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# ITALIAN AGRICULTURE 2007

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

Volume LXL

Istituto Nazionale di Economia Agraria



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# ITALIAN AGRICULTURE 2007

**An abridged version of the  
«Annuario dell'agricoltura italiana» vol. LXI**



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## Foreword

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

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

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

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

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

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



sector and the increased attention to agricultural and environmental policies and trade in the international dialogue.

\* \* \*

The present volume is structured into five chapters, each of which summarises the principal contents of each of the five sections (25 chapters) in the Italian version. The statistical tables presented for each chapter have been selected from the more than 250 tables in the original version, giving priority to those documenting newly available information and events of particular interest in the year in question.

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

Further information included in the Italian version and omitted here for reasons of space, are a statistical appendix, with tables giving Regional, and a CD-Rom containing a database for the period 1990-2005 and the tables from the current edition. The Italian version is available through bookshops and is published by Edizioni Scientifiche Italiane

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INEA, the Italian Institute of Agricultural Economics, was established in 1928 and is a public body, an organ of the State, with autonomous administrative and legal status. The statutory task of the Institute is to undertake surveys and studies on the economic aspects of the rural environment, agriculture and forestry, with special reference to requirements for legislation, rural administration, farmers' and workers' organisations. Since 1965, it has acted as liaison organ of the Italian state to the EU Farm Accountancy Data Network. Sixteen Regional Offices and eighteen Farm Accountancy Offices are maintained and coordinated by the Headquarters, which are located in Rome. The Library of the INEA is also situated in Rome, open to the public and also available for consultation on-line. It houses a collection of more than 20,000 volumes and 400 scientific journals, representing publications from most parts of the world.

## Chapter 1

# The Italian Agro-food System

### 1.1. *Current trends in Italian agriculture*

*Agriculture in the national economic system* - In 2007, as in the previous year, the Italian economy followed a path of moderate growth in productive activity, with an increase in GDP of 1.5%, much lower than the average in the Euro area (+2.8%). The slowing in the pace of development was the result of a weakening in the speed of growth of the main economic variables (investment, consumption, production). Foreign demand continued to play an important role due to an expansion in the customary export markets and the continuing competitive ability of the most dynamic Italian firms.

In 2007 value added at factor cost (which, as will be remembered, is expressed net of tax but gross of all social security contributions and other levies) showed an overall growth of 1.6% in real terms for the economy as a whole, continuing the rising trend noted in 2006. The service sector contributed strongly, with the best performance of a 1.8% growth, repeating the good performance of the previous year, and industry, narrow definition, showed an increase of 0.8%, slightly lower than in 2006 (see table 1.1). The economic performance of the agro-food sector, however, deteriorated: in agriculture there was a more or less stable situation (-0.2%) after the decline which had characterised the previous two years; for the food industry, instead, there was a fall in value added of 1.7% which shows a decline in profitability possibly associated with the increases in prices of raw materials and energy.

In view of these trends, the shares of agriculture and the food industry in Gross Domestic Product continued further to decline, and arrived at 2.3% and 1.7% respectively.

Agriculture also saw its share of employment (5.3%) fall whilst as regards the food industry the share remained stable around 2%.

A comparison in terms of value added at factor cost per labour unit shows the differences in levels of potential earning power between one sector and another. Agriculture, with an average unit value of only € 23,266 is at 44% of the

average for the whole economy (which amounts to € 52,832) and 41% of the service sector.

As regards the dynamics of prices, in 2007, for the first time, the agro-food sector was no longer able to carry out its traditional role of attenuating inflation, since the sector showed the highest rate of growth in consumer prices (+2.8% as against +1.8% for the general index and of the index for producer prices (+4.9% as against 3.5% for the total).

*Agricultural production* - In 2007 production in the classification agriculture, forestry and fishing amounted to € 48,649 million at current prices, an increase of 2.5% as compared with 2006, showing an inversion in the negative trend which had characterised previous years. The result was entirely due to an increase in basic prices (+2.6%) since in real terms production was stationary overall. The results of the three sectors making up the classification were in strong contrast: forestry showed a strong decline in production (-6.7% in real terms) after the positive results of the previous year; there was a more contained decline in agriculture (-0.6%); in contrast, fishing experienced an increase of 4.7% continuing, though at a slower pace, the increase in production that took place in 2006.

As regards agricultural production, almost all crops experienced a decline, particularly strong in the case of tree crops (-6.3%) but much less so for arable crops (-0.5%) with an increase, in contrast, for livestock products (+3.3%), due particularly to meat (+5.7%), which recovered strongly as compared with the previous year.

Referring again to crops, there was a strong fall in production of industrial crops (-5.4%), flowers (-3.4%) and forage (-2.9%) which went alongside an essentially stationary situation for potatoes and vegetables (+0.6%) and in cereal production (-0.3%)

Agricultural production showed very varied rates of growth over different areas of the country. The North-east was the only area to have recorded a positive result (+2.5%) thanks to the influence of Veneto, Trentino Alto Adige and Friuli Venezia Giulia, and to this, in particular, the good performance of the cereal sectors (+7.5%) the wine sector (+15.6%), olive cultivation (+16.7%) and meat (+7.4%) (see table 1.2). In both North-west and Central Italy the situation was stationary, with performances for individual crops differing, in particular, a collapse in wine production (-27.2%) in the first of the two areas, and a significant drop in olive cultivation (-25.4%) in the second. Agricultural production in Southern Italy regressed (-3.3%) where tree crops were those which showed the most significant fall in harvests.

*Intermediate inputs* - Expenditure for intermediate inputs amounted to € 19,843 million at current prices (+6%). The increase was entirely due to a sharp rise in

prices for some items, amongst which those of agricultural origin (on-farm produce) with an increase of 15% and others (seed, feedstuffs, various expenses for livestock, fertilisers) whose prices increased by slightly less than 10%. The fact that several products are imported makes them particularly subject to trends in international markets.

*Value added in agriculture* - As a result of the trend in the variables already examined, value added in agriculture, forestry and fishing showed no change over that of the previous year, reaching € 27,926 million at current prices. The same is true for the values expressed in real terms.

Considering value added per employee, in 2007 there was an increase of 6.4%, which fully compensated for the loss in the previous year and resulted in a national average of € 30,236 per head. Since overall value added was stationary, the increase is due to a fall in the number employed in agriculture (-6% as compared with 2006) resuming the long period trend which had been interrupted in the previous year. Trends in per capita value added varied considerably in different areas as did levels of agricultural income.

The somewhat mediocre results in terms of production and economic performance are reflected in the reduced capacity for self-financing which led farms to increase recourse to credit (+5.4% in 2007), continuing the upward trend, even if at a slightly lower rate than in previous years (+7.3% in 2006 and + 6.3% in 2005). This caused a further increase in the share of finance from the banking system which reached 74% as against 71.9% in the previous year, demonstrating greater exposure to the banks on the part of the agricultural sector.

## 1.2. *Trade in agricultural products*

*The trade balance and foreign trade in agro-food products* - In 2007 the overall trade balance improved, returning to the levels of 2005, that is with a deficit of € 9,447 million. The recovery was due to a considerable increase in exports (+8%), higher than the increase in imports which actually slowed down as compared with the previous year (+4.4% as against 15.3% in 2006). The Italian share in world exports increased by one tenth of a point to 3.7%.

The agro-food sector also recorded an improvement in the normalised balance in 2007, which reached the minimum negative value of the last nine years (-14%). The good result was due to an increase in exports (+6.3%), higher than that for imports (+2.1%) (see tables 1.3 and 1.4).

*Trade by sector* - The primary sector by now accounts for a minor share of Italian trade in agro-food products, with 32.1% of imports and 20.5% of exports.

Processed food products make up 77% of exports and 65.1% of imports. Amongst the most important sectors as regards imports is the livestock sector; fish are another important item amongst imports. In the food processing sector, drinks, cereal derivatives and dairy products make up about 34% of exports. Amongst agricultural products, Italy remains a traditional exporter of fresh and processed fruit and vegetables which take up, respectively, shares of 12% and 9% of overall agro-food exports.

The favourable trend in agro-food exports in 2007 was the result of a positive trend for food products (+5.5%) and, above all, for agricultural products (+9.9%). Some sectors caught up with past performance, especially fresh fruit (+8.4%), uncured tobacco (+30.8%), citrus (+16.1%) and flowers and ornamental plants (+9.9%). For the latter, a sector in continuous growth over recent years, there was a significant increase in quantity, with stable price levels. Amongst processed products, recovery continued in the exports of confectionery (+18.4%). There were excellent results also for processed vegetables (+11.1%) and processed fruit (+12.9%). Exports of pasta returned very satisfactory results (+10%). There were increases also in exports of wine (+7.8%) and cheeses (+6.8%).

As regards imports, there were modest increases both for food and for agricultural products in the range of about 2%. Imports of cereals grew by 33.3% in the year. There were exceptional increases also in oilseeds (+22.3%), tropical produce (+12.3%) and citrus (+14.5%). Imports of fresh and frozen meat fell (-5.5%), as did those of fats and oils (-4.8%) preserved fish (-0.5%). There were notable increases, instead, in imports of sugar and confectionery (+17%) and drinks (+10%) (see table 1.5).

*Trade by origin and destination* - The major proportion of Italian exports (about 68%) is made up of food products for final consumption. A discreet share of imports (23%) is made up of intermediate inputs for the food industry, to be processed in Italy into final goods, whilst primary products used by the food industry amount to 11.5% of agro food imports. A considerable proportion of Italian agro food trade is made up of final consumer goods, exported from Italy to the rest of the world, but also, to quite a large extent, imported into the country. In 2007 exports of all products destined for final consumption increased, even though from the import side there were quite strong increases, especially of primary products for industrial raw materials (+18%).

The favourable trends as regards the EU 15 continued in 2007, with an improvement of 3 points in the normalised balance and a significant recovery in the agro food deficit with the new member countries which entered in 2004. The normalised balance with Mediterranean countries improved (more than 9 percentage points) whilst that with Asia worsened. Agro-food imports from central and South America increased considerably (+12.8%) whilst exports also showed

favourable results. Italy's position as regards agro food trade with North America worsened for the first time after several years.

Agro food exports increased in volume to all areas of the world except for the Mediterranean and Africa.

The prices of products sold to the EU increased considerably by almost 4% to the EU 15, to the two new member countries by +12.2% as well as to other European countries. Prices of exports to the American continent fell. The increase in international prices of primary products had, on the whole, moderate repercussions on the average unit values of Italian imports. Prices increased significantly, however, as regards the countries from which Italy imports agricultural primary products in particular. The lowest increases in prices were as regards imports from the EU and North America.

### 1.3. *Farm enterprises*

*Farms, firms and legal forms of enterprise* - According to the most recent statistical sources (SPA-ISTAT survey 2005) 1,729,000 farms are operative in Italy, utilising an area of 12.7 million hectares. The same data indicate a contraction of 20% in the number of farms since the Census of the year 2000 and a slightly smaller decrease in area. Farms which ceased to operate were particularly those with less than 2 hectares of land, where income was too low, whilst the bigger farms expanded their area and improved their economic performance. As a result, the average farm size increased, but this remains very variable in different areas of the country, being larger in the North west (13.1 hectares) as compared with the South (5.2 hectares) (see table 4.6).

The geographical distribution of income earned, measured in terms of Standard Gross Margin (SGM), shows greater intensity of production in the North of the country as compared with the central regions, and even more so with the South. The gradual reduction in the number of productive units is confirmed also by the register of farm enterprises kept by the Chambers of Commerce, which indicates a fall in the period 2000-2007 entirely due to sole proprietorships whilst the number of companies grew, even though in numerical terms they occupy a very marginal share.

The considerable change in the structure of Italian agriculture appears as the consequence of the adaptation of the primary sector to changes dictated by the national and international economic situation, as well as to changes in markets and in competitive conditions. Agricultural policy, causing a progressive transfer of public support from individual productive activities to the productive unit as such, contributed to these changes as regards the gradual abandonment of livestock farming and the trend towards de-specialisation of farms. In particular, the

new regime of decoupling may have speeded up this trend, which was already under way, encouraging the diversification of crops and the emergence of production patterns which combine different activities. It will be necessary to await the next SPA structural survey in order to understand whether this is a long term trend (see table 1.7).

In the overall panorama of Italian agriculture, specialised farms remain dominant, and make up 86% of the total number of farms, half of which are classified as the type of farming “permanent crops”; however, as regards the area occupied and income produced, their share is lower than that of arable farms.

*Crops and livestock* - More than 70% of the area of farms entering the EU universe is used for agricultural purposes, although with considerable variations in the different territorial locations, as a result, in particular, of the relief and the productive potential of the land. The principal use for agriculture is that of arable crops which account for 40% of all farm area, followed by permanent pasture; permanent crops, which occupy 13% of farm area, assume different levels of importance according to the geographical area, with considerable weight in the South.

In the period under consideration, there has been a reduction in the area under arable crops which could be the first result of the application of decoupling, given that many farms might have refrained from sowing, being able, in any case, to receive Community support on the basis of past activity. Permanent crops showed the most significant reduction in percentage terms, especially in the South, whilst the areas under permanent pasture were stable on the whole as compared with the previous Census, given that they are situated mainly in marginal and less productive areas of the countryside.

As regards livestock, the SPA survey 2005 shows a significant reduction in the number of farms in the livestock sector, partly due to the difficulties which have struck certain segments of the sector in recent years.

The most significant reduction has been in the south (for sheep) and in the centre (for poultry) which are the areas that account for two thirds of livestock farms. It is worth noting that the greater presence of livestock farms in these areas contrasts with a greater density of animals in the north, which is particularly evident as regards bovine cattle.

*Labour and the farm family* - The data available show a tendency to limit overall employment, especially as regards family labour, whereas there is a considerable increase in hired labour. A particular aspect of employment is that of the share of family to total labour, which is much higher in Central and Northern Italy (respectively 83% and 79%) whilst in the South it is lower, due to greater use of non-family labour, mainly through part-time employment.

The increasing frequency of multifunctional farms should also be noted (that is activities other than those, clearly agricultural, of crop and livestock production), especially in the South.

*Output and agricultural income* - In 2006<sup>1</sup> the economic performance of the agricultural sector was negative at macroeconomic level, as shown in the farm surveys carried out within the Farm Accounting Data Network where reductions emerged in all the productive and income variables considered: gross saleable output showed a fall of 6.8% which was even higher if considered in terms of net farm income – this fell by 8.7%.

Regional differences are well illustrated by average farm receipts, which, in the North, were about three times those of the southern farms. The values of output and income of farms appears to be directly related to the structure and economic dimension of the farms themselves. In general, the most satisfactory results are strictly correlated with farm size and coincide with the type of farm where fixed costs are less important, as for example in the large sized farms in the north west, and also those in the south, with production patterns which require lower farm investment or are managed in a more extensive manner

Public support played an essential role in the economic results of farms: 42.5% of net farm income came from public funds, with significant variations as regards both the location of the farms, their size and the type of production. There is an inverse relationship between economic size of farm and the incidence of subsidies on net income, which ranges from 56% in the smaller farms to 35% in the larger class groups. The incidence of subsidies must be seen in relation to the type of production and thus to the importance of each type in the different areas.

*Factor productivity* - Analysis of the productivity and profitability of factors of production confirms that the results of the factors employed are directly linked to the economic size and the type of farming.

Both the North east and the North west have levels of productivity per hectare higher than the national average which is € 3,200 per hectare, whilst as regards types of production, the area dedicated to fruit and vegetables is the most productive, followed by that under tree crops and herbivorous livestock. The data show, moreover, the clear correlation between economic size of farm and land productivity.

As regards the productivity of labour, the best results are also recorded in the two northern areas, in the bigger farms and in those involved in herbivorous and granivorous livestock raising, as well as those in fruit, vegetable and flower cultivation, with results in each case better than the national average of almost

<sup>1</sup> The latest data available.



€ 39,000 in terms of value of output and about € 16,500 in net income per work unit.

The return on net farm capital (ROE) appears satisfactory at national level (6.5%) but it must be pointed out that, considering the predominance of forms of owner-operator management, the net income considered also includes remuneration for work carried out by the owner and his family. If a minimum salary for family labour were taken into consideration, net income to capital would be considerably reduced (1.8%), and the more so the more important the use of family labour.

#### 1.4. *The food industry*

*Economic and productive trends* - Receipts of the food industry in 2007 amounted to € 113 billion showing a growth, at current prices, of 2.7% over the previous year. Within the EU, Italy takes third place, behind France and Germany, followed by United Kingdom, Spain, Netherlands, Belgium and other European countries.

The trend in receipts was strongly influenced by exports which, in 2007, amounted to € 18 billion at current prices, an increase of 7%, over the previous year. In fact, starting in 2004, the index of foreign receipts, calculated by ISTAT, shows a considerable growth, higher than that of receipts on the home market, demonstrating greater orientation towards exports on the part of the food industry in recent years. In fact, the ratio between exports and receipts reached 16% in 2007. The ISTAT index of industrial production in 2007, nevertheless, shows a slight reduction in output for the sector, of 0.2%, which followed an uninterrupted growth lasting 8 years. In the period 2000-2007 the index showed an increase of 9.3%, a considerable expansion in output. An opposite trend appears for the manufacturing industry as a whole for which, in 2007 there was a rise in the index of 0.6% as compared with a contraction of 3.6% in the period 2000-2007 (see figure 1.1 and table 1.8).

Amongst the different segments of the food industry a particularly negative trend appeared for fats and oils (-9.8%), processing of grains (-7.3%), processing of fish (-5.2%), production of pasta (-4.1%), production of ethyl alcohol (-20.1%). A special mention must be made of the case of sugar which, after the considerable reduction in production in 2006, shows a further, but more limited contraction (-0.6%). In contrast, a significant increase in production was seen for flavourings and spices (+18.2%), beer (+4.4%), processing of fruit and vegetables (+4.3%), mineral water (+3.4%) and feedstuffs for animals (+3.3%)

*Trends in value added and employment* - Value added in the sector (including tobacco) reached € 23.6 billion at basic prices in 2007, showing a slight growth

at current prices (+0.1%) as compared with the previous year. In real terms, nevertheless, value added shows a fall of 1.7%. This reduction indicates a loss in profitability in the food sector which could be linked with the increase both in prices of agricultural raw materials used in production and the increase in energy costs.

As regards employment, there were 497 thousand workers in the food industry in 2007, an increase of 2.2% as compared with the previous year. During the period 2000-2007 the trend in employment was variable but overall there was a certain amount of growth, 4.4%.

*Structural characteristics* - Referring to the number of firms operating in the sector, in 2007 there was an increase, which continued the upward trend of the last eight years. In particular, according to data from Infocamere, the number of units recorded in the Register of firms grew in the last year by 0.8%, reaching 115,474, whilst as regards “active” firms, there was an increase of 1.2%, bringing the total of firms actually operating in the sector to 103,583. In the manufacturing sector as a whole, instead, there was a reduction in the number of firms, continuing the negative trend of recent years. As a result of these contrasting trends, the share of food firms in total manufacturing tends to grow, and has reached 16.5% whilst in the year 2000 it amounted only to 13.3%. The greater proportion of firms in the food industry is, as is well known, made up of craft or artisan firms, which in 2007 amounted to 77.5% of firms in the sector and 19% of the total number of craft firms in the whole of the manufacturing sector.

*Regional distribution* - The regional distribution of food firms indicates, in 2007, four groups of Regions with differing characteristics. In the first group are those Regions with a high share of the national total of food firms but a low incidence of these firms in the total manufacturing of the Region due to the presence of a large manufacturing industry. In this group are to be found Lombardia, Emilia Romagna, Veneto, Piemonte and Toscana, where generally firms are larger than the national average.

In the second group are those Regions where food firms occupy a small share of the national total and also a low proportion of the Regional manufacturing industry, that is, Marche, Friuli-Venezia Giulia, Umbria and Trentino Alto Adige.

In the third group are Regions which have a high number of food firms with a high incidence on total local manufacturing as in Sicily, Campania, Puglia, Lazio and Calabria, although the manufacturing sector in these Regions has a lesser number of firms than in the first group.

Finally, in the fourth group are those Regions where food firms represent a small share of the national total but represent a significant share of the local

manufacturing industry. In this group Sardinia, Liguria, Abruzzo, Basilicata, Valle d'Aosta and Molise are to be found.

The Regional distribution of employment in the food sector differs somewhat from that of the distribution of the number of firms on account of firm size. In particular, in eight Regions the share of employees in the sector represents a significant proportion of the national sectoral total, that is, Lombardy (16.1%), Emilia Romagna (15.2%), Veneto (9.8%), Piemonte (8.2%), Campania (7.8%), Sicily (6.4%), Puglia (5.6%) and Lazio (5.1%).

*The principal firms* - As regards the principal food firms, on the basis of the records of the Centrale Bilanci<sup>2</sup> which refers to the first 50 in terms of value of output, it may be seen that in 2007 the degree of concentration was fairly low, amounting to 8.1% for the first four firms and to 13.7% for the first ten.

Amongst the largest ten firms *Unilever Italia*, belonging to the Anglo-Dutch group, is in first place with a value of output amounting to € 2,814 million and a number of employees equal to 4,338. The value of output, however, in addition to several different activities relating to the food sector ( frozen foods, ice cream, oil, tea etc.) also includes important non-food products.

After this, are to be found two Italian firms which are amongst the largest European groups in the food sector, that is *Ferrero* and *Barilla*; the value of production of the former is € 2,296 million, with about 5,600 employees whilst the latter has an output worth € 2,074 million and 4,562 employees. An important event in 2007 was the opening, by Barilla, of a new factory in USA. In fourth position we find *Agricola Tre Valli*, with an output of € 1,958 million, specialised in meat and having recently taken over the commercial management of *Montorsi*.

The Italian branch of the Swiss group *Nestlé* follows, with receipts of € 1,433 million and the group has recently taken over *Nestlé Purina Petcare Italia*; in the next position we find *Aia*, part of the Veronesi group, with production amounting to € 1,324 million. *Coca Cola Italia* occupies the seventh position (€ 932 million) followed by three Italian firms, that is *Granarolo* (€ 905 million), *Lavazza* (€ 884 million) and *Parmalat* (€ 881 million).

Amongst the fifty largest firms, the majority (72%) experienced an increase in output between 2006 and 2007 and as many as 56% enjoyed an increase in receipts of more than 5%. Another interesting aspect of performance concerns exports: in 24% of the biggest firms the ratio between receipts from abroad and the value of production exceeded 30%, showing a significant orientation to international markets; in a further 14% of firms the ratio was between 20 and 30% and an even higher percentage, about 28% of firms, showed ratios of between

<sup>2</sup> An organisation with the task of constituting a data base of the balance sheets of the main companies.

10 and 20% whereas the remaining 34% of firms had a ratio of less than 10% showing a limited interest in international markets. These data, on the one hand, show the importance of the trends to expansion on foreign markets as has been mentioned earlier, but on the other, they show that a large proportion of big firms in the sector is still relatively uninterested in international markets.

Amongst the large firms in the food sector, companies issuing shares amount to 80% of the total; only 4 firms, that is 8%, are limited liability companies and the presence of cooperatives is also limited, amounting to 12%. The latter group consists of *Agricola Tre Valli*, *Conserve Italia* (which controls *Cirio* and *De Rica*) *Consorzio Latterie Sociali Mantovane Virgilio*, *Unipeg Avicoop* and *Caviro* (see table 1.9).

### 1.5. *Producers' Organisations*

*Cooperatives* - The cooperative movement in the agro food sector, has, overall, demonstrated a capacity to maintain and to expand its market position, due, in particular, to those cooperatives that operate on international markets.

There were two important initiatives during 2007. The first concerns the signature, on the part of the two main Cooperative Unions in Italy, the Legacoop and the Confcooperative, of an understanding with the Institute for Foreign Trade (ICE), the Italian society for insurance of credit for export (SACE) and the Italian Society for companies abroad (SIMEST), intended to increase the efficiency of initiatives for internationalisation in favour of the cooperatives that belong to the two Unions.

The second initiative concerns the evolution and development of the European Cooperative Society, Copernic, (Cooperation Européenne di référencement e de negoce des indépendants commercants)<sup>3</sup> which on 28<sup>th</sup> November 2008 bought the majority share in Palink, the largest retail chain in the Baltic area.

Considering the data supplied by the four Cooperative Unions, (FEDAGRI-Confcooperative, Legacoop Alimentare, ASCAT-UNCI, AGCI-Agrital) the number of cooperatives remained stable on the whole during 2007 (+0.2% as compared with the previous year) whereas the number of members rose by 4%. This caused the average size of cooperative to rise from 142.7 to 147.7 members. Turnover continued the upward trend registered in recent years, with an increase stronger than that of the previous year, of 2.3%. Average turnover per cooperative was

<sup>3</sup> Copernic was established in Brussels in 2006 on the basis of Regulation (EC) 1435/2003 and sprang from the alliance between five of the most important chains in retail distribution in Europe: Conad (Italy) (Colruyt (Belgium), Coop Suisse (Switzerland), E. Le Clerc (France) and Rewe (Germany).

also higher (+2.1%) and reached more than € 5.5 million, whilst average turnover per member (€ 37,500) fell by 1.5% on account of the rise in the number of producers. These data confirm the overall reistence of the Italian agro-food co-operative system, with a slight recovery after the slow down in 2006 which is to be appreciated, especially in view of the turndown experienced by the rest of the economy (see table 1.10).

*Producers' organisations* - The year 2007 saw the continuation of the process of defining the applicative aspects of Law 102/05, concerning the regulation of agro food markets. The minimum requisites for recognition as Producer Organisation (PO), were defined, as well as the system for checking and monitoring their continuance, with the Ministerial decree no. 85/07.

The same decree also introduced an innovation as compared with the Law 102/05, that is the possibility of utilising the parameter of a minimum percentage share (established as 3%) of total regional saleable output in substitution for a minimum volume of marketed production as a parameter for recognition as a Po<sup>4</sup>.

The decree supplied further indications about the opportunity of establishing, for the first time, a PO in the sectors of agro-energy and of organic agriculture<sup>5</sup>.

In addition to providing regulations for Producers' Organisations, the Law 102/05 also regulates their groupings, that is the so-called "common organisations" which are recognised, controlled and monitored directly by the Ministry for Agricultural, Food and Forestry Policies (MIPAAF). At the 12<sup>th</sup> June 2008 there were six of these organisations in the national register, of which three in the fruit and vegetable sector (UNAPROA, UIAPOA and UNACOA), one in the poultry sector (AVITALIA) one in the seeds sector and another, recognised during 2008, in the potato sector. At the same date, the status of common organisation for producers' organisations was revoked for UNAGRO – the national organisation for producers of fruit and citrus fruit.

As regards the POS recognised in Italy, on 31<sup>st</sup> December 2007 there were 107 organisations in the MIPAAF register. The olive sector was that with the highest number due to recognition of 21 new POS, almost all located in Puglia. Emilia Romagna remained the leading Region, with 23 POS, three of which recognised during 2007.

As regards the fruit and vegetable sector, the POS are regulated within the relative Common Organisation of the Market, thus at 31<sup>st</sup> December 2007, 391 POS for the sector were recognised according to Regulation (Ec) 2200/96, of which 312 were operative.

<sup>4</sup> In the tobacco sector the percentage refers to the total marketable output at national level.

<sup>5</sup> For recognition of these Pos a minimum volume of marketed production of € 300 thousand and a minimum number of 5 producers is required.

### 1.6. *Distribution and consumption*

*The evolution of the system of retail distribution* - Data from Nielsen on retail outlets in Italy in 2007 point to a system which is growing considerably from year to year and which seems to be overcoming the differences that existed in different areas of the country. The sales area of supermarkets and hypermarkets in particular has continued to increase (+5.8%) reaching 3.8 million square metres in total. The rates of growth of discount stores are even greater (+11.4%), bringing the area to a total of 2 million square metres at national level.

These data show that the expansion of the sector, which began in the second half of the 1990s, has continued also in recent years.

Considering the indicator of area per 1,000 inhabitants<sup>6</sup> it can be seen that differences still exist between the different areas. In particular, in the northern regions, but also in the Centre (including Sardinia) the figure of 200 square metres per 1000 inhabitants has been abundantly surpassed. On the other hand, the southern regions are far behind, with little more than 130 square metres per 1000 inhabitants.

From the year 2000 onwards the retail distribution system has been affected by important changes due, on the one hand, to the increasing competition between chains and, on the other, by the need to respond to a consumer increasingly exigent as regards quality and freshness of products, as well as attentive to price.

Retail firms respond to the new challenges through an ever more widespread tendency to diversify types of retail outlet and, as far as the large multinational groups are concerned, development strategies are oriented increasingly to foreign markets.

In this overall context of increased international competition and competition in prices, profound changes in the structure of the main groups as well as mergers and acquisitions are under way also in Italy. This is illustrated by the fact that the first five groups occupy cumulatively a share of almost 80% of the market.

Centrale Italiana was the main group also in 2007 in terms of total area managed (3 million square metres), with over almost 5 thousand sales points (see table 1.11).

Retail chains operating in Italy pay particular attention to innovation in forms of distribution. Supermarkets are gradually replacing traditional shops also in the segment of local shops. In this general trend, the phenomenon tends to take on differential characteristics according to the location of the sales outlet. In more prosperous areas of the city, outlets are to be found which pay great attention to appearances and to the quality of goods, especially as regards fresh products (fruit and vegetables, meat, and, in general, products which are served over the counter). In areas where income per head is lower, the layout of shops is basic

<sup>6</sup> The aggregate which is used to compare trends in different types of retail outlet.

and there is greater attention to the element of price and therefore to *own label* products. In areas where there is a large number of persons of non-EU origin, very often outlets carry a selection of ethnic products.

These strategies enable supermarkets to withstand competition from discount stores. In fact, as regards this latter type of outlet, it is evident that, according to the particular chain, there is an attempt to take the place of supermarkets through the supply of fresh products (with a medium level price-quality ratio) with many branded products and, in some cases, with ethnic products (organic, fair trade etc.)

As regards the largest type of retail outlet, there has been an important growth in shopping centres, especially in central and southern regions, where often the hypermarket becomes a central pole of attraction.

*Food consumption* - According to ISTAT, overall expenditure of families in 2007 at current prices increased by 3.5% as compared with 2006. The rate of growth was in line with the average annual rate of growth recorded since the year 2000.

Food consumption (including non-alcoholic drinks) on the part of Italian families grew by 3% in 2007 as compared with 2006, arriving at just under € 134 billion. The results, however, were due mostly to increases in prices of food due to increases in prices of raw materials (principally cereals) and energy. In particular, according to ISTAT, consumer prices for fresh food – above all milk and meat- increased over the previous year by 3.4% whilst processed food showed a rise of 2.4% with as much as 5.5% for pasta and rice.

In real terms, instead, the situation was more or less stationary (+0.5%) reaching € 113 billion at prices for the year 2000.

Disaggregating the item “food” and considering only quantities, net of price changes, it appears that there were negative trends for several products. This was so, in particular, for fruit (-1.8%), fish (-1%), bread and cereals (-0.4%), milk, cheese and eggs (-0.4%). The data demonstrate that, on the one hand, food consumption is increasingly susceptible to price trends, and, on the other, the Italian diet seems to favour a continental pattern of consumption. In support of this hypothesis, it can be noted that in 2007 increases were found principally for drinks (both alcoholic and non-alcoholic), coffee, tea, meat and other food products.

At current prices, the most significant component of expenditure of Italian families in 2007 was that for meat based products, with € 31.6 billion, followed by bread and cereals with € 25.8 billion.

Analysing aspects relating to quality, from the 1990s onwards, to the traditional factors determining food expenditure – price and income – in Italy, as in the rest of the developed economies, others were added, such as the destructuring of meals, the availability of time for food preparation, the ability to pay for leisure time, attention to aspects of ethics and safety in food products.

### 1.7. *Quality and food security*

*Quality and protection of agro food products* - With 172 products registered as PDO or PGI, Italy continues to be the country with the highest number of products recognised in this way in the EU (21% of the total). The majority of Italian PDO and PGI products are vegetables (32.5%), extra virgin olive oil (22%), cheeses (19.7%) and preserved meat (16.8%).

