479,0	1,7	2195611,0	2232852,0	1,7	696360,0	708925,0	1,8	1696340,0	1727246,0	1,8	7720508,0	7854502,0	1,7
Eggs	422652,0	424823,0	0,5	603901,0	608787,0	0,5	217886,0	218787,0	0,4	385521,0	387382,0	0,5	1629960,0	1637779,0	0,5
Honey	61310	5518,0	-10,0	7114,0	6835,0	-3,9	7024,0	6687,0	-4,8	10191,0	9601,0	-5,8	30460,0	28641,0	-6,0
Other	428783,0	430341,0	0,4	611015,0	613622,0	0,4	224910,0	225474,0	0,3	395712,0	396983,0	0,3	1660420,0	1666420,0	0,4
Non food livestock prods.	726,0	725,0	-0,1	810,0	812,0	0,2	5273,0	5271,0	-0,0	16413,0	16570,0	1,0	23222,0	23384,0	0,7
Associated services <sup>3</sup>	795902,0	803951,0	1,0	883032,0	897510,0	1,6	648369,0	659951,0	1,8	1512733,0	1545891,0	2,2	3840036,0	3907103,0	1,7
<b>Total</b>	<b>19306448,0</b>	<b>19280839,0</b>	<b>-0,1</b>	<b>20134330,0</b>	<b>21015581,0</b>	<b>4,4</b>	<b>11144799,0</b>	<b>11414942,0</b>	<b>2,4</b>	<b>28975428,0</b>	<b>28460672,0</b>	<b>-1,8</b>	<b>79561005,0</b>	<b>80170034,0</b>	<b>0,8</b>

(1) Calculations have been made using the concept of "basic prices", introduced with the revised SEC95 system; these include subsidies and exclude taxes on produce.

(2) Provisional data for 1998.

(3) These are included in the classes 01.41 and 01.42 of the classification of economic activities and include hire of agricultural machinery for contracting for operations of preparing fields for cultivation, application of pesticides, irrigation, mowing and harvesting, and preparing produce for the market, excluding processing. Services for livestock production and those for reproduction, including selection, artificial insemination, delivery.

Source: INEA calculations on ISTAT data.

**Tab. 4.4 - Intermediate goods (1) and services purchased for agriculture (2)**

	Current prices, billion lire			Constant (1995) prices, billion lire		
	1997	1998		1997	1998	
		value	distribution		%	value
Fertilisers	1.758,0	1.682,1	6,3	1.746,8	1.694,6	-3,0
Pesticides	1.370,4	1.362,6	5,1	1.274,0	1.258,8	-1,2
Seeds	1.063,1	1.068,3	4,0	1.055,7	1.075,6	1,9
Feedstuffs	8.779,8	8.511,8	32,1	8.536,8	8.329,5	-2,4
Expenditure for livestock housing	338,7	355,3	1,3	315,7	325,6	3,1
Electricity	3.010,6	2.958,4	11,2	2.725,6	2.710,0	-0,6
Transport	202,0	210,3	0,8	148,3	151,0	1,8
Irrigation	348,3	413,0	1,6	330,7	353,5	6,9
Credit and insurance	831,0	964,5	3,6	879,7	904,1	2,8
Miscellaneous	3.566,6	3.582,8	13,5	3.330,7	3.291,5	-1,2
Utilisation of own production	5.783,0	5.401,7	20,4	5.894,1	6.091,7	3,4
<b>Total</b>	<b>27.051,5</b>	<b>26.510,8</b>	<b>79,6</b>	<b>26.238,1</b>	<b>26.185,9</b>	<b>-0,2</b>

(1) Calculation have been made using the concept of "basic prices", introduced with the revised SEC95 system.

(2) Data for 1998 are provisional. For Regional data see Appendix tale A2.

Source: INEA calculations on ISTAT data.

**Tab. 4.6 - Value added per employee in agriculture, at basic prices (1), by Region and by area**  
(thousand lire, 1995 prices)

Regions	1997	1998	% change 1998/1997
Piemonte	44.473,3	49.988,6	12,4
Valle d'Aosta	17.945,3	24.136,3	34,5
Lombardia	66.901,9	65.269,1	-2,4
Liguria	50.740,8	58.759,0	15,8
Trentino-Alto Adige	32.390,9	36.014,0	11,2
Veneto	52.967,2	57.944,4	9,4
Friuli-V.Giulia	47.075,1	48.905,3	3,9
Emilia-Romagna	40.813,9	44.775,1	9,7
Toscana	39.109,9	39.064,1	-0,1
Umbria	45.587,9	45.746,7	0,3
Marche	36.166,4	43.836,9	21,2
Lazio	34.471,8	37.547,8	8,9
Abruzzo	40.175,9	44.648,3	11,1
Molise	25.435,4	25.371,8	-0,3
Campania	23.129,6	25.985,1	12,3
Puglia	37.392,6	32.901,8	-12,0
Basilicata	25.695,8	31.940,1	24,3
Calabria	32.932,4	27.575,9	-16,3
Sicilia	34.321,4	35.309,9	2,9
Sardegna	31.177,9	35.304,5	13,2
<b>Italy</b>	<b>38.921,7</b>	<b>40.437,5</b>	<b>3,9</b>
North east	55.220,0	58.220,6	5,4
North west	44.456,4	48.302,8	8,7
Centre	37.292,1	39.986,8	7,2
South and islands	31.683,3	31.779,3	0,3

(1) Calculation have been made using the concept of "basic prices", introduced with the revised SEC95 system; these include subsidies and exclude taxes on products.

Source: INEA calculations on ISTAT data.

**Tab. 5.3 - Rates of growth in individual sectors of the Italian food industry**

Sectors (1)	Overall growth 1995-98 (%)	Average annual growth rate (%)	
		1995 to 1998	1997 to 1998
<b>I - SECTORS WITH GROWTH RATES ABOVE THE AVERAGE OF THE FAST-GROWING SECTORS</b>			
- dietary and infant foods (15.88)	20,5	6,4	7,9
- mineral waters and non-alcoholic drinks (15.98)	19,8	6,2	6,1
- milling (15.61)	13,4	4,3	6,1
- fish processing and preserving (15.20)	13,0	4,2	12,9
- industrial cake-making and biscuits (15.82)	11,8	3,8	6,0
- pasta (15.85)	10,2	3,3	1,9
<b>Fast growing sectors of the food industry (I+II+III)</b>	7,0	2,3	3,5
<b>II - SECTORS WITH GROWTH RATES ABOVE THE FOOD INDUSTRY AVERAGE (2)</b>			
<b>Food industry (I+II+III+IV)</b>	4,7	1,5	2,3
<b>III - SECTORS WITH GROWTH RATES BELOW THE FOOD INDUSTRY AVERAGE</b>			
- processing fruit and vegetables (15.32+15.33)	4,5	1,5	-2,1
- beer (15.96)	4,3	1,4	6,6
- meat and meat preparations (15.11+15.13)	4,2	1,4	1,4
- dairy (15.51)	2,0	0,7	3,2
- various food products (15.86+15.87+15.89)	1,8	0,6	5,9
- alcoholic beverages, spirits and liqueurs (15.91+15.92)	1,8	0,6	0,8
- margarine and treated vegetable oils (15.42+15.43)	1,3	0,4	3,9
<b>IV - STAGNATING OR DECLINING SECTORS</b>			
- sugar (15.83)	-1,1	-0,4	-7,3
- industrial production of wine (15.93)	-2,0	-0,7	-5,3
- cocoa, chocolate, sweets and ice cream (15.84+15.52)	-8,5	-2,9	-0,6

(1) Codes in brackets refer to the NACE Rev. 1 Classification. The following classes are excluded from the indicators of industrial production:

15.31 (processing and preserving potatoes), 15.41 (production of oils and fats), 15.62 (production of starch-based products), 15.81 (production of fresh bread and cakes), 15.94 (production of cider and other fruit-based alcoholic beverages), 15.95 (production of other fermented but un-distilled beverages), 15.97 (production of malt), 15.99 (production of other alcoholic beverages).

Manufacture of animal feed has not been taken into consideration (NACE Rev.1 Code : 15.7).

(2) No sector fell into this category in 1998.

Source: INEA calculations on ISTAT data.

**Tab. 5.6 - The geographical distribution of value added and employment in the food industry in 1996 (1)**

	Italy	North-west	North east	Centre	South
Value added at factor cost (billion lire)	33.486,0	11.119,7	11.061,9	5.029,2	6.275,2
% distribution	100,0	33,2	33,0	15,0	18,7
Annual average rate of growth at current prices, 1990-96 (%)	4,2	4,4	4,7	4,0	3,4
Annual average rate of growth at constant prices, 1990-96 (%)	2,8	2,2	3,4	2,9	2,5
Value added at factor cost: food industry/agriculture	54,5	90,3	70,5	57,7	25,3
Value added at factor cost: food industry/whole economy	2,0	2,1	2,9	1,5	1,5
Labour units	353,7	109,4	119,8	54,5	70,0
% distribution	100,0	30,9	33,9	15,4	19,8
Index: 1990 = 100					
Labour units: food industry/agriculture	91,7	92,1	96,9	90,8	84,0
Labour units: food industry/whole economy	20,2	40,0	36,1	19,5	8,0
	1,6	1,7	2,5	1,2	1,1

(1) Time series not adjusted to SEC95 system.

Source: INEA calculations on ISTAT data.



**Tab. 6.1 - The cooperative movement in the EU - 1998**

	Cooperatives (number)	Members (thousand)	Turnover (billion ecu)	Average turnover (million ecu)	Average turnover per member (ecu)
Belgium	1.200	400	n.d.	-	-
Denmark	214	77	12,1	56,5	156.778
Germany	3.950	3.628	39,8	10,1	10.970
Greece	6.919	912	0,5	0,1	548
Spain	4.350	950	6,1	1,4	6.421
France	3.800	720	52,6	13,8	73.056
Ireland	128	185	7,6	59,2	40.913
Italy	8.850	1.125	16,5	1,9	14.624
Luxembourg	576	n.d.	0,2	0,3	-
Netherlands	90	153	22,4	248,9	146.081
Austria	1.078	451	n.d.	-	-
Portugal	909	800	0,7	0,8	875
Finland	403	1.229	7,6	18,8	6.178
Sweden	50	300	14,2	283,4	47.233
United Kingdom	506	271	n.d.	-	-
<b>Total</b>	<b>33.023</b>	<b>11.201</b>	<b>180,2</b>	<b>5,5</b>	<b>16.085</b>

Source: COGECA.

