



AN ABRIDGED VERSION OF THE

ITALIAN AGRICULTURE YEARBOOK

2012

ISTITUTO NAZIONALE DI ECONOMIA AGRARIA

AN ABRIDGED VERSION OF THE

ITALIAN
AGRICULTURE
YEARBOOK

Volume LXVI

ROMA, INEA 2014

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Italian Agriculture Yearbook. An abridged version - 2012

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Chapter I

The Italian Agro-Food System

Agriculture in the international economic scene

In 2012, the macro-economic framework showed a slowdown in the world economy, determined not only by developed countries but also by emerging and developing countries which grew at rates lower than in the previous years. The weakening of foreign demand along with the contraction in spending investments have led to a slowdown in the economies of China, India and Brazil, increasing, therefore, the uncertainty in the world markets and favoring the uncertainty in the prices of raw materials.

In the EU the contraction in GDP, in 2012, was low (-0.3%), with different trends especially in the Euro area. Exports rose by 2.7%, thanks mainly to Germany, while domestic demand has declined by 2.2%.

In 2012, the economic trend of global agriculture experienced a substantial stability of prices in raw materials, although there have been fluctuations in production, mainly due to climate variability. World cereal production decreased by 2% over the previous year due to a lower production of wheat. Russia, in particular, has been damaged by a severe drought that has reduced by 20% the harvest of this crop. World production of oilseeds, however, rose by 5.3% compared to 2011, as well as that of sugar which in 2012 reached a record level of 180 million tons. In the livestock sector, the production of beef, in 2012, has remained at the same levels of the previous years, while the production of poultry and pork have increased (+2%), especially in China, Brazil and India. The production of milk and dairy products has increased by 3%, compared to 2011, mainly in Asia, Oceania and South America.

European agriculture has experienced a slight increase in the value of production determined by the rise in prices (+6.9%), while quantities decreased (-3.2%). The areas planted with cereals remain stable, while vineyards are slightly decreasing, in contrast to the world trend.

Current trends in Italian agriculture

The downward trend has affected mostly the Italian economic system, with a new sharp reduction of the national GDP (in real terms it was -2.4% at market prices and -2% at basic prices). This situation has triggered a general loss of confidence by businesses and families. The purchasing power has decreased by 4.8% and the expenditure per person has returned to settle at the same levels of 1998. Nevertheless, in the 2012 average, inflation is raised by 3% (2.5% as for the foodstuffs), with a growing rate which is among the highest in the euro-zone. For the second year in a row, the increase has been dragged mainly by the rise both in the energy products and in the food products, which, on the whole, have an incidence of roughly 25% on the index of the consumer prices.

After the results virtually unchanged of the previous year, in 2012, the sector of Agriculture, Forestry and Fishing has fallen into a recession which can be observed both in the production and in the value added in real terms, which are decreased respectively by 3.3% and 4.4%. These results have frustrated the traditional cyclical role of the entire sector.

The value of production, in current terms, amounted almost at 53,150 million euro at basic prices, with a weak increase of 1.4% over the previous year, dragged only by the rise in prices. The overall result, however, shows quite different trends within the three components of the sector.

Agriculture, in its narrow sense, was the only sector to show a positive variation (+1.8%), with the value of output just below 50,500 million of current euro. A weak increase (+0.8%) has been detected also in the agricultural value added, which has amounted, during the year, to almost 26,400 million euro. This trend is confirmed in almost all geographical areas, except for some regions, which are characterized, instead, by decreases more or less strong (Lombardy, Liguria, Emilia-Romagna, Lazio, Puglia and Calabria).

The positive result, although mediocre, seems to be a consequence exclusively of the increase in prices (+5.2%); actually, the reduction of the output levels in real terms (-3.2%), along with the limited use of intermediate factors (-1.9%), both confirm the heavy setback of agriculture. The final outcome was influenced not only by the reduced investments in the sector, strongly influenced by the increasingly critical conditions of access to credit, but also by the difficult general conditions, both internal and external to the agricultural sector. Among these latter factors, a special role has been played by the climate trend. Actually, the year crop has suffered from exceptional events, resulting in unsatisfying yields for many important agricultural crops.

The forestry sector, indeed, showed a substantial reduction of the value of production, both in real terms and in current terms, and an even more pronounced

reduction in intermediate consumption. The sharp reduction of the production arises mainly from the significant drop in the forest cuts (-6%) along with the collapse of the harvest of fruits from the woods (-25%), mainly due to the damage to the production of chestnuts (*Dryocosmus kuriphilus*) in addition to the drought that has affected the harvest of mushrooms and truffles.

The situation is slightly different in the fishing sector, whose production, in value, although in reduction (-4.4%), was accompanied by an increase in intermediate consumption and by a fall in prices of fish, which have been converted in a net reduction of the value added (-11.6%). These negative results have involved both fishing and aquaculture, undergoing the influence of the drop in consumption, as well as the increase in diesel prices and the reduction in fishing effort in its dual component of capability and activity.

In current terms, the entire sector was affected by the more pronounced increase in intermediate consumption compared to the value of production, so as that the value added has remained at a steady value over the previous year, amounting to little more than 28,100 million euro.

The agricultural output derives mainly from crops (51.9%) and, for more than a third, from breeding livestock (34.2%), while the remainder – on the rise – is represented by the so-called support activities to agriculture (12.8%), as well as by the secondary activities. In current values, it emerges, clearly, a net drop of all of the major herbaceous crops which, on the whole, decrease by 4.3%, as well as the forage crops (-6.7%), while woody crops show a moderate growth which is a consequence, however, of irregular behavior. Much better was the performance of the aggregate livestock, in which only the honey has suffered a decline.

The best dynamic in the sector, during 2012, is ascribable to the so-called support activities to agriculture, whose positive change, both in current terms (+5.6%) and in real terms (+1.3%), represents the only positive sign throughout the agricultural sector, which is confirmed by every regional contexts. On the contrary, the trend of secondary activities shows a significant decline, especially in real terms (-2.6%).

The medium-term analysis (2005-2012), which has considered the agricultural accounts, shows how the gap between the performance of the implicit prices of the products purchased and the products sold by farmers is more and more wide; this leads to a dramatic deterioration in terms of trade, with a differential in favor of the firsts which approach, by now, to 19 percentage points.

Trade in the agro-food sector

The Italian agro-food trade, in 2012, is characterized by a substantial balance

between the dynamics of the internal market and those related to foreign components, with a 2.1% increase in domestic production, boosted by export growth (+5%), in a context of decline in domestic consumption (-1.1%).

The overall commercial trade leads to a positive balance, for the first time since 2004, and the food products are among those that have contributed most to the turnaround.

The growth in exports of food products has been engendered mainly by the favorable trend in prices, since the amount remained constant. The trade balance remains negative (-6.5 billion euro), although lower than in 2011.

The strongest trade flows are those registered in Europe, followed by North-America and Asia. Italy is a net importer of food and agricultural products if compared to most European countries, of Central and South America and the countries of Asia and Africa. Conversely, there is a competitive advantage compared to North America and other non-Mediterranean European countries. Therefore, Italy, in 2012, gains competitiveness compared to the developed countries, in particular against the industrialized countries, while it loses points compared to the developing countries.

Many of the products that are traditionally found in international markets and strongly associated with the reputation of our country, or the products of the so-called *Agro-Food Made in Italy*, have showed a positive trend. These products include wines, pasta, fruit and vegetable, olive oil and processed products of animal origin.

Farm enterprises

The 6th Agricultural Census, referring to the year 2010, has surveyed 1,620,884 farms which cultivate a utilized agricultural area (UAA) of 12.9 million hectares and use about 250 million working days. The trend over the last decade has been particularly relevant especially with regard to the decrease in the number of farms (-32%). Therefore, the concomitant limited reduction of the UAA (-2.5%) led to an increase of the average size of the farm (7.9 hectares), which in the future should allow the agricultural sector a structural strengthening.

47.5% of farms falls under the minimum economic size (less than 4,000 euro of standard output), about 26% reaches an economic size between 4,000 and 15,000 euro, while just 5.5% of the farms achieves significant economic sizes (over 100,000 euro of SO). Those farms that have economic dimensions exceeding 100,000 euro occupy 41% of the UAA, they use 27% of the working days and they produce 62% of the standard output.

Italian agriculture is characterized by a high prevalence of sole traders, which

still account for 96% of the overall farms, as compared to 98% detected in 2000. Their importance is greatly reduced if we consider the UAA (76%) and the standard output (67%). Conversely, partnerships, corporations and other types of farms, including cooperatives and associations, achieve 31% of the output and cultivate almost 18% of the surface, although they represent only 3.6% of the farms surveyed. It is confirmed, therefore, the growth of interest in these most advanced types of farms (UAA was around 12% in 2000), although the conversion is progressing very gradually.

According to the data provided by the Chamber of Commerce, the number of registered farms, during 2012, in the “Sector of Agriculture, Hunting and related Services” amounts to 794,973 units. The number of farms continues to decline (-2.4% compared to 2011), with a decrease of about 20% if referred to the last decade. The reduction has concerned, in particular, the individual farms, which account for 90% of the whole farms, while there is a progressive increase in partnerships and corporations, both in the last year (+2.3%), and in the decade 2001/2012 (+16.9%).

Over the last decade, the number of employees decreased by 32%, while the working days fell by 23%, a value which is even lower than the reduction in the number of farms. Substantially, it seems there has been a relative process of intensification in farms that continue to carry on their activity and which require an average higher number of days per year: from roughly 137 working days per farm, in 2000, they reached 155 working days in 2010.

In 2010, the integration with extra-agricultural incomes, by the owner of the farm, concerns 26% of companies: in 20% of cases, the extra-farm employment prevails against the farm employment, while in the remaining 6% it prevails the employment in the farm. Over 1.1 million farms are run by an employee who works mainly in the farm, while just 62,000 units are run by managers, usually under legal forms.

In 2011, according to the estimates of the Farm Accountancy Data Network (FADN), the average revenues from agricultural activities amounted to 55,611 euro per farm, if we consider also the public aid deriving from the EU and other sources. Subtracting this amount from the running costs, along with the depreciation, we get a net value added (NVA) of 31,267 euro. The remuneration for the contribution provided by the entrepreneur of the productive factors and for the entrepreneurial risk – even deducting the remuneration of the external factors, such as labor, rent and the borrowing interest rates – represents the net income (NI) which amounts to 21,570 euro. Compared to the previous accounting year, there has been an increase in the value of output which, however, doesn't mean an improvement in the profitable ability by the Italian farms which is rather in decrease, albeit to a lesser extent (-1%), due to a substantial increase in current costs.

In terms of impact of public aid, there are sharp differences among geographical areas, between size classes and production systems. If roughly a fifth of the economic outcome of the agricultural farms is determined by public grants received during the year, in the case of arable farms, that is 20% of the farms surveyed, the incidence of the grants on the value added reaches 35%.

Even in farms with economic size which does not exceed 15,000 euro of standard output – and which represent over 50% of the overall farms – there is an incidence of the aid on the value added which is higher than the average (25%).

The economic size affects proportionally the productivity and the profitability of the productive factors – *land and labor* – which increase at the same pace of the economic size. The average value of the output for one hectare of cultivated land is estimated at 3,545 euro, of which 56% is converted into value added. In the farms located in the Northern Italy, and in those located in the plain, farming pays a working unit with more than 30,000 euro of net value added, while in other districts and altitudes, the average value added per working unit is in such a measure that it does not make plausible not even the suitable remuneration for a single working unit.

The food industry

In 2012, according to *Federalimentare*, the turnover of the Italian Food Industry reached 130 billion euro at current prices, with an increase of 2.3% over the previous year. It has continued, therefore, the upward trend of the turnover of the sector which has characterized the latest years, despite the economic system of our country is still restrained by the lasting economic crisis. Even the turnover index showed an increase of 1%, mainly due to the good performance of foreign sales, which recorded an increase of 5.6%. Exports reached a value of 24.8 billion euro, with an increase of 7.8%.

The *Mediobanca* data, on the turnovers of the main Italian firms, indicate at the top of the ranking: *Veronesi, Ferrero, Barilla and Consorzio Cooperativo Gesco*. It's worth pointing out that as much as 63% of the fifty firms surveyed, shows an increase in the turnover over the previous year. This trend confirms the strength of the Italian Food Industry and the importance of strengthening and extending the settlement of our firms in foreign markets, in accordance with the path undertaken in recent years.

The ISTAT index for the food production has showed, on the contrary, for the second year in a row, a decrease of 0.7%; in the beverage industry, however, there was a substantial stagnation, after an increase of 1.8% in 2011. In the

manufacturing activity there has been a very sharp decline, equal to 6.6% (index 94), after the slight growth in the previous year (+0.6%). Food production has experienced an increase in the following sectors: condiments and spices (+5.1%), cocoa, chocolate and candies (+4.4%), sugar (+3.2%), meals and prepackaged food (+2.4%), tea and coffee (+2.4%), homogenized and diet food (+2.1%), biscuits, cookies and preserved pastries (+1.3%). On the other hand, in decrease are: Processing and preservation of fish (-9.4%), oils and fats (-7.2%), bread and fresh pastry products (-2.9%) and processing and preserving of fruit and vegetables (-2.5%). As for the beverages, the greatest growth is detected in the production of beer (+2.7%) and in the distillation of alcohol (+1.5%).

The value added at basic prices of the food, beverages and tobacco, in 2012, reached 26.1 billion euro, with an increase of 3.4% at current prices compared to 2011, and an increase of 0.5% at chained values. The sector has showed, also for this indicator, a positive trend which is clearly in contrast with what occurred in total manufacturing (-5.9% the value added at current prices and -3.7% at chained prices).

The first 2011 data of the ISTAT Census on industry and services show, in the last decade, a decrease of the manufacturing sector (-19.9%). The active firms operating in the food industry are 54,931 (-13.9%), while those related to the beverage sector are 2,874 (-4.3%), for a total of 57,805 firms.

The number of employees is 420,312 units, if we consider the food and beverage sector, that is 10.8% of the employees in the manufacturing sector. The average sizes of the food industry are still lower than in the entire manufacturing sector: the ratio employee/firm is 7.3 for the food and beverages sector, while it increases to 9.2 for the manufacturing sector.

The sector with the largest number of firms and employees is the bakery sector, whose number of firms represents 64.5% and whose number of employees reaches 45%, mostly due to the predominance of micro-craft enterprises, which are very spread mainly in the urban areas. There is, then, the sector of other food products, which includes many different categories, such as the production of sugar, cocoa, chocolate, candies and sweets, tea and coffee, condiments and spices, meals and prepackaged food, baby food and diet food.

As for the beverage sector, the most important sector in terms of size is that relating to the production of wine, whose number of employees reaches 44.8% and whose number of firms represents 63.8%.

In the food industry there are mainly individual firms, which represent almost half of the total (47.7%).

The economic organization of producers

Data of the last report of the Observatory on agricultural cooperation confirm the important role of the agro-food cooperation in Italy, with a consolidated turnover which, in 2011, exceeded 35 billion euro and reached 94,000 employees. Firms and active cooperative consortia in Italy amount to 5,901, an increase from the last survey that dates back to 2008 (+1.1%). Even the turnover (+2%) and employment (+0.5%) are increasing, compared to 2008. Partners are more than 993,000.

The analysis of turnover shows a clear gap in favor of the northern firms, which generate more than 80% of the total turnover, with an average size per firm which amounts to 11 million euro.

The 2012 data provided by the four main representative entities (Fedagri-Confcooperative, Legacoop Agroalimentare, AGCI-Agrital and Ascat-Unci) show positive trends about the number of cooperatives, employees and turnover, despite some differences in the results achieved.

Fedagri-Confcooperative is the first entity with 3,459 cooperatives (-2.4% compared to 2011), 439,249 partners (-2.9%), 64,700 employees (+2.7%) and a turnover of 26.6 billion euro (+3.5%).

Legacoop Agroalimentare, the second representative entity, in 2012, gathers 1,218 cooperatives (+8.4%) with 202,851 partners (-0.6%) and a turnover exceeding 8.9 billion euro (+1.6%).

Ascat-Unci, the third representative entity, has gathered, in 2012, 1,023 cooperatives (+1.5%), with 120,483 partners (+5.7%), for a total turnover exceeding 1.7 billion euro (-2.5%).

In 2012, AGCI-Agrital gathered 570 cooperatives (+5.2%), with 142,297 partners (+8.2%) and a turnover of 2.3 billion euro (+18%).

As of 31 August 2013, the producer organizations (POs), other than fruit and vegetables, recognized in Italy and registered at the Ministry of Agriculture, Food and Forestry, have amounted to 160, of which 34 are recognized according to the Legislative Decree 228/2001 and 127 on the basis of the Legislative Decree 102/2005. The dairy sector is confirmed in the first place for the number of POs, with a total number of 43 recognized organizations. The olive sector ranks second with 30 organizations.

As for the fruit and vegetable POs, as of 31 March 2013, they amount to 287, in addition to 12 associations of producers in accordance with the EU Regulations 2200/96 and 1234/2007. More than half of the POs (163) is located in the South, 82 in the North and 42 in the Centre of Italy.

The new CAP 2014-2020 aims to confirm and strengthen the role of producer organizations (POs). The recognition of the POs, such as that for inter-professional

organizations, is extended to all sectors and the establishment of new organizations will be funded by the Rural Development.

In 2012, the contractual agreements in the Italian agro-food system have undergone major changes that have proposed a new model of economic regulation. They refer mainly to the EU Regulation 261/2012, which regulates contractual agreements in the dairy sector (Milk Package) and to its relative application in Italy (Ministerial Decree 12 October, 2012). This Law regulates the contractual relationship in accordance with article 62 of the Law 27/2012, besides reaffirming the key role played by the POs in the collective bargaining, to which is applied the acknowledgement granted in accordance with the Legislative Decree 102/2005. This is another important measure approved during the year, which forced to have mandatory written contracts in the commercial transactions of agricultural products and agro-food products, setting deadlines for payments and introducing a list of unfair trade practices.

As for the join-trade organizations, at a national level, only Emilia Romagna has been proactive, by setting the path for the establishment of join-trade agencies at the regional level. In December 2011, the first recognition has been awarded to the regional join-trade organization “*Distretto del pomodoro da industria – Nord Italia*”, then, in 2012, the second recognition has been awarded to the association “*Gran suino italiano*”.

The recent experience of network contracts, introduced by the Law 33/2009, has pointed out a lack of use of this instrument in the agro-food system, mainly in agriculture. As of 31 December, 2012 only 51 agro-food agreements were signed (compared with 647 contracts signed in the overall Italian economy), of which just 11 in agriculture. This prompted the legislature to enact, in December 2012, some specific rules for the network agreement in agriculture. Regulatory actions seem to have produced, as first result, a marked increase in the agro-food agreements: according to the data provided by *Infocamere*, updated at the end of July 2013, the network contracts that have been undersigned by 454 agro-food farms amount to 114, of which 247 belong to agriculture.

Distribution and consumption

The year 2012 was marked by the long-lasting economic crisis and by the increasing difficulty of Italian families. The reduced spending power by the consumers has led to a new trend of the food sector in Italy in order to attract customers in the stores. These strategies have resulted in an increase in the value of sales at large retailers (+1.4%), compared to 2011, and a significant decrease in traditional retailing (-2.7%).

The major brands of the distribution are increasingly concentrated in the acquisitions of retail outlets on the spot, rather than in the building of new stores. They showed also a strong focus on price, which has resulted in the strengthening of the products of the first price, in the increase of sales promotions and in an increased advertising boost.