The highest number of PDO and PGI products (60%) continues to come from the North of the country with Emilia Romagna as the leading Region, followed by Veneto. If the value of the certified production and its impact on local economic systems are considered, the northern Regions are still those deriving the greatest advantage from PDO products, e.g. Emilia Romagna, Friuli Venezia Giulia, Lombardia, Trentino-Alto Adige and the only exception from the south is Campania, due to the importance of the Mozzarella di Bufala.

According to ISTAT, PDO/PGI products are produced by 75,448 farms, of which 44,390 are livestock farms; the number of processing firms is 6,034. Cheese and olive oil are the sectors which account for the largest number of farms (43.2% and 23.7% respectively) followed by fruit and vegetables (20.6%).

Estimates of output for 2006 show a considerable growth as compared with the previous year (+28%) mainly due to the fruit and vegetable sector and in particular, to the quantity of Mela Alto Adige which was recognised in 2005. The value of output also showed a great increase as compared with the previous year and reached about € 4.9 billion which becomes € 9.2 billion at consumer level: cheese and preserved meat continue to account for the highest share of value (93%), fruit and vegetables contribute 6.4% at production level and 5.3% at consumption level, olive oil for 1.5% and 1.1% of the respective values (see table 1.12). Exports of PDO and PGI also grew significantly (+14%), with receipts of € 996 million, the cheese sector alone taking up 58% of the foreign sales.

About 64% of the value of production is attributable to only 4 products, belonging to the cheese and meat-based products sectors: Grana Padano, Parma ham, Parmigiano Reggiano and San Daniele ham. The other sectors do not succeed in achieving their economic potential on account of a series of constraints which range from the strict dependence on agriculture, as in the case of olive oil and fruit and vegetables, to the difficulties in organising supply efficiently and the fact that many PDO and PGI products are niche products, with limited volumes of production, known only locally and sought after only by an elite.

As regards wine, the quality of Italian wine continues to improve with an increase in the number obtaining the recognition of highest prestige in the pyramid of denominations – that is the DOCG. Altogether there are 350 DOC wines, of which 40 are DOC-DOCG wines represented 34.8% of the total wine produced in 2007 and amount to about 14.2 million hectolitres. As compared with 2006



there was a reduction in absolute terms in the production of DOC wine (-3,7%), especially in the South, but its share of all wine produced in Italy has been strengthened on account of the strong decrease in table wine. The North remains the leading area for quality production, with 8.5 million hectolitres, more than 59% of national production of DOC wine. Certified wines, particularly the red ones, continue to take first position amongst Italian agro food exports, with an overall value of € 1.5 billion (see table 1.13).

*Food safety* - The Community system of norms and measures, which pivots on the European Food Safety Authority (EFSA) is able to guarantee the European consumer high levels of protection and safety as regards food products and, in line with national agricultural policy, is increasingly pushing towards the guarantee of quality, traceability and transparency. In order to ensure greater coordination of national and international activity for consumer protection and food safety, the Ministry for Agricultural, Food and Forest Policies has been reorganised and an agreement signed for establishing a mechanism for continuing technical consultation between EFSA and the Ministry; the national Agency for food safety has been launched, and will act as interface with EFSA for technical and scientific consultation between the administrations.

Recently, to guarantee product safety and to counteract food fraud, Italy has adopted food legislation more restrictive than that foreseen at Community level, amongst which is the obligation to indicate on the label the origin of meat and poultry and their derivatives, the area of cultivation of fresh tomatoes and the origin of olives for virgin and extra virgin olive oils. Strict controls have been applied in 2007 to food products circulating within national boundaries with 2,976 notifications to the Community system of rapid alert for the safety of food and animal feedstuffs out of a total of 7,354 notifications in the whole Community.

Amongst the legal provisions for food security must be mentioned those for direct sales of produce by farmers through the regulation of *farmers' markets*, the denomination in the Italian language of certain species of fish, and direct sales of unpackaged milk through automatic distributors.

As regards genetically modified organisms (GMOs), whilst the EU has fixed the threshold of tolerance of genetically modified substances at 0.9% for organic farm produce, Italy has reduced it further to 0.1%. At the end of 2007, the Conference of Regional Governments approved the guidelines for Regional regulations about coexistence of GMOs with organic and with conventional crops and an Interministerial Committee has been established on the subject of GMOs. Confirming the national attitude of caution, the Ministry for the Environment rejected proposals (first made in 2004) for open field experiments for genetically modified maize, vines, olives, aubergines and tomatoes. As regards inspections, of 698 samples of products analysed by the Ministry of Health in 2007, 9.3% resulted positive for authorised GMOs, with a presence of less than 0.1%.

## Chapter 2

# Factors of production in agriculture

### 2.1. *The land market*

*The general background* - After two years of relative stability, in 2007 land prices rose again quite significantly. Land continues to be considered interesting as an investment, safe from the risky fluctuations in other capital markets.

The average farm land price in Italy is more than € 17,000 per hectare, a figure which hides strong variations at local level (see table 2.1). In fact, average prices of land in the North are more than double those of the South and, likewise, land on the plains is estimated to be worth about three times more than that in the mountains. Despite these strong differences, the average price of land in Italy is at the summit of a hypothetical European classification, with similar values present only in countries such as Netherlands, Belgium and Denmark.

In 2007 there were strong increases in the North-east (+2.6% as compared with 2006) where, in the previous two years, prices had even been falling in some districts of the Padano-Veneto plains. The growth recorded in the Centre resulted from a strong increase in Tuscany (+3.9%). The below average increases in the South and Islands (1%) emerged from generally stable prices, with a fall (-0.5%) registered in Puglia.

Considering the rate of inflation, after two years of weak prices, land values have shown a slight increase in real terms (+0.2%), reversing a worrying trend towards reduction in the real value of farm land (see figure 2.1).

The increase in agricultural prices in the second half of 2007 revived the interest in investment in farm land. The favourable trend in markets for agricultural commodities reanimated the land market, especially in the more fertile areas. The growing demand, in particular, for cereals and oilseed crops led to a revival in profitability of this factor of production which could have justified new investment in farm land.

The availability of new financial resources effectuated through the rural development plans 2007-2013 should also not be underestimated. According to operators in the sector, it is likely that the more capable entrepreneurs will be able

to capitalise, also in the land market, increases in income deriving from new structural investment and the multifunctional activities that the rural development plans are intended to provide.

Three years after the introduction of the new, decoupled, support, no particular effects on the land market have been noticed, and so the considerations reported previously appear to be confirmed. In fact, the recent CAP reform seems most of all to have affected the rental market, where rents are differentiated according to the existence or otherwise of entitlements linked to the land, whilst in sales and purchases of land the influence has been lesser. It is likely that the expectations of operators are towards a further gradual reduction of support and therefore the value of land is probably less affected than previously by the capitalisation of public support.

*Rental market* - The most recent official estimates from ISTAT on the practise of renting land in Italy refer to the year 2005 and show that the area rented, including land used without payment, amounts to 3,271,000 hectares. Rented land as a percentage of total land utilised for farming amounts to 25%, well below the European average of 43%.

In 2007 the market for rents was more active and was influenced both by the strong increase in prices for the main agricultural products on the domestic market and by the effects of the CAP reform. Rent increases were recorded particularly in the second half of the year: with the beginning of the new agricultural year 2007/08 the tendency to incorporate into rents the strong increases in prices of cereals and oilseeds was observed. The effects of these increases will be seen in the farm balance sheets for 2008. The situation influenced new contracts but it seems to have had less effect on renewal of contracts. In some areas, in particular in the Padano plains, new contracts were signed with an increase in rent of between 10 % and 30% as compared with the previous year.

It must be added that in the South, rents remained generally stable on account of the high levels reached in previous years. In those areas particularly devoted to livestock, the rise in rents was constrained by the simultaneous increase in costs of production. The favourable trend in markets for the main crops often induced land owners to cultivate their land themselves or to sign agreements with agricultural contractors. In the areas in the South used for cereal crops, the increase in prices put an end to many atypical contracts – such as verbal contracts – which were substituted by cultivation on the part of the land owner. In these areas, the demand for land to rent for the cultivation of durum wheat was high and not met by a corresponding level of supply.

The CAP reform has been one of the main factors which conditioned the rental market in recent years: with the introduction of the regime of decoupling a parallel market was, in fact, created for land with entitlements which gener-

ally commanded rents higher than those for similar land but without entitlements. The increase in the demand for land to rent came from farmers who had entitlements but were unable to use them on account of a suitable land area.

Short term contracts, stipulated on the basis of article 45 of Law 203/82 are widely used in all the Centre and North of the country and are spreading to the South and the Islands.

Verbal agreements are common in mountain areas and for marginal lands. Owners and tenants tend to stipulate agreements for a short period, differentiated according to the type of crop and often coinciding with the period of participation in the measures foreseen by the Rural Development Plan; seasonal contracts are agreed for horticultural and industrial (tomatoes and tobacco) crops.

*Land policy and farm contracts* - Amongst the few events to be found in the panorama of policies concerning purchase and renting of farm land, again in 2007 a role of primary importance was played by the usual renewal of tax concessions approved with the Financial Law. On the basis of a system of exceptions, which has been in force for about fifty years and is renewed almost every year, taxes for registry, for mortgage and for the cadastre are strongly reduced for all categories of farm entrepreneurs, including agricultural companies possessing the requisites established by the legislative decrees 99/2004 and 102/2005.

Alongside these fiscal concessions, though less important in quantitative terms, the activity of ISMEA in favour of “small peasant property” continues and allows the purchaser to pay for the land over thirty years. The rate of interest subsidised directly by ISMEA which anticipates payment to the seller, including the legal fees. In 2007 operations conducted affected 7-8,000 hectares with an investment of € 200 million.

## 2.2. Investment and credit

*Investment* - In 2007, gross fixed investment in agriculture amounted to € 12.7 billion and showed a contraction in real terms (-1.1%), following the negative trend of the past two years. The phenomenon was in contrast with the general trend in investment, which increased again, both in industry and in the service sector, although at a slower rate than in recent years.

The share of investment in the overall expenditure of the agricultural sector has also fallen, to about 3.9%, whilst it increased in proportion to value added from 44.4% to 45.3%. There was a very slight increase in gross fixed investment per worker, which amounted to € 7,900, a much lower figure than in other sectors (€ 11,000 in industry and € 10,800 in the service sector).

As regards other indicators, there was a considerable increase in amortisation per worker which rose from € 7,200 to € 7,500 (+4.2%) whilst this value remained unchanged in other sectors of the economy, at about € 11,000.

In 2007 the overall value of net capital stock in the agricultural sector amounted to € 196 billion and grew, in real terms, by 0.3%, whereas the net capital stock per worker rose by 3.3%, from € 115,900 to € 119,700 at current prices.

Amortisation reached the figure of € 12 billion in 2007, increasing in real terms by 1.1% as compared with the previous year. The rate of growth was lower than the national average (1.8%) and in the other sectors of the economy (+1.2% in industry and +2.2% in the service sector). This did not change the share of agriculture in the ranking of amortisation by branch of economic activity where the sector accounts for 5.0% of the total.

*Rates of interest* - As regards interest rates, the year 2007 was one of considerable turbulence on international financial markets and rates on credit to the agricultural sector followed the general trend in the market, with increases both in short and medium term loans which brought rates on loans for farm improvements from 5.13% in January to 5.68% in December, whilst for working capital (longer than 18 months) rates rose from 4.88% to 5.43%.

Effective rates of interest on loans by type of operation and by period for which the rate was originally stipulated (that is for the period during which, by contract, the rate of interest cannot rise) show a clear increase for the whole period and for all branches of economic activity (see table 2.2).

*The main trends in credit* - The trends observed in recent years continued in 2007, with an increase in the value of loans stipulated which involved all areas of the country. Medium and long term credit demonstrated a dynamic rising trend which led to a significant increase in the amount of investment, at the expense of short term operations.

Loans for agriculture, forestry and fishing reached a figure of € 37 billion at national level in 2007, an increase of 5.4% as compared with the previous year, showing a slight reduction as compared with the very high rates of the preceding years (+7.3% in 2006 relative to 2005). The upward trend affected all areas, although it was stronger in the North-west (+8.3%) and the North-east (+6.6%) and lower in the Centre (+3.9%) and South and islands (+2.3%). These patterns of growth accentuate further the concentration of loans in the central and northern areas of the country where, in 2007, as much as 78% of the value of outstanding loans is to be found.

It is believed that several different factors may have caused this upward trend in loans. In fact, considering the scarce economic performance of the agricultural sector, it seems likely that part of the greater demand for capital was due to the lesser capacity for self-financing on the one hand, and on the other, in view of the

high level of volatility in financial markets, rural property continued to be viewed as a safe haven, also by investors outside the agricultural sector looking for investment which had a favourable rate of return despite the increase in interest rates.

Farm enterprises appear to be paying attention to the composition of their loans, increasing the share of longer term debt: the share of medium and long term agrarian credit reached 75.4% of the total, increasing by 6.6% as compared with 2006, whilst short term credit decreased by 1.8%.

The growth in farm credit appears to be increasingly rapid and reached € 320 billion in 2007. This permitted support to the already cited interest and the growing recourse to long term finance for property both for production purposes and for habitation.

As regards conditions for loans, the share of subsidised credit continues to decrease, and amounted to € 923 million in 2007 (-14.6% as compared with 2006), making up only 2.6% of total credit.

The amount of agrarian credit, € 18.1 billion in 2007, (+4.1% as compared with 2006) represented only half of total credit granted to agriculture, forestry and fishing (50.3%). As regards the different destinations, once more an increase, of 15.8%, in investment in rural buildings can be noted (+28.8% in 2006) whilst the increase for the purchase of rural property amounted to only 1.6% as compared with 7.0% in 2006). The amounts borrowed for the purchase of machinery, transport and equipment, on the other hand, fell by 1.6%.

The good record of the agricultural sector as regards the riskiness of loans continued in 2007. Data relating to non-payment show a continuous reduction in the index constructed on the basis of the ratio between non-payments to loans, which shows, at December 2007, a value of 5.66% (compared with 6.07% at the same month in 2006), but, unfortunately, is still 1.71 percentage points above the average for all branches of the economy.

The rate of lapsed payments by quarterly balance (constructed on the basis of the ratio between the flow of new failures to pay corrected in the quarter to the total of loans for the preceding quarter which do not present overdue payments) showed values of around 0.36% during 2007, on average less than in the previous year. Even though the sector is not perfectly in line with the performance of other sectors of the economy, the trend towards convergence, already seen in previous years, continues (see table 2.3).

### *2.3. Technical equipment and agricultural machinery*

*Fertiliser* - The growing demand for fertilisers in developing countries created some tension on world markets, on account of a certain rigidity in supply which led to difficulty in adaptation in the short period.

The Italian situation as regards consumption of the three main fertiliser elements shows a slow and continuous decline in the five-year period 2003-2007 (-4.1%). Quantities of nitrogen used in 2007 amounted to 779.6 thousand tons and those of phosphor dioxide to 360.8 thousand tons. There was a stronger reduction in the use of fertilisers based on potassium oxide, which amounted to 336.3 thousand tons, -3.1% as compared with 2006. Prices on the home market were less affected than those on world markets due to the favourable rate of exchange between the Euro and the US dollar.

*Phytopharmaceuticals* - According to Agrifarma, the Italian market for phytopharmaceuticals rose by 5.4% in value terms as compared with the previous year, with a turnover of € 741.6million. The increase was influenced both by inflation – the unit prices were more than € 8 per kilo in 2007 (+4.7% as compared with 2006) and by the continuous changes in product mix determined by the gradual introduction of farmaceuticals to be used in lower quantities in order to produce a lower environmental impact. About 60% of the active ingredients distributed in 2006, according to ISTAT, were those allowed in organic farming. The amounts applied rose from 91,400 tons in 2006 to 92,100 tons, recovering the levels of 2005, and showing a 5 year trend in consumption of +0.4%.

*Seed* - The considerable rise in international prices which occurred in 2007 induced many farmers to cultivate a higher proportion of their land in cereals, thus increasing the demand for seed. The result was an increase of more than 60% in prices of seed on world and national exchanges, in particular for first generation wheat. Unusual weather conditions, which affected harvests both in quantity and quality, prevented supply from adapting to the growing demand and consequently world reserves fell; the unexpected and substantial emergence of bio-fuels, in particular, the use of maize for the production of ethanol, generated a chain effect on the entire agro-food system.

Italian production of certified seed amounted to 579,510 tons in 2007 (+8.6%). The area used for producing seed increased, reaching 200,734 hectares (+14.7%) of which 13,640 certified for the production of organic seed. In this context, too, the greater part of the area, 61.8% or 8,423 hectares was destined to durum wheat. The sector specialised in seed for organic farming produced 10,036 tons in the 2006/7 season.

Production of certified seed for durum wheat was 262,845 tons (+12.6%). Soft wheat, which occupies 22% of the sector, also continued along its positive trend, with an increase of 12.2% as compared with 2006, for a total production of 126,740 tons.

After some years of fluctuations, the production of seed rice, at 51,163 tons, returned to the levels of 2004; in contrast, production of other cereals fell (see table 2.4).

*Feedstuffs* - The increase in prices of the basic raw materials for feedstuffs from 2006 onwards, in particular for cereals and soya, resulted, in 2007, in an increase in costs of production which was transferred to retail prices. The effects were different for different types of livestock, according to the possibility for farmers to transfer to their selling prices the increase in the cost of feedstuffs. In the dairy sector, sales receipts succeeded, at least in part, in compensating the increase in costs of production; for the meat sector, instead, farm prices remained unchanged so that margins fell and this was particularly serious for pig raising where selling prices were already scarcely profitable. Domestic demand for feedstuffs, unexpectedly, rose in that the increase in prices for the raw material, (especially cereals) made self-supply less profitable for livestock raising farms. The association representing livestock farmers, Asalzoo, estimates an increase in turnover of more than 20% as compared with the previous year, at about € 6 billion. Availability of compound feeds was 14,528 million tons. Imports, with a value of € 615 million, were 551 thousand tons (-4.4%) and exports, 223 thousand tons (-5.3%) for a value of € 186 million. Domestic production of compound feeds, amounting to 14.2 million tons, followed the trend in domestic demand. Larger increases occurred for feedstuff for beef raising enterprises, poultry and pigs.

The production of simple feeds, for which data are available until 2006, fell to 23.3 million tons, showing a reduction of 4.4% as compared with 2005. The fall was due to a drop in domestic production of cereals until 2006 caused by the contraction in area cultivated and above all by a fall in the three main components, maize (-7.7%), durum wheat (-10.0%) and soft wheat (-2.8%) which altogether make up 71% of the sector.

*Irrigation water* - According to the most recent statistics of ISTAT, relating to 2005, the irrigated area amounts to 2.6 million hectares, slightly more than 31% of the area farmed. Irrigation is more widespread in the North (44%) where there is greater availability of water and irrigation works, whereas in the Centre and South, on account of the generally inadequate supply of irrigation, despite the existence of a notable irrigation infrastructure able to move water resources in time (large reservoirs) and space (network of distribution).

The ISTAT data concerning irrigation systems in 2005 show that in the North-west, a region particularly rich in water resources, systems with high water consumption (flow and flood) are those utilised on 80% of the irrigated area; in the North-east and Centre, the system of aspersion prevails on 70% of the area, whilst in the South and islands – where the greater part of high value crops would not survive without irrigation and there is a limited water supply – micro-irrigation is the most common system (see table 2.5).

There are two main types of supply in Italy: the collective form, which is used on two thirds of the irrigated surface, and the autonomous form for the re-



maintaining part. In the case of private irrigation, the farmer who has his own source of supply on the water table, taking into account restrictions imposed by the authorities, may draw freely on it as regards time and method of irrigation. In the case of collective irrigation, farmers group into associations or consortia which usually manage access to water supplies, schemes of distribution of water and the methods of erogation to users.

A study on collective irrigation has been made using data of the SIGRIA<sup>1</sup> processed by INEA which constitutes the leading information base on collective irrigation at national level, and the new institutional data base of the Ministry and the Regional Governments.

Collective management is carried out by more than 600 irrigation bodies, somewhat heterogeneous from the juridical point of view. In fact, there are Consortia for land reclamation and irrigation, prevalent in the South and the wide plains of the North, the Consortia for land improvement which operate in the sub-alpine area and the Mountain Communities of Umbria and Tuscany, and also in the provinces of Arezzo and Siena. Of these bodies, 86% operate in the North, 6% in the South, 5% in the Centre and the rest in the islands. (tab. 2.6) The high number of regions, highly fragmented on account of the nature of the territory. In the area of foothills and plains of the rest of Italy irrigation bodies of medium and large size prevail (see table 2.6).

The degree of utilisation of irrigation infrastructure given by the ratio between irrigated area and area equipped varies significantly with respect to the national average (68%), with higher values in the North (78%) and much lower ones in the South and Islands (40-43%). These differences depend also on factors linked to production choices of farmers and with the economic convenience of self-supply, but certainly more important is the structural aspect relating to water supply, the abundance of which in the North, has permitted the spread of irrigated agriculture by channels for land reclamation. In the South, instead, despite the huge investment in infrastructure, problems of water availability remain and prevent a full utilisation of the network which has been built.

The most widespread form of collective irrigation used is that of aspersion (40% of the area equipped) followed by flow irrigation (37%) whilst localised, micro-irrigation is the third most widespread system, with 10%. Flooding, used for rice cultivation makes up 9% of the national total.

<sup>1</sup> The information system for the management of water resources in agriculture (SIGRIA) is updated to 2004 for the Centre-north and to 1998 for the South and islands. Data are not yet available for Piemonte and Alto Adige. The data presented are a sub-set of the total irrigation surveyed by ISTAT. The different methods of gathering data mean that the two sources of information are not always comparable.

*Agricultural machinery* - Numerous factors influenced the trend in the market for agricultural machinery in 2007, with contrasting effects. The increase in prices and, as a result, in areas cultivated under cereals, favoured the purchase of combined harvesters whilst the increase in petrol prices put a brake on the renewal of machinery by entrepreneurs on small and medium sized farms, who were waiting for publication of the Rural Development Plans. Output of agricultural machinery in 2007 amounted to 972 thousand tons (+0.4%) whilst the internal market absorbed 450 thousand tons (-2.1%) with a value of € 3,603 million (+0.4%). On the domestic market 311 thousand tons were of Italian manufacture and 139 thousand tons were foreign produced goods, with a value of € 1,189 million. Exports amounted to 661 thousand tons with a value of € 5,081 million. As expected, trends in the sector were variable for the individual categories of items. Tractors represented the most common category and, with a value of € 1,096 million, absorbed 30% of the expenditure on the domestic market.

## 2.4. Labour

*General trends in agricultural employment* - The total number of employed in Italy amounts to 23.2 million, of which 40% are women. Three quarters of these are employed workers and of these, 13.2% are taken on with a contract valid for a limited and specified time. Part time employment accounts for 13.6% of all workers, being slightly higher (14%) amongst those who are employed rather than self-employed. Two thirds of workers are employed in the service sector, 30% in industry and only 4% in agriculture.

Labour input in the primary sector as a whole, instead, amounts to 1.3 thousand work units, 5.3% of the overall total, with a reduction of about 3 percentage points as compared with 2006, whereas employment in the economy as a whole increased, though only slightly (+1%). The fall in employment in the primary sector is a structural phenomenon which, however, in recent years has shown different characteristics in the two categories of employed and self-employed labour. In fact, although overall the number of work units continued to decrease, in the last three years the component of employed labour had begun to increase. This process was interrupted in 2007 when there was a fall also in the number of employed workers, although to a lesser extent (-0.4%) as compared with self-employed workers (-4.3%).

In terms of the number of workers, in 2007 there were 924 thousand people in the sector, a reduction as compared with the previous year of slightly less than 6%.

Employment in the primary sector is typically male: women make up little more than 30%, are usually older and with autonomous work (52%).

Low levels of education weigh more heavily in agriculture than in the economy as a whole and the positions covered are usually, as far as independent workers are concerned, those of individual autonomous work, and for the employed category, those with lower levels of responsibility. Moreover, as could well be expected, given the strong seasonality of activities, short term employment is more widespread in agriculture than in the rest of the economy.

*Irregular labour* - According to estimates published by ISTAT in June 2008, irregular labour in 2006 amounted to 2,969,000 work units, 1.2% more than in the previous year. The main component is that of resident citizens in irregular work, followed by those with multiple activities and, finally, by non-resident foreigners. This latter category represent less than 12% of total irregular work units but are the most dynamic component, both in absolute and in relative terms.

The primary sector is that most affected by the phenomenon of irregular employment, with a rate of irregularity almost twice that of the economy as a whole, and rising.

Employment of irregular labour varies considerably in different parts of the country as a result both of specialisation in production and of the more general characteristics of the labour market. In fact, in 2005, the year for which the latest regional data is available, the rate of irregularity in the South was 19.6% as compared with 10.7% in the Centre, 8.8% in the North-west and 8.6% in the North-east.

*Non-EU immigrants in Italian agriculture* - Each year, INEA estimates the numbers and qualitative characteristics of immigrant labour associated with agriculture, on the basis of the survey carried out on immigrant employment in agriculture.

The presence of a foreign work force in agriculture in Italy is by now a widely affirmed reality which has become increasingly important in the last twenty years.

Non-EU citizens employed in agriculture represent 9% of the total immigrant population, or 114,000 units. As compared with 2006, non-EU workers in agriculture are considerably less (-28%) since Bulgarians and Rumanians have acquired Community status.

A stronger preference amongst non-EU workers in agriculture for the northern regions of the country can be observed, due mainly to the greater opportunities for employment. There is a strong female element, especially as regards the new members of the EU.

The survey reveals a clearly defined specialisation of non-EU immigrants in the sectors of tree-cultivation (more than 32,000 workers) horticulture (with more than 29,000) and flowers and nurseries (12,000 workers employed); their pres-

ence in the livestock sector (21,500 workers) is also noteworthy, especially as regards dairy farms.

As regards the length of employment, the survey shows a widespread prevalence of seasonal employment, with some attenuation in areas where there is a significant degree of specialisation in livestock and in flower cultivation. In line with trends in previous years, employment in agro-touristic enterprises continues to increase, complementing the time spent working in the fields or in processing agricultural products. In 2007 there was an improvement in regularising work due to intensification of inspections and also to an increased sensitivity in this respect.

A further element of interest is the growth in the number of firms established by non-EU workers (1.2% of the total in which non-EU labour is employed) (see tables 2.7 and 2.8).

*Labour agreements and social security in agriculture* - In 2007 negotiations about work contracts in agriculture passed through a phase which could be defined as a natural pause after the important renewal of contracts at national level in the previous year for workers in the agricultural and flower cultivation sectors, in the forest sector and in that of agricultural cooperatives and consortia.

As distinct from work contracts, 2007 saw important innovations in the field of social security concerning: a) reform of agricultural social security; b) new regulations for contributions and social security payments for apprentices; c) launching of complementary pensions schemes; d) debts of more than € 5 billion due in pensions contributions to INPS (the pensions authority) incurred by about 500,000 farms, mostly in the South of the country.

As regards this last point, with a “remedial” action, it has been possible to close the contention by obliging the indebted farms to pay, by instalments spread over a long period, less than one third of the sums due.

A complementary pensions scheme in the agricultural sector was able to take off because, in the early months of 2007 the Agrifondo came into operation, that is the capital fund for Complementary Pensions for workers and managers in the agricultural and flower sectors.

As regards apprentices, the Financial Law (Law 296/06) for 2007 increased the contributions payable by employers and guaranteed sick pay to apprentices, which previously they had not been entitled to.

The last, and perhaps the most important innovation of 2007, was, as mentioned previously, the reform of agricultural social security, introduced by the Law 247 of 2007. It marked the conclusion of a long campaign undertaken by unions and employers in the agricultural sector to obtain a new regulation from the government governing social security in agriculture, in order to combat the non-payment of contributions and fictitious labour phenomena which have been widespread in the Italian agricultural sector.

*Social security contributions in agriculture* - In the national accounts published by ISTAT social security contributions payable by employers<sup>2</sup> in the agricultural sector have fallen in 2007 by about two percentage points as compared with the previous year, after two years of particularly fast growth. The trend in contributions is mainly due to trends in agricultural employment which was struck by a decline in 2007.

An overall picture of levies due to social security contribution in agriculture is presented in table 2.9 and includes all information regarding the composition of contributions weighing on firms and on workers in the sector. In particular, the data show that the contributions paid by employers in 2006 amount to about 50% of the overall levies, and this item is followed by contributions paid by self employed workers (40%) and by contributions payable by employed workers (10%).

<sup>2</sup> The contributions taken into consideration are those for agriculture, game keeping and forestry.

## Chapter 3

# Public intervention in agriculture

### 3.1. *Community policies and their implementation in Italy*

*Agricultural policy in the context of Community action* – The year 2007 was particularly important as regards the re-thinking of the Common Agricultural Policy (CAP); the communication (COM (2007) 722 def.) “In preparation for the ‘health check’ of the CAP Reform” pointed to the need to re-think CAP measures, particularly the Single Payment Regime (SPR) and related policies, including rural development, in order to re-position agriculture in the framework of new restraints and new opportunities which are emerging at global level. Despite the new and increasingly important synergies between agriculture and other Community measures, a process of re-locating CAP expenditure within the policies of the Union is under way. The revision, initiated on 12<sup>th</sup> September 2007 with the launching of a public consultation, is based on the necessity of providing for a certain flexibility within each financial framework to ensure that the budget is efficiently and rapidly adapted to trends in the reference situation and to the emergence of new policy priorities.

The year is an important one for consolidating the CAP reform. With the Single Common Organisation of the Market (contained in the Regulation (EC) n. 1234/2007) the process of “technical” simplification, begun in 2006, was brought to completion. The CAP reforms of the wine and the fruit and vegetable sectors were approved, and also the second reform regarding sugar.

*The COM for wine* - The reform of the Common Organisation of the Market for the wine sector has been lengthy and much debated, reaching a conclusion only in December of 2007. The reform, laid out in Regulation (EC) n. 479/2008, entails the possibility of resorting to measures for supporting the market (distillation, aid for the utilisation of musts, addition of sugar, private stocking, export restitutions) for limited periods within the framework of the national envelope of expenditure assigned for achieving national programmes of support for a five year period. Italy obtained an envelope of € 238 million which will

increase to € 337 million in 2014. The reform also provides for an important three year programme of uprooting vineyards which should enable the withdrawal from production of about 175,000 hectares of vines. Rights for replanting will be abolished in 2015 but the member states may choose to extend the block until 2018. From 2009 onwards, a growing share of the expenditure attributed to the sector in the past will be used for strengthening measures for rural development in wine producing areas, reaching 9% of overall resources when the transfer is complete.

*The COM for sugar* - The second reform of the COM for sugar became necessary to improve the operation of restructuring aimed at restoring sustainable levels of Community sugar production. The ultimate objective is the voluntary reduction of quotas by 6 million tons.

*The COM for fruit and vegetables* - The debate on the reform of the COM for the fruit and vegetable sector reached its conclusion with Regulation (EC) n. 1182/2007. This provides for the strengthening of the role of Producers' Organisations (POs) through changes which aim to provide incentives for concentrating supply. An important novelty in the Regulation is the preparation of a National Strategy which each member state must undertake. As regards strictly market measures, the new COM abolishes export refunds, compensation for withdrawal (which are now contained in the measures foreseen for managing a market crisis) and aid to processed produce, absorbing them, with different means and time horizons, into the Single Payment Regime (SPR). Member states have had to decide whether to use the option of adopting a transition period, for which products, and what percentage of aid to maintain coupled to production. The Member states, moreover, have had the opportunity of delaying for three years the full admission of areas under fruit, vegetables and potatoes to the Single Payment Regime, overcoming in this way the former impediment. At the latest by the 1<sup>st</sup> January 2011, areas under fruit, vegetables and potatoes, including nurseries, will be eligible for the support provided by the SPR. Italy has taken the decision of delaying till 2010 the admission to the SPR of areas under potatoes for consumption, nurseries and fruit trees, except for citrus.