**Tab. 6.2 - Market shares of cooperatives by sector in some member states of the EU - 1998**

	Dairy	Fruit and vegetables	Meat	Supplies	Cereals
Belgium	50	70-90	20-30	n.d.	-
Denmark	93	20-25	66-93	60	87
Germany	55-60	60	30	50-60	-
Greece	20	12-50	5-30	-	49
Spain	35	15-40	20	-	20
France	49	35-50	27-88	50-60	75
Italy	38	41	10-15	15	15
Netherlands	82	70-96	35	40-50	-
Austria	-	-	-	-	-
Sweden	99	60	80	75	75
United Kingdom	98	35-45	20	20-25	20

Source: COGECA.

**Tab. 7.5 - Italian foreign trade by sector, 1998**

	Billion lire				balance	Normalised balance (1)
	imports	%	exports	%		
Cereals	2.606,9	5,8	99,6	0,3	-2.507,3	-92,6
Fresh vegetables and legumes	756,5	1,7	1.295,5	4,5	539,0	26,3
Dried vegetables and legumes	141,5	0,3	38,7	0,1	-102,8	-57,0
Citrus	269,8	0,6	170,7	0,6	-99,1	-22,5
Fresh fruit	1.390,6	3,1	3.048,4	10,6	1.657,8	37,3
Dried fruit	571,7	1,3	218,3	0,8	-353,4	-44,7
Coarse fibrous crops	1.056,4	2,4	32,6	0,1	-1.023,8	-94,0
Oilseeds	631,5	1,4	19,4	0,1	-612,1	-94,0
Coffee, tea and spices	1.845,4	4,1	66,8	0,2	-1.778,6	-93,0
Flowers and ornamental plants	590,1	1,3	612,7	2,1	22,6	1,9
Uncured tobacco	295,6	0,7	352,6	1,2	57,0	8,8
Live animals, food sector	2.742,2	6,1	105,9	0,4	-2.636,3	-92,6
of which cattle	2.061,6	4,6	68,5	0,2	-1.993,1	-93,6
Other live animals	43,3	0,1	5,7	0,0	-37,6	-76,9
Other livestock products	956,1	2,1	30,8	0,1	-925,3	-93,8
Forestry products	1.551,3	3,5	296,9	1,0	-1.254,4	-67,9
of which timber	1.074,0	2,4	20,9	0,1	-1.053,1	-96,2
Game and fishing	1.332,9	3,0	311,4	1,1	-1.021,5	-62,1
Other	267,9	0,6	163,7	0,6	-104,2	-24,1
<b>Total primary sector</b>	<b>17.049,7</b>	<b>38,2</b>	<b>6.869,6</b>	<b>24,0</b>	<b>-10.180,1</b>	<b>-42,6</b>
Cereal derivatives	673,3	1,5	4.357,3	15,2	3.684,0	73,2
of which pasta	10,4	0,0	1.971,5	6,9	1.961,1	98,9
sugar and confectionery	1.254,5	2,8	1.081,3	3,8	-173,2	-7,4
Fresh and frozen meat	5.997,0	13,4	971,0	3,4	-5.026,0	-72,1
Processed meat	251,2	0,6	978,5	3,4	727,3	59,1
Processed and preserved fish	3.653,2	8,2	330,9	1,2	-3.322,3	-83,4
Processed vegetables	1.025,7	2,3	1.825,9	6,4	800,2	28,1
Processed fruit	628,2	1,4	1.262,0	4,4	633,8	33,5
Dairy products	4.949,2	11,1	1.844,2	6,4	-3.105,0	-45,7
of which milk	1.370,1	3,1	9,2	0,0	-1.360,9	-98,7
cheese	1.993,6	4,5	1.374,0	4,8	-619,6	-18,4
Oils and fats	2.510,1	5,6	1.445,0	5,0	-1.065,1	-26,9
Oilseed cake and flours	1.573,6	3,5	352,1	1,2	-1.221,5	-63,4
Beverages	1.475,2	3,3	5.335,1	18,6	3.859,9	56,7
of which wine	339,6	0,8	4.100,4	14,3	3.760,8	84,7
Other industrial food products	3.572,7	8,0	1.993,8	7,0	-1.578,9	-28,4
<b>Total food industry</b>	<b>27.563,9</b>	<b>61,8</b>	<b>21.777,1</b>	<b>76,0</b>	<b>-5.786,8</b>	<b>-11,7</b>
<b>TOTAL AGRO-FOOD</b>	<b>44.613,7</b>	<b>100,0</b>	<b>28.646,7</b>	<b>100,0</b>	<b>-15.967,0</b>	<b>-21,8</b>

(1) Exports-Imports/Exports+Imports.

Source: INEA, Il commercio con l'estero dei prodotti agroalimentari, Rapporto 1998.

**Tab. 7.8 - The Italian agro-food balance sheet**

		1990	1997	1998 (1)	% change (2)	
					1998/90	1998/97
current prices, billion lire						
Value of agricultural production at factor cost		68.482	85.743	84.776	23,8	-1,1
Value added , food industry at factor cost		29.759	38.911	39.588	33,0	1,7
Total agro-food production	(P)	98.241	124.654	124.364	26,6	-0,2
Imports	(I)	31.554	45.950	46.600	47,7	1,4
Exports	(E)	13.620	27.515	28.661	110,4	4,2
Net imports	(I-E)	17.934	18.435	17.939	0,0	-2,7
Total trade	(I+E)	45.174	73.465	75.261	66,6	2,4
Estimated domestic consumption	(C = P+I-E)	116.175	143.089	142.303	22,5	-0,5
indices						
Degree of self-sufficiency	(P/C)	84,6	87,1	87,4	2,8	0,3
Propensity to import	(I/C)	27,2	32,1	32,7	5,6	0,6
Propensity to export	(E/P)	13,9	22	23,0	9,2	1,0
Average degree of openness	((I+E)/(C+P))	21,1	27,4	28,2	7,2	0,8
Normalised balance	((E-I)/(E+I))	-39,7	-25,1	-23,8	15,9	1,3
Degree of trade cover	(E/I)	43,2	59,9	61,5	18,3	1,6

(1) Provisional data.

(2) For indices, the simple difference between one year and the next.

Source: INEA calculations on ISTAT data.

**Tab. 8.4 - Trends in the number and size of supermarkets (1)**

	Number	Area sq. m.	Average area	Employees	Average no. employees
1996	4.787	4.123.016	861	90.432	19
1997	5.207	4.515.355	867	95.950	18
1998	5.449	4.809.625	883	101.147	19
- Area 1	1.471	1.433.264	974	33.921	23
- Area 2	1.565	1.419.548	907	28.726	18
- Area 3	1.051	915.810	871	21.908	21
- Area 4	1.362	1.041.003	764	16.592	12
% change 1998/97	4,6	6,5	1,8	5,4	5,6

(1) At 1st January 1998.

Source: MICA - Ministry for Industry, Commerce and Crafts.

**Tab. 8.6 -Trends in the number and size of hypermarkets (1)**

	Number	Area sq. m.	Average area	Employees	Average no. employees
1996	225	1.079.717	4.799	30.034	133
1997	230	1.180.158	5.131	32.907	143
1998	240	1.245.255	5.188	36.258	151
- Area 1	95	583.838	6.146	18.187	191
- Area 2	42	222.872	5.306	6.075	145
- Area 3	68	276.443	4.065	7.213	106
- Area 4	35	162.102	4.631	4.783	137
% change 1998/97	4,3	5,5	1,1	10,2	5,6

(1) At 1st January, 1998.

Source: MICA - Ministry for Industry, Commerce and Crafts.

**Tab. 8.8 - Space attributed to fresh produce and frozen foods in supermarkets and hypermarkets - 1998**

square metres	Percentage distribution	Fresh foods			Frozen foods		
		shelf space (metres)	% change 1998/97	% of total space	shelf space (metres)	% change 1998/97	% of total space
<b>Supermarkets</b>							
400-600	50,7	36	-5,3	7,6	11	-8,3	2,3
601-1000	29,4	54	-	6,6	17	-	2,1
> 1000	19,9	84	-1,2	5,8	27	-6,9	1,8
<b>Total</b>	<b>100</b>	<b>51</b>	<b>-1,9</b>	<b>6,6</b>	<b>16</b>	<b>-5,9</b>	<b>2,1</b>
<b>Hypermarkets</b>							
< 3000	23,1	122	8	4,6	45	-2,2	1,7
da 3000 a 5000	38,8	164	4,5	4,6	57	3,6	1,6
da 5000 a 7000	20,2	244	4,3	4,3	84	3,7	1,5
> 7000	17,8	353	-0,8	3,8	98	6,5	1,0
<b>Total</b>	<b>100</b>	<b>204</b>	<b>2,0</b>	<b>4,2</b>	<b>67</b>	<b>3,0</b>	<b>1,4</b>

Source: Nielsen.