Alongside this strategy, many brands have continued to characterize their products by exalting their Italianness, their uniqueness, along with the environmental and social sustainability.

The results of the annual survey carried out by Nielsen have highlighted, after decades of growth, a slowdown in the pace of growth in the number of hypermarkets and supermarkets, albeit to a limited extent (-0.5%). More generally, the economic crisis affects almost all forms of the more traditional organized sales, while the distribution formula of the discounts shows an increase, in 2012, which joins the positive trend, experienced in recent years, both in the number of outlets and in the land used, in all different Italian geographical constituencies, especially in the South.

Consumers are ever more inclined to buy directly from farmers, both from directly in the countryside and in the farmers' markets or through G.A.S. (Solidarity-based Purchase Groups). Another increasing trend is that of the *hobby farmer*, or people who love to grow an agricultural land for family consumption. It also grows the number of business activities defined "no store" which are run outside of the sales network in fixed place: among them it's worth pointing out the development of vending machines for raw milk and water.

On the whole, consumption for food and soft drinks, in current terms, showed a decline in spending (-0.4%), which stood at 138.8 billion euro. Against the increase in prices of food products (+2.5%) the contraction in consumption, at chained values, has been much greater (-2.9%).

Within the product groups, at chained values, the dynamics are all in decline, albeit with different incidence. In particular, the products that experienced greater contraction of spending, between 2011 and 2012, are the fish (-5.3%), sugar and confectionery products (-4.1%), mineral waters, fizzy drinks and fruit juices (-4.3%). In decrease is also the consumption of oils and fats (-3.8%), coffee, tea and cocoa (-3.6%) as well as fruit (-3%).

The economic crisis has led to a rapid change in the household consumption: Italian families have tried to reorganize the shopping cart, by purchasing smaller quantities in order to avoid waste, by reducing their average spending budget and by aiming mainly at products in promotion and discounted.

Also the consumption habits change, not only as a consequence of the economic trends but also as a change in family's needs which is now structurally changed (ever more made up of single people, 29.4% of the total; of couples

without children, 19.8% of the total; with an average size of 2.4 components). If we consider the last decade, ISTAT highlights a decrease in the consumers of alcoholic drinks (-24.6%), especially among women (-32.6%). However, it changes the type of alcoholic beverages purchased: in decrease is the share of those people who drink only wine and beer, while in increase is the share of those people who drink alcoholic aperitifs, bitter and spirits. The economic crisis has also led more and more Italians to eat at home: in 2012, meals outside the home decreased by 2.5 percentage points.

Moreover, in upward trend are also the phenomena of nutritional discomfort. ISTAT, in particular, shows how, in Italy, the population living in a situation of relative poverty, and with an inappropriate calorie count, is now 15.8% of the total. It is also in increase the number of Italians who are overweight or obese, mostly in the most disadvantaged segments of the population, where it is more frequent the consumption of foods with sugars and added fats with poor quality.

Tab. 1.1 - Agriculture in the Italian economy

	2010	2011	2012
% change in value added at factor cost (chained values)			
Total economy	1.7	0.5	-2.0
- agriculture ¹	-0.2	0.2	-4.4
- industry in the narrow sense	7.7	1.0	-3.9
- food, beverages and tobacco industries	2.5	1.7	0.8
- services	1.1	0.7	-1.2
% share of agriculture out of overall value added²	1.9	2.0	2.0
Value added at factor cost per labour unit (euros)			
Total economy	56,423	57,236	56,793
- agriculture ¹	23,637	26,324	26,507
- industry in the narrow sense	54,827	54,726	52,752
- food, beverages and tobacco industries	58,366	55,466	58,760
- services	60,067	60,814	60,048
% share of agricultural employment out of total employment³	5.3	5.1	5.0
% change in consumer price index⁴			
- food products	0.2	2.4	2.5
- total (entire Italian community)	1.5	2.8	3.0
% change in producer price index			
- food products	0.9	5.0	3.9
- total	3.1	5.1	4.1
% share of trade in agro-food products out of total trade			
- exports	8.3	8.1	8.2
- imports	9.7	9.9	10.2
Normalized trade balance			
- agro-food products	-11.6	-12.9	-9.3
- all products	-4.3	-3.3	1.4
% change in terms of trade (import/export) for agro-food products	-1.9	-6.0	0.4

¹ Agriculture, Forestry and Fishing² At factor costs (current prices)³ In terms of labour units⁴ National consumer price index, 1995=100

Source: ISTAT and the Bank of Italy

Tab. 1.2 - Production and value added to basic prices in Italian agriculture by product category and by geographical area - current prices (million €)

	North-West			North-East			Centre			South and Islands		
	2012	distrib. %	% change 2012/11	2012	distrib. %	% change 2012/11	2012	distrib. %	% change 2012/11	2012	distrib. %	% change 2012/11
CROPS	4,184	36.0	-4.3	6,419	45.3	-3.5	4,035	55.3	-0.6	11,546	66.4	0.6
-Field crops	2,620	22.5	-7.3	3,182	22.5	-10.4	2,140	29.3	1.5	6,094	35.0	-1.3
-Cereals	1,560	13.4	-10.6	1,429	10.1	-18.2	799	10.9	10.7	1,158	6.7	-0.1
-Dried leguminous vegetables	15	0.1	10.9	8	0.1	-1.6	28	0.4	23.9	50	0.3	25.0
-Potatoes and vegetables	483	4.2	0.9	1,317	9.3	-3.2	979	13.4	-2.9	4,310	24.8	-1.4
-Industrial crops	61	0.5	-2.6	282	2.0	-1.0	140	1.9	-9.8	86	0.5	-12.0
-Flowers and potted plants	500	4.3	-4.7	145	1.0	-4.2	195	2.7	-2.7	491	2.8	-3.8
Forage crops	558	4.8	-7.2	515	3.6	-4.6	228	3.1	-4.6	342	2.0	-6.2
Woody crops	1,007	8.7	6.5	2,723	19.2	7.2	1,667	22.8	-2.8	5,110	29.4	3.5
-Wine and grape-related products	533	4.6	9.7	1,160	8.2	16.8	531	7.3	5.6	1,311	7.5	10.1
-Olive-related products	25	0.2	-8.5	7	0.0	-25.5	210	2.9	-5.5	1,358	7.8	-8.9
-Citrus	0	0.0	18.2	0	0.0	0.0	2	0.0	7.6	1,365	7.8	12.6
-Fruit	261	2.2	7.5	1,405	9.9	1.6	176	2.4	-22.9	887	5.1	4.5
-Other tree	188	1.6	-1.0	151	1.1	-3.4	748	10.3	-1.5	189	1.1	-2.7
LIVESTOCK FARMING	6,218	53.4	4.8	5,738	40.5	6.6	2,011	27.6	6.2	3,301	19.0	5.8
Livestock food products	6,217	53.4	4.8	5,737	40.5	6.6	2,008	27.5	6.2	3,293	18.9	5.8
-Meat	3,790	32.6	5.5	3,581	25.3	6.8	1,315	18.0	5.6	2,037	11.7	4.9
-Milk	2,028	17.4	-0.2	1,584	11.2	-0.2	485	6.6	0.1	890	5.1	0.3
-Eggs	388	3.3	31.0	564	4.0	30.7	200	2.7	30.5	358	2.1	31.2
-Honey	11	0.1	-1.8	9	0.1	-6.6	8	0.1	-4.6	8	0.0	-13.7
Non-foodstuff livestock products	1	0.0	7.0	1	0.0	7.0	3	0.0	2.5	7	0.0	2.9
AGRICULTURE-RELATED SERVICES¹	1,015	8.7	5.2	1,624	11.5	5.5	1,009	13.8	5.7	2,825	16.2	5.8
Production of agricultural goods and services	11,417	98.1	1.3	13,782	97.3	1.6	7,055	96.7	2.1	17,672	101.6	2.3
(+) Ancillary activities ²	333	2.9	-3.2	592	4.2	-0.8	376	5.2	-1.3	238	1.4	-0.6
(-) Ancillary activities ²	117	1.0	3.0	206	1.5	-1.0	133	1.8	-2.0	512	2.9	-2.2
PRODUCTION FROM THE AGRICULTURAL SECTOR	11,633	100.0	1.1	14,168	100.0	1.5	7,299	100.0	2.0	17,398	100.0	2.4
INTERMEDIATE CONSUMPTION (including Sifim)	6,536	56.2	3.8	7,368	52.0	1.6	3,144	43.1	2.9	7,036	40.4	3.6
Value Added in the agricultural sector	5,096	43.8	-2.1	6,800	48.0	1.4	4,155	56.9	1.3	10,362	59.6	1.7

¹ With the adoption of the AITECO 2007, which is derived from the Nace Rev.2, the term of Service Activities is denominated Business Support Activities to agriculture and post-harvest

² Ancillary activities are considered to be activities carried out within the agricultural sector, and which therefore are not separable, that is to say, farm-holidays, the processing of milk, fruit and meat, which are indicated by the (+) sign, and activities carried out by other sectors of economic activity within the framework of cultivation and livestock rearing (for example, by shops), as indicated by the (-) sign

Source: ISTAT

Tab. 1.3 - Associated and ancillary activities in agriculture - output at current prices

	2005	2010	2011	2012	Distrib. % 2012	"% change 2012/11 at current prices var. % 2012/11"	"chained values (2005) % change 2012/11"
ACTIVITIES CONCERNING AGRICULTURE-RELATED SERVICES							
Agricultural contracting and the hiring of agricultural machines and equipment	2,116.5	2,408.1	2,522.3	2,706.3	41.8	7.3	2.0
Harvesting, initial processing ¹	1,662.9	1,998.3	2,141.4	2,216.4	34.2	3.5	-0.8
Seed conservation	244.5	248.6	209.7	239.0	3.7	14.0	4.2
Maintenance of soil in order to keep it in good agricultural and ecological conditions	512.6	774.4	821.0	855.2	13.2	4.2	3.2
New crops and plantations	221.7	231.4	235.2	254.4	3.9	8.2	4.7
Livestock raising-related service activities ²	191.7	196.9	199.8	202.4	3.1	1.3	-1.2
Total	4,949.8	5,857.6	6,129.3	6,473.5	100.0	5.6	1.3
ANCILLARY ACTIVITIES							
Meat processing	321.5	294.0	326.0	318.2	20.7	-2.4	-0.4
Fruit processing	33.5	42.6	47.7	46.2	3.0	-3.1	-12.3
Milk processing	232.4	287.3	306.4	295.0	19.2	-3.7	-2.3
Game holidays	525.3	827.0	882.2	880.1	57.2	-0.2	-2.9
Total	1,112.7	1,450.8	1,562.3	1,539.5	100.0	-1.5	-2.6

¹ It does not include agricultural product processing

² Excluding veterinary services

Source: ISTAT.

Tab. 1.4 - *Performance of the terms of trade in agriculture*

	2008	2009	2010	2011	2012
Output/Consumption	94.1	98.5	98.3	99.2	100.2
Farms/Feed	93.2	101.4	95.6	98.2	101.6
Crops/Fertilizers	69.3	104.2	112.2	92.3	98.0
Crops/Energy	86.9	103.0	96.9	94.7	93.4

Source: ISTAT.

Tab. 1.5 - *Trend in agro-food and overall trade in Italy*

	2008	2009	2010	2011	2012
	(million € at current values)				
Imports					
Total	382,050	297,609	367,390	401,428	378,759
Agro-food	34,532	31,640	35,495	39,595	38,600
AA ¹ /total (%)	9.0	10.6	9.7	9.9	10.2
Exports					
Total	369,016	291,733	337,316	375,904	389,725
Agro-food	26,894	25,166	28,113	30,516	32,050
AA ¹ /TOTAL (%)	7.3	8.6	8.3	8.1	8.2
Balance					
Total	-13,035	-5,876	-30,073	-25,524	10,966
Agro-food	-7,638	-6,474	-7,382	-9,079	-6,550
non Agro-food	-5,397	599	-22,691	-16,445	17,515
Normalized Balance (%)					
Total	-1.7	-1.0	-4.3	-3.3	1.4
Agro-food	-12.4	-11.4	-11.6	-12.9	-9.3
non Agro-food	-0.8	0.1	-3.5	-2.3	2.5

¹AA = Agro-food

Source: INEA. Il commercio estero dei prodotti agro-alimentari. Rapporto 2012.

Tab. 1.6 - *Agro-food Balance by origin and destination: structure by sectors - 2012*

	Million €		Structure %		% change 2012/11 (current prices)	
	imports	exports	imports	exports	imports	exports
Products of the primary sector for direct food consumption	3,890.5	4,209.6	10.1	13.1	-2.5	2.1
Raw materials for the food industry	5,015.1	212.4	13.0	0.7	-6.9	-41.9
Products of the primary sector redeployed	1,759.7	773.2	4.6	2.4	8.0	0.5
Other products of the primary sector	1,654.7	646.9	4.3	2.0	-18.5	6.9
Total primary sector	12,320.1	5,842.1	31.9	18.2	-5.5	-0.4
Products of the food industry for direct food consumption	15,816.4	22,524.5	41.0	70.3	0.7	6.3
Products of the food industry redeployed in the food industry	5,878.0	2,080.6	15.2	6.5	-3.7	7.5
Products of the food industry for the primary sector	1,394.6	423.9	3.6	1.3	-53.4	25.8
Other food industry products	2,602.0	742.0	6.7	2.3	-55.6	-1.7
Total food and drink industry	25,738.1	25,970.2	66.7	81.0	-0.8	6.5
Total agro-food	38,599.5	32,049.6	100.0	100.0	-2.5	5.0

Source: INEA, Il commercio estero dei prodotti agro-alimentari. Rapporto 2012

Tab. 1.7 - Firms, UAA, working days and standard output by economic size classes and Type of Farming - 2010

	Firms ¹		UAA ¹		Working days ¹		Produzione standard	
	n.	%	ha	%	n.	%	million €	%
<4.000 euro	758,358	47.5	1,007,195	7.9	40,223,934	16.1	1,277	2.6
4.000 - 8.000 euro	236,338	14.8	796,708	6.2	22,530,854	9.0	1,355	2.7
8.000 - 15.000 euro	177,023	11.1	981,797	7.7	24,613,969	9.8	1,950	3.9
15.000 - 25.000 euro	119,505	7.5	1,018,546	8.0	23,441,654	9.4	2,321	4.7
25.000 - 100.000 euro	217,245	13.6	3,777,316	29.6	72,022,508	28.8	10,785	21.8
100.000 - 500.000 euro	76,846	4.8	3,772,244	29.6	49,361,747	19.7	15,044	30.4
> 500.000 euro	11,769	0.7	1,406,636	11.0	17,863,687	7.1	16,729	33.8
					Economic size			
					Type of Farming			
Firms specialized in arable crops	383,761	24.0	4,912,204	38.5	44,335,040	17.7	8,992	18.2
Firms specialized in flowers and vegetables	37,798	2.4	148,242	1.2	19,188,773	7.7	4,268	8.6
Firms specialized in permanent crops	891,401	55.8	2,685,862	21.0	99,778,402	39.9	13,725	27.7
Firms specialized in grazing livestock	129,493	8.1	3,410,757	26.7	50,989,225	20.4	9,341	18.9
Firms specialized in granivorous	9,358	0.6	179,098	1.4	5,765,801	2.3	8,979	18.2
Mixed firms	145,273	9.1	1,424,277	11.2	30,001,112	12.0	4,155	8.4
Italy	1,597,084	100.0	12,760,442	100.0	250,058,353	100.0	49,460	100.0

¹ The total sum of the firms, of the UAA and the working days is lower than the surveyed firms, because there are 23,800 non-classified firms

Source: ISTAT, 6th Agricultural Census

Tab. 1.8 - *Gross production, net value added and average net income by location, altitude, economic size and type of farming (TF) - 2011*

	Gross farm income (GFI)	Net Value added (NVA)	Net Income (NI)	NVA/GFI	NI/GFI	Public subsidies/NVA
	euro			%		
Geographical areas						
North	83,455	44,586	32,079	53.4	71.9	17.4
Centre	52,719	29,919	19,793	56.8	66.2	20.7
South	39,489	23,545	15,687	59.6	66.6	21.1
Altitude						
Mountain	45,455	27,054	17,992	59.5	66.5	19.6
Hill	43,136	25,583	17,868	59.3	69.8	19.7
Plain	79,155	41,796	28,846	52.8	69.0	18.9
Economic size						
4000-15000 euro	14,606	8,342	5,687	57.1	68.2	25.3
15000-25000 euro	26,102	15,008	9,703	57.5	64.7	21.5
25000-100000 euro	54,202	31,284	21,079	57.7	67.4	21.9
100000-500000 euro	198,208	113,100	79,740	57.1	70.5	18.4
>500000 euro	811,755	415,740	298,962	51.2	71.9	11.7
Type of Farming						
Arable	48,560	26,240	17,631	54.0	67.2	35.5
Fruit, vegetable and flowers	135,831	72,909	49,152	53.7	67.4	0.8
Permanent crops	35,618	23,098	15,343	64.8	66.4	13.7
Grazing livestock	100,442	53,548	40,712	53.3	76.0	20.2
Granivorous	331,454	149,360	115,168	45.1	77.1	5.8
Polyculture	50,577	26,328	17,027	52.1	64.7	24.8
Italy	55,611	31,267	21,577	56.2	69.0	19.3
% change 2011/2010	3.6	0.1	-0.7	-3.3	-0.8	2.1

NOTES:

Public Subsidies: considering the aid granted during the year

GFI: Gross Farm Income is the sum of sales, public subsidies for operating expenses, self-consumption, payments in kind, redeployments, fixed assets, the value of production for processing, balance of the value of inventory of products and revenues from related activities

NVA: Net Value Added is the result of the difference between GFI and current production costs and depreciation

NI: Net Income is the difference between NVA and fees which pertain to factors of non farming production

Source: INEA, FADN database 2011

Tab. 1.9 - *Trends in Italian food industry production (2010 = 100)*

	Average		% change 2012/11
	2011	2012	
Manufacturing	100.63	93.97	-6.62
Food industry	98.58	97.88	-0.71
Production, Processing and Preservation of meat and derivatives	99.53	99.52	-0.01
Processing and Preservation of fish and derivatives	110.08	99.69	-9.44
Processing and Preservation of fruit and vegetables	99.95	97.43	-2.52
Production of oils and animal/vegetable fats	96.58	89.60	-7.22
Dairy industry	100.08	99.58	-0.49
Processing of grains and starch products	98.09	97.56	-0.54
Bakery products	96.45	95.58	-0.91
- bread and fresh confectionery	92.02	89.32	-2.93
- toasted biscuits, sweet biscuits and pre-packaged confectionery	101.90	103.18	1.25
- pasta, couscous and similar	100.71	101.79	1.08
Other food products	99.24	100.13	0.90
- sugar	71.11	73.37	3.18
- cocoa, chocolate, sweets and confectionery	97.61	101.93	4.43
- tea and coffee	98.18	100.49	2.36
- flavourings and spices	107.68	113.22	5.14
- prepackaged food	94.94	97.25	2.43
- baby food and diet food	98.91	100.98	2.09
Manufactured food for animals	95.90	96.83	0.97
Beverage industry	101.82	101.81	-0.01
Distilled alcoholic beverages	97.38	98.85	1.51
Wine from grapes	103.33	101.38	-1.89
Other non-distilled fermented beverages	143.74	140.19	-2.47
Beer	103.23	106.04	2.73
Mineral waters and other bottled waters	101.66	101.98	0.32