For tomatoes for industrial processing, a three year transition period has been chosen during which tomato producers will receive a maximum payment of € 1,300 per hectare calculated on the basis of 50% of the national ceiling for the product (which amounts in total to about € 184 million); the remaining 50% is attributed to entitlements under the SPR.

For pears and peaches destined for processing there will also be a three year transition period during which producers will receive a payment per hectare partially decoupled on the basis of the entire *plafond* destined to the two crops

(€ 7.6 million for pears and € 1 million for peaches). From 2011 onwards traditional producers will receive an entitlement within the SPR. For plums, a five year transition period has been decided on: in the first three years producers will receive a per hectare payment to which the entire national ceiling will be destined (€ 1.1 million); in the following two years only 75% of the national ceiling will be destined to the per hectare payment. At the end of the transition period all the sector ceilings will be absorbed into Single Payments. Finally, as regards citrus, a complete and immediate decoupling has been decided, distributing entitlements to all citrus producers (not only those who have produced for processing) through a correction coefficient based on regional averages. Part of the sectoral ceiling (amounting to € 122 million) has been reserved for those citrus producers who, in at least one season between 2005/06 and 2006/07, have received aid for processing.

*The application of the SPR in Italy* - from an analysis of data relating to the application of the SPR in Italy (supplied by AGEA) it appears that almost all entitlements attributed in 2007 are ordinary. At national level, 97% of entitlements are of that type, and the only exception is that of Trentino Alto Adige where as many as 37% of the total is represented by special entitlements, that is by rights relating to “landless” livestock premia (see table 3.1).

The farms affected by the SPR are slightly fewer than one and a half million, with an admissible area of about 8.4 million hectares and about 330,000 Adult Bovine Units. The average value of an ordinary entitlement is € 374; the minimum value was registered in Sardinia (€ 228) whilst the maximum occurred in Calabria (€ 631). Looking at average regional values, Sardinia is the Region with the lowest unit value whereas the highest occurred in Trentino Alto Adige (€ 685 per entitlement). These differences are entirely due to historical events and to the relative unit support utilised for calculating the single farm payment and its importance in the Region concerned. Whereas in Sardinia, in the historical reference period for calculation of the single payment prevailing farm types enjoyed little protection (sheep and goat raising) the result for Trentino Alto Adige was influenced by a strong presence of special entitlements with a high unit value (slightly less than € 3,000). In a similar way, in Calabria the predominance of olive cultivation with its high unit value influenced the high unit value of entitlements; a similar situation applies in Lombardy and Veneto where entitlements were respectively € 575 and € 556, in the first case, on account of aid for arable crops and milk premia included in the Single Payment from 2006 onwards, and in the second, mainly by the high unit support for maize.

As regards the application of premia for quality (article 69 of Regulation (Ec) n. 1782/2003), once more a large number of farmers adhered to the measure which caused the erogation of unit sums considerably lower than those which



potentially could have been paid. This was the result of decisions made about the conditions of admissibility, which, not being particularly selective, turned out to be unsuitable, but for which, however, a unanimous political agreement for change has not been reached (see table 3.2).

*Rural development policy* - From 2003 onwards rural development policy has been progressively strengthened, mainly through the assignment of additional resources coming from the introduction of the system of modulation. The document on the Health Check of the reformed CAP, presented in 2007, confirmed this process of reinforcement amongst the fundamental objectives of the next revision, considering the importance of rural development for conservation of the environment and rural landscapes, as well as in creating employment and in stimulating growth and innovation in enterprises.

Regulation (EC) n. 1698/2005<sup>1</sup> has therefore been subject to a proposal for modification concerning an increase in obligatory modulation. The new proposal should make it possible to find the additional finance for the period 2010-2013 necessary to enable Member States to adapt their strategies and programmes.

The implementation of policies of rural development in Italy has been taken care of by the central administration in strict collaboration with those of the Regions.

At national level, a long consultation has been necessary to achieve consensus about needs, objectives and strategies which should be taken up by the individual Regional programmes. The priorities defined by the Community guidelines have therefore been received and elaborated in the statement of the National Development Plan in order to take into account the specific needs of the country.

The essential aspects of the National Development Plan may be summarised as follows:

- to specify clear objectives and key actions for the priority objectives
- different types of rural areas with specific characteristics and needs (territorialisation)
- certain types of integrated projects which will facilitate achievement of the objectives
- means of strategically integrating other measures of economic policy
- a national system of monitoring and evaluation to accompany the implementation of rural development policy throughout the period

<sup>1</sup> Regulation (EC) 1698/2005 establishes the European Fund for Agriculture and Rural Development (EAFRD), following up Regulation 1290/2005 on the financing of the common agricultural policy. The EAFRD is a fund for financing programmes of rural development; it is part of the new juridical framework of the CAP and operates alongside the fund for financing market and other measures of the CAP.

*Agricultural expenditure of the EU* - The EU budget for 2007, the first of the new financial framework 2007-2013 and also the first budget relative to 27 member states, provided for allocations of € 126.4 billion. Within section 2, Conservation and management of natural resources the item Expenditure relative to the market and direct payments, which is that relating to agricultural expenditure for the First Pillar, amounted to € 42.3 billion (-0.3% as compared with 2006) or 33.5% of the total. Alongside appears the sum of € 12.4 billion allocated for completing measures of rural development of the previous programming period (an increase of 3% as compared with 2006), slightly less than € 900 million for fishing and € 240 million for the environment (programme Life+). As regards structural measures within item 1b-Cohesion for growth and employment – allocations for structural funds amounted to € 38.4 billion (30.4% of the total) whilst Cohesion funds received € 7.1 billion (5.6%) increasing as compared with 2006 by 14.2% and 18.1% respectively.

An analysis of expenditure sustained by the EU for financing measures of market regulation and direct payments under the First Pillar can be carried out with reference to EAGGF (European Agricultural Guarantee Fund) which substituted the FEOGA Guarantee Fund from 2006 onwards.

The EAGGF has been considerably changed as compared with the previous fund. Following the 2003 Fischler reform, in fact, which introduced the Single Payment scheme, and the entry into force of the Single COM, it is organised around a few large items of expenditure and no longer around the individual COM and relative measures.

Looking at the distribution of expenditure by country, it is evident that the 15 “old” member states have experienced substantial reductions in expenditure as compared with 2006 following the exit of rural development from the measures financed. At the same time, the new members enjoy considerable increases during the phasing in, the only exception being Hungary. Despite these somewhat heterogeneous variations, there were no important changes in the relative positions of the countries.

Expenditure for Italy amounted to € 4,804 million in 2007, reinforcing its fourth place in the list of member states for receipt of Community funds for the First Pillar of the CAP. This was the result of a contraction in expenditure (-12%) lower than that recorded for the EU as a whole, resulting in an increase in share from 11% to 11.4%.

Analysing single items of expenditure, in 2007 the pre-eminence of decoupled payments under SPR emerges clearly. In the EU, in fact, this item now covers slightly less than three quarters of EAGGF expenditure, more than doubling the share held in 2006, following an increase in absolute terms of € 14,422 million. At the same time, the share of “other direct aid”, where partly decoupled payments by product are registered, falls (from 35.7% to 14.9%). Overall, the

item “Direct Payments” reached € 37,045 million in 2007, 87% of EAGGF. At the same time, expenditure for the item concerning “Market intervention” fell to slightly less than 12%.

As regards Italy, trends are the same as those recorded at Community level. Expenditure for the SPR increased by 53% , arriving at € 3215 million and 67% of total; at the same time, expenditure for “Other direct support” diminished by 66% reaching € 550 million because by now it relates only to specific aid conceded by the Fischler reform (aid for quality of durum wheat, for protein and energy crops, supplementary payments under article 69, etc.) on account of the fact that Italy opted for total decoupling of aid with the exception of tobacco – which, moreover, was subject to a 39% reduction - and seed. Overall, the expenditure for “direct aid “ in Italy accounts for 10.3% of the Community total e for 79% of the EAGGF domestic expenditure. Expenditure for “Market intervention” has a greater share in Italy than for the Community as a whole, amounting to 20.7% of national expenditure for the First Pillar as against 20.4% of the item for the Community. The greater part of the expenditure is concentrated on the wine sector and fruit and vegetables. For the first of these, € 125 million are directed to the use of must in the process of wine making, € 119 million to distillation and € 99 to restructuring. As regards fruit and vegetables, € 139 million are for financing Operative programmes, € 134 million for aid to producers of tomatoes for processing and € 107 million for payments to citrus fruit for processing. Finally, as previously mentioned, the item rural development, which in the 2007 budget covered residual payments for the 2000-2006 planning period, is destined to be eliminated.

### 3.2. *National policy*

*National agricultural policy* - During 2007 national agricultural policy followed faithfully the strategy outlined in the Ministerial programme of 2006 as regards the rapid growth in international markets of Italian agro food products, the strengthening of the distinctive character of products *Made in Italy* and the development of multifunctionality (new services and tasks delegated to agriculture). These strategic principles were incorporated into the Financial Law for 2007 (Law n. 296/06) though with some initial applicative difficulty, overcome in the following Financial Law for 2008 (Law n. 244/07), which, whilst confirming the framework of the previous budget, strengthened the measures for intervention – fiscal concessions, incentives for agro-energy, increase in the Fund for national solidarity and measures for continuing crises – ensuring, at the same time, slightly more financial resources than in the previous year.

The Law n. 82/08 has updated the Fund for National Solidarity to take into account the new Community orientation as regards state aid. The abrupt ending

of the Government led by Romano Prodi left some key questions for Italian agricultural policy unanswered, such as, for example, the regulation of markets and measures for dealing with market crises. To this was added the sharp contrast, for the whole of 2007, between the Government and one of the main farmers' union, Coldiretti, caused mainly by a different approach in implementing the Common Agricultural Policy and by the decoupling of direct aid, in particular for the fruit and vegetable sector.

With the entry into force of the reform introduced by the law n. 102 of 2004 – which entails financial measures in support of farm enterprises and replaces the preceding legislation as regards measures of support, redefining the role of the Fund for National Solidarity (FNS) public support has been transferred from compensatory measures for losses caused by natural disaster to a system based on insurance.

In 2007, funds allocated to the Ministry for Agricultural, Food and Forestry Policies (MIPAAF) amounted to € 2,065.8 million, an increase of more than 351 million as compared with 2006, caused principally by the launching of the National Plan for Irrigation (+ € 162 million) and by the financing of a greater number of research projects. About one third of the budget was absorbed by administrative expenses, with a net prevalence of the Forest Guard, as well as by an increase in the operating expenses of the bodies under the authority of the Ministry. The incidence on current operating expenditures on total Ministerial expenditure fell, however, from 37% to 32%.

Overall, the share of Ministry resources destined for financing agricultural policy increased, reaching 55.5%, whereas in the three year period 2003-2005 the share has been on average 38%. In more detail: aid for management and infrastructure absorbed more than half the funds allocated; the state contribution for insurance policies for damage caused by weather rose to € 220 million; € 288 million were destined to agricultural and forestry infrastructure; the allocation for conserving national woodland heritage reached € 48 million; farm investment absorbed € 85 million; agricultural research received almost € 208 million, the highest figure in the last ten years; promotion and surveillance of national agricultural production received € 112 million; extension and development services received € 67 million; the aid destined for processing and commercialisation of agricultural products, which for a long period has been one of the main activities of the Ministry, was, instead, marginal; finally, for the fisheries sector, the Ministerial budget assigned € 88 million.

As regards payments made in 2007, these amounted to € 1,691.9 million, about € 243 million more than in 2006: the Ministerial expenditure capacity, that is, the ratio between payments and allocations, was 81.4%, slightly less than in the previous year, but to be considered positive considering the strong increase in allocations for infrastructure (see tables 3.3 and 3.4).

*Regional measures* - Not a great deal of Regional legislation was passed in 2007 – 31 Regional laws<sup>2</sup> in all, continuing the trend, apparent in recent years, of a progressive reduction in the number of laws.

As regards content, Regional laws passed in 2007 are notable for the heterogeneity and complexity of the measures and seem to be prevalently related to themes of agro-food and territorial management. In the majority of Regions measures for promoting and marketing agricultural products are to be found, through approval of disciplinary for typical products, itineraries for typical products, promotion of systems of labelling. Measures to support organic agriculture are to be found, as well as initiatives for spreading information procedures, systems and/ or technologies for food safety and energy saving, traditional gastronomic customs and local cuisine.

The year 2007 marked the beginning of the new planning period 2007-2013 with important innovations for policies of rural development. At Regional level, programming has been based on 22 Rural Development Plans, one for each Region and Autonomous Province, in addition to a National Rural Network. The Network programme was the first to receive official approval confirmed in the Decision (EC) C2007 of 13.08.07, due to the faster iter of consultations with the Commission services. For this network, resources amounting to about € 83 million were allocated, half of which based on the EAFRD and aiming, in strict collaboration with the European Rural Network at Community level, towards the identification and transfer of good practise, exchange of experience, training programmes and, in general, towards knowledge and divulgation of the results of rural development policy. The Network is a structure made obligatory for every member state by Regulation (EC) 1698/2005, which also draws on the experience gained from the Leader network of the periods 1994-99 and 2000-2006; it foresees the MIPAAF as the managing authority and the creation of a national unit for animation and coordination (UNAC). The objectives set for this programme are to contribute to: improving the management of RDPS; strengthening the management and planning capacity of the institutional protagonists and local Programmes; spreading knowledge and good practise; management of the central (UNAC) and Regional structures, through Regional Network Posts (PRR). The objectives will be achieved through a specific Plan of Action containing means for identification and analysis of transferable good practises and relative information; the provision of exchanges of experience and competence; the preparation of training programmes for possible new Local Action Groups (LAG) as well as means of achieving specific activity of technical assistance for inter-territorial and transnational cooperation.

<sup>2</sup> There are 20 Regions in Italy.

*Agricultural expenditure in the Regions* - Regional spending has had to be undertaken with particular attention to the measures requiring that expenditure should respect the stability pact and the provisions of the Financial Law for 2006 considered “fundamental principles for coordination of public expenditure according to articles 117 third comma, and 119, second comma of the Constitution”.

For 2006, the pact set several objectives, with reference both to current and to capital expenditure. The discipline was, however, replaced by that of the Financial Law for 2007 (Law 296/06), substituting the phrase “principle of limits to expenditure” with that of “financial balance” which refers to overall expenditure net of debt. This principle, taken up also in later provisions, has been at the basis of the greater rigour as compared with the past.

In addition, in line with the process pursued at national level, to ensure greater involvement of the Regions and local authorities in the policy of restraining expenditure, the procedure of spending reviews has been launched.

In recent years, Regional expenditure, expressed as overall commitments, has shown an increase on average of more than 6 or 7 percent per year, with a capacity for expenditure amounting to about three quarters of allocations. Current expenditure grows constantly at a higher rate, especially in the Southern and Central regions. Allocations on capital account, instead, have shown a general reduction, which halted in 2006, without, however, compensating the previous contraction.

The analysis of trends in Regional expenditure for agriculture is based on the INEA Data Bank on Regional Expenditure for agriculture, constructed with reference to Regional accounts regularly approved, using a mixed classification which is in part the economic classification of receipts and expenditure adopted by the Regions and partly an original classification designed by INEA.

In 2006, Regional expenditure on agriculture amounted to € 3,952 million with allocations amounting to € 7,200 million and commitments of € 5,016 million. The data for the year is in line with trends in previous years, considering its provisional nature determined, in particular, by a possible underestimate for Sardinia. As compared with the previous year, expenditure fell to a greater extent in the public administration in Trento, Tuscany, Emilia-Romagna, Basilicata and Puglia, whereas it grew most notably in Campania, Umbria, Liguria, Friuli Venezia Giulia, Sicily and Abruzzo (see table 3.5).

Considered as a ratio of value added in agriculture, expenditure appears to be stabilising, though with wide differences between areas. It is worth noting that in the centre-north agricultural expenditure does not show great variations in absolute terms, the ratio to relevant regional economic indicators also remaining generally stable, whereas in contrast, agricultural expenditure in the south rose considerably.

### 3.3. Fiscal policy

*The size and structure of taxes and payments levied by the public administration in agriculture* - During the period 2003-2007 social security payments were the major item amongst the dues levied in agriculture by public authorities, accounting for 50% of entries from the sector, in contrast with direct and indirect taxes which contributed no more than 35% of the total; the incidence of contributions for land reclamation were also limited, accounting for no more than 6% in the period considered (see table 3.6).

In 2007, changes in these variables were altogether very modest: social security payments fell by 0.6% whilst indirect taxes increased; direct taxes remained stable as a result of the application of the cadastral method for calculating taxable income. Tax pressure on the primary sector thus remained unchanged, equal to slightly less than 9% in the last year. The same may be said for fiscal pressure, where, in 2007, the limited increase in social security contributions and in value added avoided the occurrence of considerable changes. The difference between the degree of fiscal and tax pressure<sup>3</sup> in agriculture and that in other sectors of production remains. In agriculture, in fact, dues absorb about 20% of value added whereas in other sectors the share is higher by about 14 percentage points and a similar difference exists as regards tax pressure. The difference is due, in the first place, to the numerous concessions as regards direct and indirect taxes which will be discussed later, and secondly, to the different way in which the income subject to direct taxation is calculated (the cadastral method) which gives added benefits to agriculture.

An even clearer picture of the difference between total dues levied in agriculture and in non-agricultural sectors is furnished by data concerning the incidence of taxes on factors of production. In 2007 agriculture enjoyed a reduction in the incidence of taxes on incomes from employed labour as a result of an increase in wages from 2006 onwards with the tax percentage remaining unchanged. Other productive sectors, instead, were affected by an increase in the tax quota, a change in trend as compared with the previous year. The same happened as regards income from self employed labour and capital. Looking at the incidence of taxes and other dues on profits before tax, which includes remuneration for self employed labour, capital and profit, the differential in the last year amounted to 13 percentage points.

<sup>3</sup> Fiscal pressure is considered as the ratio between total fiscal revenue (direct and indirect taxes, land reform contributions and social security payments) and value added at producer prices; tax pressure, instead, takes into consideration only taxes and land reform contributions.

*Tax concessions* - Tax concessions to agriculture merit separate treatment in view of the lower capacity to contribute by operators in the sector. In 2007, in particular, concessions were considerably less, after the revival that had taken place in 2006 as a result of the re-dimensioning of the concessions connected with the special regime for VAT (see table 3.7). The change to the ordinary VAT regime for some agricultural enterprises during the last two years has, in fact, caused a reduction of the VAT subsidy deriving from the application of percentage compensation. In contrast, over the last year, tax concessions connected with taxation of property by local councils remained stable as did those for the regional tax on productive activities – IRAP and the excise duties on mineral oils. The reason for this is to be found in the small changes in the fiscal variables to which these concessions are directly linked. There was, finally, a slight reduction in tax savings due to direct income tax – IRPEF – and in social security contributions paid by self employed workers.

### 3.4. *Aggregate support payments and institutions responsible*

*Quantification of public support to agriculture and relative flows: the consolidated aggregate* - Calculation of overall public support to agriculture is based on the distinction between transfers (monetary payments by the EU, the state and the Regions) and concessions as regards taxes and social security payments. Their total, even though statistically incorrect in that it includes both effective (transfers) and virtual (transfers not made to the public purse) money flows, gives a valid estimate of the dimensions of the aid given to farmers. In 2007 the total amounted to € 16.6 billion of which € 11.4 billion (69.6%) due to transfers and more than € 5 billion through concessions; as compared with 2006 there was an increase of € 0.8 billion, with transfers having risen by almost 1 billion and concessions decreasing by € 190 million. Support is equivalent to 63.1% of value added in the sector and 35.9% of the value of production (see table 3.8).

Expenditure by the Regions is the most important (25.3%) even though the value reported in the consolidated total does not include transfers to the Regional Payment Agencies (RPAs) which have been excluded to avoid duplication. Following Regional payments, the most important item is the expenditure of AGEA<sup>4</sup> (23.3%) by that of the RPAs (14.3%) and by concessions on social security payments (13.8%). The consolidated total shows also that expenditure linked with Community measures (AGEA, RPAs, SAISA<sup>5</sup> and the National Rice Body) is the

<sup>4</sup> Agency for payments to agriculture.

<sup>5</sup> Autonomous service for measures in the agricultural sector, which deals with refunds for exports and production, compensatory amounts for adhesion, monetary compensatory amounts and any other Community aid connected with operations of import and export of agricultural products regulated under the CAP.



most relevant item (37.8%), that is, more than one third of support comes from the EU.

In greater detail, more than half the transfers come from the Community – expenditure from AGEA, RPAS, SAISA and the National Rice Body in fact cover 54.3% of this aggregate – Regions account for 36.4% whilst Ministries and National Bodies cover the remaining 9.3% (of which 7.7% is due to the MIPAAF).

As regards concessions, almost half (44%) derive from social security contributions whilst those associated with taxes come from income tax and excise duty on fuel.

Referring again to transfers, the Community component is greater than the national one when the decision about destination of aid is considered: the EU, in fact, generates 54.2% whereas national policy accounts for 45.8%. This division derives from the fact that certain expenses, although financed from national budgets, are obligatory on account of specific Community norms or mechanisms.

The disaggregation of the consolidated total by type of measure shows that over half public aid is made up of support without a specific objective; measures in favour of farms make up 28.5% (of which 13.7% for production aid, 9.1% for management aid and 5.8% for farm investment); expenditure for infrastructure follows a long way behind (11.3%); finally, research absorbs only 1.2%.

In order to discover the macro-objectives of agricultural policies, the different forms of aid can be classified into two major groups: measures with short term effects (support to the market, to management and to income) and measures with medium to long period or structural effects (investment, infrastructure, research, services for development, processing and marketing). Short term measures absorb more than three quarters of the total and structural slightly more than 22%; the same analysis applied to regional expenditure also shows a greater weight for medium to long term measures (63.9%) as compared with short term (36.1%). The comparison, however, is not homogeneous since the consolidated total includes concessions which are not present in the mix of Regional policies. Within transfers, moreover, there is the high incidence of production aid, even if downsized as compared with the past, on account of the effect of decoupling of support in the CAP and this is a form of aid that Regions cannot use. To make a comparison between Regional and other policies, the most correct approach is to consider figures net of production aid: this considerably lessens the difference between overall support and support at Regional level.

## Chapter 4

# Agriculture, the environment and multi-functionality

### 4.1. *Conservation of nature and the countryside*

*Biodiversity and agro-ecosystems* – The trend in birdlife population in agricultural areas provides useful indicators on the quality of the agro-ecosystems and their evolution through time and space. The indicator “birdlife in agricultural areas” is an aggregate index based on the population trends of bird species which rely on agricultural areas for reproduction and feeding. From 2000 to 2005, the index fell by about 10%, highlighting a worsening in the state of biodiversity in agricultural areas (tab 4.1). There was a dramatic reduction which persisted until 2003, followed by a slight recovery. A similar trend also emerged at European level, although the contraction was more modest (-3%). These overall percentages conceal the regional variations (see table 4.1).

Most of the species in decline rely on open environments such as meadows, pasture, fallow land and extensive arable land; the remaining species are linked to environments associated with uncultivated parts of the agricultural landscape such as hedgerows, field copses and wetlands. Biodiversity conservation in aggregate ecosystems is, however, directly linked to the safeguard and promotion of this kind of environment.

Currently, there are 2,563 Nature 2000 sites in Italy, not including those which are also Sites of Community Importance (SCI) or Areas of Special Protection (ASP); they account for over 6 million hectares, equivalent to over 20% of national area. According to AGEA data, at least 20% of land in the Nature 2000 network is agricultural land (1.25 million ha), of which almost 40% is in Puglia, Tuscany and Sicily. This land is prevalently semi-natural habitats such as meadows and pasture, whose survival depends mainly on maintaining extensive agriculture.

In 2007, the Ministry for the Environment and Protection of the Territory and the Seas emanated a decree “Minimum criteria for defining conservation measures regarding Special Conservation Areas (SCA) and Areas of special protection (ASP)”: Regions and Autonomous Provinces should adopt conservation measures based on this decree within three months of its coming into force or,

if opportune, should adopt the management plans of the sites within the Nature 2000 network.

*Genetic resources in agriculture* – The loss of biodiversity in agriculture is an increasingly serious problem. According to a recent FAO report on the state of animal genetic resources, 9% of the 7616 species recorded in a world census are extinct and insufficient information is available regarding a further 36% of species. However, initiatives to safeguard genetic resources in agriculture have multiplied, both on the part of the European Commission, which is implementing action plans to safeguard biodiversity by funding projects, and on the part of Italy, which has approved the National Plan for biodiversity of agricultural interest.

The National Plan provides guidelines for the conservation and promotion of genetic resources in agriculture which are in danger of extinction, by creating a national reference framework for all the activities which Regions, local bodies, and research bodies are carrying out, and it will enable greater coherence between the various initiatives. One of the first measures planned is the establishment of a “Permanent Committee for Genetic Resources” coordinated by MIPAAF (Ministry for Agricultural, Food and Forestry Policies) and made up of representatives from the Government Ministries and Regions concerned.

According to the National Register of endangered species of cattle, sheep, goats, pigs and horses – drawn up on the basis of common parameters for all European states – the greatest number of endangered species (71) regards sheep and goats, even if there are no definite figures for 13 of these species (see table 4.2). The number of head of female breeding stock represents about 4.6% of total sheep and goat breeding stock. As regards cattle, there are 26 endangered species, amounting to 71,493 head of female breeding stock (3.1% of total). There is a smaller number of endangered species of pigs (6) and the number of head of female breeding stock accounts for only 0.7% of total. In contrast, there are 23 endangered species of horses, amounting to 16,716 head of female breeding stock. When these endangered species are bred without contamination in their original areas, livestock operators qualify for support through Rural Development Funds.

*The state of forests* - The area covered by forests in the strictest sense is equivalent to 8,582,969 ha; in addition, there are a further 122,255 ha of plantations and 53,981 ha of land which is temporarily without forest cover, according to estimates from the National Inventory for Forest and Carbon (see table 4.3)

Deciduous forests prevail, both in the form of coppice and high forest. Conifers account for just over one million hectares, the most common of which are larch, silver fir and red fir. Private ownership is most common (66%), while the remainder is in public ownership, mainly the property of municipalities or provinces.

Timber felling is mainly carried out in privately owned forests, which also have smaller logging areas. The rate of felling – that is the ratio between the area logged during the year and the total regional forest area – can be as much as 2%-2.5%, and the period before logging the same area again is between 40 and 50 years. The Regions with the highest rate of felling are Trentino Alto Adige, Calabria and Tuscany, whereas the Regions with the lowest rate are Emilia-Romagna, Liguria and Marche.

The most recent results from the survey on Forest health clearly highlight how extremely sensitive forest ecosystems are to atmospheric pollutants and to changing soil conditions. Overall, the percentage of damage to trees is equivalent to 30.5%. This represents a reduction as compared with the previous year (33% of trees damaged) and confirms a gradual improvement in health already evident in the previous five years, following the record high in 2001 (38.4% of trees damaged). There was a more significant improvement in the health of conifers (approximately 3.3% less of trees damaged) than in that of deciduous trees (-1.3%).

Forest fire control both in Italy and in Europe in 2007 was particularly challenging. There were tragic statistics in terms of loss of human life: 23 people died in fires in Italy and 68 in Greece, while camp sites and tourist establishments were destroyed in Puglia (Gargano) and Sicily.

As regards Italy, 2007 was one of the worst years in recent decades, with 227,729 hectares damaged by fire, of which 116,602 hectares were woodland. There was a dramatic increase both in the area damaged and in the number of fires as compared with 2006. Moreover, the average area of fire almost tripled as compared with the previous year, and was double that of the average for the decade. All Italian Regions were affected by the phenomenon to varying degrees. Southern regions were worst hit, particularly Calabria and Sicily, with over 40,000 ha damaged by fire, followed by Campania and Sardinia. Marche and Abruzzo in central Italy also suffered badly, with fires affecting up to 78 hectares on average. The seasonal peak for fires was recorded in July and August, but unexpectedly continued into September as well as starting earlier than expected in June, normally not considered a critical month.

#### *4.2. The management of natural resources*

*Use of natural resources and farm management* - Crop rotation, tillage and the use of inputs are some of the most important agricultural practices which affect the soil. Crop rotation and crop plans are implemented for 87% of utilised agricultural land (UAL) under arable crops and this practice dominates in the Centre, South and Islands. The practice of single cropping (16% of utilised agricul-

tural land under arable crops) has been falling steadily (-3% since 1998); it is found above all in the North where its use has actually increased, and in some southern areas, where it has been falling since 1998 (-7%).

As regards tillage, between 2000-2005 the number of farms resorting to deep tillage fell considerably (-13.4%). Data for 2005 showed that the number of farms employing surface tillage remained steady (14.4%), and is most widespread in the North. In the Centre, South and Islands, 50% of farms plough sloping land.

The use of chemical inputs is particularly common in the agricultural systems associated with intensive single cropping such as, for example, maize. This practice is employed on over 9% of total utilised agricultural land, two-thirds of which are treated with phyto-sanitary inputs. Although there were contractions both in the UAL (-15%) and in the number of farms which carry out treatments (-12%), the quantity of active ingredients per hectare has doubled in the last five years, rising from 1.1 Kg/ha to 2.4 Kg/ha. In contrast, in vineyards there has been a reduction in the quantity of active ingredients used, even if vines are still one of the crops which makes the greatest use of chemical inputs, together with apple and potato. On the contrary, while the number of treatments for olive has increased four-fold, the quantity of active ingredients has almost halved.

According to estimates based on the PESERA model, some Regions are subject to greater than average risks of erosion: Umbria and Lazio in the Centre; Friuli Venezia Giulia in the North and Campania and Molise in the South. However, more detailed information and/ or alternative models can show a very different picture. More than 25% of farms have problems of soil erosion and these are mainly concentrated in southern Regions.

Soil protection is the subject of a specific thematic strategy which has led to a proposal for an EU Directive (COM (2006) 232). This establishes a framework for soil protection, and provides for the identification of priority areas which are at risk from soil degradation and the definition of specific action plans. The process of approval for the Directive is currently in progress.

In November 2007, the Directive regarding the assessment and management of flood risks was approved (2007/60/CE) and requires every member state to establish management plans for flood risk based on the maps indicating danger and risk (see table 4.4).

*Water resources and agriculture* - The agricultural use of water, almost exclusively for irrigation, puts pressure on the natural resource both in terms of quantity and quality. Although there has not been a significant increase in the area irrigated<sup>1</sup>, there have been frequent cases which have revealed a disequilibrium between actual availability and irrigation needs. In the last 20 years – and more

<sup>1</sup> See chapter 2 for a detailed analysis of agricultural irrigation.

specifically in the three-year period 2000-2002 – there has been a gradual reduction in water accumulated in reservoirs.

As regards quality, according to APAT, reporting on the ecological condition of streams and rivers, satisfactory results were recorded for 43% of sites, of which 5% were considered “excellent” and 38% were “good”. In contrast, results from sites monitored for the ecological state of lakes and the state of undergroundwater showed only 34% of sites were classified as either good or excellent. The greatest problem regarding the chemical quality of groundwater can be attributed to the presence of nitrates, which exceed 50 mg/l (the limit for drinking water). In some points where samples were taken, the presence of some dangerous substances such as heavy metals was also recorded (mainly chromium, lead and nickel), as well as pesticides and aliphatic halogen compounds.

As regards fertiliser utilisation, it has been estimated that in Italy the annual amount of nitrogen produced from livestock waste exceeded 170 kg/ha (the limit set by legislative dispositions) in some, localised, areas. The nitrogen balance recorded a relatively moderate surplus on average but these average figures concealed notable surpluses at local level, as for example in Lombardy (100-150 kg N/ha/year). According to data from the surface water monitoring network, average concentrations of nitrates (annual average) exceeded 50 mg  $\text{NO}_3/\text{l}$  at 2.5% of monitoring stations, while levels of between 40 and 50 mg  $\text{NO}_3/\text{l}$  were recorded in 4% of cases. In north-eastern Italy there was an increase in levels of between 10 and 25 mg  $\text{NO}_3/\text{l}$ , which prove that significant quantities of nitrogen are flowing into lakes and into the sea, indicating that they are at considerable risk of eutrophication.