**Tab. 8.14 - Inspections for fraud control carried out by main sector - 1998**

	Total firms	Firms investigated		Firms not conforming		Notifications of offence		Accusations of violation of admin. procedures		Confiscations	
		No. of inspections	(no.)	% of total	(no.)	% of firms inspected	offence	admin. procedures	(no.)	quantity (kg)	value (000 lire)
Wine	65.903	10.856	5.029	7,6	1.134	22,5	202	1.738	119	6.260.776	7.582.880
Dairy	13.162	1.345	1.174	8,9	114	9,7	75	68	15	7.047	53.650
Oils and fats	8.218	1.437	1.130	13,8	167	14,8	172	82	65	776.608	3.065.968
Sugar and derivatives	3.256	360	380	11,7	102	26,8	5	159	1	8.800	1.300
Pasta	4.559	285	351	7,7	58	16,5	16	68	-	-	-
Preserved vegetables	1.997	310	309	15,5	14	4,5	4	13	-	-	-
Animal feedstuffs and additives	3.009	726	724	24,1	174	24,0	15	281	13	42.570	24.692
Additives	154	10	10	6,5	3	30,0	-	3	1	45	135
Fertiliser	1.882	291	474	25,2	114	24,1	8	165	32	189.801	98.414
Seeds	4.778	696	661	13,8	188	28,4	11	305	28	85.958	263.176
Liqueurs	1.375	175	104	7,6	17	16,3	4	17	3	1.512	8.655
Eggs	2.203	354	506	23,0	43	8,5	1	67	3	605	1.296
Pharmaceuticals	590	54	188	31,9	9	4,8	-	13	3	339	10.234
Honey	1.340	184	235	17,5	32	13,6	4	41	-	-	-
Rice	817	35	191	23,4	31	16,2	2	41	-	-	-
Alcoholic beverages	1.002	48	38	3,8	3	7,9	-	4	-	-	-
EC butter	5.966	1.031	538	9,0	4	0,7	-	4	-	-	-
Citrus (imported)	1.797	593	520	28,9	54	10,4	73	54	47	734.451	114.014
Other sectors	4.618	634	304	6,6	66	11,8	19	51	8	82	1.519.214
Sales outlets for agriculture	3.886	1.738	787	20,3	68	8,6	1	95	-	-	-
Sales outlets for food	13.316	3.776	1.737	13,0	158	9,1	31	167	-	-	-
Restaurants	1.894	229	137	7,2	4	2,9	2	3	-	-	-
<b>Total</b>	<b>145.722</b>	<b>25.167</b>	<b>15.527</b>	<b>10,7</b>	<b>2.527</b>	<b>16,3</b>	<b>645</b>	<b>3.439</b>	<b>338</b>	<b>8.108.594</b>	<b>12.743.628</b>

Source: Ispettorato centrale repressione frodi.

**Tab. 9.1 - The Italian domestic market for agricultural equipment and inputs**

	Fertilisers	Phyto- pharmaceuticals	Seeds	Animal feedstuffs	Agricultural machinery	Total	Agricultural products
Value (billion lire)							
1995	1.844	1.338	955	9.072	4.904	18.113	82.219
1997	1.758	1.370	1.063	8.780	5.365	18.337	85.742
1998	1.682	1.363	1.068	8.512	5.774	18.399	84.776
Avg. ann. rate of growth (%) 1995-1998	-4,3	-0,6	0,5	-3,1	7,6	0,3	-1,1
% change, 1998/97	-3,0	0,6	3,8	-2,1	5,6	0,5	1,0
Quantity (1)							
1995	100,0	100,0	100,0	100,0	100,0	100,0	100,0
1997	94,7	95,2	110,5	94,1	106,7	98,5	100,9
1998	91,9	94,1	112,6	91,8	111,6	98,4	101,6
Avg. ann. rate of growth (%) 1995-1998	-3,0	-1,2	1,9	-2,4	4,6	-0,1	0,8
% change, 1998/97	-2,8	-2,0	4,0	-2,8	3,7	-0,5	0,5
Prices (2)							
1995	100,0	100,0	100,0	100,0	100,0	100,0	100,0
1997	100,6	107,6	100,7	102,8	102,6	102,8	103,4
1998	99,3	108,2	99,3	102,2	105,5	103,2	101,5
Avg. ann. rate of growth (%) 1995-1998	-1,4	0,6	-1,4	-0,6	2,9	0,4	-1,9
% change, 1998/97	-0,2	2,7	-0,2	0,7	1,8	1,1	0,5

(1) Indices of quantity refer to the values at constant, 1995, prices of intermediate inputs and of gross agricultural production and to values at 1995 prices of agricultural machinery on the domestic market from UNACOMA.

(2) Price indices relate to implicit prices calculated by the ratio of values at current prices to those at 1995 prices.

Source: INEA calculations on data from ISTAT and UNACOMA.

**Tab. 10.1 - Cofidi (1) in Italy in 1997**

	Industry	Craft and artisan	Commerce	Agriculture
Confidi (n.)	128	319	151	30
Associated SMEs	43.035	500.765	210.000	4.200
Own resources (billion lire) (2)	508	616	235	4
Risks outstanding ( 31.12.96) (3)	4.446	3.063	2.100	65
Guarantees undertaken ( 1996) (4)	5.352	3.729	1.900	60
Rate of insolvency (%)	0,6	2,1	1,2	n.d.
Short-term credit (%)	72,6	40,4	70,0	100
Medium-term credit (> 18 months)	22,4	59,6	30,0	-

(1) Consortia for loan guarantee.

(2) Capital and risk funds net of losses.

(3) Credit in being, guaranteed by Confidi.

(4) Guarantees for credit.

Source: calculations by Coordinamento Confidi and Agrifidi Confagricoltura.



**Tab. 11.1 - Labour force and employees by sector of activity and by geographical area in Italy**

	(thousand units)								
	South			Centre-north			Italy		
	1997	1998	% change 1998/97	1997	1998	% change 1998/97	1997	1998	% change 1998/97
	TOTAL								
POPULATION	20.724	20.760	0,2	36.143	36.223	0,2	56.867	56.983	0,2
Employed:	5.649	5.685	0,6	14.437	14.512	0,5	20.086	20.197	0,6
agriculture	676	667	-1,3	694	672	-3,2	1.370	1.339	-2,3
industry	1.329	1.323	-0,5	5.120	5.144	0,5	6.449	6.467	0,3
other activities	3.644	3.696	1,4	8.624	8.695	0,8	12.268	12.391	1,0
Unemployed and persons in search of first job	1.330	1.374	3,3	926	885	-4,4	2.256	2.259	0,1
Others seeking work	281	304	8,2	267	274	2,6	548	578	5,5
<b>Labour force</b>	<b>7.261</b>	<b>7.364</b>	<b>1,4</b>	<b>15.630</b>	<b>15.670</b>	<b>0,3</b>	<b>22.891</b>	<b>23.034</b>	<b>0,6</b>
Rate of activity (%) <sup>1</sup>	35,0	35,5	-	43,2	43,3	-	40,3	40,4	-
Employment rate (%) <sup>2</sup>	27,3	27,4	-	39,9	40,1	-	35,3	35,4	-
Rate of unemployment (%) <sup>3</sup>	22,2	22,8	-	7,6	7,4	-	12,2	12,3	-
	of which FEMALES								
POPULATION	10.562	10.622	0,6	18.621	18.680	0,3	29.183	29.302	0,4
Employed:	1.654	1.697	2,6	5.575	5.667	1,7	7.229	7.364	1,9
agriculture	233	227	-2,6	234	231	-1,3	467	458	-1,9
industry	173	178	2,9	1.401	1.422	1,5	1.574	1.600	1,7
other activities	1.248	1.293	3,6	3.939	4.014	1,9	5.187	5.307	2,3
Unemployed and persons in search of first job	511	539	5,5	505	486	-3,8	1.016	1.025	0,9
Others seeking work	232	252	8,6	208	214	2,9	440	466	5,9
<b>Labour force</b>	<b>2397</b>	<b>2.488</b>	<b>3,8</b>	<b>6.288</b>	<b>6.367</b>	<b>1,3</b>	<b>8.685</b>	<b>8.855</b>	<b>2,0</b>
Rate of activity (%) <sup>1</sup>	22,7	23,4	-	33,8	34,1	-	29,8	30,2	-
Employment rate (%) <sup>2</sup>	15,7	16,0	-	29,9	30,3	-	24,8	25,1	-
Rate of unemployment (%) <sup>3</sup>	31,0	31,8	-	11,3	11,0	-	16,8	16,8	-

(1) Percentage ratio - workforce: total population.

(2) Percentage ratio - persons employed:total population.

(3) Percentage ratio - (Unemployed and persons in search of first job+Others seeking work): Labour force.

Source: INEA calculations on ISTAT data.