Source: based on data from ISTAT

Tab. 1.10 - *Firms and employees in the food industry
and in the beverage industry by sectors in 2011*

	Active firms	%	Employees	%	Employee per firm
Food industry	54,931	100.0	386,186	100.0	7.0
Processing and preserving of meat and production of meat products	3,585	6.5	55,774	14.4	15.6
Processing and preserving of fish and shellfish	391	0.7	5,189	1.3	13.3
Processing and preserving of fruit and vegetables	1,785	3.2	22,695	5.9	12.7
Production of vegetable/animal oils and fats	3,344	6.1	12,099	3.1	3.6
Dairy sector	3,374	6.1	43,050	11.1	12.8
Processing of grain mill products, starches and starch products	1,059	1.9	8,820	2.3	8.3
Bakery products	35,448	64.5	173,822	45.0	4.9
Other food products	5,416	9.9	57,048	14.8	10.5
Production of animal feed	529	1.0	7,689	2.0	14.5
Beverage industry	2,874	100.0	34,126	100.0	11.9
Distilling and blending of spirits	532	18.5	5,121	15.0	9.6
Production of wine from grape	1,834	63.8	15,300	44.8	8.3
Production of cider and other fruit wines	3	0.1	5	0.0	1.7
Production of other non-distilled fermented beverages	50	1.7	139	0.4	2.8
Beer	212	7.4	2,800	8.2	13.2
Malt	3	0.1	38	0.1	12.7
Industry of soft drinks, mineral waters and other bottled waters	240	8.4	10,723	31.4	44.7
Food industry and beverage industry	57,805	-	420,312	-	7.3
Manufacturing industry	422,067	-	3,891,983	-	9.2

Source: based on figures from ISTAT, Industrial Census 2011

Tab. 1.11 - *Trends regarding farm cooperative which are members
of central representative organizations in Italy*

Items	2010	2011	2012	% change 2012/11
Number of cooperatives	6,197	6,218	6,270	0.8
Number of members	900,196	901,926	904,880	0.3
Turnover (million €)	37,391	38,251	39,597	3.5

Source: based on figures from Fedagri, Legacoop Agroalimentare, ASCAT-UNCI E AGCI-AGRITAL

Tab. 1.12 - Number and sales area of modern food retailing in Italy, by main brands and geographical area - 2012¹

Groups	North-West		North-East		Centre (including Sardinia)		South (including Sicily)		Total	
	n.	area (sq.m)	n.	area (sq.m)	n.	area (sq.m)	n.	area (sq.m)	n.	area (sq.m)
Centrale Italiana										
- Coop Italia	406	518,642	833	707,334	499	495,747	139	228,900	1,877	1,950,623
- Despar	50	40,700	511	332,369	408	185,139	371	243,473	1,340	801,681
- Disco Verde							13	15,060	13	15,060
- Sigma	251	68,250	412	180,370	629	209,459	1,127	474,988	2,419	933,067
- Il Gigante	46	158,815	3	6,400					49	165,215
Sicon										
- Conad	323	217,233	515	307,018	1,011	583,654	1,115	597,554	2,964	1,705,459
- Rewe	218	185,294	82	68,225	89	57,780	70	53,725	459	365,024
Esd Italia										
- Selex Commerciale	604	475,956	667	576,513	367	262,957	558	324,360	2,196	1,639,786
- Agorà Network	307	239,895	54	51,284	47	29,430			408	320,609
- Gruppo Sun	47	94,475	40	65,445	245	218,315	83	64,387	415	442,622
Carrefour										
- Carrefour	726	543,363	29	67,440	215	225,689	217	183,142	1,187	1,019,634
- CDS	-	-	-	-	-	-	68	28,730	68	28,730
Finiper										
						19,564				
- Alfi	87	54,070	3	2,140	-	-	-	-	90	56,210
- Sisa	56	26,427	232	87,198	386	145,570	762	347,921	1,436	607,116
- Coralis	23	4,650	19	3,105	46	29,717	151	33,505	239	70,977
- Finiper	313	339,993	10	38,765	2	14,600	3	19,025	328	412,383
Aicube										
- Gruppo Pam	212	130,251	184	148,683	185	225,532	317	133,315	898	637,781
- Interdis	135	52,375	113	48,150	363	100,231	506	162,100	1,117	362,856
Auchan/Crai										
- Crai	379	91,567	500	138,733	273	87,981	470	138,096	1,622	456,377
- Auchan	492	411,169	199	130,040	485	346,728	463	455,310	1,639	1,343,247
Esselunga										
	103	316,680	12	31,626	29	68,380			144	416,686
C3										
	37	52,850	155	178,285	41	42,950	315	111,920	548	386,005
Lombardini										
	211	143,550	54	31,546	62	33,575	-	-	327	208,671
Bennet										
	57	304,734	12	67,416	-	-	-	-	69	372,150
Total²	6,040	4,836,049	5,684	3,720,494	6,745	3,873,204	10,026	4,835,166	28,495	17,264,913

¹ Figures updated to January 1st, 2013² The total refers to all brands in Italy, including brands not indicated above

Source: figures from NIELSEN.

Tab. 1.13 - Trends in food consumption in Italy. by category

(billion €)

	2000	2011	2012	2000	2011	2012	% change 2012/11	
	current values			chained values (2005)			on current values	on chained values
	Bread and cereals	20.5	27.0	27.1	22.5	22.7	22.2	0.2
Meat	25.5	33.0	32.9	29.0	28.9	28.1	- 0.2	- 2.6
Fish	7.7	9.8	9.6	8.9	8.2	7.8	- 2.4	- 5.3
Milk, cheese and eggs	15.7	19.1	19.2	17.4	16.4	16.1	0.6	- 2.1
Oils and fats	5.2	5.6	5.4	5.8	4.8	4.6	- 2.4	- 3.8
Fruit	8.6	10.6	10.5	10.0	9.7	9.4	- 1.3	- 3.0
Vegetables, including potatoes	11.2	14.9	14.8	13.5	13.2	12.9	- 0.6	- 2.4
Sugar, jam, honey, syrups, chocolate and confectionery	7.7	9.6	9.6	8.5	8.4	8.1	- 0.3	- 4.1
Food products ¹	0.4	0.5	0.5	0.4	0.5	0.5	0.2	- 2.4
Coffee, tea and cocoa	1.9	2.3	2.3	2.0	1.9	1.8	2.2	- 3.6
Mineral waters, fizzy drinks and juices	6.3	7.0	6.9	6.9	6.6	6.3	- 1.9	- 4.3
Alcoholic beverages	6.5	8.0	8.2	7.4	7.1	7.0	3.5	- 0.5

¹ Not elsewhere classified

Source: figures from ISTAT - national accounting data

Chapter II

Factors of Production in Agriculture

The land market

In 2012, the Italian land market has experienced another year of slowdown, both in trading activities and in prices. During the annual survey carried out by the regional offices of INEA, the industry players have asserted that the exchanges were further reduced compared to the previous years. The reduction in the volume of sales has also affected prices, which have recorded a negative sign in the national average, rather rare case for twenty years now. The price of land has slightly decreased (-0.1%) in nominal terms, but if we consider the rate of inflation it can be asserted that the contraction is rather significant (-3.1%) and it joins the decrease in real terms which lasts since 2008. Considering the general increase in prices, the value of Italian estates, in 2012, was roughly 93% compared to what it was worth in 2008.

The decrease in the average price, although weak, is the result of partially unexpected territorial trends. It is confirmed, geographically, the gap in the land values between the Northern regions, and the Central and Southern regions. Although in previous years the growth of the values in the North could balance the stagnation of prices in the South, in 2012, there was a collapse in prices even in regions such as Lombardy, Veneto and Trentino-Alto Adige, where land values are generally higher and demand more sustained. Moreover, the price of land is increasingly decreasing in lowland areas, albeit these areas are more fertile and with good infrastructures. The decrease is particularly relevant in lowland areas located in the North-West, in the hilly areas of the Centre-South and also in mountainous areas of the North-East.

A first hypothesis that could explain the downward trend in the land values is ascribable to the gradual process of price adjustment, as a result of the economic crisis and the new scenarios that have characterized European agriculture over the last decade. Besides the economic crisis, Italian agriculture is also affected

by the changes in the market conditions and by the developments in agricultural policy, which is ever more oriented towards a reduction of income support.

Although there are no reliable quantitative statistics, the industry players agree that the trading activities continued to be stagnant also in 2012. The difficulty of access to credit is one of the factors that limits the potential demand by professional farmers who are still interested in strengthening their corporate structure in order to increase economies of scale. The statistics of the Bank of Italy reported a contraction of subsidies, in 2012, for the purchase of rural properties which exceeded 50%, compared to the values registered in the three previous years. It's likely that such reduction is the result of a joint difficulty both in granting loans from banks, and the lower propensity by farmers in having debts, caused by higher costs and risk (passive credit crunch).

According to the latest Agricultural Census, the UAA rented has increased by 60% in the last decade, reaching 4.9 million hectares, of which 28% is granted for free. The rented land represents 38% of the total UAA, with a higher incidence in the Northern regions (46%), followed by the central regions (36%) and by the southern regions (33%). This increase is the consequence of the significant decrease in the number of farms (-43%), whose owners have preferred to let them available to those farms still active, rather than sell their lands.

Were, mainly, the farms most strong who have appealed for rented lands, considering that nearly 70% of the rented area is concentrated in those farms with an economic size greater than 50,000 euros, while the land rented to those farms with an economic size inferior to 8,000 euros amounts to only 6%.

The northern regions continue to present a more dynamic market situation, with an offer higher than the demand, while rents remain essentially stable, although related to the type of farming practiced. Expensive rents nearby the biogas plants are, indeed, very frequent. Even in the central regions, the situation has remained stable, except for some cases of increase in the average fees, while in the South it continues the process of regularization of contracts, mainly because of the rules imposed by the RDP. However, the South is still characterized by verbal agreements and payments in kind, especially in more marginal areas, thus confirming the structural dualism with the more intensive areas.

More generally, the use of rented lands has been a consequence of the period of uncertainty relating to the implementation of the new CAP. The role and the importance of the outside contractors get stronger, these latter besides optimizing the use of machineries, by combining the services' performance with the processing of own funds, often have drawn up cultivation agreements with those owners who are the beneficiaries of the CAP, with the obligation to respect the principle of conditionality. Furthermore, it is worth pointing out how the definitive ban on government incentives for solar photovoltaic modules located on land in agricul-

tural areas, as required by the Liberalization Decree (D. 1/2012), seems to have halted the race for the rent of land to be allocated to this type of system. Then, the introduction of additional taxes on land and buildings (IMU) has led to a tightening of the negotiations, while the impact of the new provisions by AGEA for the allocation of CAP securities, only in the presence of regular rents, it has remained bound to the actual convenience of the registration of contracts.

Quite different are the variables that affect the expectations for the future of the rental market. With the launch of the new CAP there could be collateral effects for the regionalization of aid, and for the extension of the rights to the entire national agricultural area, which could lead to an increase in rents in those areas where there are no income support or where they are very low. Also other national choices, bound to the new system of multi-level payments (*greening*, special regimes for small farms and young farmers, settlement of “active” farmers), could change the framework of incentives in the rents market, although at the moment it does not seem so feasible a univocal trend.

Credit, investment and risk management

In 2012, there were no significant increases in the amount of loans granted to the agricultural sector, despite a general improvement in the cost of bank financing thanks to the contraction of the reference rates on agricultural credit operations. In the same year, in fact, the amounts allocated to the sector by the banks amounted to 44.21 billion euros, a slight increase over the previous year (+1%); they also were reduced by 0.7% in the first quarter of 2013, dropping to 43.885 billion euros.

If, on the whole, the agricultural sector does not reveal any particular difficulties in access to bank credit, the dynamics between the different types of financing show changes in the structure of credit that highlight the current economic and financial difficulties of the sector. There are, indeed, significant reductions for the financial operations which last more than 18 months (-6.7%), despite a reduction of almost 3 percentage points in the reference rates and contextual increases in short-term receivables. Such trends reflect problems both on the demand and for the supply of financing. On the one hand, the tightening by the banks of the criteria used for the definition of the creditworthiness of companies have, indeed, reduced the access to credit for farmers, especially for the small-sized farms, which are structurally undercapitalized and very widespread in the sector, so that we talk about real rationing of generalized credit (*credit crunch*). On the other hand, the negative outlook of the reference markets for farms have led to a sharp decline in business investments (gross fixed investments in

agriculture have decreased, indeed, by 9.6% in 2012) and, consequently, to a reduction in credit demand of medium-to-long term. At the same time, it is increased the demand for short-term credit in order to meet the growing needs of corporate liquidity. The long-lasting economic crisis and the difficulties by the farmers to pay their debts have resulted, indeed, in an increase of debts of the loans granted to farmers, although they are smaller than those shown by the total number of the productive sectors.

Similar trends are highlighted for subsidized loans: the grants which last more than one year have dropped by 7.7%, while those of short-term have increased by 21.4%, resulting in an overall increase of 3.4% in credit. As a consequence, also the amounts of year-end, for this type of financing, show contrasting trends, -2.7% and +4.5%, respectively, for loans of more than one year and less than one year, thus resulting in an overall contraction of 1.6%, in 2012.

From a territorial point of view, the regions that absorb greater bank credit are those of the North, especially those in the North-East with 33.5% of the total amount; on the contrary, the regions of Central and Southern Italy participate with much smaller percentages, each with approximately 19%. Even for subsidized credit, especially that one exceeding one year, the districts more affected are those of the Central and Southern Italy, which participate with 16.2% and 19.3% respectively; situations which, among other things, have worsened during 2012, as shown by the sharp reductions of amounts in this type of credit (-15.9% and -23.3%, respectively).

It should also be noted that, among the loans granted by the banks, the most significant contractions, in 2012, concern the purchase of rural properties (-54.2%) and the construction of farm buildings (-42.2%).

In a situation of uncertainty, it continues to growth the importance of the tools of risk management: in 2012, the insured value in the facilitated agricultural market increased by 4%, reaching 6.8 million euros.

Technical inputs

One of the most analyzed effect of the economic crisis is the contraction in intermediate consumption, in terms of quantity, while the economic dimension grows (+2.9%) with the increase in prices.

The most significant changes, in the values of consumption, were recorded in the motive power (+9.7%) and in irrigation water (+6.8%). According to FADN data, which allow a microeconomic analysis of consumption, in 2011 (the latest available data), the Italian farms have spent an average of just over 22,000 euros in production factors, that is 22.7% more than in 2010, with increases for all cost

items, except for feed, which fell by 3.3%.

In 2012, the total availability of compound feed, at national level, amounted to 14.4 million tons, down 1.8% compared to 2011. The exports, with 376,300 tons (+2.9%), are estimated at 298 million euros (+10.3%).

The trade balance improved from a year earlier (-431 million euros). Imports, quantified in 540,837 tons (-0.4%), amount to 730 million euros.

2012 was a particularly complicated year for the production of corn, which will affect inevitably the production and, therefore, the feed costs. In fact, partly because of the great drought of summer 2012, aflatoxin B1 has contaminated substantial shares of national maize production, which has remained out of the food chain for human and animal nutrition and it has been partly oriented toward biogas plants in order to produce electricity and heat.

The Italian seed sector is made up of over 15,000 farmers, involved in the cultivation, and it boasts of a capital of about 300 companies. “*Ente Nazionale Sementi Elette*” (ENSE), has reported, for the year 2012, a domestic production of certified seeds amounting to 489,599 tons, among the lowest in the last ten years, despite the increase of 7% over the previous year. Durum wheat, with a five-year lasting downward trend (-14.2%), marks a recovery (+11.4%), and the same trend is experienced by the wheat (+4%). The two cereals represent 58% of the sector of the certified seeds. In 2012, the corn seed has increased by 21.1%; the serious sanitary problems, related to the infection and to the proliferation by aflatoxin B, did not show adverse effects on the seed sector.

Compared to 2011, the seed production of rice has decreased (-5.7%), as it did barley which, in 2012, still showed a slight decrease (-0.9%) over the previous year. Conversely, the production of seed of sugar beet, alfalfa, sunflower seeds and other commercial seeds, has recorded positive annual rates of change. Even the officially controlled surface is increased (+20%) compared to 2011. The 189,000 hectares of land planted with seed, of which 7,597 allocated to the production of organic seed, are mainly devoted to cereal crops (130,000 hectares). As for the import-export of seeds, there is an increase in value of 2.9% in exports, compared to 2011, while there is a slight decrease in imports (-4.7%). The trade balance is nonetheless still passive, for an amount of 59 million euros.

The adverse weather conditions, in 2012, have led to a decline in the consumption of fertilizers and a consequent increase in stocks at producers. In the period 2011/2012 there has been a decline in their use of 1.1 million tons (-5.3%). The downward trend of the sector concerns all of the three main elements. The nitrogen with 713,500 tons has decreased by 0.8% and also the use of phosphorus and potassium has halved in the last five years.

In 2012, the market for crop protection products decreased in value by 3%, over the previous year, falling just below 800 million euros. The products that

most influenced this decline are fungicides (-13%) and fumigants (-23%), while it has increased the use of herbicides (+9%) and insecticides (+2%).

One of the main reason of this reduction in the value of production is ascribable to the climate trend which, on the one hand, has reduced the need in the use of fungicides and, on the other hand, it has delayed the spring sowings and, consequently, the use of herbicides. The volume of turnover, which maintains a growing trend (+1.3%) in the five years, has been supported by the quantities used, which amount to 95,300 tons (+1.6%). Prices decreased by 4.4 percentage points. Herbicides have reached a consumption in value amounting to 279 million euros, with an incidence on the entire sector of 35%. A very high growth is experienced by the insecticides and miticides, while a net reduction is observed for fumigants and nematicides, as well as for the minor products. According to the data released by ISTAT 2011, the greater distribution of crop protection products, in Italy, is concentrated in the North-East and South-Islands¹, amounting respectively to 31% and 37%. The crop protection products used, classified as very toxic, are 5.6%, while those classified as harmful are 25.3%. In the North-East and South-Islands there is a wide-spread quantity of active principles used in organic farming, while the traps are mainly used in the Centre. The domestic market of crop protection products is increasingly threatened by the distribution of counterfeit products or by illegal products. According to AGROFARMA, the illegal trade is estimated at approximately 40 million euros, or 5% of the total turnover of the sector. This is not only an economic loss for producers, but a real risk for the users and for the environment, since they are often products which do not meet safety standards.

Employment

In agriculture, the number of employees has suffered a slight reduction, compared to 2011, but it has affected only women (-0.9%), while men have showed a small positive change. On the whole, the number of employees has remained virtually unchanged and just under 850,000 people, of whom 29% is represented by women. At the regional level, it should be noticed that, unlike other districts, the North-East is characterized by a rather significant increase in employment (+4%), concerning mainly women (+14.8%).

Compared to the total economy, the incidence of employment in agriculture represents only 3.7% (2.6% for women), while two-thirds of the employed are

1. Source: Annual Figures on Technical Inputs, ISTAT 2011

engaged in services and 27.8% in industry. Such values, however, vary considerably between different geographical areas and, in particular, the incidence of agriculture in the South is much higher than the national average value (6.8%).

According to the 6th Agricultural Census, the agricultural farms which are run by women amount to 500,000, or 31% of the total farms surveyed; of these, about 58% is located in the South.