Since 2003, as a result of new designations, the area in Italy which is vulnerable to nitrates has risen from 2% to 6%.

The implementation of the framework Directive for water has been inadequate overall. Italy has still not been able to assess which, and how many, water resources risk not meeting the objectives established by the Directive. Moreover, implementation of administrative provisions has been inadequate as regards the definition and management of water districts (art. 3), the reporting capacity and the quality of information describing districts' features, including the economic analysis (art. 5).

*Energy and biomass* - According to provisional data from ENEA, national energy consumption in 2007 fell by 1% as a result of a slowdown in net imports and above all due to a further reduction in domestic production. The share of primary energy consumption (gross final consumption) from renewable sources was unchanged at around 7% of total, close to the European average but nowhere near the levels achieved in Scandinavian countries and Austria (over 20%).

Energy consumption in agriculture is quite low (2.4%) and it is generally in line with the specific weight of the sector in terms of value added. Growth in agricultural energy utilisation seems to have slowed in recent years and it is cer-

tainly far lower than the increase in use recorded by the transport sector (+30% as compared with 1990) or by the tertiary and residential sector (+25%).

Energy production from renewable sources has been growing in line with the European average (+12% in the period 2000-2006), but there were contrasting trends depending on the kind of energy source. As regards biomass in general, energy production from waste, which accounts for a 10% share of total energy from renewable sources, continues to record significant rates of growth. Biomass from agriculture or forestry, whose incidence on renewable energy sources continues to be significant (22%), recorded a slowdown in growth in the last three years, following rapid expansion at the beginning of the decade. The growth in biogas systems is more significant, but the contribution of the livestock sector is quite limited when compared with that of sewage treatment plants for organic waste products and industrial waste (see table 4.5).

Public intervention for energy production from renewable sources continued; the aim is to achieve a 12% share for renewable energy as compared with overall gross final consumption (primary energy) by 2010, a 5.75% share for biocombustibles as compared with total fuel and, finally, a 22% share of electrical energy from renewable sources as compared with total electricity consumption. Italy has been slow to implement the European Directives, especially as regards the production of biocombustibles (less than 1% in 2007); in contrast, as regards electricity production, the existence of significant hydroelectric sources puts Italy in an advantageous position (17% share of total as compared with 14% for the EU in 2005).

There continue to be significant delays in establishing biofuel filières in Italy: firstly, biodiesel processing plants have not yet found competitive prices in the domestic supply of raw materials, although they are already capable of producing substantial quantities of biodiesel; secondly, bioethanol plants are still in the planning and construction phase.

As regards electricity, the agroforestry sector benefited widely from the 2008 budget. In short, sector producers will be able to qualify for an 80% increase in incentives for renewable energy production as compared with current market value of environmentally-certified energy and even if they were to choose the all-inclusive tariff, the price would still be very favourable. In order to qualify for the increased financial incentives, production must take place in accordance with filière agreements, framework contracts or short filières (area of supply is less than 70 km from the processing plant).

*Climatic change, greenhouse gas emissions and agroforestry systems* - According to the Intergovernmental Panel on Climate Change (IPCC) the increase in temperature is now unequivocal. Most recent estimates show that Italy saw a reduction in temperature of 0.6°C from 1951 to 1981 followed by an increase of 1.04°C until 2006, with an overall increase of 0.94°C in 45 years. On the basis

of available data, it can be argued that climatic changes are influencing natural systems, particularly with regard to water resources, coastal zones and oceans. The most serious repercussions for Italy regard fishing, agriculture and tourism.

Italy recorded an upward trend in greenhouse gas emissions, only partially reduced in 2006, which is 9.9% more than 1990 data (see table 4.6) taken by the Kyoto protocol as a term of comparison for the reduction of emissions within the period 2010-2012, which for Italy should amount to -6.5%.

In Italy, the contribution of agriculture to emissions is not particularly high: around 6.5% of total emissions, as compared with 9.3% in European agriculture. The agricultural sector recorded a trend contrasting with other productive sectors, given that there has been a steady reduction in emissions almost exclusively from nitrous oxide ( $\text{mN}_2\text{O}$ ) and from methane ( $\text{CH}_4$ ).

The data regarding Land Use, Land Use Change and Forestry (LULUCF) were more striking, as the share recorded was equivalent to almost 20% of total emissions. In contrast to trends in other sectors, the change in land use in Italy is resulting in greater  $\text{CO}_2$  absorption by forestry and agricultural “tanks”. The 112.2 million  $\text{CO}_2$ equivalent “captured” in 2006 could be subtracted from the total calculation of emissions, on the basis of certain conditions established in the protocol. Italy holds the European record in terms of carbon absorption, equivalent to 32% of total European value, while the incidence of the agricultural sector in Italy amounts to about 10% of total European agriculture.

The objectives fixed by the Kyoto protocol for Italy are still far from being met. Taking into account that, based on the current trend, emissions are estimated at 587  $\text{CO}_2$ equivalent in 2010, Italy still needs to achieve a further reduction of 103.7  $\text{CO}_2$ equivalent. However, intervention currently underway or programme measures likely to be carried out account for only 83  $\text{CO}_2$ equivalent. It is also worth noting that a considerable share of planned national intervention, equivalent to 25.3  $\text{CO}_2$ equivalent, is derived from  $\text{CO}_2$  fixation in Italian forests (LULUCF). Given that the commitments for signatory countries are binding, financial sanctions are foreseen if they are not met and these can only be avoided through credits generated by measures for international cooperation.

As regards LULUCF activities, the Protocol provides for the creation of a special national register of agro-forest carbon tanks to certify credits deriving from activities as set out in articles 3.3 and 3.4 but this register has not yet been established.

#### 4.3. Sustainable agriculture and related services

*Organic agriculture* - The phase of expansion in production witnessed in the organic sector seems to have ended, as reflected in the 1.5% contraction in the to-



tal number of operators, which fell to 50,276 units, and in the very slight increase in utilised agricultural land (0.2%), which rose to 1,150,255 ha (see table 4.7). In 2007, there was a marked reduction in the area under conversion (-28.8%), a sign that the development potential of the sector has almost been exhausted. The increases recorded can, therefore, be attributed mainly to the component which has already completed the conversion process to organic farming.

The reduction in the number of operators was evident above all amongst producers and affected the whole country, although the fall was slightly more marked in Central regions, Piedmont, Puglia and Abruzzo. The majority of producers are concentrated in the South, but there is some slight indication of a change towards greater involvement of operators in processing organic products, which is still concentrated in central and northern areas of Italy.

Extensive cropping linked to livestock farming increased its share in 2007, accounting for more than half the area under organic crops, also due to the fact that the Common Agricultural Policy reform came into force incentivizing the reconversion of arable crops back to break crops such as many fodder tubers. As regards organic livestock production, there was a further increase in the number of animals and a steady reduction in the delay in introducing organic agriculture systems for all the most important species.

Despite the slowdown in the structural evolution, consumption of organic products recorded a good performance, in net contrast to the marked contraction in overall domestic purchases of agro-food products caused by Italy's difficult general economic situation. As regards domestic demand, there was a 10% increase in demand for organic products in value terms, reflecting the generally positive trend of recent years.

In 2007, the volume of sales on the international market amounted to € 35-€ 40 billion, and by 2010 it could rise to € 50 billion, sustained by the opportunities offered by the market, above all to producers in developing countries. Consumption of organic products, however, is still concentrated in North America and Europe, accounting for 97% of world sales.

*Environmental certification systems in the agro-food and forest sector* - There has been increasing interest on the part of agro-food producers in the certification of environmental management systems (EMS). In 2007, there were still less than one hundred agricultural enterprises which had obtained EMS certification, although there has been a significant increase, particularly in certification of Iso 14001 (+61% as compared with 2005) and EMAS registrations (+44%). The increases in certifications in the food industry were more modest but they still represented a significant share of certified enterprises to the total of the sector (0.9%) (see table 4.8).

The Environmental Product Declarations (EPD) also recorded a significant increase in the last two years. In particular, in Italy there are 4 Italian food prod-

ucts with EPD certificates, out of a total of five agro-food products with such certification worldwide.

There is no recent data available regarding the implementation of integrated production, but in 2007 there were two important events: the long-awaited publication of Disposition UNI 11233 (integrated production systems in the agro-food filière – general principles for planning and implementing in plant crop filières) and the revision of the Eurepgap standards.

As in the agro-food sector, there was also increasing interest in voluntary environmental certification in the forest sector. More specifically, forestry land management and management of production processes in the timber and paper industries can be certified according to specific standards developed by the Forest Stewardship Council (FSC) and by the Programme for Endorsement of Forest Certification (PEFC). Although there are some obvious differences, both schemes permit the certification of forest management or traceability (also known as Chain of Custody, COC) of products in the industrial filières. In the first case, the forest management (from forest planning to logging) is certified as sustainable from an environmental, social and economic point of view. In the second case, the traceability of timber is certified (or that of wood products such as cellulose) in the various production stages of semi-worked or finished products, guaranteeing its origin from a certified forest. Although the number of certifications in Italy is lower than that in other European countries, it is increasing and becoming more widespread. Currently there are more than 28,000 ha of FSC certified forests and almost 638,000 ha of PEFC certified forests. As regards COC, 251 enterprises have FSC certificates and 93 have PEFC certificates.

*Agro-tourism, land and the environment* - The Italian agro-tourism sector continues to expand. According to provisional data released by ISTAT, over 1.7 million people chose a holiday at an agro-tourism enterprise in 2007, representing a 17% increase as compared with the previous year (see table 4.9). In 2006, there were 16,765 authorised agro-tourism enterprises, an increase of 1,438 (+9%) as compared with 2005. The most popular Regions for agro-tourism in absolute terms are Tuscany and Trentino Alto Adige, whilst Umbria is the leader in terms of its relative share, with 38% of tourist arrivals in the Region choosing agro-tourism holidays.

The principal activity is still accommodation, which is offered by 82% of agro-tourism establishments. Other activities – such as excursions, horseriding, nature watching, etc. – were offered by 56% of establishments, whilst meals were offered by 47% of establishments.

The agro-tourism business is becoming more specialised, offering agro-tourism packages which combine multiple services on site with a number of other services from outside the enterprise. With this multifunctional approach, agricultural

enterprises are taking on a key role in promoting the area, as an environmental and cultural experience, but also as a practical means to integrate income.

Sector experts highlight the importance of using Internet as an effective means of communicating the contents of an agro-tourism holiday. Operators however do not always recognize the importance of innovative communication methods. It is worth mentioning the voluntary certification initiatives available from some category associations, which emphasise the importance and diffusion of information and communication methods to guarantee the quality of what is on offer.

In most Rural Development Plans (RDP), support for agro-tourism represents the main axis for the whole of the measure regarding diversification, accounting for an average of 60-70% of total funds. Two years after implementation was approved, the National Framework Law, which is still under consideration by some Regional governments, has not found a consensus regarding regional classifications. The Regions have autonomously set out the requirements that agro-tourism enterprises must respect as regards total area, facilities, furnishings and services, maximum number of guests, and maximum number of guests outdoors, resulting in a certain disparity which has not facilitated transparency of business offers.

*Social agriculture* - Social agriculture represents an element of continuity in agricultural and rural Italian traditions, being in some way an “innovative tradition” Indeed, it introduces cultural models that differ from the past, as is shown by farms which have added services and social activities to their productive activities, offering products with a social and ethical connotation clearly recognized by consumers, whilst remaining competitive in the market. More specifically there has been an increase in agricultural establishments – mainly social cooperatives, but also small, medium and large enterprises – which operate a service of social and employment inclusion, by including on their staff people with various difficulties (psycho-physical disabilities, drug addiction, etc.). There is also a growing presence of enterprises which offer complete therapeutic and rehabilitative services.

At present, however, there is no data or information to quantify the phenomenon. From the data available (ISTAT, 2005) there are approximately 450 social agricultural cooperatives, in which people with physical and/or psychological or psychiatric disabilities/difficulties are permanently included in a professional capacity, whilst there is no specific information on the employment of protected categories of workers in non-cooperative agricultural enterprises. From other surveys, carried out at local level or with partial samples of agricultural enterprises, there appears to be a greater number of enterprises committed in this area.

As regards the normative framework, there is still no single national reference in Italy, although some Regions have started to legislate on the subject and to provide funds within the planning for rural development. Indeed, the Regional planning 2007-2013 introduces significant changes in the field of agricultural diversification, and for the first time takes into account social activities as part of the measures available to enterprises. In nearly all the RDPS and the ROPs approved by Regional administrations there are measures to start social service activities within agricultural enterprises and measures to inform and train operators in this field.



## Chapter 5

# Production in Agriculture, Forestry and Fishing

### 5.1. *Cereals and industrial crops*

*Cereals* - In 2007, Italian cereal production amounted to just over 20 million tons, similar to levels recorded the previous year, despite an average increase of around 3% in the areas under cereals. Indeed, poor weather conditions during the year had adverse effects on the harvest of autumn and winter production, leading to a overall contraction in cereal yields (with the exception of maize and rice) (see table 5.1). In contrast to prevailing trends the previous year, in 2007 farmers showed a preference for sowing durum and soft wheat, encouraged by a marked increase in the price of wheat on domestic and international markets. Output performance caused the sector's traditional deficit in the balance of trade to expand: imports rose by 33%, as compared with 2006, resulting in an increase in the trade deficit of around 36%. As regards the markets, domestic trade in wheat witnessed strong growth in prices particularly in the second half of the year.

Output from the milling industry in 2007 fell by 4.5%, (Italmopa estimates), recording a higher percentage fall than the average for the food sector as a whole (-0.3%). This contraction was caused by reductions in both the soft wheat and the durum wheat milling sectors, as a result of a decline in domestic consumption (bread and pasta).

In 2007, there was a general increase in the area under durum wheat. Nonetheless, bad weather conditions caused a substantial contraction in yields throughout Italy, and particularly in northern Regions.

The trends regarding the area cultivated and wheat yields led to contrasting results at regional level: in the South, output fell even though production was less affected by poor weather conditions, whereas in the Centre and North, though worse hit by the bad weather, output improved because of the considerable increase in the area under crops.

The durum wheat market in Italy recorded such high prices that the value of output increased approximately 24% as compared with 2006. In the first part

of the year, prices were static, mirroring the movement on international markets where major producers and exporters were cautious in selling, concerned not to affect strategic reserves. Subsequently, in the second semester market prices started to rise and in December prices peaked at € 438 per ton.

As regards soft wheat, there was growth both in the area cultivated and in output. This resulted from farmers' reactions to the attractive higher prices. The increased output, however, was offset by a contraction in yields (-10%). Prices of soft wheat in 2007 were very good in central and northern Regions, reaching a record high of € 271 per ton in September.

Maize output recorded a significant improvement, due entirely to the better yields in central and northern Regions. The markets showed little movement in the first part of the year because of reduced pressure on purchases from the feed-stuff industry. However, In the second half of the year, prices gradually rose, peaking in September (€ 258 per ton).

Italian rice output increased by 2%, according to estimates from the National Rice Body. Data regarding national production of polished rice net of re-utilisation amounted to around 916,000 tons. Strong tensions in the international rice market were also reflected at national level, resulting in high prices, although they were slightly lower as compared with 2006. Prices for the year peaked in November at € 326 per ton.

*Oilseed and seed oils* - In 2007, the world market continued to record growth in demand for oilseed crops for energy uses.

In Italy, ISTAT data showed an overall reduction in the area under oilseed of around 60,000 hectares, particularly for soya and sunflower, resulting in a contraction in output of around 156,000 tons. This fall in production led to a substantial increase in imports of oilseeds, particularly soya from Brazil, representing an inversion in trend from the previous two years.

ASSITOL data show that the area under oilseed destined for industrial use (43,000 ha) increased. Around 78% of area cultivated was destined for crops for energy uses. In 2007, total output of seeds in Italy for non-food and energetic uses rose by 314%. As regards foreign trade, there were already serious tensions in the oilseed market at the beginning of the year and the steady upward trend in prices persisted until the end of the year (see tables 5.2 and 5.3).

*Sugar Beet* - Italian sugar production in the 2007/08 season increased slightly (+ 2%), rising to over 670,000 tons, despite a contraction both in area and in sugar beet harvested (-6% and -3% respectively). The year was, therefore, very positive in terms of sugar yields, compared with slightly lower industrial yields. Output of sugar beet amounted to more than € 235 million in value, representing a downturn as compared with the previous year (-8.7%).

Sugar production in the 2007/08 season accounted for 89% of the national quota. Six sugar processing plants were open, as in the previous season; four were based in northern Regions and processed 73% of national total, while the other two plants, located in the Centre and in the South, processed 10.5% and 11.5% respectively.

For the 2008/09 season, Italy has agreed to a further reduction of 245,000 tons in its quota, as it relinquished SFIR and Eridania Sadam production quotas to the Fund, following the closure of the Pontelagoscuro and Jesi sugar plants. As a result, the overall production quota for the 2008/09 season will be approximately 508,400 tons of sugar (see tables 5.4 and 5.5).

Finally, in March 2008, the National plan for restructuring the sugar beet-sugar sector was formerly adopted, and provided for the allocation of Community funds for diversification of production following the implementation of the COM. The plan has three main objectives: to support the re-conversion process of agricultural enterprises involved in the process of restructuring in the sugar sector, using a *filière* approach, to intervene to support sugar industry restructuring projects and to promote diversification into non-agricultural activities.

*Tobacco* - Output of Italian tobacco contracted by 6%, in line with the contraction recorded at European and international level; the fall was far more modest than that of the previous year (-17%) when the COM reform came into force. In 2007, production delivered to the main harvest centres amounted to approximately 91000 tons (-6%), from an area of 26,000 ha (-6%).

Italian output is extremely specialised in terms of tobacco cultivars and production is limited to specific geographical locations. These features of the Italian tobacco sector are well-known and, in recent years, they have become even more accentuated in some historically strong specialised areas (such as Veneto). As regards cultivars, there has been further specialisation in light tobaccos (85% of total). As regards geographical area, output is concentrated in four Regions: Campania, Veneto, Umbria and Tuscany.

Italy continues to be a net exporter of uncured tobacco and a net importer of processed tobacco. Its main trading partners are almost exclusively from EU countries, for most types of product, whether for export or import. In 2007, tobacco imports began to increase again (+ 7%) and cigars accounted for 97% of total, half of which came from the Netherlands. On the export side (+27% as compared with 2006), the situation was exactly the opposite: uncured tobacco accounted for most foreign sales (over 96%) and was the only item to record growth as compared with the previous year.

Considering unit price trends in domestic trade in uncured tobacco, the importance of a policy context, characterised by a gradual trend towards total decoupling of support must be underlined, and increased prices are seen as an essential factor



in guaranteeing economic sustainability for the crop in the short term. The gap between export and import unit prices for some cultivars narrowed. More specifically, according to ISTAT data for 2007, export prices of light and fire-cured tobaccos recorded values similar to those of import prices, whereas there was still a significant disparity between export and import prices of dark tobaccos (third and fifth cultivar group). This trend was also confirmed by data on producers' markets (ISMEA): at the end of 2007, significant increases were recorded not only for light tobaccos or for tobaccos particularly in demand, but also for those dark tobaccos which, in some situations, have most suffered from policy changes (see table 5.6).

## 5.2. *Fruit and vegetables*

*Vegetables* - In 2007, ISTAT estimated that the area under vegetables (including potatoes) was 553,600 hectares and output amounted to 14,000,000 tons, both stable as compared with 2006. In value terms, vegetable and potato output amounted to € 7 billion, a 1.5% reduction as compared with 2006. Southern Regions accounted for 59% of total vegetable and potato production. The Regions with the greatest output are: Puglia (22%), Sicily (9%), Campania (9%) and Calabria (7%).

Open air production increased by over 3000 hectares (+ 0.7%), rising to over 454,000 hectares. As regards quantity, output increased by 0.4% in 2007, rising to just under 12.3 million tons in volume. Tomatoes for processing accounted for 43% of all open-air production. More specifically, Puglia and Emilia Romagna accounted for 34% and 28% of national production respectively.

The remaining share of open-air production is quite fragmented in terms both of geographical area and product: only 6% of production is for salad tomato, 4.5% for carrot and fennel and the rest is divided up between all the other kinds of vegetable. Output of salad tomato, carrot and fennel increased by 3%, 12% and 0.2% respectively. Potato output was stable (-0.2%), due to contrasting trends between the area cultivated (-4%) and yields (+ 4%).

According to ISMEA data, between 2006 and 2007, producer prices of fresh vegetables (including potato, but not strawberry or melon) recorded overall growth of more than 7%, rising from € 0.42 to € 0.45 per kilo. The main factor influencing this growth in prices was the price of tomatoes (+ 35%). There were also significant price increases for onion (+31%) and potato (+16%) as compared with 2006. In contrast, contractions in producer prices were recorded for aubergine (-13%), bell pepper (-12%) and courgette (-9.3%).

As regards foreign trade, the fresh vegetables and pulses aggregates accounted for 3.7% of agro-food exports and 2.3% for imports. The balance of trade was positive, amounting to € 168 million, and there was a positive normalised balance of around 10% (see tables 5.7 and 5.8).

*Fresh Fruit* - In 2007, the area under fruit according to ISTAT (including grapes but not citrus or nuts) was estimated at 505,000 ha (-0.9% as compared with the previous year) and output amounted to 7.4 million tons, a reduction as compared with 2006 (-2.4%). More specifically, the poor weather conditions particularly in the summer period, with lower than average seasonal temperatures followed by extremely high temperatures, had an extremely negative impact on fruit production.

In economic terms, fruit production amounted to € 3 billion, representing a 3.9% increase due to an overall increase in prices of 5.5% and a contraction in volume of 1.6%.

According to ISMEA estimates, between 2006 and 2007 there was a positive trend in producer prices of fresh fruit, with an overall increase of 2.3%, although there were significant variations between individual products. Results were particularly good for apples (+16.4%), melons (+ 18%), apricots (+ 13.4%), pears (+13.2%) and dessert grapes (+ 7.2%). In contrast, prices fell for watermelon (-18%), peaches (-7.2%), plums (-4.3%) and cherries (-5%). Finally, prices of Kiwi remained relatively stable as compared with 2006.

A more detailed examination of individual products reveals that the price of dessert grapes stood at € 1.35 per kilo in June, about 30 cents higher than the same period in 2006; prices then fell during July, August and September, due above all to a collapse in prices of grapes for wine in some southern Regions which also had an impact on dessert grape prices; in contrast, at the end of the year, prices recovered, resulting in a 46% increase in December.

On the contrary, the price of apples held throughout the year and recorded a particularly significant recovery in the first six months as compared with 2006; the increase in the second semester was more modest but still positive.

North-eastern Regions account for 56.8% of total fresh fruit production in Italy. More specifically, these areas are particularly specialised in the production of apples (64% of total production in Trentino Alto Adige), cherries, peaches, nectarines and pears. In contrast, 98% of dessert grapes is grown in southern Regions. Puglia leads, with 64.5% of total national production; more specifically, 52% of regional production is concentrated in the province of Bari, followed by 31.7% in the province of Taranto.

Fresh fruit is one of the most important sectors for Italian agro-food exports. Indeed, it holds third place (after Drinks and Cereal Derivatives), with an 8.6% share of total and a normalised balance equivalent to 37% (an improvement of three percentage points as compared with 2006) (see table 5.9).

*Nuts* - Italian output of nuts in 2007 amounted to almost 244 thousand tons, about five percentage points lower than in 2006. This negative performance was due to a significant contraction in yields per hectare (-5.5%) which offset an in-

crease in the area under cultivation (+0.7%). The main nut-producing Region is Sicily, accounting for 40% of total, followed by Lazio (19.7%), Puglia (17.9%).

Trends in output varied between single products. More specifically, the most striking performance in 2007 was the strong growth in pistachio nut (+171.6%) obviously due to the cyclic nature of production. Moreover, Italian pistachio production is so concentrated in Sicily that ISTAT data for national output tends to coincide with that of Sicily since the other producer Regions such as Puglia, Calabria and Basilicata are only marginally involved in production.

In contrast, hazelnut output contracted slightly (-9.8%) once again due to the cyclic nature of the crop. Indeed, when output in 2007 is compared with that of 2005, the increase in production amounts to about 46%. The main producer Region is Lazio, accounting for 37.3% of total, with production almost entirely concentrated in the province of Viterbo. Campania follows, with production accounting for almost 34% of total, about 50% of which was from the province of Avellino while the remaining 50% was from the provinces of Naples and Caserta.

Data regarding hazelnut producer prices, according to ISMEA, show a marked contraction in the first part of the year (a low of -57% in January, as compared with the same month in 2006) and growth in the second part of the year as compared with the previous year.

Almond output remained relatively stable as compared with 2006. However, it is worth noting that Italian almond production has been gradually declining since the 1960s. More specifically, as is obvious from an analysis of FAO data, in recent decades Italy has lost its traditional pre-eminent position in global production. Indeed, in the 1960s, Italian almond output accounted for almost 50% of total world production, whereas recent data show that its share is currently little more than 5.5%. The reasons for such a significant contraction in production are linked both to the reduction in yields caused by ageing almond groves, which were not substituted with new plantings, and also to the development of other, more profitable crops in the area traditionally reserved for almond (mainly grapes, citrus and, to a lesser extent, vegetables).

The main almond-producing Region in Italy is Sicily, which accounts for a 67.7% of total production – 21% of which comes from the province of Agrigento and 16% of which is from the province of Enna. Puglia accounts for 29.7% of production, mainly cultivated in the province of Bari.

Data regarding producer prices for almonds show a marked contraction during the last year: there was a fall of over 40 percentage points in the first semester as compared with the same period in 2006, and although the contraction was more modest in the second semester, it still amounted to more than 30% (see table 5.10).

*Citrus and derivatives* - In 2007, performance in the Italian citrus sector was rather static, although the balance of trade improved. Weather conditions, char-

acterised by a hot dry summer and a wet autumn, influenced output, resulting in a more plentiful harvest as compared with the previous season, with good quality even if the size of fruit was modest. The market for fresh fruit had to deal with poor demand and competition from foreign products which were often of excellent quality. As a result, there was little movement in prices, that remained similar to those of the previous season. Prices for organic produce were better.

The citrus industry processed 670,000 tons of citrus fruit, a 40% reduction as compared with 2006.

As regards international trade, a deficit of € 77.4 million was recorded for fresh citrus. In contrast, the derivatives sector performed well, and exports generated revenues of € 156.9 million, offset by imports worth € 62.6 million, resulting in a trade surplus of € 94.3 million.

The reform of the COM has caused considerable upset amongst citrus operators, as the implementation for citrus was due to start on 1st January 2008. Whilst citrus producers were almost unanimous in its support, a climate of discontent prevailed amongst industrial processing operators, due to the loss of power experienced by Pos and industries in managing the supply of raw materials (see tables 5.11 and 5.11).

*Flowers and plants* - Italy is second only to Holland in production terms and accounts for 15% of ornamental flower and plant production in the EU-27 (€ 3,000 million). In 2007, the sector recorded a share of just over 6% of total national agricultural output (€ 46 billion).

Since 2000, the sector has experienced a contraction, especially in the number of enterprises, due mainly to a lack of generational change and to the economic difficulties experienced especially by smaller firms. The number of enterprises has fallen, in favour of medium and large sized businesses and the trend is towards concentration and specialisation, with leafy plants being preferred to cut flowers and nursery production to outdoor potted plants. Generally, central and northern Regions are more specialised in flower and plant production: three quarters of total Italian production at base prices comes from these Regions.

It is worth noting that in 2007, Italian flower output remained stable, while there was an increase in nursery production (+7.2%) together with a contraction in bamboo and wicker. In contrast, there was a slight fall in demand, especially for potted plants, due to a mild winter: fewer plants died, allowing for seasonal re-blossoming.

As producer prices were quite stable, increases in production costs linked to labour, intermediate factors of production and energy costs could not be completely absorbed.

Finally, in 2007 the balance of trade recorded a reduction in imports of fresh cut flowers (-7.5%) and of indoor and outdoor potted plants (-5.3%) accompa-

nied by an increase in exports of potted plants (outdoor +16.3%; indoor and balcony +5.3%) and leafy plants (+ 3.6%) (see table 5.13).

### 5.3. *Grapes, wine and olives*

*Grapes, wine and olives* - In 2007, the area under vines remained stable, as a result of a contraction in the area under dessert grapes (-2.4%) offset by the area under grapes for wine. However, besides the annual data, the long-term picture confirms the downward trend for Italian vineyards.

In the year under examination, there was a marked reduction in grapes harvested, of more than 10% for both its components, and there were particularly sharp falls in yields, especially for grapes for wine. The decrease in harvests was due particularly to the negative performance recorded by southern Regions, badly hit by poor weather conditions (drought and above average temperatures).

Even more marked effects were evident for total wine production (-13%), which fell to under 41 million hectolitres, a record low in recent decades. The greatest contraction was recorded for white wine, which accounted for 43% of global production, confirming the prevalence of red and rosé wines. The reduction in grapes harvested and in vinification led to a sharp fall in must production (-35%). Wine production is concentrated in certain geographic areas: for white wine, the leading four Regions account for just under 60% of total (Veneto, Emilia-Romagna, Puglia and Sicily); while for red wine the top four Regions account for more than 56% of total production (Veneto, Emilia-Romagna, Tuscany and Puglia).

As regards product type, in 2007 there was a significant reduction in table wine (-25%), and so for the first time DOC wines recorded a similar share to table wines (about 35%), and the remaining part was for PGI wines (29%). Southern Regions and the Islands were leaders in the production of table wine (65%), just as north-eastern Regions were leaders in the production of PGI wines (60%), whereas geographical distribution of wines of designated origin was more evenly spread.

The marked contraction in harvest led to a considerable rise in prices of grapes at the beginning of the season, which affected both basic prices and the most sought-after grape types. Similarly, during 2007, prices of all kinds of wine (table, PGI, DOC-DOCG; red and white) soared. Despite the increases recorded, the considerable reduction in output resulted in an overall downturn in terms of production value (-4%) (see tables 5.14 and 5.15).

*Olive oil* - in 2007 (2007/08 season), the area under olive groves was estimated at 1,139,630 hectares, according to ISTAT, representing a 2.4% increase as compared

with the previous year. Despite the increase in area, oil production fell by almost 5% as compared with the previous season for the second consecutive year, and amounted to 574,261 tons, due to a reduction in the quantity of olives destined for pressing. Generally poor weather conditions led to a reduction in yields which more than offset the increase in area. Indeed, output fell in the Centre (-14%) and in the South and Islands (-4%) while it increased in the North (+11%).

The oil sector stands out because its market trend is contrary to that of most agro-food products. While domestic and international prices have been rising, the oil sector witnessed a fall both in producer and in consumer prices. Producer prices of extra virgin olive oil, considered as a simple annual average, fell by 15% as compared with 2006. In contrast, prices of olive oils with designated origin held their ground better, more or less unchanged as compared with the previous year. As regards higher quality oils, however, trends varied greatly depending on the designation, with some substantial differences between those produced in central and southern Italy, whose prices barely rose above conventional extra virgin olive oil, and those in the North, where prices far exceeded € 10 per kilo.

The survey carried out by ISMEA-AC Nielsen Homescan showed that consumer prices recorded an average contraction of 0.9% which, together with a reduction in the amount purchased (-1.8%), resulted in a decrease in value of 0.9% for domestic purchases of olive oil. This represented an inversion in trend following the upturn of the previous year, when an increase in expenditure was recorded due to high consumer prices. Packaged oil accounted for about 80% of olive oil purchases by Italian families. Despite the reduction in price, Italy's foreign trade recorded a contraction for imports and exports as compared with 2006. Total olive oil imports fell by 13% and exports decreased 18%. The balance of trade deficit worsened from € 145 million to just under € 200 million.