**Tab. A16 - Employment of immigrant labour in agriculture in 1998**

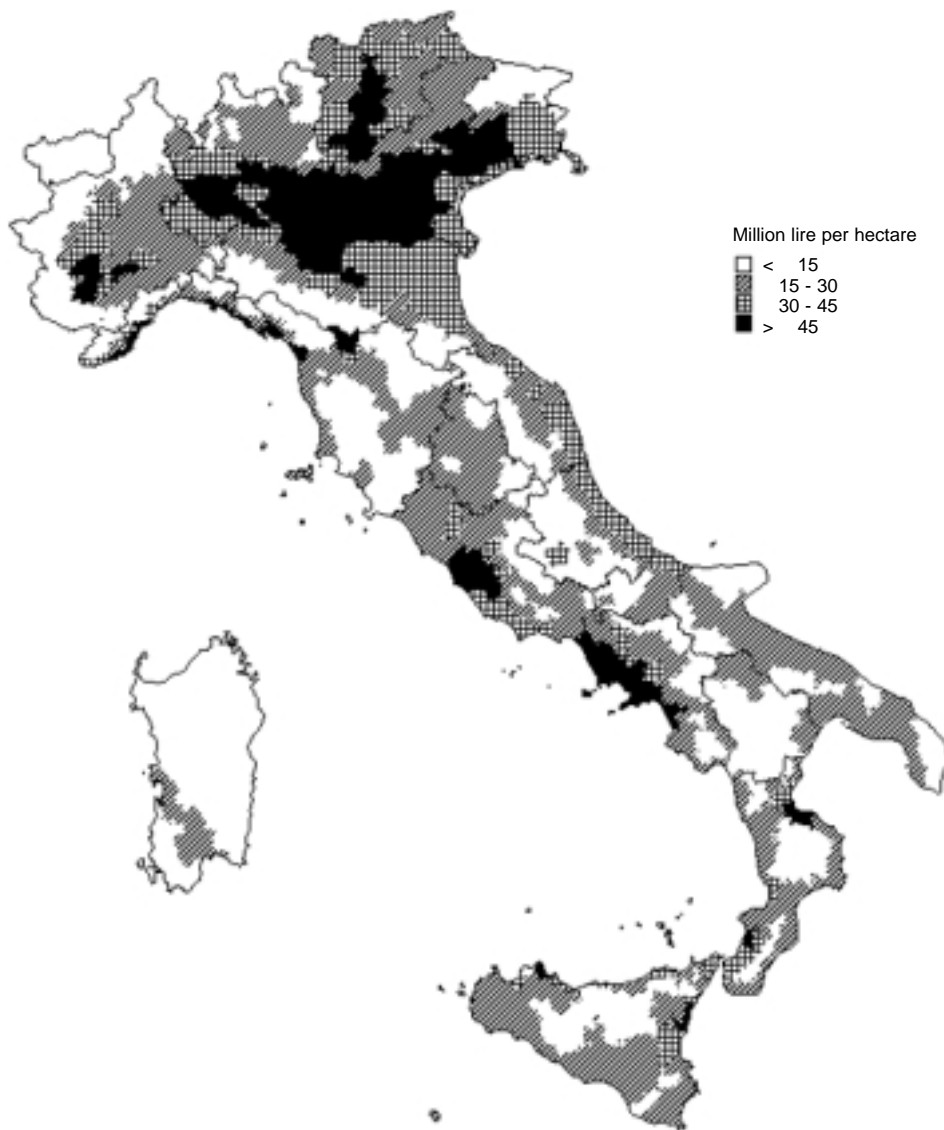
	Total employees in agriculture (1)	Non-EU employed in agriculture (2)	Non-EU equivalent labour units (2)	Non-EU/ total ag. employees (%) (d=b/a%)	Non-EU labour units/ Non-EU employed in ag. (%) (e=c/b%)
	(a)	(b)	(c)	(d=b/a%)	(e=c/b%)
<b>North</b>	<b>482.000</b>	<b>20.777</b>	<b>10.707</b>	<b>4,3</b>	<b>51,5</b>
Piemonte	78.000	2.190	1.898	2,8	86,7
Valle d'Aosta	3.000	290	311	9,7	107,2
Liguria	21.000	1.447	155	6,9	10,7
Lombardia	104.000	1.615	2.073	1,6	128,4
Veneto	92.000	4.827	1.933	5,2	40,0
Trentino-Alto Adige	38.000	7.000	1.915	18,4	27,4
Friuli-Venezia Giulia	23.000	818	153	3,6	18,7
Emilia-Romagna	123.000	2.590	2.269	2,1	87,6
<b>Centre</b>	<b>189.000</b>	<b>14.624</b>	<b>17.752</b>	<b>7,7</b>	<b>121,4</b>
Toscana	59.000	3.924	7.157	6,7	182,4
Marche	33.000	940	1.754	2,8	186,6
Umbria	20.000	870	585	4,4	67,2
Lazio	77.000	8.890	8.256	11,5	92,9
<b>South</b>	<b>461.000</b>	<b>37.872</b>	<b>38.728</b>	<b>8,2</b>	<b>102,3</b>
Abruzzo	33.000	1.430	1.129	4,3	79,0
Molise	15.000	200	57	1,3	28,5
Campania	158.000	8.100	7.055	5,1	87,1
Puglia	154.000	14.942	11.600	9,7	77,6
Basilicata	28.000	4.150	3.147	14,8	75,8
Calabria	73.000	9.050	15.740	12,4	173,9
Islands	203.000	6.467	5.864	3,2	90,7
Sicilia	150.000	6.070	5.518	4,0	90,9
Sardegna	53.000	397	346	0,7	87,2
<b>Italy</b>	<b>1.335.000</b>	<b>79.740</b>	<b>73.051</b>	<b>6,0</b>	<b>91,6</b>

(1) Source: ISTAT.

(2) INEA Survey.

Source: INEA calculations.

Fig. 12.2 - Average land values - 1998



Values are calculated as a weighted average of prices for each type of crop in the agricultural zone, taking into account the area under each crop. Figures may therefore hide strong variations within an area but give some idea of trends in the land market.

**Tab. 12.2 - Rented land by agricultural area utilised and by category of enterprise**

(area in hectares)

	Farms with rented land only	Farms with land both owned and rented	Total	Percentage of total area
<b>Agricultural area utilised</b>				
Less than 1 hectare	18.364	9.531	27.894	3,9
1 - 2	27.855	20.407	48.262	5,0
2 - 3	22.393	28.284	50.677	6,0
3 - 5	47.694	66.903	114.596	7,9
5 - 10	100.442	209.023	309.465	12,9
10 - 20	148.595	368.469	517.064	19,8
20 - 30	100.389	312.242	412.631	26,0
30 - 50	145.370	418.617	563.986	28,3
50 - 100	199.955	522.252	722.207	30,1
More than 100 hectares	399.678	687.776	1.087.454	21,0
<b>Category of enterprise</b>				
Owner-occupier	918.328	2.446.645	3.364.973	21,8
Farms with hired labour	278.092	193.232	471.324	10,2
Other types of enterprise	14.314	3.627	17.941	26,5
<b>Total</b>	<b>1.210.734</b>	<b>2.643.504</b>	<b>3.854.238</b>	<b>19,1</b>

Source: INEA calculations on data from ISTAT, Struttura delle aziende agricole - 1997.

**Tab 14.1 - Total cost and implementation of structural intervention in Italy by priority objective**

	Forecast total cost	Forecast public expenditure (EU and Italy) (000 ecu)	State of implementation			
			at 30/12/1997		at 30/12/1998	
			allocation	payment	allocation	payment
total cost (%)						
Objective 1	4.333.477	3.597.913	45,4	26,9	79,7	43,3
Non-Objective 1 Regions	8.009.552	4.896.934	45,7	20,8	64,6	33,3
Objective 5	5.676.191	3.132.634	52,1	18,6	64,5	31,2
Objective 5a	2.333.361	1.764.300	32,0	25,6	65,0	38,6
Leader II	870.351	593.027	1,1	0,7	45,3	7,0
<b>Total</b>	<b>13.213.381</b>	<b>9.087.874</b>	<b>68,3</b>	<b>34,9</b>	<b>68,3</b>	<b>34,9</b>

Source: SIRGS.

**Tab. 15.2 - FEOGA Guarantee expenditure by product**

Prodotti	Total EU				Italia				Italy/EU	
	million ecu		%		million ecu		%		%	
	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998
Arable crops	17.462	17.945	42,9	46,3	2.208	1.951	43,1	47,3	12,6	10,9
- cereals	12.209	13.577	30,0	35,0	1.605	1.484	31,3	35,9	13,1	10,9
- oilseeds	2.439	2.369	6,0	6,1	447	394	8,7	9,5	18,3	16,6
- protein crops	525	618	1,3	1,6	8	9	0,2	0,2	1,5	1,5
- other	386	120	0,9	0,3	3	0	0,1	0,0	0,8	0,0
- set-aside	1.904	1.263	4,7	3,3	145	64	2,8	1,5	7,6	5,1
Sugar	1.608	1.777	4,0	4,6	84	186	1,6	4,5	5,2	10,5
Olive oil	2.207	2.267	5,4	5,8	983	563	19,2	13,6	44,5	24,8
Dried legumes and forage	367	378	0,9	1,0	43	45	0,8	1,1	11,6	11,9
Textile crops and silk worms	907	870	2,2	2,2	0	0	0,0	0,0	0,0	0,0
Fruit and vegetables	1.569	1.510	3,9	3,9	415	315	8,1	7,6	26,4	20,8
Wine	1.030	700	2,5	1,8	441	226	8,6	5,5	42,8	32,2
Tobacco	998	870	2,5	2,2	395	260	7,7	6,3	39,6	29,9
Other crops	274	354	0,7	0,9	72	102	1,4	2,5	26,2	28,7
Subtotal I: crops	26.423	26.670	65,0	68,8	4.640	3.647	90,6	88,3	17,6	13,7
Dairy products	3.101	2.597	7,6	6,7	-110	95	-2,1	2,3	-3,5	3,7
Beef	6.675	5.161	16,4	13,3	317	240	6,2	5,8	4,7	4,6
Sheep and goat meat	1.425	1.535	3,5	4,0	121	128	2,4	3,1	8,5	8,3
Pork	479	238	1,2	0,6	5	9	0,1	0,2	1,0	3,7
Eggs and poultry	79	90	0,2	0,2	1	0	0,0	0,0	0,8	0,3
Other livestock products	94	95	0,2	0,2	0	0	0,0	0,0	0,0	0,0
Fishery products	34	21	0,1	0,1	0	0	0,0	0,0	0,0	0,0
Sub-total II: livestock products	11.887	9.736	29,2	25,1	333	472	6,5	11,4	2,8	4,9
Non-annexe II products	566	553	1,4	1,4	27	24	0,5	0,6	4,7	4,3
Food programme	297	334	0,7	0,9	92	73	1,8	1,8	31,1	21,8
Anti-fraud activities	43	40	0,1	0,1	0	3	0,0	0,1	0,7	7,2
Action for promotion	54	45	0,1	0,1	5	3	0,1	0,1	8,5	7,3
Other measures	204	177	0,5	0,5	0	-16,3	0,0	-0,4	0,0	-9,2
Income support	5	1	0,0	0,0	0	0	0,0	0,0	0,0	0,0
Accompanying measures	2.065	1.847	5,1	4,8	418	194	8,2	4,7	20,2	10,5
Sub-total III	3.233	2.997	7,9	7,7	542	281	10,6	6,8	16,8	9,4
<b>Total agricultural expenditure</b>	<b>41.543</b>	<b>39.403</b>	<b>102,1</b>	<b>101,7</b>	<b>5.515</b>	<b>4.399</b>	<b>107,7</b>	<b>106,5</b>	<b>13,3</b>	<b>11,2</b>
Checking and closure of previous years' accounts	-868	-655	-2,1	-1,7	-394	-270	-7,7	-6,5	45,4	41,2
<b>Total FEOGA-Guarantee</b>	<b>40.675</b>	<b>38.748</b>	<b>100</b>	<b>100</b>	<b>5.121</b>	<b>4.129</b>	<b>100</b>	<b>100</b>	<b>12,6</b>	<b>10,7</b>

Source: INEA calculations on EU data.