The agricultural female business is still mainly concentrated in smaller companies, with an average size of about 5 hectares (against about 8 hectares of the national average). As for the socio-cultural characteristics, the women, who run an agricultural activity, in 42% of cases, are aged between 40 and 60 years (only 9% has less than 40 years); in 6% of cases they have a bachelor degree (of which, however, only 0.4% in the agricultural sector compared to 1% of males); in 9% of cases it still remains a situation of illiteracy.

Based on the results of the traditional annual survey about the employment of foreign workers in the Italian agriculture, it is noticed a still lasting positive trend, already detected in 2011. In particular, in 2012, there was an increase of approximately 36,000 units in absolute value and of 15% in relative value, which has resulted in an overall amount of foreign workers, employed in the Italian countryside, amounting to just under 269,000 units, with a prevalence in the northern area. This increase is due both to extra-EU workers (143,620 in total, +13% compared to 2011), and to those of the EU countries (125,340 in total) who, however, have recorded a greater percentage change (+18%).

Extra-EU workers are employed mainly in the tree crops and in animal husbandry, while their presence is more modest in the industrial crops and in the horticultural crops. However, their employment in the Italian regions is coherent with the specific territorial characteristics, thus having low values in the livestock sector in the South, and a significant presence in the nurseries located in the north of the country.

It continues to grow the number of extra-EU workers in farm-holidays activities as well as in the processing and marketing of products, with remarkable values mainly in Lazio and Veneto.

Community workers are mostly employed in activities related to the tree crops, especially in Trentino and Puglia for the harvesting of fruit and table grapes. It persists a marked seasonality of labor contracts, with values always higher in the South and Islands, obviously related to the needs of the local agricultural systems, that's to say with the type, the distribution and the work scheduling of the crops and livestock.

As for the legislation, the labor reform has had an impact on the agricultural sector, mainly for the apprenticeship. The Legislative Decree 167/2011 on the apprenticeship has, indeed, deeply altered a type of contract, which was previ-

ously exposed to multiple abuses, defining it as a “permanent job contract aimed at the training and employment of young people”, thus delegating the consequent regulation to the national collective agreements and to the specific inter-branch agreements. Three types of contracts have been identified: one for the qualification and professional diploma, signed with people aged between 15 and 25 years; the second type is professionalizing, including people aged between 18 and 29 years; the third and last type is the contract of high training and research apprenticeship, also this one designed for young people aged between 18 and 29 years.

On 30 July 2012, the social parties have reached an inter-branch agreement for professional apprenticeship in the agricultural sector, thus leaving the regulation of the other two types of contracts to the subsequent national collective negotiation.

In 2012, the social security contributions to the agricultural sector amounted to 3,482 million euros, of which 52% is made up of the contributions payable by employers, 37% from those of the self-employed and 11% from contributions paid by the employees. During the year, the levying of social security contributions recorded an increase of 3% compared to 2011, as a consequence of the positive change of all its components.

Knowledge systems in agriculture

In the next programming cycle of European policies for agriculture, the innovation and knowledge will play a central role and their objectives will support the entire political system. The programming period, which ended in 2013, has been an important probationary period since, on one side, it has allowed to check the inadequate effectiveness of those too limited and focused actions, on the other side, it has developed a national debate between Regions and between Regions and the Ministry of Agriculture, as well as an international comparison between Member States and the European Commission. Regarding the actions triggered in the past programming, the Measure 111 “Training and information” has been activated from all Regions, except for Friuli Venezia Giulia and Valle d’Aosta. Initially budgeted in little more than 100 million euros, over time the total budget has increased, reaching approximately 190 million euros at 31 December 2012. Spending, at the end of 2012, amounted to 60.2 million euros (31.6% of what has been planned).

The counseling system is based on the Measure 114 “Use of advisory services” and on the Measure 115 “Start-up of the farm advisory services, relief and assistance to the management”, which represent additional measures but which can however be implemented separately. The farm advisory system has been funded

with 127 million euros, distributed for 91% on the Measure 114. By the end of 2012, in almost all of the RDPs (except for Sardinia and Umbria), the selection procedures (consultants and beneficiaries) can be considered completed and the framework of the regional advisory system quite defined. The regional systems, which have been instituted, have a total number of 700 experts accredited by the regional registers, providing services to approximately 23,000 entrepreneurs (63% of total beneficiaries).

At last, as regards the Measure 124 “Cooperation for the development of new products, processes and technologies”, despite the difficulties in the implementation, in 2012, the cooperation initiatives for innovation, which have been approved for financing, were 549 with an average of investment per project of 163,823 euros (with a range from 54,000 to 605,000 euros) and 440 payments made.

Tab. 2.1 - Trend in the average land values - 2012

	Altitude classification					Total
	inland mountain	costal mountain	inland hill	costal hill	plain	
Value per hectare in thousands of euro						
North-West	5.5	26.1	24.5	78.5	34.8	25.1
North-East	28.8	-	44.0	32.9	46.7	41.7
Centre	7.9	13.0	13.1	17.5	21.2	13.6
South	6.8	10.0	12.2	17.9	17.8	13.0
Islands	5.9	8.8	7.7	10.6	14.9	9.3
Total	11.3	9.9	15.2	16.0	32.8	20.0
Percentage change 2012/2011						
North-West	1.1	0.4	1.7	0.6	-0.8	-0.2
North-East	-2.1	-	1.1	4.8	0.5	0.1
Centre	0.0	0.0	-1.3	0.0	-0.2	-0.7
South	0.0	0.0	-0.6	-0.1	-0.4	-0.3
Islands	0.7	0.5	0.3	0.1	-0.8	0.0
Total	-1.0	0.2	0.1	0.1	-0.1	-0.1

Data in this table are incompatible with data published in previous volumes of the Italian Agriculture Yearbook, since the land value database is currently undergoing an update

Source: INEA, Banca dati dei valori fondiari

Tab. 2.2 - *Rented farms and rented UAA by class of economic size and type of farming - 2010*

	Farms (n.)	Surface (ha)	% on total farms	% on total UAA
< 4,000 euro	100,399	149,412	12.8	13.5
4 - 8,000	50,595	146,245	21.4	18.4
8 - 25,000	95,322	561,538	32.1	28.1
25 - 50,000	58,345	647,181	45.4	37.7
50 - 100,000	49,150	923,096	55.4	44.8
100 - 500,000	50,584	1,856,906	65.8	49.2
500 - 1000,000	4,979	331,001	69.3	45.0
≥ 1,000,000 euro	3,090	284,942	67.4	42.5
Arable farms	118,594	1,638,043	30.9	33.3
Fruit and vegetable farms	16,102	64,397	42.6	43.4
Permanent crops farms	147,788	624,419	16.6	23.2
Herbivorous farms	73,889	1,949,184	57.1	57.1
Granivorous farms	4,587	91,241	49.0	50.9
Mixed-culture farms	29,417	237,002	27.9	29.8
Mixed livestock farms	2,205	39,525	52.0	48.0
Mixed farms	16,201	233,295	45.5	42.7
Unclassifiable farms	3,681	23,215	15.5	24.3
Total	412,464	4,900,320	25.4	38.1

Source: ISTAT, 6th Agricultural Census, 2010

Tab. 2.3 - Reference rate¹ of agricultural loans by type

(% values)

	Improvement credit	Operating loans	Operating loans ²	
	(over 18 months)		(within 12 months)	(from 12 to 18 months)
January	8.03	7.78	3.83	3.63
February	7.48	7.23	2.78	2.58
March	6.93	6.68	2.43	2.23
April	5.83	5.58	2.08	1.88
May	5.28	5.03	2.58	2.38
June	5.93	5.68	2.53	2.33
July	6.13	5.88	2.98	2.78
August	6.63	6.38	2.53	2.33
September	6.53	6.28	2.28	2.08
October	6.18	5.93	2.03	1.83
November	5.43	5.18	2.03	1.83
December	5.23	4.98	1.88	1.68

¹ Including commission costs: € 1,18 within 12 months; € 0,93 over 12 months

² Monthly averages

Source: processing on ABI figures

Tab. 2.4 - Investments by economic activity - amounts

(million €))

Quarter	Agriculture, Forestry and Fishing		Food industry, beverages and tobacco		Total Agro-food	
	values	% tot. by sector	values	% tot. by sector	values	% tot. by sector
31-12-10	40,872	4.1	30,703	3.1	71,579	7.2
31-12-11	43,790	4.4	32,023	3.2	75,817	7.6
31-12-12	44,210	4.6	31,455	3.3	75,665	7.9
30-03-13	43,885	4.6	31,058	3.3	74,943	7.9

Source: processing of figures from the Statistical Bulletin, Bank of Italy

Tab. 2.5 - Loans to agriculture beyond the short term - amount

(milioni di euro)

	2011	2012	differenze %
North-West	4,844	4,618	-4.7
North-East	4,894	4,555	-6.9
Centre	3,462	3,161	-8.7
South-Islands	2,906	2,690	-7.4
Italy	16,106	15,025	-6.7

Source: processing of figures from the Statistical Bulletin, Bank of Italy

Tab. 2.6 - Loans to investments in agriculture beyond the short term - disbursements

	Construction of rural buildings						Machinery, vehicles, miscellaneous equipment				Purchase of rural properties				Total			
	2011		2012		% change		2011		2012		% change		2011		2012		% change	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
North-West	389	257	-33.9	608	404	-33.6	141	71	-49.6	1,138	730	-35.9						
North-East	388	256	-34.0	665	424	-36.2	210	121	-42.4	1,261	803	-36.3						
Centre	279	123	-55.9	236	160	-32.2	140	36	-74.3	655	321	-51.0						
South-Islands	263	127	-51.7	394	244	-38.1	97	41	-57.7	755	412	-45.4						
Italy	1,318	762	-42.2	1,905	1,233	-35.3	587	269	-54.2	3,810	2,264	-40.6						

Source: processing of figures from the Statistical Bulletin, Bank of Italy

Tab. 2.7 - Loans to investments in agriculture beyond the short term - amount

	Construction of rural buildings						Machinery, vehicles, miscellaneous equipment				Purchase of rural properties				Total			
	2011		2012		% change		2011		2012		% change		2011		2012		% change	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
North-West	2,436	2,231	-8.4	1,702	1,689	-0.8	704	699	-0.7	4,844	4,618	-4.7						
North-East	2,245	1,916	-14.7	1,734	1,738	0.2	916	901	-1.6	4,894	4,555	-6.9						
Centre	2,014	1,578	-21.6	721	900	24.8	727	663	-6.1	3,462	3,161	-8.7						
South-Islands	1,255	1,113	-11.3	1,089	1,080	-0.8	562	497	-11.6	2,906	2,690	-7.4						
Italy	7,950	6,838	-14.0	5,247	5,407	3.0	2,910	2,779	-4.5	16,106	15,025	-6.7						

Source: processing of figures from the Statistical Bulletin, Bank of Italy

Tab. 2.8 - *Workforce and employees by sector of economic activity and geographical area in Italy¹*

	(thousands of units)									
	North-West		North-East		Centre		South-Islands		Italy	
	2012	% change 2012/11	2012	% change 2012/11	2012	% change 2012/11	2012	% change 2012/11	2012	% change 2012/11
Employed:	6,813	-0.4	5,087	-0.1	4,818	0.0	6,180	-0.6	22,899	-0.3
- agriculture	129	-1.8	186	3.9	115	-1.5	419	-1.0	849	-0.2
- industry	2,203	-1.5	1,699	-2.8	1,147	-4.3	1,313	-3.2	6,362	-2.7
- other activities	4,481	0.1	3,202	1.2	3,555	1.5	4,449	0.3	15,688	0.7
People seeking job	593	28.4	363	34.5	507	27.3	1,281	31.0	2,744	30.2
Work force	7,406	1.4	5,450	1.7	5,325	2.1	7,461	3.7	25,642	2.3
Activity rates (%)	53.3	1.0	54.5	1.2	51.6	1.5	42.0	3.6	49.3	1.9
Empolymnt rates (%)	49.0	-0.8	50.9	-0.5	46.6	-0.5	34.8	-0.7	44.0	-0.6
Unemployment rates (%)	8.0	26.6	6.7	32.3	9.5	24.7	17.2	26.3	10.7	27.3
	of which: women									
Employed:	2,945	0.8	2,198	0.5	2,071	1.1	2,244	2.5	9,458	1.2
- agriculture	34	-7.3	51	14.8	32	-11.7	129	-1.3	246	-0.9
- industry	505	0.2	413	-2.8	224	-7.1	169	2.8	1,311	-1.8
- other activities	2,406	1.1	1,735	0.9	1,814	2.4	1,946	2.7	7,901	1.7
People seeking job	299	31.1	183	27.2	256	27.9	537	27.4	1,275	28.3
Work force	2,945	0.8	2,198	0.5	2,071	1.1	2,244	2.5	9,458	1.2
Activity rates (%)	45.1	1.1	46.2	0.8	43.1	1.2	30.1	1.8	39.8	1.3
Empolymnt rates (%)	41.0	0.2	42.6	0.0	38.4	0.2	24.3	0.6	35.1	0.3
Unemployment rates (%)	9.2	2.0	7.7	1.5	11.0	2.1	19.3	3.2	11.9	2.3

¹ The rates are calculated on the population aged 15 and over. The changes are the differences with the rate of the previous year

Source: processing on figures by ISTAT

Tab 2.9 - Indicators of the use of non-EU and EU workers in Italian farming - 2012

	Total agricultural workers ¹		Non-EU workers		Comunitari		Non-EU agricultural workers / Tot. Agricultural workers		Non-EU agricultural working units / Non-EU agricultural workers		EU agricultural workers / Tot. Agricultural workers		EU agricultural working units / EU agricultural workers	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
	n.	n.	n.	n.	n.	%	%	%	%	%	%	%	%	%
NORTH	315,058	50,723	47,612	61,144	42,846	16.1	93.9	19.4	70.1					
Piedmont	55,209	9,800	13,345	10,541	10,541	17.8	136.2	16.6	115.2					
Vallée d'Aosta	2,229	415	665	300	516	18.6	160.2	13.5	171.9					
Liguria	13,331	3,257	2,107	761	508	24.4	64.7	5.7	66.7					
Lombardy	58,085	15,240	16,431	2,910	3,145	26.2	107.8	5.0	108.1					
Veneto	75,004	9,650	6,432	17,960	11,955	12.9	66.7	23.9	66.6					
Trentino- Alto Adige	24,915	2,950	820	15,165	4,311	11.8	27.8	60.9	28.4					
A. P. Bolzano/Bozen	15,928	1,350	420	8,310	2,595	8.5	31.1	52.2	31.2					
A. P. Trento	8,987	1,600	400	6,855	1,716	17.8	25.0	76.3	25.0					
Friuli-Venezia Giulia	10,718	1,308	1,397	2,690	2,721	12.2	106.8	25.1	101.1					
Emilia-Romagna	75,567	8,103	6,415	12,208	9,149	10.7	79.2	16.2	74.9					
CENTRE	115,352	31,897	61,628	10,339	10,847	27.7	193.2	9.0	104.9					
Tuscany	48,287	12,012	17,701	3,169	4,479	24.9	147.4	6.6	141.3					
Marche	16,236	1,490	2,557	610	985	9.2	171.6	3.8	161.6					
Umbria	10,774	2,330	1,740	1,190	965	21.6	74.7	11.0	81.1					
Lazio	40,055	16,065	39,630	5,370	4,418	40.1	246.7	13.4	82.3					
SOUTH	271,102	47,151	41,260	38,060	19,642	17.4	87.5	14.0	51.6					
Abruzzo	14,707	5,250	5,924	750	1,258	35.7	112.8	5.1	167.7					
Molise	7,464	659	453	1,195	644	8.8	68.8	16.0	53.9					
Campania	64,028	10,400	15,166	2,750	2,581	16.2	145.8	4.3	93.9					
Puglia	110,084	14,212	14,595	26,875	11,527	12.9	102.7	24.4	42.9					
Basilicata	14,792	4,382	3,319	2,333	1,442	29.6	75.7	15.8	61.8					
Calabria	60,027	12,248	1,802	4,157	2,190	20.4	14.7	6.9	52.7					
ISLANDS	147,615	13,849	13,350	15,797	8,821	9.4	96.4	10.7	55.8					
Sicily	114,249	13,545	13,170	15,235	8,451	11.9	97.2	13.3	55.5					
Sardinia	33,366	304	180	562	369	0.9	59.2	1.7	65.7					
Italy	849,127	143,620	163,851	125,340	82,156	16.9	114.1	14.8	65.5					

1 Figures from ISTAT

2 Figures from INEA survey

Source: processing on figures INEA, ISTAT

Chapter III

Public Policy in Agriculture

Community policy: the first pillar

In 2013, the negotiations on the multi-annual Financial Framework (MFF) 2014-2020 were completed; their task was to provide financial resources to the EU policy priorities for the next 7 years, as well as allocate resources to the Community Agricultural Policy (CAP). On the first issue, the political agreement between the European Parliament, the Commission and the Council (the so-called “trilogue”) has been reached on the 28th June, 2013.

Two days earlier, indeed, it had been reached the agreement on the reform of the CAP which has been followed, on September 24, by the latest decisions concerning the financial matters which had not been considered by the wider agreement in June, namely: external convergence (definition of national ceilings for direct payments), gradual reduction and *capping*, flexibility between Pillars. Based on the draft regulations, circulated after the final decision, we can draw a pretty accurate picture of what will be the First Pillar of the CAP for the next 7 years programming period (2014-2020). Nonetheless, the delay in the negotiations has postponed of a year the launch of the reform, which will be, thus, applied from 2015.

As for the 2014-2020 financial perspectives, the agreement has assessed a total grant of approximately 959.9 billion euros for the EU-28 and for the entire seven years programming period (constant prices 2011), that is 1% of Gross Domestic Income (GDI). Such decision has been very important since, for the first time, a financial framework has allocated fewer resources than the previous one (-3.4% compared to the period 2007/2013). The section 2 of the multi-annual Financial Framework (Sustainable Growth: natural resources) drops to 373.2 billion euros (-11.3%), in the seven-years period 2014-2020. Its share on the total budget decreases, therefore, from 42.3% in 2007-2013 to 38.9% in 2014-2020. A gross amount of 362.8 billion euros has been allocated to the CAP, of which 277.8

billion for the First Pillar (market measures and direct payments) and 84.9 billion for rural development. These amounts are well below the previous programming period: for the First Pillar, in fact, the loss amounted to 17.5%, while for the Second Pillar it amounted to 11%.

As for direct payments, the amount of resources allocated to Italy amounts to 24 billion euros (-6.5% compared to 2007/2013). Conversely, rural development has showed an increase of 1.4% thanks to the additional targeted funding of 1.5 billion euros, achieved during the negotiations. According to the structure of the initial proposals, the new CAP provides for a system of direct payments, usable by “active farmers”, which in addition to basic payment for the support of income, provides a set of new aid, some of which are mandatory for the Member State (green payment and payment for young farmers) and other optional aid (redistributive payment for the first hectares, payment for areas with natural constraints, coupled payment and a special scheme for small farmers).

As for the other matters relating to direct payments, the agreement of September 24, 2013 ruled that aid exceeding 150,000 euros (net of green payments and, at the discretion of the Member State, of wages and social security contributions, which have been paid and declared in a year) they are subjected to a minimum cut of 5%, which may be increased up to 100%, thus converting the reduction in a *capping* of aid.

In terms of flexibility between Pillars, each Member State may decide to reallocate up to 15% of its funding from a Pillar to another one (from direct payments to rural development and vice versa).