As regards the types of olive oil, virgin and extra virgin olive oil is the main product both for imports and exports. The balance of trade worsened for this subsector as compared with 2006 because of a greater reduction in exports as compared with that of imports. The main supplier of virgin and extra virgin olive oil is Spain, whose share stood at 62%, an increase of 20 percentage points as compared with the previous year. Virgin and extra virgin olive oil exports found their main market outlets in the United States, which took a 33% share. Sales towards this country fell by 18% as compared with 2006, due entirely to the reduction in prices, as the volume exported remained stable. The changing value of the euro due to euro-dollar exchange rates resulted in a strategy on the part of exporting enterprises aimed at keeping the volume sold stable, presumably through a stable price (expressed in dollars), which led to a reduction in the value of exports when this was reconverted in euros.

As regards legislation, on 9 October 2007, MIPAAF issued a decree regarding the compulsory labelling of indication of origin. In order to ensure the traceabil-

ity of origin of virgin and extra virgin olive oil the decree makes it compulsory to indicate the Member State or Third Country in which the olives were picked and where the olive press is situated. The designation of the Region of origin is reserved for PDO and PGI oils. The emanation of the decree aroused instant discussion between industrial firms, in contrast with agricultural enterprises: the former were concerned about the excessive bureaucratic process connected with implementing the decree and the latter were anxious to protect Italian production with a measure which would allow consumers clearly to identify the oils' origin, and so stimulate demand for domestic oil and consequently prices. At the same time, at Community level, revision began of Regulation (CE) n. 1019/2002 on the marketing of olive oil. The draft Regulation provides for obligatory indication on labels for oil, which can be "made in EU" with the possibility of indicating a specific country, such as "Made in Italy", when it can be proved that the whole production cycle took place in that country. In the case of oils from other countries, one of the following should be written: "non-EU Oil" or EU/Non-EU Blend".

In 2008, the process of denationalisation of some historical Italian brand names continued. After Sasso and Carapelli, the Spanish group Sos Cuetera bought the brands Bertolli, Dante and San Giorgio from the multinational Unilever, bringing its share of the extra virgin olive oil sector in Italy to 31% and to 56% of total olive oil (see table 5.16).

#### 5.4. *Livestock*

*Beef* - Despite the reduction in animals slaughtered (-2.1%), Italian beef output in 2007 increased by 0.8%, rising to 1.12 million tons. The increase of 1.9% in meat from young cattle, which accounted for more than 60% of total, is due entirely to the increased average weight at slaughter. In contrast, there was an increase in beef from more mature cattle (+0.9%), reflecting the rise in animals slaughtered (+1.2%).

The other categories of bovine meat continued the trend that has emerged in previous years. More specifically, it is worth noting that veal output contracted sharply (-9%), accompanied by a similar percentage fall in the number of head slaughtered.

In 2007, a slight increase in production was due to the slaughter of domestic animals. A significant recovery in imports of cattle for breeding in 2006, encouraged by the general upturn in prices of meat at slaughter, also led to a more modest contraction in production from foreign cattle. The subsequent difficulties in supply of foreign cattle, due to the spread of catarrhal fever in northern Europe, had a consequent effect on the slaughter of bullocks in early 2008. The fall in consumption, accompanied by stable production levels, brought growth in

meat imports to a halt, following the marked increases recorded the two previous years. As a result, the rate of self-supply rose to about 60%.

Meat imports fell by 6% in volume terms, amounting to 430,000 tons. Carcasses and half-carcasses contracted by 18.5%, whilst purchases of hindquarters fell only slightly (-1.9%). In contrast, frozen meat, equivalent to 12% of total bovine meat imports, improved significantly (+10.4%).

As regards producer prices, the downturn in the market for cattle for slaughter, which began in the second semester of 2006, continued for most of 2007. The conditions which had triggered the inversion in trend – sustained supply, pressure from imports and a fall in consumption – prolonged the downturn for the first six months of the year. Finally, in the autumn, an initial recovery was evident, which concluded in early 2008.

Due to the tensions affecting the first six months of 2007, the average price for young Charolais cattle, at € 2.09 per kilo live weight, contracted by 9% as compared with the previous year. The average price for Limousine cattle of the same level of maturity, € 2.29 per kilo, also fell by 6.5% (CCIAA Modena). This price trend partially reflects general market trends regarding animals for slaughter. Prices of half-carcasses for the first six months of the year were constantly lower than prices for the same period in 2006. The upturn in more recent months led to an overall annual contraction of just 1%. Prices of hindquarters also recorded a similar trend, with an annual average fall of 2%. On the contrary, veal prices contrasted with the general downward trend, increasing by 6.5% for half-carcasses and 10% for unseparated hindquarters (see table 5.17).

*Pork* - ISTAT data for 2007 reveal a 1.6% increase in the number of pigs slaughtered, which was 13.59 million head, a 2.8% increase in carcase weight. Following similar levels of growth in 2006, this performance consolidates the slow but steady expansion in production witnessed over the last 10 years.

As a result of increased consumption, which rose by 2.3% there was a further increase in the balance of trade deficit in volume terms. The growth in imports of raw materials was not offset by the fairly good performance in exports of processed products and in increased exports of fresh and frozen meat. The capacity for self-supply therefore remained stable at just under 59%.

As regards market conditions, the year 2007 will be remembered by the Italian pork sector as one of the most difficult years in the recent past. The price per head of 160 kg pigs fell to € 1.13 per kilo (CCIAA Modena; CCIAA Mantova), plunging to record lows previously recorded only during the strong tensions experienced in 2005. A 10% contraction in prices of pigs fattened for slaughter mirrored the poor trend in the market for ham. Indeed, with the recovery in growth of PDO production, prices of fresh legs of pork continued to fall sharply (-9%), recording an annual average price of € 3.20 per kilo (for



pieces from 10 to 12 kg). The effect of the crisis was also evident on prices of loin, which fell to € 3.58 per kilo in 2007 (-4.5%). The price of cured Parma ham (Prosciutto di Parma) fell slightly (-1%) but it represented a further downturn following the negative trend recorded in 2006 (-4.4%) and in 2005 (-8.1%) (see table 5.18).

*Poultry* - In 2007, the Italian poultry sector was able to move on from the state of crisis which had overwhelmed it between the end of 2005 and the first half of 2006. Once media attention had turned away from aviary influenza and the wave of alarmism had passed, there was a steady recovery in consumption until in 2007 there was a return to pre-crisis levels of consumption.

Increased consumption was accompanied by a recovery in output following the unprecedented low recorded in 2006.

Output of chicken, which had been the worst affected by the under use of productive capacity, recorded an upturn of 10.1%, rising to 674,100 tons. Output of turkey meat rose to 290 thousand tons, a recovery of 4.3%.

Consumption overall increased by 5.5% due to the growth in purchases of turkey and chicken, which offset the fall in demand for other kinds of poultry (hens, pheasant and duck). In 2007, the recovery in the demand for chicken witnessed a return to pre-crisis levels in volume terms. In contrast, the recovery in turkey meat consumption was not sufficient to return to the levels recorded before the aviary influenza crisis.

As regards foreign trade, the balance of trade worsened due to an increase in imports and a fall in exports. The reduction in the trade surplus in 2007 actually indicates a return to normality for the sector, given that it was the collapse in domestic demand that led to a marked contraction in imports and an increase in exports.

The recovery in consumption sustained the positive trend in prices which had already shown a significant upturn in the second semester of 2006. The price of heavy white chicken (€ 1.18 per kilo) rose by 24% as compared with the average price in 2006 (poultry market, Forlì). After three consecutive years of downturn, the price of a turkey recovered, increasing by 35% to an average annual price of € 1.36 per kilo.

*Sheep and goat meat* - In 2007, the number of sheep and goats slaughtered in Italy fell by just 0.2%. In addition to the slight reduction in animals slaughtered, there was also a similar contraction in carcase weight production (including imported animals), which remained steady at 61,000 tons.

Despite the stability of overall production, that of goat meat fell by 12.3% following an even more marked reduction in 2006. The contraction was due to the slaughter of breeding stock whereas levels stabilised for kids.

Sheep meat, accounting for over 95% of total carcase weight production, was relatively stable in volume as compared with 2006 (+0.3%), as numbers slaughtered fell just 0.1%. In contrast to the previous year, slaughter of sheep and rams increased significantly (+7%), while for older lambs and lambs, which made up 90% of sheep slaughtered, there was a slight drop of 1%.

The economic performance in the last two-year period shows that the process of decline which began in 2000 when Italy suffered a very serious epidemic of ovine catarrhal fever, has come to an end. The long emergency which followed caused enormous damage to livestock farmers and had a serious impact on numbers of animals nationally.

Since the epidemic, it has not been possible to recover completely from the loss of over 2.5 million sheep out of a total 11 million head which existed before the health crisis. On the contrary, the crisis in production is still obvious in the goat sector, as the steady reduction in animal numbers and in slaughterings shows. In December 2007, there were 920,000 head, -3.7% as compared with 2006. A comparison with pre-2000 numbers shows that the decline in the number of goats in Italy exceeds 30%.

The fall in consumption, amounting to 5% also signified a reduction in lamb imports. Foreign supply of sheep and goat meat fell 13% to 27,350 tons, of which only 1700 tons (+7%) was goat meat. As regards animals, 1.72 million head were imported in 2007 (-5% as compared with 2006) (see table 5.19).

*Eggs* - In 2007, 12,836 billion eggs were produced in Italy, about one million pieces more than the previous year. The number of eggs and egg equivalent in products for consumption is calculated as 13,024 billion, a 2.3% increase. Overall consumption per capita rose from 219 to 224 eggs, of which 62% (according to UNA estimates) is destined for domestic use and the remaining part for catering uses, crafts and the food preparation industry. More specifically, the average for domestic purchases per capita rose from 145 to 150 eggs, due to the general difficulty experienced in the food sector in 2007 which benefited less expensive goods of primary necessity. The increase in consumption, accompanied by stable output, resulted in a rise in whole egg imports to supplement market availability. More specifically, foreign supply of egg in shell jumped from 179 million pieces in 2006 to 483 million pieces (+169%). In contrast, reductions were recorded both in the import of egg white (-20%), and in purchases of egg yolk and egg not in its shell (-33%).

The positive trend in consumption maintained price levels throughout the year. Wholesale egg prices (from 63 to 73 g), at € 1.15 per kilo, recorded a 23% increase, rising € 0.20 as compared with 2006 prices (poultry market, Forlì). The increase recorded in 2007 followed the positive market performance of the previous year, which had signalled the first signs of recovery by the whole poul-

try sector as it emerged from the crisis. Price trends on the Italian market were in line with the upward trend registered for the second consecutive year on all European markets.

*Milk and its derivatives* - Trends in the Italian dairy sector in 2007 were strongly affected by the tensions in the European and international markets. The instability and marked increases in prices of agricultural and food products, of primary energy materials and some technical inputs used in the primary sector (feed-stuffs and fertilisers) resulted in a significant impact on production costs, consumption, trade flows and on the prices in the domestic market. The only item which did not follow this trend was cow's milk, as in 2007 output fell slightly as compared to the previous year, amounting to 11.1 million tons, 10.8 million tons of which were in milk deliveries to dairies and the remainder in direct sales by livestock farmers to final users.

In the milk and derivatives sector, there is a trend towards developing the so-called short filière, even if not in a strategic manner. During the marketing season 2007/08, direct sales accounted for 300,254 tons, a 6.7% increase as compared with the previous year. Behind this phenomenon were unpasteurised milk vending machines, which were introduced throughout Italy, and on-farm milk processing with mini cheesemaking facilities.

Despite a slight reduction in supply, the market value of cow's milk in 2007 amounted to € 5.2 billion, a 3% increase as compared with the previous year, thanks to the positive performance of farmgate prices of unpasteurised milk.

The reduction in output led to a slight improvement in closing accounts for the marketing season and a reduction in the supplementary levy to be paid to the EU for exceeding the national quota. Production surplus amounted to 606,102 tons (-6.5% as compared with the previous period) and the fine charged to producers who did not respect their quota amounted to € 169 million. There were 1,506 producers required to pay the fine, with an average fine of € 112,000 per farm.

As regards foreign trade, in 2007 imports fell in volume, although their overall value increased due to a rise in unit prices, whilst Italian exports increased both in volume and in value.

The generally difficult economic conditions and the price increases had a negative effect on household dairy consumption in Italy. In 2007, average expenditure for the item “milk, cheese and eggs” calculated by ISTAT, amounted to € 62 per family as compared with € 64 in 2006. The difficulties regarding demand were also highlighted in the periodic analysis of domestic purchases carried out by ISMEA-Nielsen, which showed a 3.6% reduction in consumption of butter and a 2% reduction in PDO cheese. Consumption of other dairy products is stable, with the exception of yoghurt and fermented milk, which again recorded a significant increase (+4.2%) (see tables 5.20, 5.21 and 5.22).

*Honey* - In 2007, for the second consecutive year, Italian honey production, estimated at 10,000 tons, was significantly lower than the production potential of 17-18,000 tons which Italian beekeeping should be able to produce in a normal year (National Observatory on honey production and markets). Persistently poor conditions have indeed led to a further reduction in production, despite an increase in the number of beehives in the last two years, which rose to 1.15 million.

The production crisis in 2007, which recorded a contraction of 25% to 30% as compared with 2006, aroused considerable alarm and concern amongst operators, because it was mainly caused by a widespread phenomenon of hive depopulation in the plains of northern Italy. Given the circumstances surrounding the bees' deaths, which occurred mainly in the areas under maize crops and coincided with maize sowing, the cause of this phenomenon has been attributed to the use of phyto-pharmaceuticals for cereal crops sprayed in the environment and containing certain active ingredients harmful to bees. The early blossoming in 2007 and low spring rainfall accentuated a problem that in reality was already known in other European countries. The seriousness of the situation, which worsened in the spring of 2008, led the producers' unions to demand that a working group be set up at MIPAAF to monitor the phenomenon and study suitable provisions, also based on the experience and measures adopted in other countries.

Prices remained generally lower for the first semester of 2007 to recover only in the second half of the year, driven by the considerable fall in availability. The initial negative trend was followed for most varieties by only slight increases in prices, which remained considerably lower than the averages recorded in previous years.

Prices of the most common varieties, such as acacia (€ 2.91 per kilo), mixed flower (€ 2.06 per kilo), eucalyptus (€ 2.54 per kilo) and chestnut (€ 2.48 per kilo) all maintained the levels recorded in 2006. In contrast, the downturn in prices for citrus honey continued (€ 2.61 per kilo), a fall of 4%. Only the "melata di Metcalfea" - honeydew - managed to resist the general fall in prices for the second consecutive year with an increase of 9%

### 5.5. Fishing and aquaculture

*Fishing* - There were 13,604 vessels in the Italian fleet according to the Fishing Licence Register updated in December 2007, with total gross tonnage of 195,099 GT and 1,137,218 kW. Small fishing vessels were the most numerous with just under 9,000 craft; they were followed by trawlers and vessels with hydraulic nets, whereas there were smaller numbers of passive polyvalent fishing vessels, long-line fishing vessels, purse seine boats, vessels with flying nets and polyvalent

fishing vessels. In terms of tonnage used, trawlers represent the largest sector accounting for about 63% of gross tonnage and 49% of kW; the pelagic fleet (purse seine and flying nets) also had a significant share, representing 17% of fishing capacity in the national fleet.

The Italian fishing fleet registered 1,810,717 days of fishing activity; on average, each vessel fished for 131 days, a 5% contraction in the number of days at sea as compared with 2006.

Italian fishing fleets caught 267,368 tons of fish, worth € 1,338 million. Following the increase recorded in 2006, there was a new downturn, continuing the trend of recent years; catches decreased by 18,500 tons representing a loss in value terms of € 157 million.

The negative performance was recorded across all sectors with the exception of vessels with hydraulic nets in the upper Adriatic area. More specifically, the contraction was due mainly to a fall in catches of anchovies (-22%) which affected nearly all the vessels traditionally involved in this kind of fishing.

In 2007, the average price of production fell slightly (-4%), halting the upturn that had been recorded by the sector in the previous period. The reduction in the average price can be attributed to the variation in the composition of catches rather than to a general reduction in the price of fish products; more specifically, catches of white prawn and hake, two fundamental species for Italian fishing, contracted, both in volume and in commercial value. The reduction in the average price together with that in catches led to a significant reduction in turnover (-11% as compared with 2006).

The main species fished recorded contrasting performances, as anchovy output fell (-22%) and production of clams soared (+54%) (see tables 5.23 and 5.24).

*Aquaculture* - In 2007, Italian aquaculture output increased slightly overall. There was also an improvement in the share of farmed fish products to total fish supply: aquaculture's share rose to 48% in terms of volume and to 33% of total sector in value terms. Indeed, in 2007, total aquaculture output was equivalent to 247,120 tons and was worth € 654.8 million, representing increases of 2% and 4% respectively, as compared with the previous year. This positive trend was due above all to the performance of clam production, whereas fish and mussel farming recorded less satisfactory results.

Fish farming produced 72,120 tons of fish, equivalent to € 348.3 million in value (+0.3% and +2% respectively as compared with 2006) accounting for 29% of total aquaculture in volume terms but more than 50% of total national aquaculture production in value.

Despite a slight fall both in volume and value, trout farming is still the leading sector in national fish farming, producing 39,700 tons with a value of € 132.5 million.

Although the competition was fierce from Mediterranean basin countries which supply the Italian markets with very competitively priced products, the main euryhaline species recorded a positive trend, amounting to 19,700 tons (+5%) in volume and € 134 million in value (+3%).

The persistent structural difficulties in the eel farming sector have been evident for some time now and are due to problems connected with the availability of seed material (strongly dependent on imports) and with the domestic product's lack of competitiveness on international markets.

According to ISMEA data, producer prices rose overall as compared to 2006, with few exceptions (see table 5.25).

## 5.6. Forestry

*Timber production* - The forestry-timber filière includes the cultivation and harvest of raw materials from forests (forest utilisation) as well as the subsequent industrial processing stages in the two main sectors, the timber filière (including energy uses) and the paper and allied products industry.

Due to the highly provisional nature of the data regarding 2007, a decision has been taken to consider the “definitive” data available for 2006 when examining timber production in Italy, as there have been some significant changes compared with the provisional data published last year.

In 2006, timber production remained stable at about 8.7 million cubic metres. Domestic production of timber for manufacturing and firewood was totally insufficient to meet domestic demand for raw materials from the manufacturing industry, as has been noted many times. Domestic production is not adequate either in terms of quantity or quality; it is carried out in a dislocated and haphazard way in remote areas far from the timber production centres and industrial districts.

An analysis of international trade for 2007 revealed that total timber imports (in various forms, but above all rough timber or half-wrought timber) amounted to about 14 million tons, representing five times the volume produced domestically. In contrast, exports from the timber-furnishings sector almost entirely regarded finished products, and particularly furniture, which more than covered the value of imports. As a result, the balance of trade was positive, equivalent to about € 7.2 billion, a 6% increase as compared with 2006, due to an increase in both imports and exports. More specifically, furniture exports increased by 7.5% in value and 5.6% in quantity.

There was an increase in imports of deciduous trunks and squared beams whereas imports of resinous trunks fell. Imports also fell of wooden plates and of timber for energy use (firewood and charcoal). The international market for

sawn timber registered a stable performance, with the exception of imports of tropical sawn wood which increased by 42%, obviously driven by the recovery in the furniture sector and by demand for valuable hardwood veneer.

These data confirmed the generally good health of the furniture industry. It is worth remembering that furniture production represents an important part of the Italian production system, accounting for about 15% of manufacturing enterprises in number and 9% of total employment in the secondary sector (see table 5.26).

## TABLES and FIGURES





Tab. 1.1 - Agriculture in the Italian economy

	2005	2006	2007
<b>Percentage changes in value added at factor cost (chained values)</b>			
Total value added at factor cost			
- agriculture <sup>1</sup>	- 4,4	- 1,5	- 0,2
- industry, narrow definition	- 0,4	1,2	0,8
- food, drink and tobacco industries	2,5	0,0	- 1,7
- services	1,1	2,1	1,8
<b>Percentage of agriculture on total value added</b>			
- at factor cost (current prices)	2,5	2,4	2,3
<b>Value added at factor cost per labour unit (euro)</b>			
Total value added at factor cost	50.799	51.322	52.832
- agriculture <sup>1</sup>	22.592	22.689	23.266
- industry, narrow definition	51.383	51.888	53.509
- food, drink and tobacco industries	50.790	48.817	48.120
- services	54.280	54.742	56.191
<b>Percentage of agricultural on total employment<sup>2</sup></b>			
		5,5	5,3
<b>Percentage change in the index of consumer prices<sup>3</sup></b>			
- food	0,1	1,7	2,8
- all goods and services	1,9	2,1	1,8
<b>Percentage change in the index of producer prices</b>			
- food	-0,8	2,2	4,9
- all goods and services	4,0	5,6	3,5
<b>Percentage of agro-food on total trade</b>			
- exports	7,1	6,9	6,7
- imports	9,5	8,8	8,7
<b>Normalised trade balance</b>			
- agro-food products	-16	-15,5	-14
- all products	-1,7	-3,2	-1,3
<b>Percentage change in terms of trade for agro-food products</b>			
	-6,2	-3,7	-0,3

<sup>1</sup> Agriculture, forestry and fisheries.<sup>2</sup> In terms of labour units.<sup>3</sup> National index of consumer prices, 1995=100.

Source: ISTAT and Banca d'Italia.

Tab. 1.2 - *Production and value added at basic prices in Italy, by product group and by geographical district*  
(Chained values<sup>1</sup>, base year 2000 and change in percentage)

	North west		North east		Centre		South and islands		Italy	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
(thousand Euro)										
CROPS	4,026,837	-4,5	5,877,084	1,3	4,108,006	-2,2	10,983,657	-5,1	24,991,154	-3,1
Field crops	2,690,863	-2,5	3,039,968	0,6	2,084,129	0,6	5,307,053	-0,4	13,151,693	-0,5
- cereals	1,621,709	-3,2	1,515,255	7,5	704,216	1,8	1,079,044	-6,1	4,935,188	-0,3
- dried legumes	14,990	-6,3	8,768	-2,1	9,806	55,1	31,462	-3,8	65,198	1,7
- potatoes and vegetables	428,868	1,6	1,121,223	-2,6	883,956	1,5	3,443,537	1,3	5,875,128	0,6
- industrial crops	66,529	-12,1	281,229	-4,2	215,791	-5,4	172,253	-5,0	743,157	-5,4
- flowers and potted plants	563,180	-3,4	141,409	-3,8	204,364	-3,2	489,420	-3,4	1,397,942	-3,4
Forage crops	488,459	4,8	459,191	-9,2	229,473	-5,5	394,202	-2,4	1,571,578	-2,9
Tree crops	841,205	-13,8	2,361,133	4,5	1,784,644	-4,6	5,269,415	-10,1	10,260,020	-6,3
- vines	385,995	-27,2	916,326	15,6	558,541	-8,6	1,240,425	-17,5	3,133,247	-8,6
- olive groves	34,373	33,3	13,442	16,7	230,000	-25,4	1,812,840	-12,3	2,081,466	-13,4
- citrus	258	-15,6	-	-	3,469	85,5	1,103,762	-8,2	1,107,479	-8,1
- fruit	247,715	-5,6	1,294,992	-1,9	301,670	-0,4	869,950	-0,5	2,726,718	-1,6
- other tree crops	159,063	4,7	133,072	4,5	657,761	5,1	165,814	4,8	1,114,668	4,9
LIVESTOCK	5,191,923	2,6	4,643,765	4,3	1,667,548	3,5	2,768,473	2,9	14,286,938	3,3
Edible livestock products	5,191,497	2,6	4,643,293	4,3	1,664,570	3,5	2,761,588	2,9	14,276,179	3,3
- meat	3,208,627	4,8	2,921,265	7,4	1,133,187	5,5	1,789,865	4,7	9,052,988	5,7
- milk	1,723,818	-1,0	1,346,159	-1,0	396,917	-0,7	758,547	-0,5	4,220,089	-0,9
- eggs	247,858	0,2	364,238	1,3	127,617	0,3	228,082	1,1	967,795	0,8
- honey	5,884	-11,1	5,102	-6,4	5,260	-3,4	6,501	0,0	22,747	-5,3
Non-food livestock products	425	-1,4	473	-3,9	2,988	3,3	6,873	-0,2	10,744	0,5
SERVICES ASSOCIATED WITH AGRICULTURE	737,978	1,2	1,035,550	1,0	704,540	1,4	1,768,696	1,0	4,246,480	1,1
Production of agricultural goods and services	9,995,602	-0,3	11,595,597	2,5	6,493,917	-0,3	15,593,296	-3,0	43,681,109	-0,6
(+) secondary activities <sup>2</sup>	282,193	1,6	475,433	3,5	211,218	3,6	200,581	2,2	1,170,323	2,8
(-) secondary activities <sup>2</sup>	258,719	-0,2	305,374	-6,8	166,163	-9,5	475,581	-14,3	1,201,493	-9,2
Agricultural production	10,023,985	-0,3	11,769,172	2,7	6,539,833	0,1	15,310,023	-2,5	43,647,320	-0,3
Intermediate inputs	4,222,567	-0,3	4,927,077	1,4	2,222,192	-0,8	5,039,072	-1,4	16,404,693	-0,2
Value added in agriculture	5,797,606	-0,2	6,826,003	3,9	4,312,382	0,6	10,228,814	-3,2	27,165,013	-0,3

<sup>1</sup> The use of chained indices implies the loss of additivity of the chained components expressed in monetary terms - in fact, the sum of the chained values of the components of an aggregate is not equal to the chained value of the aggregate itself. Chaining by Laspeyres indices, however, guarantees the property of additivity for the reference year and the year following.

<sup>2</sup> By secondary activity is meant both that carried out in the agricultural sector, and therefore not separable, i.e. agro-tourism, processing of fruit, vegetables, and meat, shown with the sign (+) and that carried out in other branches of the economy in the spheres of crops and livestock (for example, commercial firms), which are shown with the sign (-).

Source: ISTAT.

Tab. 1.3 - Trends in Italian agro-food and total external trade

(Million Euro, current prices)

	2003	2004	2005	2006	2007
<b>Imports</b>					
Total	262.998	285.634	305.686	352.465	368.080
Agro-food	26.759	28.435	29.139	31.393	32.066
Agro-food/total (%)	10,2	10,0	9,5	8,9	8,7
<b>Exports</b>					
Total	264.616	284.413	295.739	332.013	358.633
Agro-food	18.932	19.918	21.108	22.741	24.167
Agro-food/total (%)	7,2	7,0	7,1	6,8	6,7
<b>Balance</b>					
Total	1.618	-1.221	-9.947	-20.452	-9.447
Agro-food	-7.828	-8.517	-8.031	-8.652	-7.899
Agro-food/total (%)	9.445	7.296	-1.916	-11.800	-1.548
<b>Normalised balance</b>					
Total	0,3	-0,2	-1,7	-3,0	-1,3
Agro-food	-17,1	-17,6	-16,0	-16,0	-14
Agro-food/total (%)	2,0	1,4	-0,3	-1,9	-0,2

Source: INEA, *Il commercio con l'estero dei prodotti agroalimentari. Rapporto 2007*.

Tab. 1.4 - Italian agro-food and total external trade

(percentage changes)

	Total trade		Agro-food trade		Quantity component		Price component		Terms of trade <sup>1</sup>
	imports	exports	imports	exports	imports	exports	imports	exports	
2007/2006	4,4	8,0	2,1	6,3	-0,2	4,1	2,3	2,0	-0,3
2006/2005	15,3	12,3	7,7	7,7	0,6	4,9	7,1	2,7	-4,1

<sup>1</sup> Changes in the terms of trade are calculated as the ratio between changes in the price indices of exports and imports.

Source: INEA, *Il commercio estero dei prodotti agroalimentari. Rapporto 2007*.

Tab. 1.5 - Italian external agro-food trade by product group - 2007

	Milion euro					Normalised balance
	Imports	%	Exports	%	Balance	
Cereals	1.986,9	6,2	123,5	0,5	-1.863,4	-88,3
- seed	74,3	0,2	19,0	0,1	-55,3	-59,3
Legumes and fresh vegetables	730,8	2,3	899,1	3,7	168,3	10,3
- seed	184,9	0,6	59,4	0,2	-125,5	-51,4
Legumes and dried vegetables	101,2	0,3	25,1	0,1	-76,1	-60,2
Citrus	212,5	0,7	135,1	0,6	-77,4	-22,3
Fresh fruit	956,6	3,0	2.088,3	8,6	1.131,7	37,2
Dried fruit	541,0	1,7	226,6	0,9	-314,4	-41,0
Coarse fibrous crops	157,4	0,5	5,7	0,0	-151,7	-93,0
Oilseeds and olives	551,4	1,7	33,2	0,1	-518,2	-88,6
- seed	8,5	0,0	4,9	0,0	-3,6	-26,3
Cocoa, coffee, tea and spices	919,3	2,9	47,1	0,2	-872,2	-90,3
Flowers and ornamental plants	396,4	1,2	536,7	2,2	140,3	15,0
Raw tobacco	39,4	0,1	227,9	0,9	188,5	70,5
Live animals	1.301,6	4,1	47,0	0,2	-1.254,6	-93,0
- breeding stock	109,5	0,3	24,9	0,1	-84,6	-63,0
- for fattening and slaughter	1.171,8	3,7	15,2	0,1	-1.156,6	-97,4
- other live animals	20,3	0,1	6,9	0,0	-13,4	-49,1
Other livestock products	446,8	1,4	38,0	0,2	-408,8	-84,3
Forest products	894,4	2,8	131,3	0,5	-763,1	-74,4
- timber	494,4	1,5	9,3	0,0	-485,1	-96,3
Fish catches	841,6	2,6	220,4	0,9	-621,2	-58,5
Other products	212,4	0,7	158,4	0,7	-54,0	-14,6
<b>Total primary sector</b>	<b>10.289,7</b>	<b>32,1</b>	<b>4.943,4</b>	<b>20,5</b>	<b>-5.346,3</b>	<b>-35,1</b>
Cereal derivatives	922,9	2,9	3.077,2	12,7	2.154,3	53,9
- pasta	44,6	0,1	1.542,3	6,4	1.497,7	94,4
Sugar and confectionery	1.257,9	3,9	1.122,0	4,6	-135,9	-5,7
Fresh and frozen meat	4.004,6	12,5	780,0	3,2	-3.224,6	-67,4
Processed meat	261,4	0,8	905,7	3,7	644,3	55,2
Processed and preserved fish	2.838,3	8,9	326,1	1,3	-2.512,2	-79,4
Processed vegetables	776,0	2,4	1.380,9	5,7	604,9	28,0
Processed fruit	490,2	1,5	856,8	3,5	366,6	27,2
Dairy products	3.216,2	10,0	1.740,1	7,2	-1.476,1	-29,8
- milk	713,6	2,2	12,1	0,1	-701,5	-96,7
- cheese	1.361,3	4,2	1.318,9	5,5	-42,4	-1,6
Oils and fats	2.283,8	7,1	1.390,8	5,8	-893,0	-24,3
Oilseeds and cake	1.062,8	3,3	218,7	0,9	-844,1	-65,9
Beverages	1.419,8	4,4	4.649,6	19,2	3.229,8	53,2
- wine	345,1	1,1	3.459,4	14,3	3.114,3	81,9
Other industrial food products	2.333,9	7,3	2.185,2	9,0	-148,7	-3,3
<b>Total food industry</b>	<b>20.867,9</b>	<b>65,1</b>	<b>18.633,2</b>	<b>77,1</b>	<b>-2.234,7</b>	<b>-5,7</b>
<b>TOTAL AGRO-FOOD</b>	<b>32.066,5</b>	<b>100,0</b>	<b>24.167,5</b>	<b>100,0</b>	<b>-7.899,0</b>	<b>-14,0</b>

Source: INEA, *Il commercio con l'estero dei prodotti agroalimentari. Rapporto 2007.*

Tab. 1.6 - Number of farms, agricultural area utilised, average farm size and standard gross income

	Number of farms <sup>1</sup>			Agricultural area utilised (ha)			Average farm size (ha)			Standard Gross Margin (economic size units) <sup>2</sup>		
	2005	%	% 2005/03	2005	%	% 2005/03	2005	%	% 2005/03	2005	%	% 2005/03
North west	161.681	9,4	-8,1	2.125.329	16,7	-1,6	13,1		7,0	4.968.350	22,5	26,7
North east	292.254	16,9	-4,7	2.453.085	19,3	-3,9	8,4		0,8	5.398.084	24,5	14,9
Centre	281.784	16,3	-11,8	2.329.479	18,3	-3,3	8,3		9,7	3.117.674	14,1	7,7
South	675.049	39,1	-13,8	3.486.310	27,4	-2,4	5,2		13,2	5.718.924	25,9	3,0
Islands	317.760	18,4	-16,1	2.313.643	18,2	-4,5	7,3		13,8	2.863.737	13,0	24,4
<b>Italy</b>	<b>1.728.532</b>	<b>100,0</b>	<b>-12,0</b>	<b>12.707.846</b>	<b>100,0</b>	<b>-3,1</b>	<b>7,4</b>		<b>10,1</b>	<b>22.066.769</b>	<b>100,0</b>	<b>13,9</b>

<sup>1</sup> Data refer to the EU universe, made up of all farms with at least one hectare of utilised area or with a value of output above € 2,066.