**Tab. 15.3 - FEOGA Guarantee expenditure by type of intervention**

(million ecu/euro)

	Total EU				Italy				Italy/EU	
	1997		1998		1997		1998		1997	1998
	v. a.	%	v. a.	%	v. a.	%	v. a.	%	%	%
<b>Export refunds</b>	<b>5.880,6</b>	<b>14,2</b>	<b>4.788,3</b>	<b>12,2</b>	<b>328,9</b>	<b>6,0</b>	<b>354,9</b>	<b>8,1</b>	<b>5,6</b>	<b>7,4</b>
- cereals and derivatives	532,3	1,3	429,4	1,1	34,3	0,6	30,7	0,7	6,4	7,1
- sugar and isoglucose	1.115,7	2,7	1.265,5	3,2	42,1	0,8	139,5	3,2	3,8	11,0
- milk and derivatives	1.753,3	4,2	1.426,7	3,6	39,2	0,7	24,6	0,6	2,2	1,7
- beef	1.498,9	3,6	774,5	2,0	70,4	1,3	55,7	1,3	4,7	7,2
- other	980,4	2,4	892,3	2,3	142,9	2,6	104,4	2,4	14,6	11,7
<b>Stocks</b>	<b>2.180,1</b>	<b>5,2</b>	<b>2.459,6</b>	<b>6,2</b>	<b>364,9</b>	<b>6,6</b>	<b>291,0</b>	<b>6,6</b>	<b>16,7</b>	<b>11,8</b>
- cereals	71,5	0,2	1.083,9	2,8	-4,7	-0,1	-0,3	0,0	-6,6	0,0
- sugar and isoglucose	362,4	0,9	349,5	0,9	40,1	0,7	44,0	1,0	11,1	12,6
- wine	565,5	1,4	512,2	1,3	220,3	4,0	148,7	3,4	39,0	29,0
- dairy produce	150,0	0,4	140,9	0,4	71,2	1,3	50,1	1,1	47,5	35,6
- beef	749,6	1,8	145,4	0,4	2,3	0,0	-2,5	-0,1	0,3	-1,7
- other	281,1	0,7	227,7	0,6	35,7	0,6	51,0	1,2	12,7	22,4
<b>Reduction of production potential</b>	<b>3.282,7</b>	<b>7,9</b>	<b>2.289,2</b>	<b>5,8</b>	<b>296,5</b>	<b>5,4</b>	<b>105,1</b>	<b>2,4</b>	<b>9,0</b>	<b>4,6</b>
- set aside	1.903,6	4,6	1.262,6	3,2	144,7	2,6	63,8	1,5	7,6	5,1
- other	1.379,1	3,3	1.026,6	2,6	151,8	2,8	41,3	0,9	11,0	4,0
<b>Consumption aid</b>	<b>839,8</b>	<b>2,0</b>	<b>720,0</b>	<b>1,8</b>	<b>71,5</b>	<b>1,3</b>	<b>60,8</b>	<b>1,4</b>	<b>8,5</b>	<b>8,4</b>
- olive oil	125,6	0,3	136,0	0,3	50,6	0,9	47,4	1,1	40,3	34,8
- dairy products	714,2	1,7	584,0	1,5	20,9	0,4	13,4	0,3	2,9	2,3
- other	-	-	-	-	-	-	-	-	-	-
<b>Processing aid</b>	<b>1.892,0</b>	<b>4,6</b>	<b>1.606,3</b>	<b>4,1</b>	<b>467,0</b>	<b>8,5</b>	<b>311,4</b>	<b>7,1</b>	<b>24,7</b>	<b>19,4</b>
- wine	166,4	0,4	132,6	0,3	107,1	1,9	69,0	1,6	64,4	52,0
- fruit and vegetables	886,1	2,1	652,5	1,7	345,4	6,3	229,3	5,2	39,0	35,1
- dairy products	674,5	1,6	654,1	1,7	8,4	0,2	7,3	0,2	1,2	1,1
- other	165,0	0,4	167,1	0,4	6,1	0,1	5,8	0,1	3,7	3,5
<b>Production aid</b>	<b>24.525,1</b>	<b>59,0</b>	<b>24.786,2</b>	<b>62,9</b>	<b>3.463,6</b>	<b>62,8</b>	<b>3.005,6</b>	<b>68,3</b>	<b>14,1</b>	<b>12,1</b>
- arable crops	14.873,7	35,8	15.103,5	38,3	2.030,4	36,8	1.853,6	42,1	13,7	12,3
- olive oil	2.041,0	4,9	2.046,5	5,2	915,0	16,6	485,3	11,0	44,8	23,7
- tobacco	1.005,3	2,4	871,2	2,2	394,2	7,1	259,6	5,9	39,2	29,8
- fruit and vegetables	290,5	0,7	627,8	1,6	0,2	0,0	49,9	1,1	0,1	7,9
- beef	3.624,1	8,7	3.236,8	8,2	218,4	4,0	149,9	3,4	6,0	4,6
- sheep and goat meat	1.425,4	3,4	1.534,9	3,9	121,3	2,2	128,1	2,9	8,5	8,3
- other	1.265,1	3,0	1.365,5	3,5	-215,9	-3,9	79,2	1,8	-17,1	5,8
<b>Other intervention</b>	<b>2.943,0</b>	<b>7,1</b>	<b>2.748,9</b>	<b>7,0</b>	<b>522,5</b>	<b>9,5</b>	<b>271,0</b>	<b>6,2</b>	<b>17,8</b>	<b>9,9</b>
<b>Total agricultural exp. (1)</b>	<b>41.543,3</b>	<b>100</b>	<b>39.398,4</b>	<b>100</b>	<b>5.514,9</b>	<b>100</b>	<b>4.399,8</b>	<b>100</b>	<b>-</b>	<b>-</b>

(1) Total agricultural expenditure does not correspond exactly with that shown in Table 15.2 on account of rounding errors.

Source: INEA calculations on EU data.

**Tab. 16.4 - Payments made by the Intervention Board, AIMA, in the period 1996-98, classified by product**

	(Billion lire, current prices)						
	1996	%	1997	%	1998	%	media 1996-98
Cereals	2.820.334	29,1	3.174.475	32,0	2.794.847	31,4	1.998.290
Oilseeds and protein crops	644.967	6,7	888.988	9,0	759.219	8,5	511.324
Fodder and minor crops (legumes, linen etc.)	107.486	1,1	101.425	1,0	119.057	1,3	69.638
Olive oil	1.760.147	18,2	1.115.330	11,2	1.432.445	16,1	958.502
Vineyards and wine	392.700	4,1	568.045	5,7	470.685	5,3	320.252
Fruit and vegetables	820.048	8,5	755.722	7,6	572.592	6,4	525.262
Dairy products	240.797	2,5	287.410	2,9	199.350	2,2	176.071
Beef cattle	575.287	5,9	578.206	5,8	403.384	4,5	384.502
Sheep	371.000	3,8	326.212	3,3	285.479	3,2	232.406
Pigs	733	0,0	-	-	-	-	244
Sugar	306.899	3,2	264.043	2,7	290.341	3,3	190.316
Tobacco	735.167	7,6	837.426	8,4	707.224	8,0	524.203
EEC Reg. 2078, set aside and compensatory payments	806.372	8,3	908.082	9,1	719.476	8,1	571.490
EEC Reg. 2080/92, forestry	87.090	0,9	89.389	0,9	130.735	1,5	58.827
Fish	32	0,0	42	0,0	-	-	25
Food aid	1.308	0,0	35.111	0,4	5.132	0,1	12.140
Other expenditure (general expenses, pre-pensioning etc.)	7.124	0,1	1.103	0,0	2.743	0,0	2.742
<b>Total</b>	<b>9.677.491</b>	<b>100</b>	<b>9.931.009</b>	<b>100</b>	<b>8.892.709</b>	<b>100</b>	<b>6.536.233</b>

Source: INEA calculations on AIMA data.

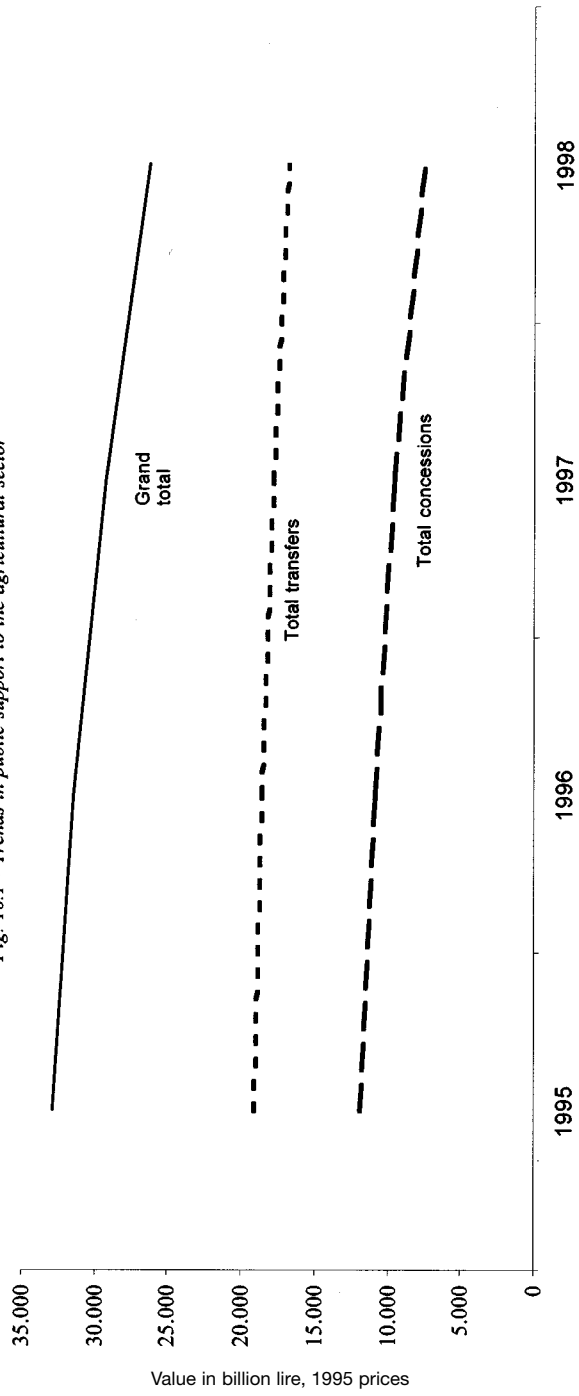
**Tab. 16.6 - Taxation and other levies paid by the agricultural sector**