In the single CMO, the main changes concern the wine sector, for which the reform introduces, from 2016, an approval system for the new installations. Nonetheless, it is confirmed the abolition of the sugar quotas, starting from 2017, as well as those relating to the milk quotas, from 2015. The single CMO includes, in addition, those decisions relating to the dairy products included in the “milk package”. The reform is expected to involve all sectors of the Producer Organizations and their associations, as well as the establishment of inter-professional organizations.

Then, the risk management is transferred from the First Pillar (in particular from art. 68 of the Regulation (EC) 73/2009) to the Second Pillar, supporting the measures already foreseen in the specific sectors (fruit and vegetables as well as wine products, for instance) inside the single CMO.

In 2012, the EU budget allocated 147.2 billion euros in commitments and 129.1 billion euros in payments. Payments of execution had amounted to 138.7 billion euros. 44% concerns the Section 1 – *Sustainable growth* – while the Section 2 – *Preservation and management of natural resources* – stood at 42.6%, for a total expenditure of 59.1 billion euros. Regarding this latest expenditure,

44.9 billion euros are ascribable to the First Pillar of the CAP (17.1% of the EU expenditure), while rural development has showed an expenditure of 13.3 billion euros. However, in 2013, 150.9 billion euros have been earmarked for commitments (1.7% more than in 2012) and 132.8 billion euros in payments (-2.2%).

In 2012, as regards the financing of the actions, under the First Pillar of the CAP, EAGF expenditure stood at just under 45 billion euros, thus marking a decrease of 1.8% compared to 2011. The allocations for Italy have amounted to 4.8 billion euros, 10.7% of the European total. The analysis of disbursements, by expenditure item, confirms the rigid structure of the different types of actions in the EU, while a slight deviation has been noted for Italy, compared to that one recorded in 2011. At the EU level, the direct aid showed an incidence of 91% on the total agricultural expenditure, while actions in agricultural markets account for 7.6%. In Italy, instead, the direct aid amounts to 84.2% (an increase from the previous year) and also the expenditures for the actions in agricultural markets are increasing, with an incidence of 15.2%.

The decoupled payments, in the Single Payment Scheme (SPS), have now reached in the EU a share of 84% of the agricultural spending (79% in Italy), an incidence that is expected to grow further as a result of the last step in the implementation of the *Health Check*, which provides for the inclusion of a large number of products in the Single Payment Scheme of the coupled aid (such as rice, protein crops, nuts and seeds).

In the First Pillar of the CAP, the distribution of expenditure by region, in 2012, shows how the northern regions have benefited the most of the subsidies, with more than 51% of the total, followed by the southern regions (34.2%) and then by the central regions (14.3%). In the southern regions, the policies of the First Pillar are carried out primarily through direct aid to income, amounting to 86.7% of the grants allocated; in the central and southern regions, instead, the share addressed to the actions in the agricultural markets exceeds the 20%.

Community policy: the second pillar

In March 2012, the Commission presented the Community Support Framework (CSF), which sets the strategic guidelines to be followed for the implementation of the Second Pillar of the CAP in the 2014-2020 programming period, and subsequently it published the “the Guidelines on the contents of the Partnership Agreement”; these documents will be the reference for the setting of the new phase for all EU Countries. At the national level, the Ministry of Territorial Cohesion, in consultation with the Ministry of Labour and Social Policies and the Ministry of Agriculture, Food and Forestry, announced, at the end of 2012, the

opening session of public debate in order to define the PA (Partnership Agreement) called “Methods and objectives for an efficient employment of the EU funds 2014-2020”. It has been prepared, therefore, the path that will lead to the definition and adoption by the Commission of the agreement for our Country.

The CSF (Community Support Framework) aims to convert EU’s targets into key actions for the funds, so as to indicate a clearer strategic direction for the planning process within the Member States. The Commission has indicated, therefore, a list of eleven thematic objectives in line with the Europe 2020 strategy. The Partnership Agreement has stated, however, the priorities of the Member State and how to employ the funds in order to pursue the Union strategy so as to achieve a smart, sustainable and inclusive growth. The PA defines, furthermore, the objectives to ensure the achievement of the program results in order to allocate the “performance” reserve. This amount, fixed at 6% of total resources, represents an innovation in the community structure. In 2019, the resources saved will be allocated only to programs that have achieved the milestones set for each priority – in terms of financial indicators and achievement – in the respective Partnership Contract and programs. No national strategic plan is longer expected for rural development, while Member States are expected to draw programs of rural development both at national and regional level. In the case where regional programs are adopted, Member States must provide a national framework to facilitate the coordination between regions on issues of national importance.

Furthermore, it will be possible to integrate the RDPs with some thematic sub-programs addressed to specific needs (young and small farmers, mountain areas, short supply chains, women in rural areas, climate change and biodiversity). Member States may present, in duly justified cases, both national and regional programs. Such option will allow, for example, a better management of the measures for the risk management in agriculture (subsidized insurance; mortgage funds and income stabilization) and, more generally, it will provide some measures that fit better to a national programming, rather than to a regional programming.

In Italy, as for the past, the rural development policy will be suited to the regional level and according to the different types of areas, in accordance with the strategic priorities set at the EU level and according to the framework outlined in the PA.

This document identifies, among the strategic options, the revitalization of the inner areas of the country, in addition to adapt the guidelines relevant to the operational programs planned by the future cohesion policy and rural development, according to the national features. These latest are identified considering their distance from the centers which provide basic services, as well as for their strong economic and demographic decline. The national strategy for the inner areas pur-

sues three interrelated objectives, to which the rural development policy should contribute: the safety of the areas (preventing the disastrous effects of natural phenomena such as floods); the promotion of natural and cultural diversity characterizing each area; the boost to economic growth and employment through the use of potential underutilized resources.

Whereas the main elements for the implementation of the new programming period have been set, the analysis of the financial expenditure for the ending period still shows a situation of total delay. The amount, paid in 2012, has amounted to approximately 13.1 billion euros, and it is higher than the figure for 2011 (+11.2%), with more than half of the states (18) which have showed higher payments compared to the previous year, although the values of the variation exceed only in some cases 30% (Bulgaria, Latvia, Malta, Portugal). Payments for each country have achieved roughly 62.2% of the resources allocated. There are 12 countries which have spent less than 60% of the total resources, while there are only 5 countries whose payments have exceeded 78% (Ireland, Luxembourg, Belgium, Austria and Finland). Countries with a well-below average level of expenditure are those which have shown a delay in the implementation of the interventions since the beginning of the programming period (Bulgaria, Romania, Greece and Italy).

The spending (EAFRD) remains concentrated in the first two axes (46% for competitiveness and 32% for the environment and natural resources). The Axis III (diversification and quality of life) and Axis IV (local governance) represent, respectively, 15% and 5%. The measure with the highest levels of spending is that relating to agro-environment payments (24%), followed by the compensation for the disadvantaged areas with approximately 16% (Measures 211 and 212) and then by the investments in agricultural holdings and processing (Measure 121, with 13% of the total). It remains a delay mainly in the implementation of the axes III (48%) and IV (31%) for each Member State. At the national level, in 2012, the funding of the regional programs has been reformulated in order to transfer to Abruzzo and Emilia Romagna new resources to deal with the crisis triggered by the earthquakes of 2009 and 2012.

Such revision will affect the year 2013 for a total amount of almost 50 million euros, of which approximately 43.5 million euros will be allocated to the RDP in Emilia Romagna and a little more than 6 million euros at the RDP in Abruzzo.

Again this year, the Italian Regions, along with the Autonomous Provinces and the Program of the National Rural Network (NRN) have managed to avoid the automatic release of the EAFRD resources (almost 4,700 million euros) which have not been reported within two years from their allocation, as required by the mechanism known as n+2. Such result was achieved thanks to a strong acceleration of the spending in the last quarter of the year and to the close cooperation

between the Ministry of Agriculture, Food and Forestry, AGEA and OPR which have coordinated themselves to improve the efficiency of some procedures. The two autonomous Provinces of Bolzano and Trento have continued their upward trend as in the previous years, exceeding the share of 70% of expenditure against what had been planned by the EAFRD. Good performances were also recorded by the programs in Valle d'Aosta and Lombardy (with an expenditure, respectively, of 67.4% and 62.6%), while most of the other programs has achieved quite 50%. In this context, worthy of note is the progress in the spending achieved by many Regions of the Convergence objective, although it should be noted the delay of Campania and Abruzzo (respectively, 41.4% and 46.1%).

This delay is partly ascribable to the limited progress of those measures for which substantial interventions of public co-financing were expected and on which it has burdened the constraint imposed by the Stability Pact. To this regard, at the beginning of 2013, an important innovation was represented by the decision of the EU Commission to bring Italy out of the infringement procedure for excessive budget deficit. The gradual mitigation of the stiffness imposed by Brussels has, therefore, guaranteed new margins of flexibility, thus allowing to allocate useful resources to the EAFRD expenditure in the final phase of programming. Still in 2013, the implementing Decree of the Deliberation CIPE 82/2012 would trigger an important boost at the spending, which unlocks a series of investments, otherwise frozen due to resource depletion, by reallocating for each RDPs the amounts and percentages of co-financing between State and Regions.

At the end of 2012, by examining the data of the expenditure at the national level, it appears that the agro-environmental policies, those on generational change and those for the structural measures (Axes I and II), have shown a good trend of expenditure, furthermore perfectly in line with the average trend of the EU. The interventions on agricultural diversification (Axis III) and Leader (Axis IV) remain still unresolved, thus experiencing a significant delay in the implementation, at a lower cost than the EU's average.

On the whole, it is confirmed the trend of expenditure already registered at the end of 2011, with a slight reduction of grants for the interventions in Axis II, in favor of those for the Axis I. The expenditure, for the Axis III and IV, remains substantially unchanged and, more than others, their actions undergo many bureaucratic and administrative difficulties, thus representing the first obstacle for those who wish to intervene in the area.

As for the Axis I, the measures which showed a greater spending power were the Measure 112 (settlement of young farmers; 70%), the Measure 121 (modernization of agricultural holdings; 54%), the Measure 124 (cooperation for the development of new products and processes; 53%) and the Measure 123 (increase of the value added of agricultural products; 40%). The Axis II has received most

of the resources and its implementation has caused, therefore, greater impacts in terms of stakeholders involved and of agricultural area involved. Actually, the actions, aimed at improving the environmental sustainability of agricultural farms (Measure 214, for agro-environmental payments), have allowed to sign more than 150,000 contracts, by involving more than 113,000 beneficiaries, including both farms and other local stakeholders, on a surface exceeding 2.5 million of hectares. The Axis II, therefore, continues to represent the axis which concentrates most of the expenditure, both due to the delay in payments concerning commitments of the past programming period, as well as for the more rapid disbursement of payments. At the regional level, the imbalance of spending towards the Axis II has continued to have more incidence in the South and on the Islands, as well as in some northern regions (Piedmont, Valle d'Aosta, Lombardy and the two Autonomous Provinces of Bolzano and Trento).

Under Axis III, the measures which showed a greater spending power were the Measure 311 (42% of expenditure), the Measure 321 (38%), the Measure 323 (35%), the Measure 312 (27%) and the Measure 313 (23%). At the end of 2012, more than 4,100 projects were funded throughout the country for the diversification of agricultural activities (Measure 311), for a total public expenditure of over 245 million euros. In particular, the measure has boosted the creation and development of more than 2,500 tourist activities in rural areas (61% of approved projects and 70% of total public expenditure), the creation and development of 1,300 projects for the production of renewable energy (32% of projects and 19% of expenditure) and about 280 projects for the development of craft, trade and specialized service (the remaining 7% of projects and 10% of expenditure).

The Axis IV shows a very low level of implementation, so that the realized expenditure represents only 2.2% of the total expenditure for all RDPs. The main issues which have hindered the efficient and effective implementation of the axis are represented by the complexity of the procedures, the ongoing evolution of the legal framework, planned amounts of expenditure which are lower than the local needs, along with an overlap, in the same local context, of the strategy with other means which support similar actions.

National policy

The deep financial crisis that has hit our country, in 2012, has affected also the national agricultural policy, characterized by measures aimed essentially at reducing public expenditure in agriculture and with a minor incidence compared to the needs of the sector, for the purpose of its competitive re-launch. In this context, it is understandable how the few actions in the agricultural policy,

during 2012, have focused mainly on regulatory simplification and, in many cases, they have been made through draft bills which did not become effective during the legislature, which, instead, was interrupted, as known, in the early months of 2013.

The few interventions with impact on the agro-food sector launched by the Monti Government can be summarized in the following Legislative Decrees: “liberalization”, “simplification”, “spending review” and “development”. At the end of the year, indeed, the Stability law (L. 228/2012) has further exacerbated the cuts to the sector, through measure aimed at reducing the support in the provision of agricultural diesel with facilitated excise.

As for the “liberalization” Decree, the most relevant rules mainly concern the regulation of trade relations regarding the sale of agricultural products and agro-food products (art. 62); the re-launch of the supply chain contracts and district contracts in the agro-food sector (art. 63); support measures to facilitate the access to credit, in accordance with the implementation of a specific community decision establishing the “Fund credit” (art. 64); the abolition of the incentives for PV systems on the ground in agricultural land (art. 65); the sale of state-owned lands (art. 66). On June 30th, 2013, the implementation of such measures has been very diversified. With regard to the “simplification” Decree, the predictions of an administrative simplification for businesses have turned out to be optimistic, mainly because fulfilments have remained often unrealized, mainly due to the concurrence of jurisdiction with Regions. Even the planned simplification of AGEA procedures has suffered long delays, due to the complex situation of the agency which, for the umpteenth time, has been supervised by an Acting President, in June 2012. Furthermore, with the Decree on the “spending review”, the agricultural administration was further reduced and reformed, and with the “development” Decree the attempt to move from a phase of strictness to that of the revival in investments has been hampered by the resources allocated to the agricultural sector which were really scarce.

The allocations for 2012 on the budget of the Ministry of Agriculture, Food and Forestry amounted to 1,511 million euros which, net of reallocations of funds affected by administrative forfeiture, have decreased to 1,247 million euros, a drop of 14% compared to 2011. As a result of the measures to contain public expenditure, the funds have been cut for about 178 million euros, unlike the original programming 2011-2013.

Thereby, the operating expenses – amounting to 672 million euros, thus accounting for 44% of the total – have been reduced by about 163 million euros compared to 2011, mainly due to the cut of the funds to the former UNIRE, which dropped from 132 to 39 million euros. As in the past, most of these expenses has been absorbed by the State Forestry Corps, with a cost of 501 million euros,

while the allocations for the agricultural administration amounted to 170.8 million euros. Also in 2012, most of the ministerial allocations was strongly bound, thus strengthening the well-established trend in the last decade. As for the grants to the Regions (administrative federalism and genetic improvement of livestock), they had amounted to approximately 32.4 million euros (9 less than in 2011). The allocations for the payments of the previous loans were approximately 39 million euros, and they were mainly related to loans taken for interventions in the agro-industrial sector.

As for the agricultural policies, most of the allocations, 122 million euros, has been earmarked to infrastructural investments, 87 million euros of whom relate to the National Irrigation Plan, with a sharp reduction from 2008 to now, despite the hydrogeological emergency threatens much of the Italian territory. As for the management aid, including mainly the contributions to agricultural insurance policies (Legislative Decree 102/2004), there has been a slight reduction of allocations over the previous year. The funds allocated to research and experimentation totaled 127.4 million euros, an amount almost equal to those of 2010 and 2011, and which have already been reported as the lowest grants since 2004; about 71% of such funds, furthermore, is for the salaries of the staff of the research institutions supervised by the Ministry of Agriculture, Food and Forestry, instead of being allocated for planning. The ministerial budget has earmarked respectively 32.6 and 30.5 million euros to the acquisition of goods and services for agriculture and to the business investments, even them affected by the measures of spending restraint, while the fishing industry has absorbed 4.2% of the 2012 budget (63.3 million euros), essentially in line with the allocations of the previous year.

In 2012, payments amounted to 1,271 million euros, roughly 338 million euros less than in 2011. The reduction is partly ascribable to the lower available funds, but also to an operational difficulty by the Ministry. The spending power of the Ministry, defined as the ratio between allocations and payments, has amounted to around 84% in 2012, being, therefore, significantly lower than the previous year, when the volume of payments had even exceeded that of the allocations.

Over the past two years, the Ministry's budget has exacerbated all the limitations encountered in the previous years, starting with the strong tendency to concentrate the spending in a few sectors: more than 82% of allocations covers only three areas: infrastructure, insurance policies and research. If you also consider that, in 2013, no prevision of allocations for the financing of the Law 499/99 has been envisaged (the main and most flexible available tool to the Ministry, which would allow a discretionary intervention and programming) and, considering also, that in the 2007-2013 EU programming there are no resources, allocated to the central authority, for active agricultural actions, it is worthwhile to reflect

on the lack of capacity by the state to intervene in agriculture and, therefore, on the limitations arising from the division of powers dictated by Title V of the Constitution. The inspection carried out on the State aid, implemented in 2012, shows that 8 interventions have been realized to offset the damage caused by natural disasters, by adverse weather conditions, by diseases suffered by animals and plants and for payments of insurance premiums; six schemes have been implemented as part of the technical assistance, 5 have focused on investments in agricultural holding, 2 have concerned product advertising and 2 have focused on guarantees and protection of the environment. Among the authorized interventions, there are 8 aid, in the forestry sector, which are worthy of note for the entity and the amounts allocated, concerning the forestry measures of the RDPs, while for the great incidence, mainly in terms of resources allocated, it should be highlighted the scheme in support of the territories in Emilia Romagna, Lombardy and Veneto, which have suffered the earthquakes of 20 and 29 May 2012. If we consider the geographical distribution of the aid allocated in 2012, we realize that 84.5% of the resources has concerned national measures, while only the remaining 14.5% originates from measures implemented by the Regions. Public resources, paid during the year, amounted to approximately 34.2 million euros, to which it must be added the huge allocations notified to help people affected by the earthquake in May 2012, still unspent during the year in question. The most widely used instrument is still the direct aid: if we consider the 21 schemes implemented, only 5 schemes use different means of interventions and, in particular, guarantees, interests, low-interest loans, tax credits, subsidized services. The aid scheme covers all forms and means of interventions mentioned, in order to solve the damage of the earthquake. The total amount of public resources, paid in the agricultural sector as State aid, including amounts related to schemes set up in previous years, and still in force, in 2012, it has dropped to 759.1 million euros, compared to 2011.

Regional policies

The analysis of the legislation produced at regional level, for 2012, is characterized by some basic features: first of all, the national economic and financial emergency which affected all national regulatory interventions, and secondly, the costs of the policy that many regions have tried to handle through some cuts and rationalization process which, in many cases, have led to a reorganization both institutional and sectorial. The economic and financial crisis has exacerbated some long-lasting trends, resulting in deep changes both in the decision-making power and in the process of elaboration of public policies, thus requiring new proce-

dures for ex-ante coordination along with strict constraints on public finance and economic policies. Furthermore, the growing urgency of the national legislation has imposed to the Regions some adaptation measures and many financial and cost restraints, which must be respected in a very short time. It's worth pointing out some of the Decrees adopted, such as: "Save Italy" (201/2011), "Spending review" (95/2011), "cut of the expenses" (174/2012) along with the reorganization of the provinces and the establishment of the metropolitan cities (188/2012), then decayed. In such a context, the issue of allocation of tax powers between State and Regions has markedly re-emerged, since it is still in an embryonic phase.