<sup>2</sup> The difference in monetary terms between the gross value of output and the sum of costs specific to obtaining that output (1 economic size unit = € 1,200).

Source: ISTAT, *Indagine sulla Struttura e Produzioni delle Aziende Agricole, years 2005 and 2003*.

Tab. 1.7 - Number of farms, area utilised, standard gross income per size of area utilised, by unit of economic size and by type of activity

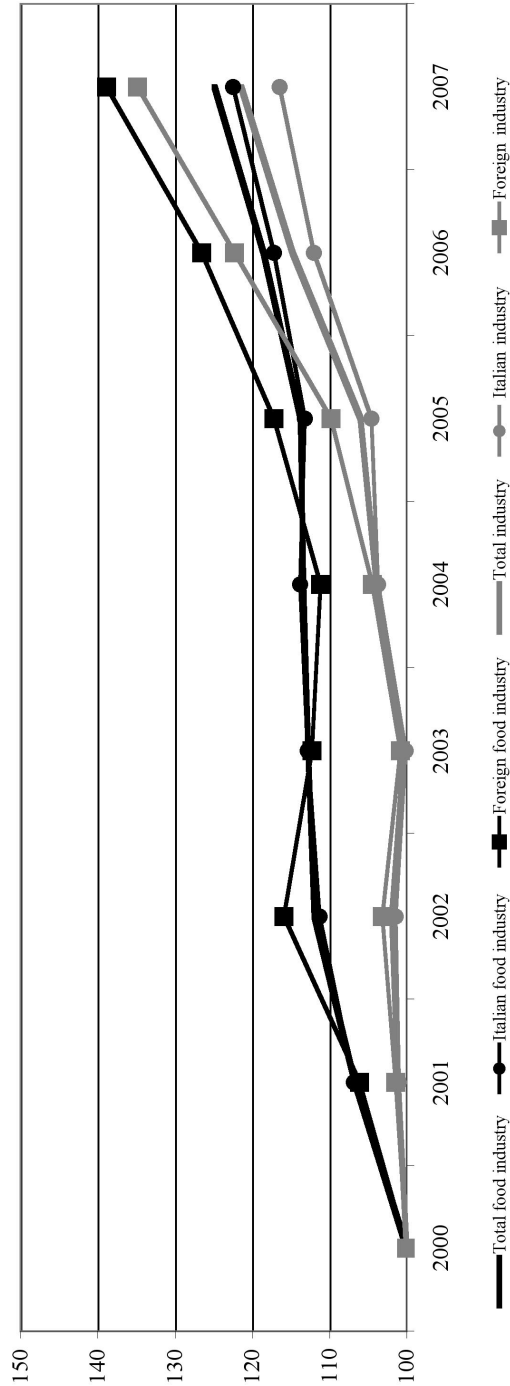
	Number of farms <sup>1</sup>			Area utilised (ha)			Standard Gross Margin (unit of economic size) <sup>2</sup>		
	2005	%	% change 2005/03	2005	%	% change 2005/03	2005	%	% change 2005/03
Less than 1 ha	493.193	28,5	-27,0	249.867	2,0	-24,1	1.135.990	5,1	7,0
1 - 2	361.222	20,9	-12,0	496.446	3,9	-13,3	1.352.932	6,1	3,7
2 - 5	417.250	24,1	-1,4	1.310.956	10,3	-1,6	3.261.572	14,8	16,2
5 - 10	205.879	11,9	0,2	1.411.607	11,1	-1,1	3.075.436	13,9	12,1
10 - 20	130.741	7,6	7,3	1.811.154	14,3	5,9	3.527.778	16,0	22,1
20 - 30	44.119	2,6	-9,3	1.070.645	8,4	-9,3	1.834.960	8,3	-0,3
30 - 50	37.510	2,2	-2,9	1.416.225	11,1	-3,3	2.222.389	10,1	8,0
50 - 100	25.711	1,5	-1,8	1.757.677	13,8	-0,6	2.534.541	11,5	16,3
100 and more	12.908	0,7	-9,2	3.183.269	25,0	-4,4	3.121.170	14,1	25,8
Less than 4 economic size units <sup>2</sup>	960.536	56,3	-23,1	1.548.481	12,2	-18,4	1.581.107	7,2	-13,1
4 - 8	276.254	16,2	-0,2	1.294.936	10,2	-4,3	1.564.727	7,1	-0,6
8 - 16	202.647	11,9	4,1	1.771.871	14,0	-6,9	2.308.198	10,5	4,7
16 - 40	168.535	9,9	13,8	2.774.275	21,9	-2,2	4.143.050	18,8	12,1
40 - 100	69.175	4,1	3,5	2.314.111	18,3	-6,6	4.200.562	19,0	3,5
above 100	29.626	1,7	6,5	2.961.056	23,4	11,9	8.269.126	37,5	35,5
Specialised farms	1.469.003	86,1	-14,0	10.403.306	82,1	-4,6	19.087.349	86,5	13,7
Arable	436.262	25,6	-10,4	4.005.547	31,6	-9,1	4.341.818	19,7	-0,3
Fruit, vegetables and flowers	28.973	1,7	-11,7	93.169	0,7	-9,7	1.732.066	7,8	3,9
Permanent crops	835.523	49,0	-16,4	2.487.016	19,6	-7,9	6.955.948	31,5	6,4
- grassland	159.370	9,3	-10,4	3.665.680	28,9	-1,7	3.673.456	16,6	3,1
- grains	8.875	0,5	-18,0	151.894	1,2	73,1	2.384.060	10,8	261,0
Mixed farms	237.769	13,9	0,6	2.261.424	17,9	3,1	2.979.420	13,5	15,4
- polyculture	158.493	9,3	-5,6	1.157.438	9,1	3,7	1.631.949	7,4	9,1
- mixed livestock	17.184	1,0	37,2	260.647	2,1	11,8	401.564	1,8	57,1
Crops and livestock	62.092	3,6	11,1	843.339	6,7	-0,0	945.907	4,3	13,9
Total, specialised and mixed	1.728.532	100,0	-12,0	12.707.846	100,0	-3,1	22.066.769	100,0	13,9

<sup>1</sup> Data refer to the EU universe comprising all farms with at least 1 hectare of utilised land or with an output of more than € 2,600 euros.

<sup>2</sup> The difference, in monetary value, between the value of gross output and costs sustained specifically for producing the output. 1 UDE (1 unit of economic size = € 1,200).

Source: ISTAT, *Indagine sulla Struttura e Produzioni delle Aziende Agricole, years 2005 and 2003*.

Fig. 1.1 - Index of turnover in the food industry and manufacturing industry as a whole



Source: calculated on ISTAT data (CONISTAT data bank).



Tab. 1.8 - Trends in production in the Italian food industry

("rough" index, base 2000)

	Average					%
	2003	2004	2005	2006	2007	
Processing and preserving meat and derivatives	104,1	105,4	103,9	104,7	105,5	0,7
Processing and preserving fish	115,0	109,6	108,6	109,4	103,7	-5,2
Processing fruit and vegetables	107,8	111,3	107,0	109,8	114,5	4,3
Vegetable and animal oils and fats	101,3	103,1	105,0	95,7	86,2	-9,9
Dairy industry	104,2	101,7	104,6	108,1	106,8	-1,2
Processing grains and starch	102,5	102,8	106,3	103,7	96,1	-7,3
Feedstuffs for animals	112,4	114,2	112,4	110,6	114,3	3,3
Manufacture of other food products	109,4	111,8	114,3	113,6	112,9	-0,6
-toast, biscuits, and dry confectionery	103,1	103,9	103,3	106,0	107,4	1,3
-sugar	59,0	66,6	109,7	41,3	41,0	-0,6
-cocoa, chocolate, sweets and confectionery	116,8	121,4	123,8	126,5	130,0	2,8
-pasta, couscous etc.	99,6	100,7	100,3	99,7	95,6	-4,1
-tea and coffee	114,1	114,7	114,4	122,8	126,1	2,7
-flavouring and spices	133,1	115,4	131,6	127,3	150,5	18,2
Beverages	108,1	105,1	104,9	107,3	109,4	2,0
-distilled alcoholic beverages	118,5	118,0	116,1	116,1	114,6	-1,3
-fermented alcohol	73,5	80,2	78,0	90,4	72,2	-20,1
-wine (not from own grapes)	103,0	103,9	105,2	108,8	110,6	1,6
-beer	107,7	106,2	106,2	107,1	111,9	4,4
-mineral water and non-alcoholic drinks	110,6	101,1	99,9	102,0	105,5	3,4
Food and drinks industries	107,4	107,9	109,0	109,5	109,3	-0,2
Food industry, drinks and tobacco	107,0	106,6	107,5	108,0	107,7	-0,3
Manufacturing industry	95,6	96,3	93,9	95,8	96,4	0,6
Total industry	96,9	97,8	96,0	97,9	98,4	0,5

Source: calculated on ISTAT data (CONISTAT data bank).

Tab. 1.9 - The main food firms operating in Italy in 2007

	Production (million euro)			% change 2007/06	Exports/total output, 2007		Employed 2007	Province	Work location	Main activity
	2006	2007	2007/06		output, 2007	2007				
1 Unilever Italia Srl 1	2.840	2.814	-0,9	16,4	4.338	MI	MI	fats and oils		
2 P. Ferrero & C. Spa2	2.193	2.276	3,8	32,6	5.608	TO	CN	chocolate confectionery		
3 Barilla G. e R. Fratelli Spa	1.927	2.074	7,6	15,8	4.562	PR	PR	pasta		
4 Agricola Tre Valli Srl	1.629	1.958	20,2	0,4	5.483	VR	VR	meat		
5 Nestlé Italiana Spa	1.451	1.433	-1,2	11,0	4.145	MI	MI	confectionery		
6 Alia - Agricola Italiana Alimentare Spa	1.045	1.324	26,7	10,2	249	VR	VR	meat		
7 Coca Cola Hbc Italia Srl (ex Coca Cola Bev.it. Spa)	833	932	11,9	2,5	2.781	MI	MI	soft drinks		
8 Granarolo Spa	884	905	2,4	1,4	1.687	BO	BO	dairy		
9 Luigi Lavazza Spa	824	884	7,3	28,3	1.089	TO	TO	coffee		
10 Parmalat Spa	873	881	0,9	2,8	1.961	PR	PR	dairy		
11 San Pellegriano Spa	838	879	4,9	21,7	1.966	MI	BG	soft drinks		
12 Egidio Galbani Spa	876	830	-5,3	21,37	1.914	MI	MI	dairy		
13 Heineken Italia Spa	740	761	2,8	60,7	922	MI	MI	beer		
14 Peretti Van Melle Spa	629	651	3,5	4,8	638	MI	MI	sweets and confectionery		
15 Kraft Foods Italia Spa3	619	650	5,0	3,5	812	MI	MI	dairy		
16 Acqua Minerale San Benedetto Spa	434	636	46,5	4,9	1.234	VE	VE	mineral water		
17 Inalca Spa	651	604	-7,2	28,6	758	MO	MO	meat		
18 Società Agricola la Pellegrina Spa	470	592	26,0	15,8	321	VR	VR	meat		
19 Conserve Italia Srl4	471	585	24,2	12,9	2.134	BO	BO	preserved vegetables		
20 Birra Peroni Spa5	442	495	12,0	8,9	786	RM	RM	beer		
21 Bolton Alimentari Spa (ex Trinity Alimentari Italia Spa)	400	449	12,3	13,5	578	MI	CO	preserved fish and meat		
22 Consorzio Latterie Sociali Mantovane Virgilio Srl	352	441	25,3	11,5	250	MN	MN	dairy		
23 Grandi Salumifici Italiani Spa	420	415	-1,2	18,1	952	MO	MO	dried and preserved meat		
24 Danone Spa	361	405	12,2	40,3	328	MI	CR	dairy		
25 Roquette Italia Spa	354	399	12,7	40,9	474	AL	AL	starch and starch products		
26 Unipeg Srl	414	390	-5,8	5,5	298	RE	RE	meat		
27 Star Spa	381	339	-11,0	13,8	587	MI	MI	preserved vegetables		
28 Martini & Rossi Spa5	313	325	3,8	50,3	383	TO	TO	alcoholic drinks		
29 Colussi Spa	280	319	13,9	18,1	1.020	PG	MI	sweets and confectionery		
30 Davide Campari Milano Spa	297	313	5,4	22,7	559	MI	MI	alcoholic drinks		
31 Salvo Spa6	298	292	-2,0	47,4	201	LU	LU	oil		
32 Grandi Molini Italiani Spa	244	282	15,6	18,2	237	RO	RO	milling		

(continued)

(continued) Tab. 1.9 - The main food firms operating in Italy in 2007

	Production (million euro)			% change 2007/06	Exports/total output, 2007		Province	Work location	Main activity
	2006	2007	2007/06		output, 2007	Employed 2007			
33 Negroni Spa	127	276	117,3		29,4	66	CR	CR	dried and preserved meat
34 Fili De Cecco Di Filippo Spa	241	272	12,9		34,3	434	CH	CH	pasta
35 Martini Alimentare Srl	247	265	7,3		2,9	37	RA	RA	meat
36 Alcar Uno Spa	301	258	-14,3		9,1	177	MO	MO	dried and preserved meat
37 Zanetti Spa	218	255	17,0		52,5	300	BG	BG	dairy
38 Eurovo Srl	230	254	10,4		-	-	RA	RA	eggs
39 Cesare Fiorucci Spa	301	253	-15,9		6,6	806	RM	RM	preserved meats
40 Sterilgarda Alimenti Spa	220	251	14,1		76,1	273	MN	MN	dairy
41 Saiva Spa	258	241	-6,6		13,0	622	GE	AL	sweets and confectionery
42 Avicoop Srl	191	238	24,6		5,2	2.119	FC	FC	meat
43 Bauli Spa <sup>4</sup>	205	237	15,6		5,2	864	VR	VR	sweets and confectionery
44 Pasificio Rana Spa	214	236	10,3		26,2	558	VR	VR	pasta
45 Rovagnati Spa	228	236	3,5		1,0	445	MI	MI	dried and preserved meat
46 Illy Caffè Spa	207	232	12,1		42,7	526	TS	TS	coffee
47 Eridania Sadam Spa	323	230	-28,8		1,0	718	BO	BO	sugar
48 Cavigio Srl <sup>4</sup>	236	226	-4,2		13,9	408	RA	RA	wine
49 Ar Industrie Alimentari Spa	195	215	10,3		74,0	654	NA	SA	preserved vegetables
50 La Doria Spa	213	208	-2,3		55,8	701	SA	SA	preserved vegetables

<sup>1</sup> Data on turnover also include important non-food activity (*Home e Personal Care*).<sup>2</sup> Accounts closed on 31st August .<sup>3</sup> Accounts closed on 30 November.<sup>4</sup> Accounts closed on 30th June.<sup>5</sup> Accounts closed on 31st March.<sup>6</sup> Accounts closed on 30th September<sup>7</sup> Data for 2006.

Source: calculated on data from the Centrale dei Bilanci.

Tab. 1.10 - *Developments in cooperatives belonging to the national unions in Italy*

	2005	2006	2007	% change 2007/06
Number of cooperatives	6.481	6.419	6.431	0,2
Number of members	929.168	914.334	949.632	3,9
Turnover (million euro)	34.188	34.666	35.477	2,3
Average turnover per cooperative (thousand euro)	5.275,1	5.400,5	5.516,6	2,1
Average turnover per member (thousand euro)	36,8	37,9	37,4	-1,5

Source: calculated on data from FEDAGRI, Legacoop Agroalimentare, ASCAT-UNCI e AGCI-AGRITAL.

Tab. 1.11 - *The main groups in modern retailing in Italy in 2007*<sup>1</sup>

	North west		North east		Centre (incl. Sardinia)		South (incl. Sicily)		Total	
	n.	area (sq.m)	n.	area (sq.m)	n.	area (sq.m)	n.	area (sq.m)	n.	area (sq.m)
Centrale Italiana	577	622	1.497	1.008	1.537	809	1.204	689	4.815	3.128
- Coop Italia	315	435	635	593	460	470	128	198	1.538	1.695
- Despar	115	37	575	315	309	129	516	324	1.515	804
- Sigma	113	26	285	95	768	210	560	167	1.726	499
- Il Gigante	34	125	2	5	-	0	-	0	36	130
Centrale Conad	835	485	1.047	515	1.779	776	2.392	1.056	6.053	2.832
- Conad	299	150	518	262	969	458	915	394	2.701	1.264
- Standa-Rewe	256	206	94	88	112	93	91	75	553	462
- Interdis	280	129	435	165	698	224	1.386	587	2.799	1.105
Esd Italia	886	803	762	590	361	275	727	400	2.736	2.068
- Selex	513	350	702	515	310	198	727	400	2.252	1.464
- Esselunga	90	252	12	32	28	65	0	0	130	348
- Agorà	283	202	48	42	23	12	-	0	354	256
Gruppo Carrefour	1.011	814	36	104	352	315	432	382	1.831	1.616
- Carrefour	829	548	24	64	350	300	429	357	1.632	1.269
- Finlper	182	267	12	40	2	15	3	26	199	347
Sisa-Coralis	301	88	218	92	514	191	1.408	533	2.441	904
- Sisa	216	71	189	88	414	153	897	391	1.716	703
- Coralis	85	17	29	5	100	38	511	141	725	201
Auchan/Intermedia	1.353	967	976	496	1.076	690	940	542	4.345	2.695
- Bennet	50	258	11	60	-	0	-	0	61	318
- Pam	166	98	183	145	180	218	232	89	761	551
- Crai	403	91	556	135	264	65	412	120	1.635	410
- Lombardini	283	164	62	35	179	84	-	0	524	283
- Auchan	451	356	164	121	453	323	296	332	1.364	1.132
C3	93	84	166	149	31	32	71	37	361	302
Lidl	168	113	161	114	98	75	66	57	493	360
Eurospin	113	70	137	80	247	157	178	124	675	431
<b>Total<sup>2</sup></b>	<b>6.064</b>	<b>4.303</b>	<b>5.639</b>	<b>3.373</b>	<b>6.929</b>	<b>3.658</b>	<b>9.855</b>	<b>4.509</b>	<b>3.792</b>	<b>2.065</b>

<sup>1</sup> Data refer to the first half of the year following that indicated.<sup>2</sup> The total comprises all groups in Italy even if not previously indicated.

Source: Calculated on data from Nielsen.

Tab. 1.12 - *Output and turnover of PDO and PGI products - 2006*

	Output		Turnover at production level		Turnover at consumption level	
	tons	% change 2006/05	million euro	% change 2006/05	million euro	% change 2006/05
Cheese	449.561	1,9	2.688	1,0	4.860	-1,2
Dried and preserved meat	196.961	-1,4	1.764	6,4	3.699	10,5
Fruit and vegetables	418.819	120,1	314	99,8	492	91,8
Oils	8.298	-1,3	73	-5,6	97	-2,8
Other	7.435	191,7	61	28,4	52	32,1
<b>Total</b>	<b>1.081.074</b>	<b>28,3</b>	<b>4.900</b>	<b>6,5</b>	<b>9.200,0</b>	<b>5,7</b>

Source: calculated on data from Qualivita.

Tab. 1.13 - *Number of traditional agro-food products by Region - 2007*

	Pasta and bakery products	Vegetable products, transformed or not	Meat and meat preparations	Cheeses	Distilled beverages and liqueurs	Livestock-based products	Fish and shell fish	Gastronomic dishes	Oils and fats	Flavourings	Total
Piemonte	100	109	71	55	17	7	4	-	1	5	369
Valle d'Aosta	1	2	6	9	2	4	-	-	5	-	29
Lombardia	66	21	52	50	-	4	4	-	2	-	199
P.A. Bolzano	35	18	16	14	6	1	-	-	1	-	91
P.A. Trento	23	18	35	16	10	4	2	-	1	-	109
Veneto	72	116	102	34	10	19	19	-	1	-	373
Friuli-Venezia Giulia	15	31	45	14	8	12	13	-	3	2	143
Liguria	74	94	27	17	8	4	8	42	3	10	287
Emilia-Romagna	89	41	33	6	5	5	2	36	3	1	218
Toscana	117	189	82	34	8	11	10	-	3	1	455
Umbria	31	13	13	5	-	-	6	-	-	2	70
Marche	44	41	30	12	6	3	1	-	7	4	148
Lazio	139	86	45	35	6	8	6	-	7	4	336
Abruzzo	48	28	24	14	7	3	1	16	2	-	143
Molise	69	30	32	12	5	1	10	-	-	-	159
Campania	79	138	40	33	16	13	6	-	4	-	329
Puglia	54	67	21	15	12	4	8	8	-	1	190
Basilicata	11	5	9	13	-	4	-	-	-	-	42
Calabria	85	77	28	24	10	11	21	12	4	1	273
Sicilia	82	71	5	28	4	13	5	28	1	2	239
Sardegna	67	34	14	15	7	17	13	-	2	1	170
<b>Italy</b>	<b>1.301</b>	<b>1.229</b>	<b>730</b>	<b>455</b>	<b>147</b>	<b>148</b>	<b>139</b>	<b>142</b>	<b>47</b>	<b>34</b>	<b>4.372</b>

Source: calculated on data from the national list of traditional agro-food products of the Ministry for Agricultural, Food and Forestry Policies, Seventh revision, 2007.

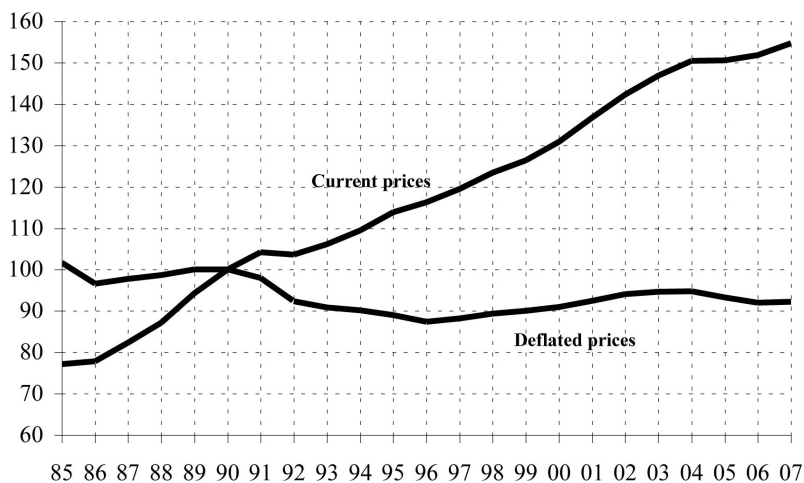
Tab. 2.1 - Trends in average prices of farm land - 2007

	Altitude				Plains	All land
	Inland mountains	Coastal mountains	Inland hills	Coastal hills		
Prices per hectare (thousand euro)						
North west	5,4	23,6	20,0	72,7	31,6	22,8
North east	18,4	-	29,8	21,4	38,7	31,7
Centre	7,7	9,6	11,4	15,9	19,9	12,2
South	6,7	9,5	10,6	16,5	14,5	11,5
Islands	6,1	8,8	7,7	10,2	14,5	9,1
<b>Italy</b>	<b>9,1</b>	<b>9,6</b>	<b>12,9</b>	<b>15,2</b>	<b>28,3</b>	<b>17,1</b>
Percentage change 2007/2006						
North west	1,6	2,0	2,7	2,4	1,3	1,6
North east	2,2	-	2,1	-2,4	3,0	2,6
Centre	2,9	2,6	1,6	2,8	3,4	2,3
South	1,3	0,1	1,0	1,7	0,3	1,0
Islands	1,1	0,7	0,7	0,4	1,9	1,0
<b>Italy</b>	<b>1,9</b>	<b>0,5</b>	<b>1,6</b>	<b>1,5</b>	<b>2,1</b>	<b>1,9</b>

Data presented in this table are not comparable with those published in the 60th version of the *Annuario dell'Agricoltura Italiana* since an up-dating of the data bank is under way.

Source: INEA, Banca dati dei valori fondiari.

Fig. 2.1 - Indices of nominal and deflated prices for agricultural land in Italy (1990 = 100)



Source: INEA.



Tab. 2.2 - *Gross fixed investment, amortisation, net capital stock per worker: ratios typical for the main economic sectors*

	(thousand euro)			
	Agriculture	Industry	Services	Total
Investment per worker				
2007	7,9	11	11	10,8
2006	7,8	11	11	10,8
% change 2007/2006	1,3	0	0	0
Amortisation per worker				
2007	7,5	9,9	7,5	8,2
2006	7,2	9,9	7,5	8,1
% change 2007/2006	4,2	0	0	1,2
Net capital stock per worker				
2007	119,7	111,3	187,6	162,6
2006	115,9	111,6	186,3	161,6
% change 2007/2006	3,3	-0,3	0,7	0,6

<sup>1</sup> Chained values, base year 2000. Services gross of investments in dwellings.

Source: calculations on ISTAT data.

Tab. 2.3 - *Indices of failure to repay and rate of failure of loans to agriculture as compared with the average for all branches of the economy*

	Indices of failed repayment <sup>1</sup>		Rate of failure of loans <sup>2</sup> (quarterly rates)	
	Agriculture forestry and fishing	Average for all branches of economy	Agriculture forestry and fishing	Average for all branches of economy
31-03-2006	6,52	4,76	0,41	0,33
30-06-2006	6,36	4,61	0,41	0,29
30-09-2006	6,35	4,66	0,36	0,32
31-12-2006	6,07	4,45	0,48	0,32
31-03-2007	6,01	4,43	0,25	0,25
30-06-2007	5,99	4,29	0,45	0,31
30-09-2007	5,92	4,23	0,42	0,29
31-12-2007	5,66	3,95	0,34	0,32

<sup>1</sup> The index of the rate of repayment failure is given by the ratio between the amount of unpaid debt and total loans granted in the quarter .

<sup>2</sup> The rate of failure of loans is calculated by the ratio of the flow of new repayment failures corrected during the quarter and the utilisation of loans at the end of the preceding quarter (not considered as repayment failures).

Source: calculated on data from Banca d'Italia, *Bollettino statistico*.

Tab. 2.4 - *Production of seeds and reproductive material for ornamental plants, vegetables and fruit*

	2005	2006	2007	% change 2007/06
Thousand euro, current prices				
Seeds	564.839,4	559.548,3	631.238,0	12,8
Ornamental plants	318.754,3	329.148,3	365.650,8	11,1
Horticultural plants	111.599,6	116.876,1	124.690,6	6,7
Plants for fruit	89.123,8	90.371,6	93.986,4	4,0
<b>Total</b>	<b>1.084.317,2</b>	<b>1.095.944,1</b>	<b>1.215.565,8</b>	<b>10,9</b>
Percentage composition				
Seeds	52,1	51,1	51,9	-
Ornamental plants	29,4	30,0	30,1	-
Horticultural plants	10,3	10,7	10,3	-
Plants for fruit	8,2	8,2	7,7	-
Total	100,0	100,0	100,0	-

<sup>1</sup> Chained values, base year 2000. Services gross of investments in dwellings.

Source: calculations on ISTAT data.

Tab. 2.5 - Irrigated area by type of irrigation, district and size of area farmed

	Surface flow and lateral	Flood	Aspersion	Micro-irrigation		Other systems	Total¹
				total	of wich drip		
				Area in hectares			
North west	599.930	202.885	163.607	23.352	19.776	6.794	996.569
North east	95.656	13.383	466.134	77.474	61.782	27.962	680.609
Centre	10.424	2.334	139.150	26.590	23.365	16.354	194.852
South	63.654	7.303	143.906	264.872	202.391	35.316	515.051
Islands	19.186	4.741	68.327	146.129	87.253	13.906	252.289
Italy	788.849	230.648	981.124	538.416	394.567	100.333	2.639.370
Percentage of total irrigated area							
North west	60,2	20,4	16,4	2,3	2,0	0,7	100,0
North east	14,1	2,0	68,5	11,4	9,1	4,1	100,0
Centre	5,3	1,2	71,4	13,6	12,0	8,4	100,0
South	12,4	1,4	27,9	51,4	39,3	6,9	100,0
Islands	7,6	1,9	27,1	57,9	34,6	5,5	100,0
Italy	29,9	8,7	37,2	20,4	14,9	3,8	100,0
Area in hectares							
< 5 ha	103.872	6.013	122.957	132.852	89.954	19.610	385.305
> 5 < 20 ha	197.184	9.315	299.852	213.606	158.500	28.641	748.598
> 20 < 50 ha	201.683	31.582	227.418	92.682	72.468	12.285	565.650
> 50 ha	286.111	183.737	330.898	99.276	73.646	39.796	939.818
Percentage of total irrigated area							
< 5 ha	27,0	1,6	31,9	34,5	23,3	5,1	100,0
> 5 < 20 ha	26,3	1,2	40,1	28,5	21,2	3,8	100,0
> 20 < 50 ha	35,7	5,6	40,2	16,4	12,8	2,2	100,0
> 50 ha	30,4	19,6	35,2	10,6	7,8	4,2	100,0

<sup>1</sup> Each farm and each irrigated area may be served by more than one system of irrigationSource: ISTAT, *Indagine sulla struttura e sulle produzioni delle aziende agricole - 2005*.

Tab 2.6 - *Characteristics of irrigation authorities by district*

	Number of irrigation authorities	Area (ha) <sup>1</sup>			Area equipped/administrative area (%)	Area irrigated/area equipped (%)
		administrative	equipped	irrigated		
North west <sup>2</sup>	212	1.399.125	573.695	529.731	41,0	92,3
North east <sup>2</sup>	332	3.962.779	1.340.185	956.303	33,8	71,4
Centre	31	4.664.599	178.145	121.803	3,8	68,4
South	37	4.299.480	409.322	175.113	9,5	42,8
Islands	21	3.320.958	326.293	130.245	9,8	39,9
<b>Italy</b>	<b>633</b>	<b>17.646.941</b>	<b>2.827.640</b>	<b>1.913.195</b>	<b>16,0</b>	<b>67,7</b>

<sup>1</sup> The administrative area is that where the authority is competent for irrigation; the area equipped is that where there is infrastructure for irrigation; the area irrigated is that where irrigation was used in the reference year.

<sup>2</sup> Data on areas in Piedmont and the Autonomous Province of Bolzano area not available.

Source: calculated on data from SIGRIA.