	1995	1996	1997	1998
Values in billion lire				
Social security contributions	4.684	4.828	4.871	4.526
Employers	2.203	2.266	2.244	1.781
Hired labour	295	402	435	447
Self-employed labour	2.186	2.160	2.192	2.299
Indirect taxes	896	1.007	1.138	1.516
Direct taxes	1.620	1.714	1.731	1.788
Income tax, hired labour	442	440	453	457
Income tax, entrepreneurs	309	369	371	478
Local tax, entrepreneurs	18	23	29	28
Taxes on companies	168	192	223	197
Capital gains tax	419	412	372	342
Dues, land-reclamation consortia	264	277	283	286
<b>Grand total</b>	<b>7.200</b>	<b>7.549</b>	<b>7.740</b>	<b>7.830</b>
Percentage change on previous year				
Social security contributions	-7,9	3,1	0,9	-7,1
Employers	-6,0	2,9	-1,0	-20,6
Hired labour	-12,7	36,2	8,3	2,6
Self-employed labour	-9,1	-1,2	1,5	4,9
Indirect taxes	-1,9	12,4	13,0	33,2
Direct taxes	7,1	5,8	1,0	3,3
Income tax, hired labour	1,4	-0,4	2,8	0,8
Income tax, entrepreneurs	66,1	19,4	0,5	28,8
Local tax, entrepreneurs	-3,1	25,8	25,2	-3,4
Taxes on companies	-0,6	14,3	16,1	-11,7
Capital gains tax	-5,6	-1,7	-9,7	-8,1
Dues, land-reclamation consortia	1,8	5,2	2,0	1,1
<b>Grand total</b>	<b>-4,2</b>	<b>4,8</b>	<b>2,5</b>	<b>1,2</b>

Source: INEA calculations on data from ISTAT and the Ministry of Finance.



Fig. 16.1 - Trends in public support to the agricultural sector



**Tab. 17.1 - Allocations of public expenditure for research in agriculture and related activities**

	1997 (million lire)	1998 (million lire)	% distribution
MURST - Finance for research in Faculties of Agriculture and Veterinary Science	254.835	254.835	27,5
MURST - Finance for research in the agro-food industry	113.000	113.000	12,2
CNR - National Research Council	132.311	83.933	14,3
Ministry for Agricultural Policies (MIPA)	151.325	107.499	16,4
INEA - National Institute for Agricultural Economics	22.159	20.195	2,4
ISMEA - Institute for Study of Agricultural Markets	4.728	4.728	0,5
INN - National Institute for Nutrition	9.550	139	1,0
Experimental Institute "Lazzaro Spallanzani"	1.904	3.557	0,2
ENSE - National Institute for Selected Seeds	12.670	12.408	1,4
INFS - National Institute for Wild Animals	5.074	4.990	0,5
ENEA - Institute for New Technology, Energy and the Environment	31.839	4.359	3,4
MICA - Experimental Institute for Industry	17.657	17.657	1,9
ISS - Institute for Health	15.141	4.293	1,6
Experimental Livestock Institutes	12.187	12.187	1,3
ICRAM - Central Institute for Marine Research	11.919	11.919	1,3
CeSRAM - Centre for Research in Agricultural Economics, Southern Italy	583	583	0,1
National Bee-keeping Institute	274	274	0,0
IDIAC. Institute for International Agricultural Law	240	285	0,0
Regions and Regional Institutes	104.744	127.110	11,3
Contributions to International Organisations, Ministry of Foreign Affairs	11.100	11.100	1,2
Agr. Ist. for Foreign Agriculture,	12.130	12.130	1,3
<b>Total</b>	<b>925.370</b>	<b>807.181</b>	<b>100</b>

Data are classified using the NABS system referring to the following socio-economic objectives:

- 4.5. Nutrition and food safety; 6 Agricultural production and technology ; 6.0. General research;
  - 6.3. Veterinary medicine; 6.4, Crops; 6.5, Forestry and timber industry; 6.6, Food technology;
  - 6.9. Other research on production and technology; 7.10, manufacture of food products and beverages; 11.7. Agricultural sciences.
- 1997 data brought forward to 1998 are shown in italics.

Source: NABS forms from ISDRS-CNR, INEA-ORA CNR questionnaires, annual reports of the institutes concerned, Ministry for Universities, Research, Science and Technology.

**Tab. 19.3 - Number of farms and area in the EU affected by agro-environmental measures, 1998**

	Farms	% all farms	Area	percentage of utilised agricultural land		
				Total	Objective1 areas	Non-Objective 1 areas
Austria	173,4	78,2	2.429	71,1	84,6	66,7
Belgium	2,0	2,8	23	1,7	1,0	1,8
Denmark	8,0	11,6	107	4,0	-	3,9
Germany	n.d.	n.d.	6.741	39,3	26,1	44,6
Greece	2,4	0,3	35	1,0	0,6	-
Spain	33,9	2,7	871	3,4	3,7	0,1
France	171,0	23,3	6.901	24,4	4,1	23,6
Ireland	32,2	21,0	1.090	25,1	24,1	-
Italy	176,3	7,1	2.291	15,4	7,7	19,0
Luxembourg	1,9	60,3	97	77,0	-	75,9
Netherlands	6,7	5,9	34	1,7	1,4	1,9
Portugal	137,9	30,6	664	17,4	16,8	-
Finland	77,8	77,2	1.877	86,4	-	86,9
Sweden	56,6	63,7	1.642	52,8	-	51,6
United Kingdom	25,4	10,8	2.323	14,2	12,7	15,0
EU 12	598	9,4	21.177	17,6	9,2	21,5
EU 15	906	13,4	27.125	21,0	9,5	27,8

Source: Commission of the EU, DG VI.

**Tab. 20.4 - Italian imports and exports of non-processed cereals by main countries of origin and destination, 1998**

	Imports		Exports	
	billion lire	%	billion lire	%
<b>France</b>				
Total	985,4	37,8	34,1	34,2
Softwheat and spelt	611,3	39,3	28,1	69,6
Durum wheat	96,3	18,0	2,6	15,0
Rye, barley and oats	92,0	55,9	0,8	5,1
<b>United States of America</b>				
Total	338,5	13,0	20,3	20,4
Soft wheat and spelt	105,2	6,8	4,7	11,6
Durum wheat	133,2	24,8	6,4	37,0
Rye, barley and oats	-	-	2,6	16,6
<b>Canada</b>				
Total	237,3	9,1	19,9	20,0
Soft wheat and spelt	108,9	7,0	2,6	6,4
Durum wheat	127,2	23,7	5,8	33,5
Rye, barley, and spelt	-	-	9,7	61,8
<b>WORLD</b>				
Total	2.606,8	100	99,6	100
Soft wheat and spelt	1.556,7	100	40,4	100
Durum wheat	536,3	100	17,3	100
Rye, barley and oats	164,5	100	15,7	100

Source: INEA, Il commercio con l'estero dei prodotti agroalimentari. Rapporto 1998.

**Tab. 20.5 - Imports and exports of processed cereals by main countries of origin and destination, 1998**

	Imports			Exports	
	billion lire	%		billion lire	%
<b>Germany</b>					
Total	173,5	25,8	<b>Germany</b>	678,6	15,6
Bakery products	151,4	30,4	Total	210,1	14,3
Flour and derivatives of other cereals	16,4	14,9	Pasta, without egg or filling	240,3	18,0
			Bakery products	93,6	15,2
			Processed rice		
<b>France</b>			<b>France</b>		
Total	165,1	24,5	Total	666,0	15,3
Bakery products	134,9	27,1	Pasta, without egg or filling	174,0	11,8
Flour and derivatives of other cereals	22,3	20,2	Bakery products	229,6	17,2
			Processed rice	144,6	23,5
<b>United Kingdom</b>			<b>United Kingdom</b>		
Total	86,4	12,8	Total	403,0	9,2
Bakery products	39,0	7,8	Pasta, without egg or filling	140,0	9,5
Flour and derivatives of other cereals	44,0	39,9	Bakery products	108,3	8,1
			Processed rice	68,6	11,2
<b>WORLD</b>			<b>WORLD</b>		
Total	673,3	100,0	Total	4.357,3	100,0
Bakery products	497,4	100,0	Pasta, without egg or filling	1.471,0	100,0
Flour and derivatives of other cereals	110,3	100,0	Bakery products	1.334,7	100,0
			Processed rice	614,3	100,0

Source: INEA, Il commercio con l'estero dei prodotti agro-alimentari. Rapporto 1998.

Tab. 20.14 - Italy's main trading partners for oilseeds, 1997 and 1998

	Imports				Exports				(tons)
	1997		1998		1997		1998		
	quantity	%	quantity	%	quantity	%	quantity	%	
SOYA									
EU	3.693	0,5	7.008	0,8	30.748	59,9	5.640	65,7	
United States	372.889	50,3	279.143	33,8	14.445	28,2	-	-	
Brazil	276.895	37,4	428.135	51,8	3956	7,7	2887	33,6	
Argentina	72.017	9,7	86.023	10,4	2.141	4,2	-	-	
Other	15.672	2,1	25.515	3,1	5	0,0	59	0,7	
<b>Total</b>	<b>741.166</b>	<b>100</b>	<b>825.824</b>	<b>100</b>	<b>51.295</b>	<b>100</b>	<b>8.586</b>	<b>100</b>	
RAPESEED									
EU	1.438	13,1	4.781	56,2	1.983	98,8	1.600	100,0	
Russia	5.299	48,4	-	-	24	1,2	-	-	
Ukraine	2.724	24,9	-	-	-	-	-	-	
Roumania	1.046	9,6	3.562	41,9	-	-	-	-	
Other	434	4,0	157	1,8	-	-	-	-	
<b>Total</b>	<b>10.941</b>	<b>100</b>	<b>8.500</b>	<b>100</b>	<b>2.007</b>	<b>100</b>	<b>1.600</b>	<b>100</b>	
SUNFLOWER SEED									
EU	2.737	1,8	624	0,3	6.158	68,8	9.611	81,8	
Ukraine	91.544	60,1	64.488	27,8	2.023	22,6	1.444	12,3	
Russia	30.040	19,7	89.184	38,4	717	8,0	670	5,7	
Roumania	14.851	9,8	34.660	14,9	36	0,4	17	0,1	
Other	13.145	8,6	43.192	18,6	14	0,2	2	0,0	
<b>Total</b>	<b>152.317</b>	<b>100</b>	<b>232.148</b>	<b>100</b>	<b>8.948</b>	<b>100</b>	<b>11.744</b>	<b>100</b>	

Source: ISTAT-ASSITOL.