Data on legislative production vary widely from Region to Region, since there are differences which testify the presence of specific and different political and institutional situations. By analyzing the overall legislation production, it appears that, in 2012, Regions have enacted 103 laws, which relate, more or less directly, the agro-food system. If we compare this figure to the previous years (98 laws in 2011, 43 in 2010, 87 in 2009, 96 in 2008), it is confirmed the trend toward the "stabilization" of the legislative production activity, along with the constant use by the regional legislator of the "deregulation" as a tool to unburden the regional legislation.

During the year, most of the Regions has continued to experience a support policy for quality products, which characterize their territory, and measures to boost agricultural holdings. As for the promotion of local and quality products, we should notice the policies carried out by some local administrations, such as: Abruzzo, Lazio, Puglia, Sicily, Friuli-Venezia-Giulia, Calabria and Tuscany. As part of a more efficient supply chain logic, it's worthy pointing out the following experiences: Emilia Romagna with the "District of the processing tomato in Northern Italy" about the pig and pear productions; Marche for the recognition and the establishment of quality rural districts and agro-food districts; the district of pork of Brescia; the super consortium in Emilia; Lombardy for the network of agricultural consortia of Bergamo, Como-Lecco-Sondrio and Pavia; and Liguria for the short supply chain. As for the offer of the holiday farms and the regional tourist supply, it's worth pointing out that the measures adopted in Veneto for the fishing tourism have also regulated the same sectors in the Autonomous Province of Trento, Umbria and Abruzzo.

In terms of agro-forestry production, it should be noticed the Marche region for the promotion of beekeeping; Puglia for the promotion of regional livestock; Calabria for the principles on the sustainable forestry management; Puglia and Sicily for the forestry sector; Puglia for the establishment of the educational woods; then Tuscany and Molise for the recovery of fallow land.

In this particularly complex economic context, which has characterized this year, some Regions have introduced and renewed "anti-crisis" actions in favor of

agricultural holdings. In particular, Calabria and Emilia Romagna have focused their efforts in order to facilitate the access to credit. Emilia Romagna has undertaken important measures for those agricultural and agro-industrial farms located in the areas of the seismic “crater” by granting subsidies to the agricultural holdings in order to finance the purchase of equipment, machinery, agricultural facilities which have been destroyed or damaged by the earthquake occurred in May 2012. Emilia Romagna has also implemented important measures for those farms which, in 2011, have put in place the mandatory requirements for the prevention and fighting of the *sharka virus*, which affects some types of fruit trees, and against the bacterial disease affecting kiwi.

Many Regions aim to reorganize and streamline the regional institutional and administrative system, through the reform of the agricultural entities, and they are: Tuscany, with the conversion of the “*Azienda regionale Agricola di Alberese*” into “*Terre regionali toscane*”, in addition to the revision of the rules relating to the Service of Regional Plant Protection; Campania, which has simplified the administrative burden in agriculture through the discipline of the authorized agricultural assistance centers; Calabria, which has established the Regional Agency for the development of agriculture in Campania; Veneto, which has launched a reorganization of the agricultural entities (such as *Veneto Agricoltura* and *AVEPA*); and Marche, which has provided for the reorganization of the Agency for the services in the agro-food sector.

The restraint of public expenditure is one of the main principles of the reorganization process by the consortia of land reclamation, which continues with the aim of reducing the districts even through the merger of several consortia. In such direction, it's worth pointing out the actions taken by Tuscany, Puglia, Emilia Romagna and Abruzzo.

In line with the overall financial performance, even the grants by the Regions to the agricultural sector show a long-term trend in contraction. The allocations have dropped from 4,814 million euros in 2010 to 4,254 million euros in 2011 (-11.6%). The dynamic of the supply in spending, subjected to the accounting rules, has showed, however, an opposite trend by increasing from 3,110 to 3,299 million euros (+6.1%). In 2011, the regional spending has accounted for 12.5% of the average value added in the sector. At the regional level, the spending channeled through regional budgets is substantially stable in the North, while it is markedly decreasing in the Centre and in the South, except for Sicily. As for the nature of the Statute, the ordinary statute Regions show a sharp drop in grants, while it grows visibly the spending in the Regions with a special statute, thanks to the contributions of the Autonomous Province of Bolzano, Valle d'Aosta and, mainly, Sicily. The incidence of expenditure on the regional value added still shows the ordinary statute Regions penalized compared to the Regions with a

special statute. The commitment capacity of the Regions is generally high, above 70%, with higher percentage values in the northern regions and in the Regions with a special statute located in the North. If the general trend is oriented towards a reduction in the expenditure disbursed, the analysis, at the regional level, allows, however, to identify some regions where there has been a relative growth compared to 2010: among the regions with a special statute, it's worth noting Valle d'Aosta (+104%), Sicily (+42%), Bolzano (+29%) and Sardinia (+4%); among the ordinary statute regions, Puglia (+141%), Marche (+34%), Veneto (+14%) and Emilia Romagna (+7%).

On the contrary, in most of the Italian regions the spending on agriculture tends to decline, compared to 2010; this situation is depicted in most of the ordinary statute regions: Umbria (-49%), Tuscany (-35%), Piedmont (-31%), Calabria (-22%), Basilicata (-20%), Liguria (-15%), Lazio (-8%), Molise (-7%), Lombardy (-5%), Campania (-3%), Abruzzo (-1%) and in some regions with a special statute, such as: Friuli Venezia Giulia (-19%) and the Autonomous Province of Trento (-17%).

Then, if we examine the support considering the different items of expenditure, at a national average level, there is an inclination to prioritize interventions for forestry activities (21.7%) along with those in support of business management (22%), although they both are declining compared to 2010. These expenditure items, along with the measures that finance the system of the development services in agriculture, cover more than two-thirds of the regional spending. The subsidy to business investments (10.7%) and to the regional infrastructure investments (9.1%) are, however, more low. Each regional reality is, however, very varied.

Fiscal policy

In the period 2008-2012, the social security contributions represent the main component of the public levy in agriculture (63%), with an increase of 3% in the last year considered. Besides the social security contributions, the indirect taxes represent on average, 16% of the total, with a significant increase (+46%) compared to 2011, due to the introduction of the IMU (Italian property tax). Furthermore, the direct taxes amount to 14%, with a significant reduction (-15%), due also to the deduction of dominical income from the taxable income tax (IRPEF). The public levy, in relation to the value added, increases by about 1%, between 2011 and 2012, and it occurs the same at the ratio between taxes and the value added in the sector.

The exacerbation of the tax burden fails to counterbalance the gap between

the share of the value added absorbed by the public levy in agriculture as well as that one in the other productive sectors, due to the presence of the tax breaks. In particular, in the period 2011/2012, the subsidies have decreased by 1%, mainly due to the drop of tax benefits relating to the social security contributions (-9%) as well as to the direct taxes (-10%), partially offset by the increase in benefits related to indirect taxes (+15%).

The decrease in tax benefits, relating to the social security contributions, is ascribable to the increase in the contribution rate paid by the self-employed workers and by employers, occurred in 2012, which has reduced the difference between the levy in agriculture and in the other sectors. Conversely, the reduction in tax benefits, related to the direct taxes, is a consequence of the drop of income tax, due to the drop in real income which is ascribable to the individual agricultural farms, thus reducing the discrepancy between the amount of tax paid by the sector and what would have been paid in the absence of incentives. At last, the increase in the benefits relating to indirect taxes concerns, mainly, the tax on mineral oils, due to the average increase applied to the normal excise on diesel fuel, which led to an increased distance between agriculture and the other productive sectors.

At the national level, the distribution of public levy shows that, in 2007/2011, 45% of the revenue is ascribable to the northern regions, 41% to the southern regions and 14% to the central regions. The data analysis also shows that taxes and social security contributions undergo an increase of 2% in the southern regions, while a reduction in the central regions (2.2%) and in the northern regions (-1.8% North-West, -0.9% North-East), is mainly ascribable to the decrease in the contributory levy.

The territorial dynamics of the public levy affect the tax burden at the regional level and it is particularly high in some northern regions, such as Friuli Venezia Giulia (26%), Piedmont (21%), Emilia Romagna (20%) and Veneto (20%), in some central regions, such as Marche (24%) and in some southern regions, such as Puglia (26%) and Calabria (24%). Nonetheless, the share of the value added absorbed by the public levy in the southern regions seems to be similar to the share of the northern regions, which is approximately 18% over the period considered.

Conversely, the values of the tax burden, over the period considered, are on average higher in the northern regions and, mainly, in Friuli Venezia Giulia (11%), Veneto (9%), Emilia Romagna (8%) and Piedmont (8%). The ratio between the tax and the value added is, indeed, more modest in the southern regions and, among these, in particular, in Calabria (3%) and in Campania (3%).

The territorial incidence of the tax levy, firstly, depends on the different characteristics of the agricultural economic operators and, secondly, it depends on the fiscal policy implemented by the decentralized entities. The local fiscal policy

focuses mainly on local taxes such as ICI/IMU, IRAP, and on the additional regional and municipal taxes of the IRPEF which, on the whole, defines the local financial autonomy. During the period analyzed, the regions with greater financial autonomy are those where the local tax burden is higher than the national average (2.3%); among these regions it stands Liguria, Veneto, Piedmont and Emilia Romagna, while on the opposite side there are mainly southern regions, such as Sicily, Campania and Calabria. What has been depicted is mainly ascribable to the type of taxation on which it depends the financial autonomy that, for the northern regions, is attributable to the municipality property taxes, while, for the southern territorial realities, it is mainly related to IRAP.

The framework of responsibilities and consolidated public support

In 2012, Italian farmers have received from public authorities just over 14 billion euros – including both money transfers and tax breaks – compared to 14.8 billion euros in 2011, with a variance amounting to 780.4 million euros (-7.9%), essentially due to the decrease in the wire transfers. While the money transfers to agricultural policy have considerably decreased, due to the maneuvers of spending restraint implemented at all levels, the facilitated schemes for farmers, despite have undergone changes in their composition, have recorded only a slight reduction in quantitative terms. As a consequence of such trends, the money transfers have reduced their percentage weight on the funded to a share of 75%, while tax breaks represent the remainder, with almost a percentage point higher than in 2011.

The value of the public aid to the primary sector amounted to 52.1% of the value added of agriculture and forestry, with a sharp decrease over the previous year (55.3%); similarly, the incidence of the support to the production has decreased (27.5% in 2012, compared to 29.5% in 2011). The downsizing of the support, with respect to the macro-aggregates in the sectors, should be considered carefully, especially in this difficult economic situation both at the sectorial level, and in the broader context of the general economic crisis.

Also in 2012, the structure of the funded confirms the prevalence of the EU intervention which, with almost 7.2 billion euros, represents 50.9% of the total support, while the national, central and regional policies cover just 24.1% of the total support. As for the tax breaks, their estimate, for the year 2012, amounts to 3.5 billion euros, or 25% of the funded; the main item is represented by the tax advantages on social security and by the contribution relief (8.9%), followed by the tax breaks on the manufacture of fuels (7.6%) and by the benefits on the IRPEF (4.9%).

Considering the source of the support, while the tax advantages have an exclusively national nature, since they are decided and implemented at national/regional level, the money transfers do originate by the European balance for more than a half, while the national funds (both national and regional ones) represent the remaining 47.5% (5 billion euros). If we consider only the money transfers, the incidence of the EU is accentuated when it allocates the funds per decision-making center: in 2012, the allocation of 67.9% of subsidies has been actually decided by the EU, while the national authorities have had the chance to decide only for the remaining 32.1%.

By analyzing the support per type of intervention and per cost center (EU, State, Region), it is still confirmed the incidence of the EU presence, which covers 52% of the total number of interventions, with the single payment that alone accounts for 22.3% of the total, and with the sectorial aid that places itself at 8.5%. National policies ensure 28.9% of the support, and it is quite completely covered by the tax breaks (25%). Regional policies, which cover the remaining 20.1%, are focused mainly on infrastructures (7.3%), business investments (2.8%) and in services development (2.5%). Furthermore, the analysis for each type of intervention highlights that the most significant items are represented by the tax breaks in tax and social security contributions and, again, by the single payment of the First Pillar of the CAP. Then, they are followed by infrastructures, sectorial aid and business investments. As it is sadly well-known, expenses for research represent the tail lamp, thus amounting to just 1.8% of the total.

The analysis by territorial distribution of the support (updated to 2011) shows important differences between the different territorial districts. In particular, the money transfers have a rather significant incidence in the Islands (84%) while, conversely, the North-East is characterized by a value which is well below the average (70.5%); therefore, the tax breaks have a less weight compared to the average in the Islands (16%) and sharply superior in the North-East (29.7%).

Even the incidence of the different money transfers shows a substantial gap at the local level; those which have been allocated by the EU are clearly above the average in the central Regions, while in the Islands they are substantially well-below. Conversely, the money transfers originated by the regional policies double in the Islands, while they are particularly low in the Centre. At last, as for the money transfers by national policies, it should be noticed how their incidence is lower in the Islands and more accentuated in the Centre and North-East.

Tab. 3.1 - Scheme for the new system of direct payments for the programming period 2014-2020

Payment		Price ceiling (2019)		Kind of payment	Beneficiaries
		%	Thousands of euro		
Basic payment	Mandatory	Max 68% ¹	2,518,949	€/hectare	Active farmers who make application in 2015 and who received aid for 2013, or who did not receive aid but, in 2013, have produced fruit and vegetables, potatoes, vineyards, or who received aid from the reserve in 2014, or who have never owned titles of payment and who show evidence that, at a certain date, they have carried out an agricultural activity
Green payment	Mandatory	30%	1,111,301	€/hectare	Who is entitled to the basic payment and observes specific healthy practices for the environment and climate
Payment to young farmers	Mandatory	Max 2%	Max 74,087	€/hectare or €/farm	Who is entitled to the basic payment and who, during the application year, has less than 40 years and who runs the farm as a leader for the first time
Re-distributive payment for the first hectares	Discretionary	Max 30%	Max 1,111,301	€/hectare	All farms that for the first hectares (threshold chosen by the Member States) are entitled to get the basic payment
Payment for areas with natural constraints	Discretionary	Max 5%	Max 185,217	€/hectare	Farms or part of farms located in areas with natural constraints and which are entitled to get the basic payment
Coupled payment	Discretionary	Max 13% +2% (Italia)	Max 555,651	€/hectare or €/leader or €/100 kilos	Farms in the sectors targeted by the measure, provided that they are active farmers
Scheme for small farmers	Discretionary	Max 10%	The system is self-financing	€/hectare or €/farm	Who is entitled to get the basic payment and who apply for the scheme of small farmers

¹ In the case that the ceiling for the young is equal to 2%

Tab. 3.2 - Distribution of EAGF funds in the EU and Italy for expenditure item

	Total UE				Italy				Italy/EU	
	millions of euro		%		millions of euro		%		%	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Administrative Expenses	8.4	8.0	0.0	0.0	-	-	-	-	-	-
Cereals	-156.2	41.9	-	0.1	-48.6	0.0	-	0.0	-	0.0
Rice	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Restitutions of products not included in Annex I	12.7	9.1	0.0	0.0	3.2	2.5	0.1	0.1	24.8	27.8
Programmi alimentari	515.0	515.1	1.2	1.1	105.7	99.2	2.2	2.1	20.5	19.3
Sugar	2.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3	-
Olive oil	44.2	55.3	0.1	0.1	34.4	34.4	0.7	0.7	78.0	62.2
Textile plants and Silkworm	30.3	25.2	0.1	0.1	-	-	-	-	-	-
Fruit and Vegetables	1,127.9	1,071.2	2.6	2.4	247.0	226.6	5.1	4.7	21.9	21.2
Wine Products	1,104.3	1,072.0	2.5	2.4	356.5	334.0	7.3	6.9	32.3	31.2
Promotion	47.3	48.7	0.1	0.1	9.4	8.9	0.2	0.2	20.0	18.3
Other vegetable products and measures	367.5	328.9	0.8	0.7	29.9	31.8	0.6	0.7	8.1	9.7
Dairy products	5.1	67.0	0.0	0.1	-44.5	-18.2	-	-	-	-
Beef	55.6	37.3	0.1	0.1	4.4	1.5	0.1	0.0	7.9	4.1
Pig meat, eggs, poultry, bee-keeping and other animal products	188.3	134.4	0.4	0.3	15.5	11.1	0.3	0.2	8.2	8.2
Interventions in agricultural markets	3,344.1	3,406.0	7.6	7.6	712.8	731.8	14.7	15.2	21.3	21.5
Decoupled direct aid	36,830.4	37,665.5	83.4	84.0	3,679.2	3,802.7	75.8	79.0	10.0	10.1
Other direct aid ¹	3,347.0	3,213.9	7.6	7.2	358.6	253.0	7.4	5.3	10.7	7.9
Return modulation	0.6	0.6	0.0	0.0	0.1	-0.1	0.0	-	22.0	-
Direct aid	40,178.0	40,880.0	91.0	91.1	4,038.0	4,055.6	83.2	84.2	10.1	9.9
Rural development	-6.6	-2.8	0.0	0.0	-4.7	-2.5	-0.1	-0.1	71.2	88.8
Audit agricultural expenditure	76.4	110.4	0.2	0.2	60.4	2.0	1.2	0.0	79.1	1.8
Strategic support and coordination	25.1	45.1	0.1	0.1	-	-	-	-	-	-
Maritime matters and Fisheries	30.0	30.5	0.1	0.1	-	-	-	-	-	-
Administrative costs related to veterinary costs	2.2	2.6	0.0	0.0	-	-	-	-	-	-
Public Health	-	-	-	-	-	-	-	-	-	-
Food safety, health, welfare and health of animals and plants	312.4	265.8	0.7	0.6	-	-	-	-	-	-
Total EAGF	43,970.1	44,745.6	99.6	99.8	4,806.5	4,787.0	99.0	99.4	10.9	10.7
Sugar's restructuring fund	187.9	109.7	0.4	0.2	46.1	26.9	1.0	0.6	24.5	24.5
Pilot projects	2.5	-	-	-	-	-	-	-	-	-
Total expenditure	44,160.5	44,855.3	100.0	100.0	4,852.6	4,813.9	100.0	100.0	11.0	10.7

¹ Direct aid other than those of the decoupled single payment scheme

Source: processing on the European Commission data

Tab. 3.3 - Italy - Application of art. 68, Reg. (EC) n. 73/2009 - 2012

Sectors involved	Plafond (euro)	Theoretical annual additional payment	Quantity eligible for payment	Annual additional payable payment	Deifference between theoretical payment and payable payment
Beef					
LG primiparous cows		200 euro/head	29,743 heads	162,82 euro/head	-19%
LG pluriparous cows	24,000,000	150 euro/head	151,383 heads	122,11 euro/head	-19%
dual purpose cows		60 euro/head	13,730 heads	48,84 euro/head	-19%
slaughter/labelling	27,250,000	50 euro/head	644,899 heads	40,46 euro/head	-19%
PGI slaughter		90 euro/head	15,878 heads	72,83 euro/head	-19%
Sheep and goat meat					
purchase of rams		300 euro/head	352 heads	247.89 euro/head	-17%
possession of rams	10,000,000	70 euro/head	6,287 heads	57.84 euro/head	-17%
slaughter		15 euro/head	467,662 heads	12.39 euro/head	-17%
extensification		10 euro/head	454,088 heads	8.26 euro/head	-17%
Olive oil	9,000,000	1 euro/kg	37,856,151.33 kg	0.2377 euro/kg	-76%
Milk	40,000,000	15 euro/t	7,942,990.713 t	5.0358 euro/t	-66%
Tobacco					
generic	20,500,000	2 euro/kg	49,262,758 kg	0.4161 euro/kg	-79%
Kentucky	48,249	4 euro/kg	752,149 kg	1.2653 euro/kg	-68%
home grown		2.5 euro/kg	61,013 kg	0.7908 euro/kg	-68%
Sugar	19,700,000	400 euro/ha	51,051.86 ha	385.88 euro/ha	-4%
Danaee racemosa	1,500,000	15,000 euro/ha	213.78 ha	7,016.55 euro/ha	-53%
Rotation	99,000,000	100 euro/ha	975,389.40 ha	100 euro/ha	-
Insurance premium payment contribution	70,000,000	max 65%	134,716,287.25 euro	65%	-