Tab. 2.7 - *The employment of non-EU workers in agriculture in Italy - 2007*

	Total employed in agriculture <sup>1</sup>	Non Eu agricultural workers <sup>2</sup>	equivalent labour units <sup>2</sup>	Non Eu agricultural workers total agricultural workers (%)	Non Eu agricultural labour units /non-Eu employees (%)
	(a)	(b)	(c)	(d=b/a)	(e=c/b)
<b>North</b>	<b>345.688</b>	<b>48.232</b>	<b>45.983</b>	<b>14,0</b>	<b>95,3</b>
Piemonte	65.829	6.343	6.872	9,6	108,3
Valle d'Aosta	2.275	575	628	25,3	109,2
Liguria	15.729	3.736	3.034	23,8	81,2
Lombardia	73.238	15.600	23.053	21,3	147,8
Veneto	73.566	11.587	5.229	15,8	45,1
Trentino-A.A.	24.840	2.613	625	10,5	23,9
Friuli-V.G.	13.335	1.046	520	7,8	49,7
Emilia-Romagna	76.876	6.732	6.022	8,8	89,5
<b>Centre</b>	<b>121.737</b>	<b>18.086</b>	<b>22.919</b>	<b>14,9</b>	<b>126,7</b>
Toscana	50.225	9.020	11.787	18,0	130,7
Marche	13.267	1.478	2.677	11,1	181,1
Umbria	10.526	3.230	2.421	30,7	75,0
Lazio	47.719	4.358	6.034	9,1	138,5
<b>South</b>	<b>296.708</b>	<b>41.336</b>	<b>44.328</b>	<b>13,9</b>	<b>107,2</b>
Abruzzo	20.331	7.000	8.941	34,4	127,7
Molise	8.350	538	480	6,4	89,2
Campania	72.332	10.270	14.465	14,2	140,8
Puglia	113.613	14.918	10.704	13,1	71,8
Basilicata	16.218	1.880	837	11,6	44,5
Calabria	65.864	6.730	8.901	10,2	132,3
<b>Islands</b>	<b>159.464</b>	<b>6.870</b>	<b>5.925</b>	<b>4,3</b>	<b>86,2</b>
Sicilia	120.997	6.540	5.769	5,4	88,2
Sardegna	38.467	330	156	0,9	47,3
<b>Italy</b>	<b>923.597</b>	<b>114.524</b>	<b>119.155</b>	<b>12,4</b>	<b>104,0</b>

<sup>1</sup> ISTAT.

<sup>2</sup> INEA. Survey

Source: calculated on data from INEA and ISTAT.

Tab. 2.8 - *Countries of origin of non-EU workers in Italian agriculture - 2007*

Region of Italy	Countries or area of origin
Piemonte	Albania, Maghreb, India, Macedonia, Moldavia, China, Central and Eastern Europe
Valle d'Aosta	Morocco, Albania
Liguria	Albania, Morocco, Ecuador, Algeria, Tunisia
Lombardia	India, North Africa, Eastern Europe, Latin America, Albania, Bangladesh, Senegal, Ex Yugoslavia
Veneto	Albania, Brasil, Morocco, India, China, Senegal, Ghana
Trentino-A.A.	Ex Yugoslavia, Macedonia, Serbia, Albania, Senegal, Morocco, Tunisia
Friuli-V.G.	Morocco, Albania, India, Tunisia, Ghana, Columbia, Madagascar, Togo, Moldavia, Ukraine, Ethiopia, China
Emilia-R.	Albania, Morocco, India, Pakistan, Moldavia
Toscana	Eastern Europe, Albania, Ex Yugoslavia, Africa, India
Marche	Tunisia, Eastern Europe, India, Morocco, Albania, Pakistan
Umbria	Albania, Maghreb, Nigeria, Central Africa, Ivory Coast, Cameroun, India, Peru, Ecuador, Philippines
Lazio	North Africa, India, Bangladesh, Sri Lanka, Albania
Abruzzo	Albania, Morocco, Pakistan, Bangladesh, India, Macedonia, Ex Yugoslavia
Molise	Albania, India, Morocco, Tunisia
Campania	Algeria, Morocco, Pakistan, Tunisia, Albania
Puglia	Macedonia, Pakistan, Maghreb, Senegal, India, Sri Lanka, Albania, Eritrea, Ethiopia, Ukraine, Somalia
Basilicata	Morocco, Tunisia, India, Senegal, Egypt, Algeria
Calabria	Albania, Ukraine, India, Pakistan, Morocco, Senegal
Sicilia	Tunisia, Morocco, Albania, Ukraine
Sardegna	Morocco, Algeria, Ex Yugoslavia, Ghana, Nigeria, Ecuador, Egypt, India, Chile, Ukraine, Ivory Coast, Gambia, Dominican Republic, Columbia, Tunisia, Albania, Senegal, Moldavia

Source: INEA survey.

Tab. 2.9 - *The composition of social security payments in agriculture*

	(million Euro)				
Social security payments	2003	2004	2005	2006	2007
Payments made by employers	1.433	1.460	1.591	1.665	1.618
Payments made by employees	341	353	372	347	n.d.
Payments made by independent workers	1.279	1.219	1.259	1.274	n.d.
<b>Total</b>	<b>3.053</b>	<b>3.032</b>	<b>3.222</b>	<b>3.286</b>	<b>n.d.</b>

Source: ISTAT and Relazione generale economica del Paese.

Tab. 3.1 - Entitlements attributed to beneficiaries in the Single Payment Regime in Italy - 2007

Entitlements (thousands)				Value of entitlements (thousand euro)				Area associated with entitlements (ha)			Adult Bovine Unit	
Farms	Ordinary	Withdrawal	Special	Total	Ordinary	Withdrawal	Special	Total	Ordinary	Withdrawal	Total	(n.)
46.786	754	22	2	778	281.069	5.502	5.439	292.010	724.069	18.175	742.244	17.492
1.712	9	0	0	10	2.938	0	202	3.140	8.408	1	8.408	612
48.255	774	45	7	826	440.869	15.050	19.418	475.338	741.183	38.644	779.827	65.056
Trentino-Alto Adige	10.384	22	0	35	8.992	13	14.890	23.895	20.935	46	20.980	47.315
	106.152	652	28	687	351.624	9.426	21.498	382.548	587.302	23.063	610.386	68.709
Friuli-Venezia Giulia	23.590	185	9	195	66.726	2.937	577	70.241	169.468	8.077	177.545	1.839
Liguria	13.728	30	0	31	7.572	58	315	7.945	21.665	220	21.885	1.034
Emilia-Romagna	56.167	682	25	709	249.346	6.732	6.154	262.231	639.652	21.241	660.893	19.925
Toscana	60.928	525	22	547	146.592	3.970	770	151.332	480.664	19.793	500.457	2.958
Umbria	36.466	260	8	268	85.800	1.484	253	87.537	232.847	6.729	239.576	814
Marche	48.873	437	12	449	129.805	2.319	448	132.573	394.128	10.689	404.818	1.548
Lazio	106.540	507	15	525	156.652	2.721	4.281	163.654	435.533	13.644	449.177	16.245
Abruzzo	67.713	261	2	263	62.951	327	918	64.196	206.794	1.792	210.587	3.106
Molise	27.856	178	2	181	47.348	293	202	47.843	154.551	1.914	156.465	646
Campania	114.681	388	2	392	161.277	314	2.641	164.233	302.182	1.703	303.885	8.835
Puglia	270.171	1.151	13	1.164	496.840	1.321	1.498	499.658	962.886	11.544	974.430	5.293
Basilicata	52.274	386	3	389	99.446	264	476	100.187	345.291	2.657	347.948	1.558
Calabria	131.447	412	1	416	260.017	117	4.461	264.596	324.416	1.000	325.416	15.209
Sicilia	190.128	968	4	974	244.460	307	5.225	249.992	829.981	3.431	833.412	19.934
Sardegna	51.094	634	3	641	144.446	274	8.858	153.578	604.995	3.008	608.003	31.696
Total <sup>1</sup>	1.464.951	9.215	215	9.480	3.444.783	53.430	98.526	3.596.739	8.188.980	187.393	8.376.373	329.825

<sup>1</sup> The total exceeds the sum of the Regional values.

Source: AGEA.

Tab. 3.2 - Application of article 69 of Regulation (EC) n. 1783/2003 - 2007

(million Euro)

	Budget limit (000 euro)	Withheld (%)	Maximum supplementary payment <sup>1</sup>	Area and no. of livestock authorised for supplementary payment <sup>2</sup>	Supplementary payment made <sup>1</sup>	Difference between supplementary payment made and maximum authorised (%)
Arable	141.712	8,0	180	2.795.150	50,7	-71,8
Beef	28.674	7,0	180	1.082.423	26,5	-85,3
Sheep and goats	8.665	5,0	15	6.000.658	1,4	-90,4
Sugar	8.160	8,0	180	68.719	118,7	-34,0

<sup>1</sup> For crops, euro per hectare, for livestock, euro per head.

<sup>2</sup> Area in hectares, livestock in number.

Source: INEA calculations of data from AGEA.

Tab. 3.3 - Allocations in the Financial Laws for 2007 and 2008

	2007	2008	Difference 2008/07
(million Euro)			
<b>Table A</b>			
Special fund, current expenditure	0,0	0,4	0,3
<b>Table B</b>			
Special fund capital expenditure	0,4	0,2	-0,2
<b>Tabella C</b>			
Allocations relative to laws approved	370,8	369,1	-1,7
- AGEA			
- plan for fishing	14,2	13,9	-0,3
- various bodies	5,4	7,8	2,4
- Agricultural research council (CRA)	99,2	98,1	-1,1
<b>Table D</b>			
refinancing laws for measures of support to the economy	475,8	70,0	-405,8
- fund for sugar beet (incl. Sums for law 81/06)			
- fund for national solidarity (Insurance)	190,0	20,0	-170,0
- single investment fund MiPAAF	220,0	-	-220,0
<b>Table F</b>			
Laws for expenditure over several years (incl. Sums in Table D)	425,6	340,0	-85,6
- fund for national solidarity (Insurance)			
- single investment fund MiPAAF	235,6	120,0	-115,6
- irrigation and land reclamation	-	-	-
<b>Total (Tables A+B+C+F+sugar beet)</b>	<b>796,9</b>	<b>759,7</b>	<b>-37,2</b>
Other allocations included in the law using the Tables	180,3	280,0	99,7
- national plan for irrigation		150,0	
- internationalisation of agro-food firms (including agricultural cooperatives)	25,0	40,0	15,0
- forestry and sectoral plans	10,0	50,0	40,0
- allowing payment of Inps credits by installment for farms struck by natural disaster	15,3	-	-15,3
- national biological plan	10,0	10,0	0
- tax credit for agriculture	10,0	30,0	20,0
- irrigation body Appulo-lucano-irpino	5,0	-	-5,0
- loans for the constitution of smallholdings	2,0	-	-2,0
- other fiscal cover (exemption from excise duties etc.)	3,0	-	-3,0
<b>Grand total</b>	<b>977,2</b>	<b>1.039,7</b>	<b>62,5</b>



Tab. 3.4 - *The market for concessionary insurance in Italy*

	2005	2006	2007	% change 2006/05	% change 2007/06
Certified (no.)	213.292	212.583	238.501	-0,3	12,2
- crops	212.445	211.444	236.922	-0,5	12,0
- structures	847	1.139	1.579	34,5	38,6
Area insured (000 ha.)	1.074	1.125	1.051	4,7	-6,6
Value insured (000 euro)	3.810.222	3.789.132	4.379.809	-0,6	15,6
- crops	3.639.121	3.521.101	4.006.897	-3,2	13,8
-structures	171.101	268.031	372.912	56,7	39,1
Total premia (000 euro)	269.124	264.134	291.433	-1,9	10,3
Contribution from public funds (000 euro)	177.097	175.798	206.660	-0,7	17,6
Average tariff (%)	7,1	7,0	6,7	-1,3	-4,5

Source: ISMEA.

Tab. 3.5 - *Payments to the agricultural sector and percentage incidence on Regional value added in agriculture*

	(million Euro)					
	2004	%	2005	%	2006	%
Piemonte	233,5	11,2	222,8	14,0	237,5	13,9
Valle d'Aosta	80,0	175,6	84,5	191,1	82,9	192,9
Lombardia	240,3	6,8	253,1	8,4	248,6	7,8
P.A. Bolzano	166,6	25,1	157,8	27,3	169,0	28,4
P.A. Trento	132,2	32,6	111,5	29,5	70,9	19,4
Veneto	200,6	7,3	211,7	8,7	177,0	7,6
Friuli-Venezia Giulia	93,1	16,7	115,8	24,5	141,8	29,4
Liguria	34,1	5,6	19,2	3,0	23,8	3,9
Emilia-Romagna	138,8	4,3	106,5	3,8	83,9	3,1
Toscana	131,2	6,8	152,8	9,0	111,3	6,4
Umbria	46,4	8,5	57,5	14,8	72,9	17,9
Marche	53,8	7,5	40,0	5,9	41,5	6,5
Lazio	116,8	6,4	116,0	7,0	113,3	6,6
Abruzzo	87,4	12,4	84,3	12,2	99,5	14,3
Molise	37,2	18,0	45,2	21,8	42,1	19,5
Campania	237,8	9,8	297,2	12,9	511,1	23,3
Puglia	113,7	4,1	246,2	9,4	199,6	8,2
Basilicata	103,3	18,4	130,2	26,1	103,7	21,7
Calabria	472,9	26,8	508,1	32,0	510,0	34,9
Sicilia	438,8	13,9	517,9	17,2	623,1	21,4
Sardegna <sup>1</sup>	546,7	48,7	519,7	50,9	288,0	28,6
North west	587,9	9,4	579,6	11,0	592,8	10,7
North east	731,3	9,6	703,3	10,6	642,6	9,9
Centre	348,2	6,9	366,3	8,3	339,1	7,5
South	1.052,2	12,5	1.311,1	16,6	1.466,2	19,6
Islands	985,5	23,1	1.037,7	25,7	911,1	23,2
Regions with Ordinary Statute	2.247,8	8,6	2.490,6	10,7	2.576,2	11,2
Regions with Special Statute	1.457,3	24,5	1.507,4	27,4	1.375,6	25,5
<b>Italy</b>	<b>3.705,1</b>	<b>11,7</b>	<b>3.998,0</b>	<b>14,2</b>	<b>3.951,8</b>	<b>14,2</b>

<sup>1</sup> 2006 provisional.Source: INEA, *Banca dati della spesa agricola delle Regioni*.

Tab. 3.6 - *Public levies in the sectors of agriculture, shooting, forestry and fishing*<sup>1</sup>

	(million Euro)		
	2005	2006	2007
Monetary values			
<b>Social security payments</b>	<b>3.387</b>	<b>3.449</b>	<b>3.363</b>
Employers	1.730	1.801	1.760
Employees	399	375	387
Self-employed	1.259	1.272	1.217
Indirect taxes	774	904	945
Direct taxes	1.123	1.166	1.129
IRPEF (income tax)	1.059	1.088	1.041
- employees	246	253	256
- single entrepreneurs with cadastral assessment of income	270	277	258
- single entrepreneurs with assessment of effective income	35	37	38
- other land owners	273	280	267
Taxes on companies	64	78	88
<b>Irrigation and land reclamation contributions</b>	<b>325</b>	<b>316</b>	<b>317</b>
<b>Grand total</b>	<b>5.610</b>	<b>5.833</b>	<b>5.753</b>
Percentage composition			
Social security payments	60,4	59,1	58,5
Indirect taxes	13,8	15,5	16,4
Direct taxes	20,0	20,0	19,6
Irrigation and land reclamation contributions	5,8	5,4	5,5
<b>Grand total</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

<sup>1</sup> Social security payments of self-employed and IRPEF for employees do not include fishing for lack of data.

Source: calculations on data from ISTAT, INPS, INAIL and Ministry for Economy and Finance.

Tab. 3.7 - *Tax and social security concessions in agriculture*<sup>1</sup>

	(million Euro)		
	2005	2006	2007
<b>Effective concessions</b>			
VAT	257,6	235,6	208,3
Tax credit	0,0	0,0	0,0
<b>Virtual concessions</b>			
Employers and employed workers	1.264,3	1.341,6	1.322,8
Independent workers	802,4	993,8	944,3
IRPEF (income tax)	1.373,6	1.317,7	1.248,1
IRAP (regional tax on productive activity)	214,3	213,5	216,7
ICI (local tax on property)	377,7	390,6	390,4
Excise duty on petroleum	857,8	856,0	826,1
<b>Total concessions</b>	<b>5.147,8</b>	<b>5.348,8</b>	<b>5.156,8</b>

<sup>1</sup> Concessions on social security for independent workers do not include fishing for lack of statistical data.

Source: calculations on data from ISTAT, INPS, INAIL and MEF.

Tab. 3.8 - Aggregate support to the agricultural sector in Italy

	2005	%	2006	%	2007	%	average 2005-07	%	(million euro)
AGEA	4.468	26,4	3.227	20,4	3.800	22,9	3.832	23,3	
SAISA - National Rice Body	133	0,8	109	0,7	59	0,4	100	0,6	
Regional Payment Agencies	2458	14,6	2.633	16,7	2.339	14,1	2.477	15,1	
Ministry of Agriculture, Food and Forests Policies	654	3,9	592	3,7	874	5,3	706	4,3	
Ministry for Production (negotiated programming)	174	1,0	137	0,9	161	1,0	157	1,0	
ISA (Sviluppo Italia)	40	0,2	4	0,0	16	0,1	20	0,1	
ISMEA (young entrepreneurs)	11	0,1	17	0,1	16	0,1	15	0,1	
Regions	3810	22,6	3737	23,6	4.157	25,1	3.901	23,8	
<b>Total transfers due to agricultural policy</b>	<b>11.747</b>	<b>69,5</b>	<b>10.455</b>	<b>66,2</b>	<b>11.422</b>	<b>68,9</b>	<b>11.208</b>	<b>68,2</b>	
Tax credit for investment	-	-	-	-	-	-	-	-	
VAT	258	1,5	236	1,5	208	1,3	234	1,4	
Concessions on taxes for manufacturing (petroleum)	858	5,1	856	5,4	826	5,0	847	5,2	
Concessions on income tax	1.374	8,1	1.318	8,3	1.248	7,5	1.313	8,0	
Concessions on Regional tax on productive activities	214	1,3	214	1,4	217	1,3	215	1,3	
Concessions	378	2,2	391	2,5	390	2,4	386	2,4	
Concessions on social security	2.067	12,2	2.335	14,8	2.267	13,7	2.223	13,5	
<b>Total concessions</b>	<b>5.148</b>	<b>30,5</b>	<b>5.349</b>	<b>33,8</b>	<b>5.157</b>	<b>31,1</b>	<b>5.218</b>	<b>31,8</b>	
<b>GRAND TOTAL</b>	<b>16.895</b>	<b>100,0</b>	<b>15.803</b>	<b>100,0</b>	<b>16.579</b>	<b>100,0</b>	<b>16.426</b>	<b>100,0</b>	
Value added in agriculture and forestry	26.536	-	26.248	-	26.258	-	27.633	-	
Support/Value added (%)	-	63,7	-	60,2	-	63,1	-	59,4	
Value of output agriculture and forestry	44.968	-	45.058	-	46.197	-	46.414	-	
Support/ value of output (%)	-	37,6	-	35,1	-	35,9	-	35,4	

Source: INEA, calculations.

Tab. 4.1 - *Birds and wild life in agricultural areas (2000 = 100)*

	2001	2003	2005
Piemonte <sup>1</sup>	121,0	128,9	117,2
Valle d'Aosta	81,2	116,5	117,2
Lombardia <sup>2</sup>	71,9	74,8	79,8
P.A. Bolzano	95,4	96,2	96,0
P.A. Trento <sup>3</sup>	49,8	29,1	48,7
Veneto	69,7	52,5	60,5
Friuli-Venezia Giulia	104,7	87,0	91,3
Liguria <sup>3</sup>	100,0	73,6	58,7
Emilia-Romagna	96,7	91,5	103,2
Toscana	93,7	79,1	104,0
Umbria <sup>1,2</sup>	100,0	97,3	98,8
Marche	100,0	113,4	96,6
Lazio	83,4	83,0	92,0
Abruzzo	103,5	76,0	33,2
Molise	n.d.	58,8	n.d.
Campania	156,2	97,7	91,1
Puglia	111,0	116,5	90,5
Basilicata	111,1	71,6	81,1
Calabria	n.d.	n.d.	n.d.
Sicilia	96,3	89,2	104,5
Sardegna	n.d.	n.d.	n.d.
<b>Italy</b>	<b>100,8</b>	<b>86,9</b>	<b>90,4</b>

<sup>1</sup> EUROSTAT data.

Source: calculated on data from LIPU/Fauna Viva: Regione Lombardia, Regione Umbria, EUROSTAT.

Tab. 4.2 - *Threatened species and their size relative to total*

	Cattle	Sheep and goats	Pigs	Horses
Number of threatened species	26	71	6	23
Female breeding stock	71.493	169.423	5.293	16.716
% of female breeding stock of threatened species relative to the total of each species <sup>1</sup>	3,1	4,6	0,7	n.d.

<sup>1</sup> The official list of natural protected areas must be up-dated from time to time and approved by the Conferenza Stato-Regioni on the basis of specific criteria for protection.Source: calculated on data from MIPAAF, *Elenco delle razze minacciate*, 2007.

Tab. 4.3 - Forest area by type of woodland

	(hectares)			
	Private property	Public property	of which local or provincial authority	Total
Larch and pinus cembra woodlands	150.966	231.406	184.824	382.372
Woodlands of Norway spruce	298.707	287.375	206.473	586.082
Woodlands of silver fir	18.589	49.871	36.528	68.460
Pinewoods of Scotch pine and Mountain pine	87.430	64.241	48.213	151.671
Pinewoods of black pine and larch	110.180	126.287	69.622	236.467
Woodlands of Mediterranean pine	114.249	111.853	41.057	226.102
Other coniferous woodlands	36.390	27.017	13.558	63.407
Beechwoods	403.300	631.802	499.224	1.035.102
Oakwoods of quercus saaliflora and quercus robur	922.716	161.531	99.292	1.084.247
Oakwoods of Turkey oaks Quercus aegilops and other	741.987	268.999	142.623	1.010.986
Chestnut	718.438	69.970	52.667	788.408
Woods of hornbeam	595.379	256.823	181.651	852.202
Hygrophilous woods	133.981	95.073	15.352	229.054
Other deciduous woodlands	790.211	204.567	129.560	994.778
Oak	357.323	262.995	160.407	620.318
Cork	142.035	26.567	17.559	168.602
Other evergreen woodlands	51.829	32.882	8.715	84.711
<b>Total</b>	<b>5.673.710</b>	<b>2.909.259</b>	<b>1.907.325</b>	<b>8.582.969</b>
(percentage)	66,1	33,9	22,2	100,0

Source: *Inventario Nazionale Foreste e Carbonio - 2007*.

Tab. 4.4 - Management of agricultural land - 2005

	Single cropping	Free rotation	Rotation	Total <sup>1</sup>
Agricultural area utilised (ha)				
North	561.417	992.033	1.176.299	2.755.232
Centre	119.730	557.275	758.759	1.473.813
South and Islands	439.100	1.257.609	1.039.518	2.846.180
<b>Italy</b>	<b>1.120.247</b>	<b>2.806.917</b>	<b>2.974.576</b>	<b>7.075.225</b>
Percentages				
North	20,4	36,0	42,7	100,0
Centre	8,1	37,8	51,5	100,0
South and Islands	15,4	44,2	36,5	100,0
<b>Italy</b>	<b>15,8</b>	<b>39,7</b>	<b>42,0</b>	<b>100,0</b>

<sup>1</sup> Other methods of managing arable land are excluded.Source: calculated on data from ISTAT, *Indagine sulla struttura e sulle produzioni delle aziende agricole, 2005*.

Tab. 4.5 - *Energy from waste and biomass in fossile equivalent*

	(thousand tep)					
	1991	1995	2000	2004	2005	2006
Waste	41	97	461	1.298	1.494	1.664
Firewood	1.700	1.976	2.344	3.272	3.246	3.452
Biocombustibles	-	65	95	280	172	155
Biogas	-	29	162	335	343	383
<b>Total</b>	<b>1.741</b>	<b>2.167</b>	<b>3.061</b>	<b>5.186</b>	<b>5.255</b>	<b>5.653</b>
% of total from renewable sources	18,1	18,9	21,6	31,6	34,8	35,5

<sup>1</sup> Excluding use of firewood in private residences.

Source: calculations by ENEA (2007) on data from different sources.

Tab. 4.6 - *Emission and absorption of greenhouse gases in the agricultural and forest sectors*

	(thousand tons in CO <sub>2</sub> equivalent)					
	Italy				European Union	
	1990	2000	2005	2005/90 (%)	2005	Italy/EU (%)
Total emissions (without LULUCF)	519.464	553.756	582.200	12,1	4.192.634	13,9
Total emissions (with LULUCF)	438.986	455.975	471.530	7,4	3.877.452	12,2
Agriculture	40.577	39.939	37.214	-8,3	386.252	9,6
– gastric emissions	12.178	12.165	10.852	-10,9	121.830	8,9
– management of droppings	7.383	7.140	6.838	-7,4	66.215	10,3
– rice cultivation	1.562	1.382	1.464	-6,3	2.119	69,1
– emissions from agricultural land	19.437	19.238	18.042	-7,2	195.695	9,2
– burning crop residues	17	16	17	0,0	392	4,4
Incidence of agriculture on total emissions (%)	7,8	7,2	6,4	-	9,2	-
Percentage composition						
Agriculture	100,0	100,0	100,0	-	100,0	-
– gastric emissions	30,0	30,5	29,2	-	31,5	-
– management of droppings	18,2	17,9	18,4	-	17,1	-
– rice cultivation	3,8	3,5	3,9	-	0,5	-
– emissions from agricultural land	47,9	48,2	48,5	-	50,7	-
– burning crop residues	0,0	0,0	0,0	-	0,1	-
Changes in the use of land and forests (LULUCF)	-80.478	-97.781	-110.670	37,5	-315.182	35,1
Incidence of LULUCF on total emissions	15,5	17,7	19,0	-	7,5	-

Source: European Environment Agency.

Tab. 4.7 - Operators in organic production and areas involved, by Region<sup>1</sup>

	Producers		Producers Processors Importers <sup>2</sup>		Total operators		Total area		Share of total	
	n.	% change 2007/06	n.	% change 2007/06	n.	%	ha	%	% farms	% agricultural area
Piemonte	1.768	-15,3	476	9,4	2.244	4,5	24.567	2,1	2,9	2,4
Valle d'Aosta	74	8,8	8	-11,1	82	0,2	5.874	0,5	1,8	8,6
Lombardia	756	-8,1	573	11,5	1.329	2,6	10.807	0,9	2,3	1,1
Trentino-Alto Adige	1.028	32,5	171	0,6	1.199	2,4	58.813	5,1	2,7	14,7
Veneto	926	-4,9	622	12,7	1.548	3,1	32.707	2,8	1,1	4,1
Friuli-Venezia Giulia	249	-10,8	122	23,2	371	0,7	5.171	0,4	1,6	2,3
Liguria	283	-12,7	116	26,1	399	0,8	5.580	0,5	1,7	11,4
Emilia-Romagna	2.890	-5,3	911	7,8	3.801	7,6	103.784	9,0	4,7	10,1
Toscana	1.895	-15,7	694	12,7	2.589	5,1	67.446	5,9	3,2	8,3
Umbria	1.202	-12,7	299	113,6	1.501	3,0	54.954	4,8	3,8	16,3
Marche	2.568	3,1	254	21,0	2.822	5,6	101.532	8,8	5,3	20,4
Lazio	2.263	-6,3	391	20,3	2.674	5,3	80.308	7,0	2,5	11,7
Abruzzo	1.055	-15,4	235	25,7	1.290	2,6	31.768	2,8	2,1	7,5
Molise	602	180,0	151	235,6	753	1,5	3.192	0,3	3,0	1,5
Campania	1.172	-8,2	288	14,7	1.460	2,9	26.360	2,3	0,9	4,7
Puglia	4.408	-15,4	579	27,8	4.987	9,9	74.136	6,4	2,0	6,1
Basilicata	4.567	-5,2	113	39,5	4.680	9,3	115.144	10,0	7,8	20,8
Calabria	6.680	1,7	283	15,5	6.963	13,8	95.282	8,3	5,7	18,5
Sicilia	6.900	-8,1	624	4,3	7.524	15,0	175.295	15,2	3,0	14,0
Sardegna	1.853	38,9	207	149,4	2.060	4,1	77.535	6,7	3,0	7,3
<b>Italy</b>	<b>43.159</b>	<b>-4,3</b>	<b>7.117</b>	<b>19,6</b>	<b>50.276</b>	<b>100,0</b>	<b>1.150.255</b>	<b>100,0</b>	<b>2,9</b>	<b>9,1</b>

<sup>1</sup> Data at 31.12.2007.<sup>2</sup> Including producers operating also as processors and importers.

Source: INEA and SINAB calculations on data from certifying organisations.



Tab. 4.8 - *Number of farms and food firms with SGA certificate*<sup>1</sup>

	ISO 14001			EMAS			ISO 9001		
	n.	%	% change 2007/05	n.	%	% change 2007/05	n.	%	% change 2007/05
Agricultural sector	82 <sup>2</sup>	0,7	60,8	13	1,6	44,4	411	0,4	-10,7
Food sector	791	6,6	38,8	106	13,2	29,3	3.864	3,3	4,4
<b>Total</b>	<b>12.057</b>	<b>100,0</b>	<b>92,9</b>	<b>804</b>	<b>100,0</b>	<b>69,6</b>	<b>115.359</b>	<b>100,0</b>	<b>19,0</b>

<sup>1</sup> Up to 31.12.2007.<sup>2</sup> Including nurseries and firms which supply services for the maintenance of green areas, for nature engineering and for re-afforestation.

Source: calculated on data from SINCERT e APAT.

Tab. 4.9 - *Activity in the residential agro-tourist sector - 1997-2007*

	Numbers			Customers		
	agro-tourist establishments	places	Places/ establishment	people accomodated	days resident	averags stay (days)
1997	4.813	54.098	11,2	372.918	2.236.613	6,0
2000	6.816	77.171	11,3	722.788	4.161.421	5,8
2003	9.474	111.066	11,7	1.131.477	5.682.714	5,0
2005	11.758	139.954	11,9	1.350.111	6.558.350	4,9
2006	13.852	155.107	11,2	1.507.559	7.214.055	4,8
2007	n.d.	168.497	-	1.770.417	8.237.688	4,7

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

Tab. 5.1 - Area, output and value of soft and durum wheat produced in Italy - 2007

	Area (000 ha)		Harvested product (000 t)		Yield (t/ha) <sup>1</sup>		Value of production (000 euro) <sup>2</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% ag. output <sup>3</sup>
Soft wheat								
North-west	165,5	14,4	857,6	4,1	5,2	-9,0	161.350	49,5
North-east	281,4	21,2	1.485,4	-1,1	5,3	-18,5	285.602	44,0
Centre	139,6	1,8	679,1	7,0	4,9	4,3	130.469	55,9
South and Islands	71,8	4,3	210,6	-9,5	3,0	-13,0	40.382	32,0
<b>Italy</b>	<b>658,2</b>	<b>13,0</b>	<b>3.232,7</b>	<b>1,2</b>	<b>4,9</b>	<b>-10,5</b>	<b>617.803</b>	<b>46,9</b>
Durum wheat								
North-west	14,5	85,1	70,8	54,6	4,9	-16,5	18.256	94,3
North-east	50,5	48,8	244,0	19,2	4,8	-19,8	64.875	51,0
Centre	282,7	8,8	1.013,2	7,0	3,6	-2,5	276.134	35,6
South and Islands	1.089,0	4,6	2.583,6	-7,4	2,4	-11,4	688.292	17,6
<b>Italy</b>	<b>1.436,8</b>	<b>7,0</b>	<b>3.911,5</b>	<b>-1,9</b>	<b>2,8</b>	<b>-8,5</b>	<b>1.047.557</b>	<b>24,5</b>

<sup>1</sup> Yield is calculated on total output.<sup>2</sup> The value of output has been calculated in different periods according to the quantities produced.<sup>3</sup> The ratio between the value of wheat produced and that of total agricultural output for the area indicated.

Source: calculated on data from ISTAT.