**Tab. 20.25 - Italian imports and exports of tobacco, 1997 and 1998**

	(quantity: '000 quintals (1); value: million lire)					
	Imports			Exports		
	quantity	% change 1998/97	value	quantity	% change 1998/97	value
Raw tobacco						
1997	344,7	-	291,1	989,9	-	345,5
1998	387,6	12,4	295,6	959,0	-3,1	352,6
Processed tobacco (2)						
1997	448,6	-	1.864,9	9,0	-	13,8
1998	473,5	5,6	1.985,6	4,6	-49,1	14,1
Total						
1997	793,3	-	2.156,0	998,9	-	359,3
1998	861,1	8,5	2.281,2	963,6	-3,5	366,7

(1) A quintal is equivalent to 100 kilos.

(2) Tobacco processed as cigarettes, cigars and for other end uses.

Source: INEA calculations on ISTAT data.

Tab. 21.7 - Italian imports and exports of vegetables (1) by main countries of origin and destination - 1998

	Imports		Exports	
	billion lire	%	billion lire	%
<b>Netherlands</b>				
Total	189,98	21,2	621,34	46,6
Fresh	186,84	24,7	611,41	47,2
- potatoes	18,12	15,4	92,18	58,9
Dried	3,14	2,7	9,93	25,6
<b>France</b>				
Total	181,34	20,2	135,78	10,2
Fresh	171,48	22,7	132,42	10,2
- potatoes	65,96	56,2	5,53	3,5
Dried	9,86	7,0	3,36	8,7
<b>Spain</b>				
Total	154,87	17,2	105,06	7,9
Fresh	153,67	20,3	104,28	8,0
- potatoes	0,43	0,4	3,93	2,5
Dried	1,20	0,8	0,78	2,0
<b>World</b>				
Total	898,01	100	1.334,22	100
Fresh	756,50	100	1.295,48	100
- potatoes	117,37	100	156,41	100
Dried	141,51	100	38,74	100

(1) Including legumes.

Source: INEA, Il commercio con l'estero dei prodotti agro-alimentari. Rapporto 1998.



**Tab. 21.9 - Italian imports and exports of fresh fruit and nuts by main countries of origin and destination - 1998**

	Imports		Exports	
	billion lire	%	billion lire	%
<b>Americas (1)</b>				
Total	415,53	21,2	1.443,02	44,2
- fresh fruit	415,53	29,9	1.351,66	44,3
- dried fruit & nuts	0,00	0,0	91,36	41,9
<b>Spain</b>				
Total	412,90	21,0	339,90	10,4
- fresh fruit	343,39	24,7	312,60	10,3
- dried fruit & nuts	69,51	12,2	27,30	12,5
<b>France</b>				
Total	172,86	8,8	232,77	7,1
- fresh fruit	155,90	11,2	216,35	7,1
- dried fruit & nuts	16,96	3,0	16,42	7,5
<b>United Kingdom</b>				
Total				
- fresh fruit				
- dried fruit & nuts				
<b>World</b>				
Total	1.962,32	100	3.266,70	100
- fresh fruit	1.390,57	100	3.048,43	100
- dried fruit & nuts	571,75	100	218,27	100

(1) Excluding USA, Argentina, Brazil.

Source: INEA, op. cit.

**Tab. 21.14 - Italian imports and exports of citrus fruit by main countries of origin and destination - 1998**

	Imports			Exports	
	billion lire	%		billion lire	%
Spain	205,06	76,02	Germany	49,94	29,26
France	19,11	7,08	Switzerland	24,39	14,29
Netherlands	13,44	4,98	Austria	23,10	13,53
<b>WORLD</b>	<b>269,76</b>	<b>100</b>	<b>WORLD</b>	<b>170,69</b>	<b>100</b>

Source: INEA, op. cit.

**Tab. 21.16 - Italian imports and exports of flowers and plants, 1997 and 1998**

(million lire)

	Imports			Exports		
	1997	1998	% change 1998/97	1997	1998	% change 1998/97
<b>Plants</b>	<b>354.621</b>	<b>398.620</b>	<b>12,4</b>	<b>400.899</b>	-	-
Flowering	322.796	359.526	11,4	339.642	377.702	11,2
growing bulbs	1.745	4.457	155,4	1.814	626	-65,5
bulbs	94.572	116.986	23,7	5.773	5.036	-12,8
open air plants	39.344	43.527	10,6	117.442	142.699	21,5
outside plants	24.269	25.331	4,4	111.023	119.567	7,7
house plants	162.866	169.225	3,9	103.590	109.774	6,0
Non-flowering	31.825	39.094	22,8	61.257	66.507	8,6
<b>Flowers</b>	<b>234.171</b>	<b>261.886</b>	<b>11,8</b>	<b>341.723</b>	<b>357.644</b>	<b>4,7</b>
Fresh flowers	204.675	230.972	12,8	171.698	180.935	5,4
roses	59.364	84.887	43,0	14.650	13.377	-8,7
carnations	3.175	2.286	-28,0	31.669	31.512	-0,5
orchids	39.769	40.364	1,5	665	410	-38,3
gladioli	216	205	-5,1	1.630	873	-46,4
chrysanthemums	25.753	25.553	-0,8	3.130	3.325	6,2
other	76.398	77.676	1,7	119.954	131.437	9,6
Dried flowers	8.418	8.070	-4,1	14.060	14.090	0,2
Leaves and twigs	21.078	22.844	8,4	155.965	162.619	4,3
<b>Flowers and plants</b>	<b>588.792</b>	<b>660.506</b>	<b>12,2</b>	<b>742.622</b>	<b>801.853</b>	<b>8,0</b>

Source: ISTAT.

**Tab. 22.6 - Italian imports and exports of wine by main countries of origin and destination - 1998**

	Imports		Exports	
	billion lire	%	billion lire	%
France	276,0	81,3	1.322,0	32,2
Portugal	22,8	6,7	729,8	17,8
Spain	19,7	5,8	392,3	9,6
<b>World</b>	<b>339,6</b>	<b>100</b>	<b>4.100,4</b>	<b>100</b>

Source: INEA, Il commercio con l'estero dei prodotti agro-alimentari. Rapporto 1998.

**Tab. 22.10 - Types of olive oil imported and exported, 1997 and 1998**

	(tons)				
	Quantity			% share	
	1997	1998	% change 1998/97	1997	1998
Imported					
Vergine non lampante	316.324	262.434	-17,0	61,3	60,1
Vergine lampante	133.834	131.968	-1,4	25,9	30,2
Oliva raffinato	32.775	22.590	-31,1	6,3	5,2
Sansa greggio	30.328	18.760	-38,1	5,9	4,3
Sansa raffinato	3.150	986	-68,7	0,6	0,2
Exported					
Vergine non lampante	107.744	108.292	0,5	50,0	50,7
Vergine lampante	1.678	2.101	25,2	0,8	1,0
Oliva raffinato	87.976	80.343	-8,7	40,9	37,6
Sansa greggio	1.687	4.499	166,7	0,8	2,1
Sansa raffinato	16.206	18.348	13,2	7,5	8,6

Source: INEA calculations on data from ISTAT and ASSITOL.

**Tab. 23.5 - Italian imports and exports of meat<sup>1</sup> by main countries of origin and destination - 1998**

	Imports		Exports	
	— billion lire	%	— billion lire	%
<b>Netherlands</b>				
Total	1 524,4	25,4	219,9	22,6
Beef	755,7	26,4	32,1	8,8
Pork	720,3	29,0	43,8	38,9
Sheep and goat	8,3	5,0	0,0	0,0
Poultry	1,2	1,6	119,9	34,9
<b>France</b>				
Total	1 132,6	18,9	165,0	17,0
Beef	579,8	20,2	118,1	32,4
Pork	463,2	18,7	8,9	7,9
Sheep and goat	38,5	23,0	0,0	0,0
Poultry	12,9	17,6	10,9	3,2
<b>Germany</b>				
Total	947,0	15,8	103,3	10,6
Beef	548,5	19,1	41,5	11,4
Pork	347,9	14,0	0,9	0,8
Sheep and goat	0,3	0,2	7,4	45,1
Poultry	2,8	3,8	44,9	13,1
<b>World</b>				
Total	5 997,0	100	971,0	100
Beef	2 867,6	100	365,0	100
Pork	2 481,8	100	112,7	100
Sheep and goat	167,4	100	16,4	100
Poultry	73,2	100	344,0	100

(1) Fresh and frozen.

Source: INEA, Il commercio con l'estero dei prodotti agro-alimentari. Rapporto 1998.

**Tab. 23.9 - Output of the main cheeses and other dairy products, 1997 and 1998**

	(hundred kilos)					
	Milk utilised (1)		Output		Butter	
	1997	1998	1997	1998	1997	1998
Grana Padano	20.497.000	19.246.934	1.282.807	1.374.781	338.300	317.668
Fresh cheeses "a pasta filata"	19.200.000	19.000.000	2.400.000	2.375.000	152.854	151.262
Parmigiano Reggiano	16.208.076	16.684.392	1.069.840	1.101.280	275.380	283.473
Italic, Crescenza	9.030.000	8.944.000	1.050.000	1.040.000	39.451	39.076
Provolone and similar	4.590.000	4.437.000	360.000	348.000	42.335	40.924
Gorgonzola	4.140.000	3.914.000	413.028	433.937	12.058	11.400
Asiago	1.942.016	1.966.464	196.053	198.780	28.282	28.638
Other soft and fresh cheeses	1.150.000	1.150.000	100.000	100.000	-	-
Montasio	869.803	901.821	87.816	91.677	12.667	13.133
Taleggio	864.730	870.000	100.550	104.000	3.778	3.801
Other hard cheeses	852.500	870.000	55.000	60.000	14.070	14.359
Fontina	473.573	469.294	45.978	45.562	4.138	4.101
Quartirolo Lombardo	283.620	269.000	32.600	32.200	1.239	1.175
Toma Piemontese	100.000	101.382	10.000	10.361	1.165	1.181
Mixed cheeses	5.528.750	6.001.150	700.000	763.000	-	-
Pecorino Romano	1.678.900	1.906.500	283.600	343.169	-	-
Other cheeses from sheeps' milk	1.269.400	1.269.400	220.000	220.000	-	-
Pecorino Sardo	741.600	370.800	120.000	60.000	-	-
Pecorino Toscano	279.312	286.340	50.600	51.000	-	-
Mozzarella di Bufala	892.500	906.400	210.000	220.000	-	-
Goat milk cheese	669.500	618.000	65.000	60.000	-	-
Others	9.452.500	9.500.000	995.000	1.000.000	-	-
Yoghurt and similar	2.062.500	2.035.000	1.875.000	1.850.000	-	-
Condensed milk	75.000	-	6.000	-	1.966	-
Casein	14.705	-	500	-	585	-
Milk powder	3.604	-	315	-	129	-
<b>Total</b>	<b>102.869.589</b>	<b>101.717.877</b>	<b>11.729.687</b>	<b>11.882.747</b>	<b>928.397</b>	<b>910.191</b>

(1) Including imported milk.