Source: processing on AGEA data (ACIU.2013.701)

Tab. 3.4 - Payments by AGEA and by regional paying agencies for the First Pillar of the CAP per region - 2011

(millions of euro)

	Interventions in agricultural markets						Direct Aid					Total 1 st Pillar
	Food programs	Wine	Fruit and vegetables	Other	Tot. Interventions	Decoupled direct aid (RPU)	Specific support (art. 68)	Other direct aid	Tot. Direct aid			
Piedmont	6	22	5	5	38	311	43	7	361		399	
Valle d'Aosta	1	0	0	0	1	2	0	0	2		3	
Lombardy	25	15	18	4	62	420	36	3	459		522	
Trentino-Alto Adige	5	12	43	0	59	22	32	1	54		114	
Veneto	9	81	12	5	106	315	39	1	355		461	
Friuli-Venezia Giulia	1	10	0	2	14	50	4	0	54		67	
Liguria	0	0	0	1	1	4	1	0	6		6	
Emilia-Romagna	2	45	102	19	169	406	56	4	466		635	
Tuscany	0	32	1	5	38	158	21	3	182		220	
Umbria	0	6	0	2	8	60	11	0	71		80	
Marche	0	8	1	18	27	101	14	0	116		142	
Lazio	10	8	9	28	55	105	8	1	114		169	
Abruzzo	0	15	2	0	17	45	3	0	49		66	
Molise	7	2	1	0	10	35	2	0	38		48	
Campania	12	6	13	0	31	106	10	1	118		149	
Puglia	5	28	5	4	43	372	20	2	394		436	
Basilicata	0	0	3	0	4	77	9	1	87		91	
Calabria	0	3	10	3	16	220	4	4	229		245	
Sicily	1	52	12	1	65	207	19	3	229		294	
Sardinia	0	6	1	0	8	113	10	2	125		133	
Italy	85	351	239	96	772	3,130	342	35	3,507		4,279	
Not allocable share	-	-	-	-	-	-	-	-	-		50	
Related expenditure	-	-	-	-	-	-	-	-	-		170	
Total	-	-	-	-	-	-	-	-	-		4,499	

Source: INEA database on public spending in agriculture

Tab. 3.5 - The Common strategic framework for the EU funds 2014-2020

Europe 2020	Qcs (thematic objectives)	Funds involved	EAFRD key actions
Smart growth	1- Strengthen Research, technological development and innovation		<ul style="list-style-type: none"> - Strengthen the links between Research and Innovation (operating groups) - Stimulate the innovation and knowledge in rural areas (cooperation and advisory services)
	2 - Improve access to information and communication, their use and quality		<ul style="list-style-type: none"> - Improve the accessibility, use and quality of ITC in rural areas (broadband, services based on ITC, digital skills)
	3 - Promote the competitiveness of small and medium-sized farms, along with agriculture, fisheries and aquaculture		<ul style="list-style-type: none"> - Generational renewal in agriculture - Restructuring of farms with serious structural problems - Integration in the agro-food chain - Risk management at the farm level
Sustainable growth	4 - Support the transition towards a low-carbon economy in all sectors	Complementary action of the ERDF, EAFRD and EMFF (objectives 3, 4 and 6)	<ul style="list-style-type: none"> - Promote the supply and use of renewable energy sources (farms and rural areas) - Improve the efficiency in the use of energy (agro-food) - The promotion of carbon sequestration and emission reduction (agriculture and forestry) - Reduction of emissions of methane and nitrous oxide from agriculture
	5 - Promote the adaptation to climate change, prevention and risk management		<ul style="list-style-type: none"> - Sustainable water management - Improve the potential for adaptation to climate change and disease (crops and animals) - Better management of soils
	6 - Protect the environment and promote the efficient use of resources		<ul style="list-style-type: none"> - Improve the quality of water and soil - Increase the efficiency in the use of water in agriculture - Maintain and enhance biodiversity
	7 - Promote sustainable transport by avoiding the bottlenecks in the main network infrastructures	ERDF	
	8 - Promote sustainable and quality employment and support the mobility of workers	Objectives pursued mainly by the ESF	<ul style="list-style-type: none"> - Encourage the diversification and the creation of new small farms and employment (in rural areas)
Inclusive growth	9 - Promote social inclusion, thus fighting poverty and all forms of discrimination	Complementary action of the ERDF, EAFRD and EMFF	<ul style="list-style-type: none"> - Stimulate local development in rural areas (leader, rural infrastructures, basic services, quality of life and attractiveness)
	10 - Invest in education, training and vocational training for skills and lifelong learning	(objective 8)	<ul style="list-style-type: none"> - Encourage learning and vocational training (in agriculture and forestry)
	11 - Strengthen institutional capacity and promote an efficient public administration	ESF and EAFRD	

Tab. 3.6 - Public resources for RDPs 2007-2013 by region - Spending advancement, 2007-2012¹

(thousands of euro)

	Planned Public Expenditure	Planned EAFRD	Public expenditure provided	EAFRD spending provided	EAFRD progress (%)	Progress in public expenditure (%)
Piedmont	974,088	442,019	514,731	227,182	51.4	52.8
Valle d'Aosta	123,650	56,108	85,897	37,796	67.4	69.5
Lombardia	1,026,027	471,110	650,203	294,869	62.6	63.4
A.P. Bolzano	330,192	148,205	262,981	117,755	79.5	79.6
A.P. Trento	278,765	108,566	192,742	77,379	71.3	69.1
Veneto	1,042,159	478,155	542,251	251,243	52.5	52.0
Friuli-Venezia Giulia	265,683	119,774	146,688	65,407	54.6	55.2
Liguria	290,140	114,621	151,156	58,811	51.3	52.1
Emilia-Romagna	1,157,894	527,819	603,626	269,194	51.0	52.1
Tuscany	870,527	388,956	435,623	192,425	49.5	50.0
Umbria	785,813	353,613	414,054	182,962	51.7	52.7
Marche	482,283	217,609	251,068	111,518	51.2	52.1
Lazio	700,435	315,419	335,760	152,221	48.3	47.9
Abruzzo	426,328	192,572	196,608	88,716	46.1	46.1
Molise	206,582	92,959	103,933	46,315	49.8	50.3
Campania	1,809,983	1,110,774	759,192	459,424	41.4	41.9
Puglia	1,595,086	927,827	807,724	464,683	50.1	50.6
Basilicata	667,929	384,627	354,151	203,699	53.0	53.0
Calabria	1,087,509	650,151	556,687	331,657	51.0	51.2
Sicily	2,172,959	1,271,842	1,073,239	659,194	51.8	49.4
Sardinia	1,284,747	571,596	662,351	294,702	51.6	51.6
National Rural Network	82,920	41,460	42,499	21,250	51.3	51.3
Italy	17,661,698	8,985,782	9,143,164	4,608,404	51.3	51.8

¹ Data at December 31, 2012

Source: processing on MIPAAF data

Tab. 3.7 - Allocation of public resources allocated for axis of intervention and by region¹

	Axis I	Axis II	Axis III	Axis IV	Technical assistance
Piedmont	40.6	52.1	3.4	1.5	2.4
Valle d'Aosta	5.7	92.0	2.3	-	-
Lombardy	38.0	52.0	7.9	1.5	0.7
A.P. Bolzano	22.6	68.6	7.0	1.7	-
A.P. Trento	34.4	57.0	6.5	1.9	0.2
Veneto	57.0	35.4	3.2	3.5	0.9
Friuli-Venezia Giulia	52.0	40.4	5.2	0.7	1.7
Liguria	55.5	29.8	6.6	7.7	0.4
Emilia-Romagna	41.6	48.2	7.6	1.9	0.7
Tuscany	45.8	43.9	6.0	4.1	0.2
Umbria	45.3	49.2	4.5	0.9	0.1
Marche	36.5	53.2	7.3	1.2	1.8
Lazio	46.8	44.3	4.7	2.2	2.0
Abruzzo	53.9	45.7	0.1	0.3	0.0
Molise	33.4	50.3	12.8	1.3	2.2
Campania	34.3	52.6	11.3	0.9	0.9
Puglia	47.2	39.2	2.7	8.4	2.5
Basilicata	31.5	61.0	5.2	0.8	1.6
Calabria	27.9	57.8	9.5	2.7	2.0
Sicily	35.0	57.4	6.8	0.3	0.6
Sardinia	13.6	84.0	1.2	0.8	0.4
National Rural Network	-	-	-	-	100.0
Italy	37.8	52.6	5.8	2.2	1.5

¹ Data at December 31, 2012

Source: processing on MIPAAF data

Tab. 3.8 - *MIPAAF Balance sheet - definitive allocations*

Categories of expenditure	(millions of euro)					
	2010	%	2011	%	2012	%
Process resolution	48.2	2.7	47.0	3.2	264.3	17.5
Rates of mortgage	55.8	3.2	48.6	3.3	39.7	2.6
Regions	53.8	3.0	41.0	2.8	32.1	2.1
Ministry	295.2	16.7	269.4	18.1	170.8	11.3
State Forestry Corps	604.9	34.3	565.7	37.9	501.1	33.2
Business investments	48.6	2.8	34.3	2.3	30.5	2.0
Infrastructures	192.4	10.9	125.0	8.4	122.2	8.1
Services to the agricultural sector	53.4	3.0	49.4	3.3	32.6	2.2
Processing of products	0.9	0.0	1.5	0.1	-	-
Economic promotion and guardianship	20.7	1.2	2.5	0.2	12.6	0.8
Fishery	103.1	5.8	62.8	4.2	63.3	4.2
Management aid	152.0	8.6	117.2	7.9	114.7	7.6
Research and experimentation	127.4	7.2	126.6	8.5	127.4	8.4
Undistributed funds	7.5	0.4	0.0	0.0	-	-
Total	1,763.8	100.0	1,491.2	100.0	1,511.5	100.0

Source: processing on the Financial Statement of the Statal Administration

Tab. 3.9 - Total payments and incidence on the value added of the agricultural, forestry and fishery sector

	2007		2008		2009		2010		2011	
	(millions of euro)	%	(millions of euro)	%	(millions of euro)	%	(millions of euro)	%	(millions of euro)	%
Piedmont	139.6	8.1	145.6	8.7	171.5	10.0	143.0	9.5	99.3	6.5
Valle d'Aosta	105.9	240.2	88.6	189.8	75.4	153.9	34.3	81.3	70.0	157.7
Liguria	22.3	3.6	18.8	3.1	14.3	2.5	11.8	2.2	10.0	1.9
Lombardy	304.4	9.7	284.8	9.1	317.9	9.9	339.5	12.0	322.4	11.3
A.P. Bolzano	160.3	27.9	147.2	22.9	163.1	22.7	143.1	20.6	184.3	26.3
A.P. Trento	77.7	21.6	47.3	10.9	65.4	14.7	124.0	29.7	103.0	23.7
Veneto	153.3	6.7	139.5	5.6	137.0	5.8	117.9	5.3	134.1	5.9
Friuli-V. G.	102.8	21.2	87.7	15.8	86.8	19.0	78.4	21.0	63.2	16.2
Emilia-R.	104.9	3.8	94.1	3.3	91.1	3.1	71.1	2.7	76.1	2.8
Tuscany	130.7	7.3	149.1	8.0	112.4	5.8	118.8	6.6	77.0	4.3
Umbria	47.9	11.3	46.2	9.9	29.8	6.6	54.7	13.3	27.9	6.8
Marche	59.6	9.2	36.4	5.5	27.3	4.2	29.3	5.4	39.3	7.2
Lazio	69.1	4.0	58.9	3.5	82.0	4.8	48.2	3.1	44.2	2.8
Abruzzo ¹	77.1	11.1	81.2	13.5	66.8	10.3	75.0	12.9	74.3	12.6
Molise	44.0	19.3	44.8	18.4	32.7	13.0	24.4	11.4	22.6	10.3
Campania	376.0	17.0	236.3	10.7	223.4	10.2	155.5	7.2	150.3	6.7
Puglia	158.0	6.5	180.8	7.8	215.3	8.9	42.1	2.0	101.4	4.6
Basilicata	143.9	30.0	112.0	21.6	113.1	21.7	104.5	24.1	84.0	18.1
Calabria	493.1	33.5	506.6	34.4	406.3	33.7	423.1	36.6	329.4	29.1
Sicily	552.0	18.7	509.5	17.8	486.7	16.7	720.7	26.2	1,026.4	36.5
Sardinia	361.9	35.2	523.5	51.0	170.7	16.7	250.5	25.6	259.8	28.0
North-West	572.2	10.4	537.7	9.9	579.0	10.5	528.5	10.8	501.7	10.1
North-East	598.9	9.2	515.9	7.4	543.4	7.9	534.5	8.5	560.6	8.6
Centre	307.2	6.7	290.5	6.2	251.5	5.3	251.0	5.8	188.4	4.4
South-Islands	2,206.0	19.2	2,194.7	19.5	1,715.0	15.4	1,795.8	17.3	2,048.2	19.3
RSO	2,323.9	10.3	2,135.1	9.4	2,040.9	9.0	1,758.8	8.5	1,592.3	7.6
RSS	1,360.5	25.0	1,403.8	25.2	1,048.1	18.7	1,351.0	25.7	1,706.6	32.1
Italy	3,684.3	13.1	3,538.8	12.5	3,089.0	10.9	3,109.8	12.0	3,299.0	12.5

¹ 2010 and 2011 are estimated

Source: INEA - Database of agricultural expenditure by regions

Tab. 3.10 - Taxation in the agricultural, forestry and fishing sector

	(millions of euro)				
	2008	2009	2010	2011	2012
Social security pymnts	3,248.2	3,257.7	3,339.7	3,378.5	3,481.8
Indirect taxes	819.2	796.7	754.8	786.2	1,151.5
ICI/IMU	274.4	256.5	264.1	280.7	631.7
IRAP	267.2	253.4	276.2	298.3	302.6
Direct taxes	833.3	794.7	687.5	731.6	620.3
Irpef	750.7	730.5	665.6	662.8	548.1
employees	273.7	269.6	274.5	275.5	277.6
individual entrepreneurs	371.2	353.9	273.9	267.1	185.9
Minimum taxpayers	1.2	1.5	1.7	2.0	0.5
other land owners	127.3	116.6	115.5	118.3	84.2
Taxes on corporations	82.6	64.2	70.8	68.8	72.1
Land reclamation contributions	360.9	330.4	345.9	362.8	363.9
Overall Total	5,261.7	5,179.5	5,127.8	5,259.1	5,617.5
			% composition		
Social security payments	61.7	62.9	65.1	64.2	62.0
Indirect taxes	15.6	15.4	14.7	14.9	20.5
Direct taxes	15.8	15.3	13.4	13.9	11.0
Land reclamation contributions	6.9	6.4	6.7	6.9	6.5
			% annual change		
Social security payments	-2.2	0.3	2.5	1.2	3.1
Indirect taxes	-9.4	-2.8	-5.3	4.2	46.5
Direct taxes	-4.1	-4.6	-13.5	6.4	-15.2
Land reclamation contributions	14.1	-8.4	4.7	4.9	0.3
Total	-2.8	-1.6	-1.0	2.6	6.8

Source: processing on data by ISTAT, INPS, INAIL, MEF

Tab. 3.11 - *Tax relief*

	(millions of euro)				
	2008	2009	2010	2011	2012
Virtual subsidies					
social security payments	1,587.6	1,433.2	1,453.8	1,378.8	1,256.8
Indirect taxes	1,157.3	1,145.3	1,109.6	1,152.8	1,280.7
- IRAP	220.2	204.2	205.4	216.6	216.4
- ICI	133.2	125.2	128.5	137.3
tax on mineral oils	803.9	815.8	775.7	798.9	1.062.5
Direct taxes	671.5	647.7	490.5	756.9	682.5
IRPEF	671.5	647.7	490.5	756.9	682.5
Actual relief	287.3	243.3	271.6	294.0	298.2
- VAT	287.3	243.3	271.6	294.4	298.2
Total relief	3,703.7	3,469.4	3,325.5	3,582.5	3,518.2

Source: processing on data by ISTAT, INPS, INAIL, MEF

Tab. 3.12 - *Share of regional value added at basic prices absorbed by the public levy*

(% values)

	Fiscal pressure				Tax pressure			
	2008	2009	2010	2011	2008	2009	2010	2011
Piedmont	19.9	22.4	22.6	20.1	7.2	7.9	7.9	7.2
Valle d'Aosta	16.6	18.8	18.5	16.9	3.0	3.3	2.1	1.9
Lombardy	14.7	15.7	15.5	14.0	6.1	6.2	5.9	5.6
Liguria	11.5	10.7	11.2	11.9	5.0	4.4	4.5	5.2
Trentino-Alto Adige	10.5	11.3	11.8	11.3	2.7	2.6	2.5	2.5
Veneto	19.4	21.1	20.8	18.4	8.8	9.2	8.6	7.6
Friuli-Venezia Giulia	25.1	29.9	30.5	21.9	10.9	12.7	12.2	9.2
Emilia-Romagna	19.0	21.2	21.2	19.1	7.6	8.2	8.2	7.4
Tuscany	14.5	16.1	16.4	15.4	4.0	4.1	4.0	4.4
Umbria	14.3	15.8	14.6	12.2	4.7	5.0	4.2	3.8
Marche	22.2	25.7	26.5	20.6	6.3	7.1	6.6	4.9
Lazio	12.0	13.0	12.9	12.0	4.9	5.1	5.1	4.8
Abruzzo	14.5	15.8	15.3	14.2	4.7	4.9	4.5	4.3
Molise	13.3	15.7	15.0	12.4	3.5	3.9	3.6	3.2
Campania	12.9	13.2	13.7	12.7	2.6	2.9	3.0	2.8
Puglia	23.5	28.1	28.0	24.0	5.0	5.3	5.4	4.8
Basilicata	13.9	15.7	15.9	14.7	3.9	3.7	3.5	3.6
Calabria	22.5	24.4	27.1	24.3	2.7	2.8	3.0	2.5
Sicily	17.0	17.8	18.5	17.4	3.6	3.7	3.9	3.5
Sardinia	19.0	17.0	17.9	17.9	5.3	3.2	2.8	3.9
Italy	18.5	20.1	19.8	18.9	5.3	5.5	5.4	5.0

Source: processing on data by ISTAT, INPS, INAIL, MEF.