Tab. 5.2 - Area, output and value of soya, sunflower and oilseed rape produced in Italy - 2007

	Area (000 ha)		Harvested product (000 t)		Yield (t/ha) <sup>1</sup>		Value of production (000 euro) <sup>2</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% ag. output <sup>3</sup>
<b>Soya</b>								
North-west	18,9	-42,8	65,1	-44,4	3,4	-2,7	15.009	-24,8
North-east	110,7	-22,3	341,1	-19,9	3,1	2,6	72.620	0,0
Centre	0,6	2,2	1,6	-2,6	2,8	-3,7	340	17,5
South and Islands	0,2	12,8	0,7	76,4	5,1	77,7	150	119,0
<b>Italy</b>	<b>130,3</b>	<b>-26,0</b>	<b>408,5</b>	<b>-25,0</b>	<b>3,1</b>	<b>1,0</b>	<b>88.119</b>	<b>-5,2</b>
<b>Sunflower</b>								
North-west	8,7	-21,1	27,6	-24,0	3,2	-3,7	6.085	-14,4
North-east	10,2	-30,6	28,9	-21,8	2,8	12,8	6.346	-12,1
Centre	96,6	-10,2	203,7	-4,4	2,1	6,2	44.759	7,7
South and Islands	11,0	-2,7	18,6	-14,7	1,8	-11,2	4.068	-4,0
<b>Italy</b>	<b>126,4</b>	<b>-12,5</b>	<b>278,8</b>	<b>-9,5</b>	<b>2,2</b>	<b>3,4</b>	<b>61.258</b>	<b>1,9</b>
<b>Oilseed rape</b>								
North-west	2,5	110,0	6,0	146,1	2,4	16,6	1.086	183,1
North-east	1,3	245,6	3,9	352,0	3,1	33,0	727	428,9
Centre	2,6	72,9	3,9	103,6	1,7	24,7	748	144,2
South and Islands	0,8	64,3	1,1	58,8	1,6	5,4	207	91,7
<b>Italy</b>	<b>7,2</b>	<b>102,7</b>	<b>15,0</b>	<b>151,9</b>	<b>2,2</b>	<b>27,0</b>	<b>2.768</b>	<b>196,0</b>

<sup>1</sup> Yield has been calculated on total output.<sup>2</sup> The value of output has been calculated in different periods according to the quantities produced.<sup>3</sup> Calculated as the ratio between the value of production of each of the oils and the value of agricultural production in the district specified.

Source: calculated on data from ISTAT.

Tab. 5.3 - *Production and availability of seed oils and oilseeds in Italy - 2007*

(tons)

	Domestically produced oils			Imported oils	Oils exported	Total oil available
	from imported raw materials	from domestically produced raw materials	total			
Groundnut	-	-	-	39.878	3.628	36.250
Rapeseed	14.196	-	14.196	235.954	6.001	244.149
Cotton	-	-	-	110	497	-387
Maize	29.454	25.085	54.539	25.642	20.636	59.545
Sunflower	107.760	74.415	182.175	212.149	17.116	377.208
Sesame	2.644	-	2.644	-	-	2.644
Soya	235.620	52.530	288.150	178.847	33.324	433.673
Vine pressing	-	13.300	13.300	-	-	13.300
Linen	4.205	-	4.205	8.259	221	12.243
Castor oil	-	-	-	12.774	442	12.332
Hemp	355	-	355	-	-	355
Rapeseed biodiesel	-	2.120	2.120	-	-	2.120
Sunflower biodiesel	-	16.600	16.600	-	-	16.600
Soya biodiesel	-	5.600	5.600	-	-	5.600
Coconut	-	-	-	55.578	991	54.587
Palm	-	-	-	378.976	41.161	337.815
Palm kernel	-	-	-	28.874	102	28.772
Other	675	-	675	108.031	30.178	78.528
<b>Total</b>	<b>394.909</b>	<b>189.650</b>	<b>584.559</b>	<b>1.285.072</b>	<b>154.297</b>	<b>1.715.334</b>

Source: ASSITOL.

Tab. 5.4 - Area, output and value of sugar produced in Italy - 2007

	Area (000 ha)		Harvested product (000 t)		Yield (t/ha) <sup>1</sup>		Value of production (000 euro) <sup>2</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% ag. output <sup>3</sup>
North-west	7,6	-23,3	488,5	-22,5	70,8	1,7	29.914	-9,5
North-east	52,6	11,0	3.067,7	11,0	63,2	-0,6	136.956	-8,0
Centre	12,6	-19,1	497,7	-30,6	43,3	-16,8	33.806	-11,3
South and islands	12,8	-30,1	576,0	-12,6	50,3	20,9	34.442	-8,2
<b>Italy</b>	<b>85,6</b>	<b>-6,1</b>	<b>4.629,9</b>	<b>-2,9</b>	<b>59,0</b>	<b>2,0</b>	<b>235.118</b>	<b>-8,7</b>

<sup>1</sup> Yield is calculated on total output.<sup>2</sup> The value of output has been calculated in different periods according to the quantities produced.<sup>3</sup> The ratio between the value of sugar beet produced and the value of total agricultural production in the area indicated.

Source: calculated on data from ISTAT.

Tab. 5.5 - Production quotas and output of sugar by company - 2007/08 season

	Production quota	% change on decree of 11/04/2007	Output	% change on 2006/07 season	Output quota (tons of white sugar)
NGr. Eridania/Sadam	254.597	-0,2	223.517	-4,4	87,8
SFIR	130.870	0,7	114.604	14,9	87,6
Zuccherificio Molise	84.326	0,0	76.852	-18,0	91,1
Co.Pro.B-Italia Zuccheri	284.053	-0,2	255.354	11,1	89,9
<b>Total</b>	<b>753.846</b>	<b>0,0</b>	<b>670.327</b>	<b>2,0</b>	<b>88,9</b>

Source: Ministerial decree 21/09/2007.

Tab. 5.6 - Area, output and coupled support for tobacco produced in Italy - 2007

	Light tobacco:			Light tobacco:			Coupled support			Light tobacco:	
	Hectares	Total (%)	% change 2007/06	Tons	Total (%)	% change 2007/06	(000 euro)	Total (%)	% change 2007/06	Total (%)	% change 2007/06
Piemonte	57,8	100,0	-15,9	189,3	100,0	-11,3	371,5	100,0	-12,9	100,0	-12,9
Lombardia	80,4	98,9	-41,6	241,2	98,6	-39,8	482,7	98,8	-38,6	98,8	-38,6
Veneto	7.804,1	99,1	3,9	26.550,8	99,2	11,6	51.820,7	99,2	10,5	99,2	10,5
Friuli-Venezia Giulia	152,9	100,0	14,2	347,0	100,0	-17,2	677,7	100,0	-17,1	100,0	-17,1
Emilia-Romagna	3,8	78,9	-78,2	7,7	71,6	-85,5	13,6	73,9	-86,5	73,9	-86,5
Toscana	2.010,2	67,4	-1,6	4.995,7	70,4	-3,1	9.852,8	69,9	-2,2	69,9	-2,2
Umbria	6.461,5	98,8	-7,4	19.587,1	99,1	-1,6	38.377,5	99,1	-3,2	99,1	-3,2
Marche	35,0	100,0	4,2	112,1	100,0	15,4	218,5	100,0	18,6	100,0	18,6
Lazio	798,3	74,0	-17,3	2.283,4	70,3	-20,1	4.353,5	70,5	-16,8	70,5	-16,8
Abruzzo	271,7	100,0	-15,0	902,6	100,0	8,4	1.723,8	100,0	14,6	100,0	14,6
Molise	24,9	0,0	-12,4	62,6	0,0	-31,1	100,9	-	-30,6	-	-30,6
Campania	8.299,7	55,2	-12,1	35.565,7	68,2	-16,7	62.758,0	70,2	-8,2	70,2	-8,2
Basilicata	12,8	100,0	-23,2	47,0	100,0	-15,3	92,0	100,0	-13,7	100,0	-13,7
Puglia	15,8	100,0	25,0	45,7	100,0	82,8	89,7	100,0	87,0	100,0	87,0
<b>Total</b>	<b>26.028,8</b>	<b>81,8</b>	<b>-6,1</b>	<b>90.938,1</b>	<b>84,7</b>	<b>-5,8</b>	<b>170.912,7</b>	<b>86,1</b>	<b>-1,9</b>	<b>86,1</b>	<b>-1,9</b>

Source: calculations on data from AGEA.

Tab. 5.7 - *Area and output of vegetables, fresh legumes and tubers produced in open field in Italy - 2007*

	Area (ha)		Harvested product (000 t)		Yield (t/ha) <sup>1</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
Garlic and scalogno	3.141	2,3	28,8	1,7	9,4	-0,6
Asparagus	5.419	4,0	34,2	6,7	6,5	3,3
Beet	2.857	-0,5	57,8	-6,1	21,8	-2,5
Turnip tops	9.674	0,2	135,2	-1,9	16,4	0,4
Artichokes	50.120	-0,5	474,3	1,1	10,1	2,5
Carrots and Parsnips	12.708	-2,5	548,7	-10,4	47,3	-1,6
Cauliflower	18.283	1,1	409,0	1,5	24,2	0,4
Cabbages	17.837	0,6	337,8	2,3	19,9	1,9
Cucumber	1.139	-7,2	23,5	-7,8	21,3	-1,0
Onions	12.955	1,1	371,2	-1,6	28,9	-2,7
Water melon	9.901	-13,4	365,8	-12,3	39,0	1,3
Beans	21.165	0,4	188,3	8,4	9,1	6,5
Fresh broad beans	9.792	1,0	59,1	0,2	6,3	0,2
Fennel	23.426	0,6	550,4	0,2	24,8	-3,6
Strawberries	2.906	5,4	57,7	10,7	20,5	4,6
Cultivated mushrooms	-	-	81,8	-19,4	-	-
Endive	10.966	-0,7	215,1	-0,8	21,1	-2,2
Lettuce	18.013	1,5	367,0	6,5	21,4	-0,2
Aubergines	11.904	17,5	261,8	-1,1	22,6	-16,1
Melon	22.450	-9,6	498,3	-7,8	22,7	2,7
Peppers	13.501	26,0	246,4	3,1	18,8	-17,7
Peas	12.042	-4,2	78,9	-10,1	6,9	-3,9
Tomatoes	23.376	-1,5	742,4	-2,6	32,3	-1,9
Industrial tomatoes	94.359	4,1	5.260,3	4,1	57,4	1,3
Parsley	1.382	37,1	23,5	43,9	17,8	6,2
Chicory	15.199	-11,0	234,9	-12,2	16,2	-0,6
Turnips	2.726	9,0	51,1	4,5	19,9	-5,3
Radish	803	2,2	14,1	5,9	18,7	1,8
Celery	3.895	1,7	99,4	-1,3	27,9	-2,2
Spinach	6.478	-4,7	87,3	-3,3	14,2	0,8
Courgettes	14.291	4,8	351,1	5,5	25,2	0,2
<b>Vegetables</b>	<b>454.104</b>	<b>0,7</b>	<b>12.284,6</b>	<b>0,4</b>	<b>28,2</b>	<b>0,2</b>
Potatoes	69.513	-4,2	1.781,6	-0,2	26,2	4,0

<sup>1</sup> Yield is calculated on total output.

Source: calculated on ISTAT data.

Tab. 5.8 - Area and output of the main vegetable species cultivated in greenhouses in Italy - 2007

	Area (ha)		Harvested product (tons)		Yield (t/ha) <sup>1</sup>		Value of production (000 euro) <sup>2</sup>		% ag. output <sup>3</sup>
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	
Asparagus	1.169,3	0,5	10.968,8	2,6	9,7	1,2	-	-	-
Cucumber	662,2	-13,8	40.846,3	-2,8	63,2	40,6	-	-	-
Water melon	1.240,5	-7,1	71.668,5	-2,0	60,2	110,1	-	-	-
Beans	894,5	-4,7	18.148,3	0,2	21,2	19,6	70.489	13,3	0,15
Strawberries	3.126,5	4,6	102.860,8	12,8	33,8	-34,4	236.824	7,1	0,52
Lettuce	4.016,3	1,5	118.520,7	-8,5	34,3	17,2	186.820	-10,1	0,41
Aubergines	1.073,9	-31,5	72.862,1	-0,6	69,9	103,9	50.740	-9,0	0,11
Melon	3.496,9	-0,3	118.308,8	6,6	34,7	11,0	116.301	-14,9	0,25
Peppers	1.715,9	-35,3	107.619,0	-2,1	64,3	-15,1	87.070	9,1	0,19
Tomatoes	5.572,9	-30,0	525.381,2	-4,6	96,8	63,7	600.800	-4,8	1,31
Courgettes	2.726,1	-26,1	180.866,1	-1,5	70,3	53,8	194.688	-15,9	0,43
<b>Greenhouse vegetables</b>	<b>29.605,9</b>	<b>-15,3</b>	<b>1.490.573,1</b>	<b>-2,6</b>	<b>52,7</b>	<b>16,2</b>	<b>1.695.460</b>	<b>-5,2</b>	<b>3,71</b>

<sup>1</sup> Yield is calculated on total output.<sup>2</sup> The value of output has been calculated in different periods according to the quantities produced.<sup>3</sup> The ratio between the value of output of each product and the total value of agricultural production.

Source: calculated on data from ISTAT.



Tab. 5.9 - *Area and output of the main species of fresh fruit produced in Italy - 2007*

	Area in production (ha)		Product harvested (000 t)		Yield (t/ha) <sup>1</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
Kiwi fruit	21.736	1,8	417,1	-4,0	19,9	-5,9
Apricots	16.308	-7,9	214,6	-3,3	13,6	5,9
Cherries	28.868	0,0	106,2	-4,3	3,8	-5,6
Apples	56.130	-1,8	2.224,1	4,4	40,3	7,2
Nectarines	29.306	1,6	593,0	-2,9	20,4	-4,3
Pears	37.940	-1,5	855,4	-6,0	22,6	-4,8
Peaches	56.711	-0,4	1.037,4	-1,6	18,6	-1,1
Damsons	12.647	-3,1	185,2	2,6	15,1	0,7
Dessert grapes	68.250	-2,4	1.354,4	-10,1	21,1	-5,4
<b>Fresh fruit</b>	<b>436.890</b>	<b>-0,6</b>	<b>6.059,7</b>	<b>-0,5</b>	<b>14,1</b>	<b>0,2</b>

<sup>1</sup> Yield is calculated on total output.

Source: calculated on data from ISTAT.

Tab. 5.10 - *Area and output of nuts produced in Italy - 2007*

	Area under production (ha)		Harvested product (000 t)		Yield (t/ha) <sup>1</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
Almonds						
North-west	-	-	-	-	-	-
North-east	8	100,0	0,03	2.418,2	3,46	1.159,1
Centre	14	0,0	0,01	18,8	1,19	21,0
South and Islands	79.599	-2,3	112,60	-0,2	1,49	1,9
<b>Italy</b>	<b>79.621</b>	<b>-2,3</b>	<b>112,64</b>	<b>-0,1</b>	<b>1,49</b>	<b>1,9</b>
Hazel nuts						
North-west	10.696	9,4	15,78	-7,1	1,48	-15,2
North-east	20	25,0	0,05	109,2	2,66	65,0
Centre	18.952	-0,4	48,06	-11,0	2,62	-10,6
South and Islands	41.062	4,2	64,34	-9,5	1,63	-13,1
<b>Italy</b>	<b>70.730</b>	<b>3,7</b>	<b>128,23</b>	<b>-9,8</b>	<b>1,87</b>	<b>-12,9</b>
Pistacchio						
North-west	-	-	-	-	-	-
North-east	-	-	-	-	-	-
Centre	-	-	-	-	-	-
South and Islands	3.649	11,1	2,78	171,6	0,77	144,5
<b>Italy</b>	<b>3.649</b>	<b>11,1</b>	<b>2,78</b>	<b>171,6</b>	<b>0,77</b>	<b>144,5</b>
Nuts						
North-west	10.696	9,4	15,78	-7,1	1,48	-15,2
North-east	28	40,0	0,08	206,1	2,89	114,8
Centre	18.966	-0,4	48,07	-11,0	2,62	-10,6
South and Islands	124.310	0,1	179,72	-2,8	1,51	-3,1
<b>Italy</b>	<b>154.000</b>	<b>0,7</b>	<b>243,66</b>	<b>-4,8</b>	<b>1,65</b>	<b>-5,5</b>
Carruba						
North-west	-	-	-	-	-	-
North-east	2	-	0,01	-	6,75	-
Centre	4	-20,0	0,08	-15,8	22,50	7,1
South and Islands	8.669	-0,9	32,69	25,7	3,82	25,8
<b>Italy</b>	<b>8.675</b>	<b>-0,9</b>	<b>32,78</b>	<b>25,6</b>	<b>3,83</b>	<b>25,7</b>

<sup>1</sup> Yield is calculated on total output.

Source: calculated on data from ISTAT.

Tab. 5.11 - *Area and output of citrus fruit in Italy - 2007*

	Area in production (ha)		Product harvested (000 t)		Yield (t/ha) <sup>1</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
Oranges	103.648	1,1	2.576,6	9,8	25,9	9,4
Bergamot	-	-	-	-	-	-
Clementines	25.824	3,0	562,9	5,3	23,0	4,8
Lemons	27.422	-1,8	538,8	-6,0	20,7	-6,8
Mandarines	9.470	0,6	146,6	-5,7	16,0	-6,4
Grapefruit	-	-	-	-	-	-
Other citrus	-	-	-	-	-	-
<b>Citrus fruit</b>	<b>166.364</b>	<b>-0,2</b>	<b>3.824,9</b>	<b>4,7</b>	<b>24,0</b>	<b>5,4</b>

<sup>1</sup> Yield is calculated on total output.

Source: calculated on data from ISTAT.

Tab. 5.12 - *Citrus fruit processed in Italy - 2006 and 2007*

	(tons)		
	2006	2007 <sup>1</sup>	% change
Oranges	823.604	531.267	-35,5
Small fruits	88.849	42.206	-52,5
Lemons	200.414	95.814	-52,2
Grapefruit	1.334	1.225	-8,2
<b>Processed citrus</b>	<b>1.114.201</b>	<b>670.512</b>	<b>-39,8</b>

<sup>1</sup> Provisional data.

Source: ASSITRAPA.

Tab. 5.13 - *Establishments producing flowers and area cultivated - 2005*

	Flower producing establishments (n)		Area utilised (ha)	
	flowers <sup>1</sup>	nurseries	flowers <sup>1</sup>	nurseries
Piemonte	903	435	600	883
Valle d'Aosta	4	31	0	2
Lombardia	1.531	1.157	1.184	2.012
Trentino-Alto Adige	237	6	29	18
Veneto	1.642	995	1.301	1.905
Friuli-Venezia Giulia	263	272	108	112
Liguria	4.519	80	2.466	48
Emilia-Romagna	502	357	764	1.726
Toscana	1.656	1.158	1.454	3.686
Umbria	342	103	65	166
Marche	163	492	33	605
Lazio	645	28	1.009	133
Abruzzo	53	63	29	63
Molise	14	3	40	7
Campania	2.200	254	1.285	99
Puglia	497	53	543	53
Basilicata	46	28	463	32
Calabria	188	18	180	51
Sicilia	266	322	868	726
Sardegna	338	78	429	21
<b>Italy</b>	<b>16.009</b>	<b>5.933</b>	<b>12.850</b>	<b>12.348</b>

<sup>1</sup> Including establishments producing potted flowers and flowers cultivated both in open field and under cover.

Source: ISTAT, *Struttura e produzioni delle aziende agricole anno 2005*.

Tab. 5.14 - Area and output of vines in Italy by geographical district - 2007

	Area in production (ha)		Harvested output (000 t)		Yield (t/ha) <sup>1</sup>	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
Vines for wine production						
North-west	77.070	0,5	566,5	-10,0	7,4	-10,4
North-east	158.650	-0,1	2.224,8	1,7	14,0	-1,6
Centre	115.979	2,2	921,9	-11,0	8,3	-15,6
South and Islands	329.255	-0,2	2.324,9	-21,7	7,4	-23,7
<b>Italy</b>	<b>680.954</b>	<b>0,3</b>	<b>6.038,0</b>	<b>-11,5</b>	<b>9,1</b>	<b>-14,3</b>
Vines for dessert grapes						
North-west	217	0,9	1,5	-13,7	6,7	-19,7
North-east	100	2,0	1,2	18,4	11,9	8,5
Centre	1.198	2,7	22,9	-11,2	21,1	-6,2
South and Islands	66.735	-2,5	1.328,8	-10,1	21,1	-5,4
<b>Italy</b>	<b>68.250</b>	<b>-2,4</b>	<b>1.354,4</b>	<b>-10,1</b>	<b>21,1</b>	<b>-5,4</b>
Total						
North-west	77.287	0,5	567,9	-10,0	7,4	-10,5
North-east	158.750	-0,1	2.225,9	1,7	14,0	-1,6
Centre	117.177	2,2	944,8	-11,0	8,4	-15,3
South and Islands	395.990	-0,6	3.653,7	-17,8	9,7	-18,1
<b>Italy</b>	<b>749.204</b>	<b>0,1</b>	<b>7.392,4</b>	<b>-11,2</b>	<b>10,2</b>	<b>-13,0</b>

<sup>1</sup> Yield is calculated on total output.

Source: calculated on data from ISTAT.

Tab. 5.15 - Output and utilisation of grapes for wine in Italy - 2007

	Grapes used for wine- making and musts (000 t)	Wine produced (000 hl)		Must (000 hl)	Total (000 hl)
		white	red and rosé		
North-west					
2006	625,6	1.649	2.755	4	4.407
2007	564,2	1.474	2.456	-	3.930
% change 2007/06	-9,8	-10,6	-10,8	-	-10,8
North-east					
2006	2.187,8	7.468	8.010	670	16.148
2007	2.222,6	7.647	8.040	615	16.303
% change 2007/06	1,6	2,4	0,4	-8,1	1,0
Centre					
2006	1.022,3	3.451	3.992	45	7.488
2007	903,7	2.778	3.614	27	6.419
% change 2007/06	-11,6	-19,5	-9,5	-40,5	-14,3
South and Islands					
2006	2.958,3	9.308	10.485	1.796	21.588
2007	2.305,6	6.962	7.973	974	15.908
% change 2007/06	-22,1	-25,2	-24,0	-45,8	-26,3
<b>Italy</b>					
2006	6.794,0	21.876	25.241	2.515	49.631
2007	5.996,1	18.860	22.083	1.616	42.559
% change 2007/06	-11,7	-13,8	-12,5	-35,7	-14,2

Source: calculated on data from ISTAT.

Tab. 5.16 - *Area under olive groves and output of olives for oil in Italy - 2006 and 2007*

(area in thousand ha, production in thousand tons)

	Area in production	Harvested output	Yield (t/ha) <sup>1</sup>	Olive for:		Oil produced
				direct consumption	pressing into oil	
2006	1.113,4	3.415,7	3,2	61,8	3.354,2	603,3
2007	1.139,6	3.249,8	3,0	55,7	3.194,1	574,3
% change 2007/06	2,4	-4,9	-6,2	-9,8	-4,8	-4,8

<sup>1</sup> Yield is calculated on total output.

Source: calculated on data from ISTAT.

Tab. 5.17 - *Bovine cattle slaughtered in Italy - 2007*

	Number of head (000)		Carcase weight (000 t)	
	2007	% change 2007/06	2007	% change 2007/06
Calves	878	-9,1	128,7	-9,1
Steers and heifers	1.946	-0,6	680,8	1,9
Heifers	599	0,9	158,9	1,2
Ox and bulls	30	6,9	11,7	11,9
Cows	507	1,5	138,4	5
<b>Total</b>	<b>3.960</b>	<b>-2,1</b>	<b>1.118,5</b>	<b>0,8</b>

Source: ISTAT.

Tab. 5.18 - *Pigs slaughtered in Italy - 2007*

	Number (000)		Carcase weight (000 t)	
	2007	% change 2007/06	2007	% change 2007/06
Piglets	896	1,1	10,0	3,1
Store pigs	1.063	-2,9	69,1	-6,3
Heavy pigs	11.637	2,1	1.524,1	3,3
<b>Total</b>	<b>13.596</b>	<b>1,6</b>	<b>1.603,3</b>	<b>2,8</b>

Source: ISTAT.

Tab. 5.19 - *Sheep and goats slaughtered in Italy - 2007*

	Number (000)		Dead weight (000 t)	
	2007	% change 2007/06	2007	% change 2007/06
Lambs	5.321	-0,7	37,9	-2,5
Older lambs	593	-2,0	7,6	1,7
Sheep and rams	648	7,1	13,6	8,4
<b>Total sheep</b>	<b>6.561</b>	<b>-0,1</b>	<b>59,1</b>	<b>0,3</b>
Small and larger kids	293	0,8	1,7	-5,3
Goats and billy goats	28	-25,7	0,5	-29,0
<b>Total goats</b>	<b>322</b>	<b>-2,2</b>	<b>2,2</b>	<b>-12,3</b>
<b>Total sheep and goats</b>	<b>6.883</b>	<b>-0,2</b>	<b>61,3</b>	<b>-0,2</b>

Source: ISTAT.

Tab. 5.20 - *Main indicators for the Italian dairy sector - 2007*

	Million euro	% change 2007/06
Value of domestic milk production (all species)	5.200	3,0
Turnover of the dairy industry	14.350	1,0
Imports	3.136	11,2
Exports	1.549	16,8
Trade balance	-1.587	6,2
	Million tons	% change 2007/06
Milk output (all species)	12,1	-0,2
Output of bovine milk	11,1	-0,3
	Number	% change 2007/06
No.employed in the dairy industry	32.000	
No. of dairy farms	43.400	-5,4
No. of dairy cows	1.839.000	1,0
No. of sheep	8.237.000	0,1
No. of goats	920.000	-3,7
No. of buffaloes	186.000	27,5

Source: ISTAT, ISMEA, AGEA, Federalimentare, Assolatte.

Tab. 5.21 - *Management of milk quotas in Italy - deliveries 2003/204 to 2007/08*

	2003/04	2004/05	2005/06	2006/07	2007/08
	(tons)				
Deliveries	10.686.918	10.664.686	10.865.738	10.826.197	10.804.457
National quota for deliveries	10.253.625	10.281.085	10.236.676	10.224.999	10.271.286
Excess attributed	491.926	428.431	641.461	648.504	606.102
National levy	175,0	142,5	198,0	185,0	169,0
Producers above quota					
– number	15.458	15.698	17.595	15.174	13.220
– quantity	842.192	832.631	919.064	878.096	873.025
Without compensation:					
– number	2.162	1.222	5.858	5.642	1.506
– quantity	491.926	428.432	641.461	648.504	606.102
Compensated					
– number	13.296	14.476	11.737	9.532	11.714
– quantity	350.266	404.199	277.603	229.592	266.923

<sup>1</sup> The excess attributed does not coincide with the difference between deliveries and the national quota on account of the mobility of deliveries/ direct sales and of the imputation of a levy of 5% additional to that effectively due to the EU so as to accumulate a fund to be used in case of possible need ( protests and appeals).

Source: calculations on data from AGEA.

Tab. 5.22 - *Availability and utilisation of milk in Italy - 2007*

	Bovine		Sheep		Goat		Buffalo		Total	
	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06	2007	% change 2007/06
<b>Availability</b>	<b>12.624</b>	<b>-1,6</b>	<b>633</b>	<b>-0,1</b>	<b>131</b>	<b>3,6</b>	<b>249</b>	<b>4,2</b>	<b>13.637</b>	<b>-1,4</b>
Domestic production <sup>1</sup>	11.107	-0,3	633	-0,1	119	2,6	249	4,2	12.108	-0,2
Imports	1.517	-10,3	0	-	12	15,0	0	-	1.529	-10,1
<b>Utilisation</b>										
Fresh consumption	2.900	-0,2	0	-	7	-9,7	0	-	2.906	-0,2
– untreated or pasteurised	1.304	-1,5	0	-	0	25,0	0	-	1.304	-1,5
– long-life	1.596	1,0	0	-	6	-10,7	0	-	1.602	0,9
Used for processing	9.724	-2,0	633	-0,1	124	4,4	249	4,2	10.731	-1,7

<sup>1</sup> Net of on-farm use. For bovine milk, produce sold as deliveries and as direct sales during the season 1 April 2007 to 31 March 2008.

Source: estimates from Assolatte and AGEA.

(000 tons)

Tab. 5.23 - *Technical characteristics of the Italian fishing fleet - 2007*

	Boats		Gross tonnage		Power	
	n.	%	t	%	kw	%
Trawlers	2.720	20,0	122.182	62,6	558.591	49,1
Vessels w. flying nets	156	1,1	11.268	5,8	51.915	4,6
Purse seine	299	2,2	21.014	10,8	86.135	7,6
Hydraulic dredgers	700	5,1	9.272	4,8	75.255	6,6
Small fishing boats	8.919	65,6	16.473	8,4	240.368	21,1
Multifunctional	73	0,5	1.096	0,6	9.852	0,9
Passive polyvalent	440	3,2	6.074	3,1	63.778	5,6
Long line vessels	297	2,2	7.720	4,0	51.324	4,5
<b>Total</b>	<b>13.604</b>	<b>100,0</b>	<b>195.099</b>	<b>100,0</b>	<b>1.137.218</b>	<b>100,0</b>

Source: MIPAAF-IREPA.

Tab. 5.24 - *Catches by system of fishing - 2007*

	Catches (tons)	Catches per vessel (tons)	Daily catches (kg)
Trawlers	92.716	34	208
Vessels w. flying nets	46.846	286	1.718
Purse seine	40.843	140	1.447
Hydraulic dredgers	30.863	44	378
Small fishing boats	42.744	5	38
Multifunctional	717	9	99
Passive polyvalent	4.939	13	105
Long line vessels	7.700	25	204
<b>Total</b>	<b>267.368</b>	<b>19</b>	<b>148</b>

Source: MIPAAF-IREPA.

Tab. 5.25 - *Aquaculture production in Italy - 2007*

	Farms at sea and on land	Fresh and brackish water farms	Total	Value (000 euro)
Sea bass	9.100	800	9.900	70.300
Sea bream	9.000	800	9.800	63.700
Umbrine	370	-	370	3.780
Eels	1.600	100	1.700	15.300
Grey mullet	-	3.000	3.000	12.500
Trout	39.700	-	39.700	132.500
Catfish	550	-	550	3.050
Carp	750	-	750	1.975
Sturgeon	1.350	-	1.350	12.150
Other fish	5.000	-	5.000	33.000
<b>Total fish</b>	<b>67.420</b>	<b>4.700</b>	<b>72.120</b>	<b>348.255</b>
Shellfish	-	-	125.000	81.500
Clams	-	-	50.000	225.000
<b>Total shellfish</b>	-	-	<b>175.000</b>	<b>306.500</b>
<b>Total aquaculture</b>	-	-	<b>247.120</b>	<b>654.755</b>

Source: API.



Tab. 5.26 - *Utilisation of wood in Italy, by category - 2007*

	2006	2007	(cubic metres) % 2007/06
<b>IN FOREST</b>	<b>7.628.109</b>	<b>4.927.684</b>	<b>-35,4</b>
<b>Resinous</b>	<b>1.892.932</b>	<b>1.562.607</b>	<b>-17,5</b>
Total timber for processing	1.366.595	1.163.934	-14,8
Firewood	526.337	398.673	-24,3
Loss of timber in forest	156.949	116.141	-26,0
<b>Deciduous</b>	<b>5.735.177</b>	<b>3.365.077</b>	<b>-41,3</b>
Total timber for processing	1.120.112	494.765	-55,8
Firewood	4.615.065	2.870.312	-37,8
Loss of timber in forest	163.016	99.654	-38,9
<b>NON-FOREST<sup>1</sup></b>	<b>1.092.023</b>	<b>628.883</b>	<b>-42,4</b>
<b>Resinous</b>	<b>61.723</b>	<b>60.928</b>	<b>-1,3</b>
Total timber for processing	46.021	51.444	11,8
Firewood	15.702	9.484	-39,6
<b>Deciduous</b>	<b>1.030.300</b>	<b>567.955</b>	<b>-44,9</b>
Total timber for processing	531.072	213.775	-59,7
Firewood	499.228	354.180	-29,1
<b>TOTAL TIMBER UTILISATION</b>	<b>8.720.132</b>	<b>5.556.567</b>	<b>-36,3</b>

<sup>1</sup> Timber from sources other than forest e.g. parklands and public gardens.

Source: ISTAT, *Bollettini mensili di statistica*.

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