Source: estimates from Assolatte.

**Tab. 23.10 - Italian imports and exports of dairy products by main countries of origin and destination - 1998**

	Imports		Exports	
	billion lire	%	billion lire	%
<b>Germany</b>				
TOTAL	2.622,8	52,99	406,0	22,01
Milk	931,0	67,95	1,5	16,30
Cheese	955,9	47,95	327,9	23,86
Butter	53,3	17,25	22,4	15,77
<b>France</b>				
TOTAL	965,9	19,52	356,8	19,35
Milk	265,1	19,35	4,7	51,09
Cheese	332,5	16,68	226,9	16,51
Butter	111,0	35,92	71,3	50,21
<b>Belgium and Luxembourg</b>				
TOTAL	322,1	6,51	238,7	12,94
Milk	20,1	1,47	-	-
Cheese	167,5	8,40	235,1	17,11
Butter	68,4	22,14	-	-
<b>United States of America</b>				
TOTAL				
Milk				
Cheese				
Butter				
<b>World</b>				
TOTAL	4.949,2	100	1.844,2	100
Milk	1.370,1	100	9,2	100
Cheese	1.993,5	100	1.374,0	100
Butter	309,0	100	142,0	100

Source: INEA. Il commercio con l'estero dei prodotti agro-alimentari. Rapporto 1998.



**Tab. 24.7 - Italian imports and exports of trout, eels, sea-bass and shell-fish - 1998**

	Quantities (tons)			Value (million lire)		
	export	import	balance	export	import	balance
Live trout	3.498	-236	3.262	13.106	-3.498	9.608
Fresh and chilled trout	1.208	-129	1.079	6.124	-1.108	5.016
Frozen trout	507	-57	450	3.288	-347	2.941
Smoked trout	10	-37	-27	139	-289	-150
Trout fillets	47	-59	-12	470	-705	-235
Frozen trout fillets	5	-45	-40	85	-937	-852
Live eels	1.607	-835	772	24.943	-14.669	10.274
Fresh and chilled eels	62	-67	-5	638	-739	-101
Frozen eels	8	-51	-43	129	-468	-339
Smoked eels	1	-2	-1	1	-100	-99
Frozen sea-bass	5	-525	-520	62	-7.132	-7.070
Shell.fish, live, fresh or chilled	5.046	-27.316	-22.270	6.810	-33.578	-26.768
Oysters	68	-377	-309	303	-1.636	-1.333

Source: INEA calculations on ISTAT data.

**Tab. 25.10 -Trade balance in the fishing sector - 1997 and 1998**

	Imports		Exports		Balance	
	1997	1998	1997	1998	1997	1998
	tons					
Fish, live, fresh or frozen	487.739	520.966	103.549	99.936	-384.190	-421.030
Preserved fish	148.035	156.614	15.277	16.330	-132.758	-140.285
<b>Total</b>	<b>635.774</b>	<b>677.580</b>	<b>118.826</b>	<b>116.265</b>	<b>-516.948</b>	<b>-561.315</b>
	billion lire					
Fish, live, fresh or frozen	3.051	3.394	510	493	-2.541	-2.901
Preserved fish	1.181	1.366	127	140	-1.054	-1.226
<b>Total</b>	<b>4.232</b>	<b>4.760</b>	<b>636</b>	<b>633</b>	<b>-3.596</b>	<b>-4.127</b>

Source: ANCIT.

**Tab. 26.7 - Italian imports and exports in the timber and furniture sectors, 1997 and 1998**

(billion lire and thousand tons)

	1997		1998		% change 1998/97	
	value	quantity	value	quantity	value	quantity
<b>Imports</b>	<b>7.299</b>	<b>-</b>	<b>8.028</b>	<b>-</b>	<b>10,0</b>	<b>-</b>
Unworked timber	1.080	5.737	1.088	5.664	0,8	-1,3
Semi-processed timber	2.785	4.157	2.962	4.389	6,3	5,6
Semi-finished timber products	1.109	1.123	1.275	1.172	14,9	4,4
Finished timber products (furniture excluded)	663	420	778	500	17,4	19,0
Cork and derivatives	146	27	169	30	15,8	12,1
Furniture	1.045	194	1.226	238	17,3	22,8
Furnishing	471	37	530	41	12,6	11,1
<b>Exports</b>	<b>19.019</b>	<b>-</b>	<b>19.565</b>	<b>-</b>	<b>2,9</b>	<b>-</b>
Unworked timber	13	17	17	16	26,1	-1,3
Semi-processed timber	160	79	183	94	13,9	18,4
Semi-finished timber products	1.090	597	1.120	573	2,8	-4,1
Finished timber products (furniture excluded)	926	209	962	223	3,9	6,7
Cork and derivatives	74	5	91	5	22,6	3,5
Furniture	14.350	1.682	14.655	1.743	2,1	3,6
Furnishing	2.406	142	2.538	147	5,5	3,9
<b>Balance</b>	<b>11.720</b>	<b>-</b>	<b>11.538</b>	<b>-</b>	<b>-1,6</b>	<b>-</b>
Unworked timber	-1.067	-5.721	-1.072	-5.647	0,4	0,0
Semi-processed timber	-2.625	-4.078	-2.779	-4.295	5,9	12,8
Semi-finished timber products	-20	-526	-155	-599	685,9	-8,5
Finished timber products (furniture excluded)	263	-211	184	-276	-30,1	-12,3
Cork and derivatives	-72	-22	-78	-26	8,9	-8,6
Furniture	13.305	1.488	13.429	1.505	0,9	-19,2
Furnishing	1.936	105	2.008	106	3,8	-7,2

Source: INEA calculations on data from Federlegno-arredo, 1998.

**Tab. 26.9 - Production, imports, exports and apparent consumption in the paper sector - 1998**

	Production (1)	Imports (2)	Exports (3)	Balance (4)	Apparent consumption (5)	Exp./prod. (%) (6)=(3)/(1)	Imp./cons. (%) (7)=(2)/(5)	% change prod. 1998/97	imports	exports	% change imports exports
<b>Paper and cardboard</b>	<b>8.245,4</b>	<b>3.915,1</b>	<b>2.241,6</b>	<b>-1.673,5</b>	<b>9.918,9</b>	<b>27,2</b>	<b>39,5</b>	<b>2,7</b>	<b>2,0</b>	<b>-0,2</b>	
<b>A. Paper for graphics</b>	<b>2.969,5</b>	<b>1.982,6</b>	<b>954,7</b>	<b>-1.027,9</b>	<b>3.997,4</b>	<b>32,2</b>	<b>49,6</b>	<b>1,3</b>	<b>4,7</b>	<b>-2,4</b>	
Newsprint	189,7	458,0	4,8	-453,2	642,9	2,5	71,2	5,6	-0,6	-40,0	
Unpolished paper from wood	180,3	250,1	39,3	-210,8	391,1	21,8	63,9	-8,0	-3,4	-5,8	
Unpolished paper from other material	683,2	411,3	85,6	-325,7	1.008,9	12,5	40,8	2,8	4,1	-5,9	
Polished paper from wood	1.042,1	342,3	517,7	175,4	866,7	49,7	39,5	3,6	21,9	-1,7	
Polished paper from other material	874,2	520,9	307,3	-213,6	1.087,8	35,2	47,9	-1,1	4,5	-1,1	
Paper for domestic use	1.101,7	57,7	468,2	410,5	691,2	42,5	8,3	7,4	11,2	7,1	
<b>B. Paper and cardboard for packaging</b>	<b>3.795,7</b>	<b>1.801,2</b>	<b>776,0</b>	<b>-1.025,2</b>	<b>4.823,9</b>	<b>20,4</b>	<b>37,3</b>	<b>2,6</b>	<b>-0,7</b>	<b>-1,7</b>	
Corrugated paper and cardboard	2.348,2	1.120,6	187,3	-933,3	3.281,5	8,0	34,1	6,1	-1,3	-8,5	
Cardboard for boxes	817,8	290,1	341,3	51,2	766,6	41,7	37,8	-3,7	-2,2	-5,7	
Other paper for packaging	632,7	390,5	247,4	-143,1	775,8	39,1	50,3	-1,0	1,9	11,1	
Other paper and cardboard	375,5	73,6	42,7	-30,9	406,4	11,4	18,1	0,7	-4,3	3,1	
<b>C. Paste from wood for paper</b>	<b>462,4</b>	<b>3.075,7</b>	<b>16,6</b>	<b>-3.059,1</b>	<b>3.521,5</b>	<b>3,6</b>	<b>87,3</b>	<b>-1,1</b>	<b>1,5</b>	<b>38,3</b>	
Mechanical paste	383,5	143,7	7,6	-136,1	519,6	2,0	27,7	-0,4	-8,8	16,9	
Chemical paste from wood and semi-chemical paste	78,9	2.932,0	9,0	-2.923,0	3.001,9	11,4	97,7	-4,6	2,1	63,6	
<b>D. Waste paper</b>	<b>3.300,6</b>	<b>853,6</b>	<b>41,8</b>	<b>-811,8</b>	<b>4.112,4</b>	<b>1,3</b>	<b>20,8</b>	<b>7,2</b>	<b>-7,8</b>	<b>-20,8</b>	

Source: INEA calculations from data from Assocarta, 1999.

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