Tab. 3.13 - Consolidation of support to the agricultural sector in Italy

	(millions of euro)											
	2008	%	2009	%	2010	%	2011	%	2012	%	Average 2010-2012	%
AGEA	3,729.8	27.2	4,639.7	30.4	3,828.8	27.9	4,209.6	28.4	3,699.3	26.3	3,912.6	27.6
SAISA - National Rice Body	52.5	0.4	29.2	0.2	23.6	0.2	24.8	0.2	19.5	0.1	22.6	0.2
Regional payment agencies	1,879.7	13.7	3,248.4	21.3	2,861.9	20.9	3,317.4	22.3	3,445.5	24.5	3,208.3	22.6
Ministry of Agricultural Policies	688.5	5.0	709.9	4.6	629.5	4.6	578.3	3.9	501.3	3.6	569.7	4.0
Ministry of Productive Activities (negotiated prog.)	54.9	0.4	70.9	0.5	58.1	0.4	51.2	0.3	25.5	0.2	44.9	0.3
ISA (agro-food intervention)	22.0	0.2	32.0	0.2	21.6	0.2	14.4	0.1	22.0	0.2	19.3	0.1
ISMEA/ Invitalia (young entrepreneurs)	16.1	0.1	10.4	0.1	4.0	0.0	6.1	0.0	3.5	0.0	4.5	0.0
Regions	3,559.5	26.0	3,061.3	20.0	2,968.0	21.6	3,063.0	20.6	2,832.6	20.1	2,954.5	20.8
Total transfers of agricultural policies	10,002.9	73.0	11,801.7	77.3	10,395.4	75.8	11,264.8	75.9	10,549.2	75.0	10,736.5	75.5
Tax credit for investments	-	-	-	-	-	-	-	-	-	-	-	-
VAT concessions	287.3	2.1	243.3	1.6	271.6	2.0	294.4	2.0	298.2	2.1	288.1	2.0
Concessions on manufacturing taxes (fuel)	803.9	5.9	815.8	5.3	775.7	5.7	798.9	5.4	1,064.3	7.6	879.6	6.2
IRPEF concessions	671.5	4.9	647.7	4.2	490.5	3.6	756.9	5.1	682.5	4.9	643.3	4.5
IRAP concessions	220.2	1.6	204.2	1.3	205.4	1.5	216.6	1.5	216.4	1.5	212.8	1.5
ICI concessions	133.2	1.0	125.2	0.8	128.5	0.9	137.3	0.9	0.0	0.0	88.6	0.6
Social security concessions	1,587.6	11.6	1,433.2	9.4	1,453.8	10.6	1,378.8	9.3	1,256.8	8.9	1,363.1	9.6
Total concessions	3,703.7	27.0	3,469.4	22.7	3,325.5	24.2	3,583.0	24.1	3,518.2	25.0	3,475.5	24.5
Total	13,706.6	100.0	15,271.2	100.0	13,720.9	100.0	14,847.8	100.0	14,067.4	100.0	14,212.0	100.0
Agriculture and Forestry value added	27,128.3	-	24,536.7	-	24,873.5	-	26,798.8	-	26,976.2	-	26,216.2	-
Support/VA (%)	-	-	50.5	-	62.2	-	55.2	-	55.4	-	52.1	-
Agricultural and forestry production	49,879.0	-	45,838.4	-	46,607.2	-	50,293.3	-	51,152.6	-	49,351.0	-
Support/Production (%)	-	-	27.5	-	33.3	-	29.4	-	29.5	-	27.5	-

Source: processing on the database of public expenditure in agriculture - INEA.

Tab. 3.14 - *Distribution of support to the agricultural sector by type of intervention - 2012*

	Research	Development Services	Processing and Marketing	Business investments	Management aid	Sectorial aid	Infrastructures	Single Payment	Tax concessions	Not attributable	Total
						Million euros					
Community Policies ¹	0.0	470.2	25.8	562.7	9.9	1,198.0	559.8	3,130.3	0.0	1,207.3	7,164.0
National Policies ²	128.8	36.0	57.5	53.4	114.9	0.0	162.2	0.0	3,518.2	0.0	4,071.0
Regional Policies	126.8	350.6	122.2	398.4	227.0	0.0	1,028.6	0.0	0.0	578.7	2,832.4
Total	255.7	856.8	205.6	1,014.6	351.8	1,198.0	1,750.6	3,130.3	3,518.2	1,786.0	14,067.4
						% values					
Community Policies ¹	0.0	3.3	0.2	4.0	0.1	8.5	4.0	22.3	0.0	8.6	52.0
National Policies ²	0.9	0.3	0.4	0.4	0.8	0.0	1.2	0.0	25.0	0.0	28.9
Regional Policies	0.9	2.5	0.9	2.8	1.6	0.0	7.3	0.0	0.0	4.1	20.1
Total	1.8	6.1	1.5	7.2	2.5	8.5	12.4	22.3	25.0	12.7	100.0

¹ Community policies include spending by AGEA, degli OPR, di SAISA-National Rice Body

² National policies include spending by Ministries and Entities with national jurisdiction (ISMEA, ISA, Invitalia, ecc.)

Source: processing on the database of public expenditure in agriculture - INEA

Multi-functionality, the Environment and Local Areas

Management of natural resources and sustainable agriculture

Agricultural systems succeed in promoting the conservation of biodiversity and habitat for numerous plants and animals. Measuring their degree of naturalness has become important and, therefore, indicators such as the agricultural area of high natural value (HNV) and the Farmland Bird Index (FBI) were included in the list of the impact indicators for the evaluation of the next programs of rural development. It is estimated that, at the national level, the high natural value areas potentially extend for 6.2 million hectares, of which 2 million are ranked in the classes of higher value. The FBI value, in 2012, was 88%, down from the initial value (100% in 2000), thus confirming a gradual decline in line with the trend registered in recent years.

There are also other indicators based on the measurement of individual welfare that, along with the economic results, they should make more comprehensive the assessment on the state and progress of the society. Some of these relate to the landscape and the cultural heritage and they have been published in the first “Report on fair and sustainable well-being”. In particular, the rural landscape stands in an intermediate zone between natural area and the urbanized area, it is then considered a very vulnerable area, whose preservation is not yet established in the national legislation and it is also hardly recognized by the public opinion. According to the Report, the crisis of the rural landscape is ascribable to the expansion of the cities towards the active agricultural areas (*urban sprawl*, which covers 20% of the national territory) and it is also due to the desertion from the countryside (which affects 28% of the territory). Among the various national initiatives for the promotion and preservation of the rural landscape, it is worth noting the establishment of the *Observatory of the rural landscape* (which maintains a register of more than 130 interesting sites all over the country) and the *countryside of our Italy*, relating to sensitive landscapes and which has also dealt

with the agricultural landscape. The national forest heritage covers an area of about 11 million hectares, or 34% of the Italian territory (Forest resources assessment – FRA 2010). The latest century has experienced a progressive increase in the forest area resulting from the continuous process of reforestation, both natural and artificial, and from the reduction of agricultural land. Nevertheless, it persists a general lack of interest in the forestry uses, although, in recent years, both the number of cuts and the surface subjected to cutting are slightly and progressively increased, also thanks to the increase in the demand for wood materials for the energy purpose. This is related to the orographic limits as well as to the small size of the private forests (66% of the national forest area), but it is also related to the political and cultural approach of recent decades which is closely tied to the preservation “*tout court*” of the environmental heritage, which has often resulted in an increase of constraints and limitations for forestry activities, thus leading to a sharp reduction in the management of forestry resources.

The 2012 survey on the health of the European forests shows how compared to the rest of Europe, where defoliation, for temperate hardwoods and conifers, has increased slightly (in the average values), the Italian forests and the whole Mediterranean area are more sensitive and vulnerable to stress factors, such as climate changes, air pollution and the attack of pathogens. The results show, for the 253 sample points of the Italian forests, a level of defoliation medium/high in 31.3% of the plants observed, compared to 30% over the previous year.

In the Mediterranean area, Italy is among the European countries most at risk of fire, with an average in the last decades of about 8,967 fires per year and an average area of 49,316 hectares of forest damaged or destroyed each year. In 2012, it is increased both the number of fires (+0.9% compared to 2011) and the area burned (+94%). The forest area affected by fire, amounting to 130,814 hectares, is well above the annual average of the last decades and it is inferior, in the last 20 years, only to the figure registered in 2007.

In the proposed reform of the CAP, the policy on water resources and the agricultural policy are even more connected and integrated than the current programming cycle. The qualitative and quantitative protection of water resources remains one of the main targets for the sustainable development of rural areas, which is closely connected to the evolution of irrigated areas (according to the 2010 Census, approximately 19% of the UAA is irrigated), thus showing a slight increase in the North and a slight reduction in the Centre and in the South, compared to 2000.

The latest monitorings on the quality of the surface waters show that about 84% of the checking-points is in the class “high” or “good”, with regard to the ecological status of the surface water particles, while for the underground water (SCAS index) the percentage is 70% for the class “good”, due to the presence of

inorganic substances such as nitrates, sulfates, fluorides, chlorides, boron, together with metals, chlorinated substances and pesticides.

The degree of water contamination, due to pesticides, is quite high, as in the previous monitorings and it is mainly due to the presence of residues of plant protection products used in agriculture, as well as biocides (non-agricultural pesticides) used in various activity sectors. The contamination levels are higher in the Po valley because of its hydrological characteristics and the stronger agricultural production.

ISPRA has developed a synthetic index relating to nitrate pollution and it states that the situation is improving for the surface waters, while it remains stable for the underground waters.

Furthermore, the European Commission has published a first evaluation on the implementation of Directive 2000/60/CE, and it has identified the obstacles that have not allowed its full implementation up until now (Plan for the safeguard of the European water resources – Blueprint, COM/2012/673). In addition to the analysis of the problems, the document identifies further actions that could improve the quantitative management of waters and the water efficiency in Europe, thus contributing to the achievement of the objectives relating to water quality.

The 18th COP (Conference of Parties) of the Framework Convention of the United Nations on Climate Change has represented a moment of transition between the old and the new regime of climate negotiations. The key elements of the agreement signed have confirmed the second commitment period (from 2013 to 2020) under the Kyoto Protocol for the developed countries, and the beginning of a new regime of negotiations for a legally binding global treaty which has to be stipulated within 2015.

At the Community level, in 2013 it has been published the Decision 2013/529/EU about the common rules for the accounting of the absorptions and the greenhouse gas emissions for the LULUCF (Land Use, Land Use Change and Forestry), and it has been launched the EU strategy for the adaptation to climate change (COM 2013/216). In Italy, the Ministry of the Environment has defined a national adaptation strategy, about which there is an ongoing public consultation with the stakeholders and the civil society.

In 2011, according to the data released by the European Agency for the Environment, the emissions of the EU-15 have decreased by 4.2% compared to 2010 and by 15% compared to the base year, therefore EU-15 has remained below its Kyoto target (-8%). According to the data released by ISPRA, also Italy has reduced the emissions in 2011 (-2% from 2010). Compared to 1990 the emissions, instead, are reduced by 5.8%, against a reduction target of 6.5% for the Kyoto Protocol.

The agricultural sector is responsible for about 7% of the national emissions,

which have decreased by 0.5% compared to 2010 and by about 18% from 1990 to 2011, as a consequence of the decrease in methane emissions from enteric fermentation (-12%) and from agricultural soils (-21%). The LULUCF sector, which records the emissions and the absorptions of carbon dioxide due to changes in land use and forests, it offers a significant contribution to the mitigation of national emissions with an increase of 152% compared to 1990, largely due to the expansion of the forest areas. ISPRA has published the provincial data on the emissions at a sectorial level. As for the agricultural sector, it emerges an heterogeneous picture of emissions, which essentially traces that one of the agricultural productions.

According to the data provided by ISPRA, also in 2011, it has been fulfilled the threshold of ammonia emissions imposed by the National Emissions Ceilings Directive (2001/81/CE). The agricultural emissions represent 95% of the national ammonia emissions and they are decreased by 21% since 1990 thanks to the reduced use of nitrogen fertilizers, to the reduction of cattle and to the use of the best slaughtering technologies settled by the Directive 2008/1/CE IPPC (Integrated Pollution Prevention and Control), relating to the rearing of pigs and poultry.

During the last decades, Italy experienced a sharp decline in the extension of agricultural lands which decrease by more than a quarter, from 1970 to 2010, reaching, in 2010, about 12.9 million hectares. The ISTAT data on the land use show that the reduction of the UAA has concerned mainly the arable crops (-20%), permanent grasslands and grazing lands (-37%), while by observing the trends in the different altitudes it can be observed a very high reduction in the mountainous areas and in the hilly areas of the country (respectively -35% and -28%).

The data recently released by ISPRA show that, at the national level, the sealed soil has increased from about 8,000 square kilometers in 1956 to more than 20,500 square kilometers in 2010, corresponding to 6.9% of the land area. A series of actions for a more stringent regulation have been taken in order to curb this phenomenon, including the recently approved bill to limit the usage of the soil and encourage the reuse of the already built lands.

The containment of the land consumption can also have a significant impact on the upkeep of the land as well as on the prevention of hydro-geological instability. According to a recent survey carried out by ISPRA, in Italy the landslides (active or not) exceed 486,000 and they affect an area of over 20,000 sqm in 5,708 municipalities, accounting for 70.5% of the total. The water erosion data show that approximately 30% of the country suffers a loss of soil very high, exceeding 10 tons/hectare per year.

During 2012, one of the most debated issues has been the use of neonicotinoid agrochemicals, since the European Commission has announced a two-year moratorium for the use of such products, which before flowering can not be used in any form (seed coating, granules for the soil, or spray). The EU regulatory

Framework has been recently strengthened through the implementation of the Directive 2009/128/CE, which introduced the compulsory nature of integrated pest management for all the European farms since January 2014. In Italy, the Directive has been transposed by the Leg. Decree 150/2012, thus providing a first draft of the National Action Plan (NAP) for the sustainable use of the plant protection products.

The ISTAT data on the use of chemicals, relating to 2012, show a drop of 5.7% over the previous year, with a significant decrease in the use of products with higher toxicity (-9.4%) and harmful products (-14.8%).

In 2012, for the 7th year in a row, there is a further increase in the demand for organic products, while the offer is still characterized by contrasting phenomena. Effectively, compared to the last year, it grows of about 2,000 units (+4.8%) the number of organic producers along with the producers-processors, and it increases again the land managed with organic methods (+6.4%) which, with 1.167 million hectares, represents 9.1% of the total UAA. Nonetheless, it decreases the number of processors (-8%), mainly those exclusive. On the whole, the organic farmers amount to 49,709 units.

The distribution of the total organic UAA by type of crop shows a prevalence of arable lands (62% of the total), among which fodder, cereals, permanent grasslands and grazing lands. Among the permanent crops it prevails the olive (14% of the national organic UAA) and the grapevine (4.9%).

In 2012, the organic livestock farms, amounting to 7,714 units, increase by 12.1% over the previous year. It grows considerably the number of heads for the pig farms, goats and beehives. The farms carrying out organic aquaculture are, instead, 21.

The 6th General Agricultural Census highlights that the organic farms and the related UAA are mainly located in the hilly areas. The presence of organic farms relatively larger than the average data of the Census also explains their greater degree of innovation, evidenced by: increased diffusion of information technology in the businesses, higher presence of corporate companies than individual companies, greater use of the lease in order to extend the farm surface, younger owners, higher levels of education and higher propensity to business diversification.

Among the organic certified producers, 353 are also biodynamic in conversion or producers already certified by “Demeter” Italian Association, or Demeter International, for a UAA of 9,560 hectares. On the whole, the Italian UAA certified by Demeter or in conversion to biodynamic agriculture represents 6.2% of the worldwide UAA and 0.8% of the Italian organic UAA. Furthermore, in Italy there are 52 transformers with Demeter certification (8.7% at the worldwide level) and 28 distributors (13.7%).

In 2011, the worldwide turnover of the organic products has increased by 6.3%

compared to 2010, thus generating 47.8 billion euros, to which Italy contributes for 3.6%, with a market value of 1.72 billion euros (3.1 billion euros if it is also considered the value of exports). The value of the *per capita* consumption of organic products (€ 26) is significantly lower than that one of Switzerland (€ 177) and Denmark (€ 162). In 2012, the data released by ISMEA/GFK-EURISKO highlight an increase in the domestic turnover relating to the organic products packaged or marketed through the large-scale retail trade, which amounted to 7.3%. In terms of value, the most represented products are the fresh fruit and vegetables and the processed fruit and vegetables (30.5%), the dairy products (22.6%) and eggs (12.5%). In increase are, however, mainly the biscuits, sweets, snacks and soft drinks.

Imports have decreased by 57% in terms of quantity, but the cereals and especially the industrial crops coming mainly from non EU Europe and from North America, show decreases of respectively 74% and 83%. Fresh fruit and dried, along with the processed products show, instead, more positive changes, ranking among the products which have the greatest incidence on the total quantities imported, still together with cereals.

Agricultural diversification

In 2012, the Italian tourism sector recorded a decline of more than 10%, as it happened in Greece, Portugal and Spain, mainly due to the contraction of domestic tourism which has been hit by the economic crisis. The economic outcomes for the farms are worsening due to the stability of prices of the offer for the farm-holidays in recent years, which does not counterbalance the inflation, and it is also due to the spread of on-line booking services with increased costs of intermediation, although the rural tourism is considered, in recent years, such as an emergent phenomenon compared to more traditional destinations.

In 2012, the agricultural farms authorized to perform farm-holiday activity show a substantial endurance, with a number of activities amounting to 20,474, 0.3% more than in 2011. Farm holidays increase mainly in the North (+2.9%) and in the Centre (+2%), while they are decreasing in the South (-8.3%). Those authorized in reception facilities represent 82.6% of the total, a stable figure compared to 2011 (+0.9%), and most is located in the Centre-South (about 60% of the national total). In 2012, the offering of sleeping accommodations has amounted to 217,946 units, an increase of 3.4%, while it is in a downward trend (-8.2%) the situation for the parking areas for the agri-camping.

In 2012, the farm holidays offering food service were 10,144, or 49.5% of the total, in slight increase compared to the previous year (+1.1%), and they are

mainly located in the central-southern regions. The farms authorized in tasting represent 16.8% of the total farm-holidays and they record a sharp drop (-11%) compared to 2011. The offering of other activities proposed by the farm-holidays includes a wide choice, from hiking, horseback riding and various sports, up to nature watching and courses. More than half of the farms are involved in such a type of business (58.5%), an increase of 1.7% compared to 2011.

The activity devoted to education and teaching is constantly increasing, with 2,363 accredited and qualified educational farms in 2012; the most representative regions are Emilia Romagna (330), Campania (308), Piedmont (274) and Veneto (233). As for the educational offering, the sector is experiencing other types of services for childhood, as the agri-nursery schools (on the whole 24, distributed unevenly, especially in the northern regions) as well as the agri-nannies in Piedmont.

As for the legality issue, it has been strengthened the incidence of ANSBC (National Agency for the administration and the allocation of assets seized and confiscated from the organized crime) also through the establishment of procedures and agreements with other public entities for the estimation, the cataloguing and the monitoring of the use of the assets. The seized lands amount to 2,245, of which 1,368 allocated and delivered; the lands with rural buildings are, instead, 362 of which 236 allocated and delivered; the urban buildings, with land, amount to 146 (71 delivered) and the farms are 1,708.

It has continued the conference table on the Social Farming which led Regions and Parliament to adopt some normative acts, and to the definition of a national draft law. The social farming practices keep going on, along with the launch of new initiatives, but it still lacks a clear cognitive picture of the phenomenon. In recent years, there has been also the appearance of associations, both local and national, which deal with the promotion of the social agriculture, of the collection of experiences and needs that emerge from the practices in the territory.

The two national associations – the Network of the social farms and the National Forum of Social Farming – to which many different operating units adhere, both have been consulted by the House Agriculture Committee, as part of the survey carried out in 2011-2012, and during the consequent debates on the national draft law about the social farming.

In 2012, the Ministry of Economic Development and the Ministry of Environment have jointly submitted to the social partners the National Energy Strategy, in compliance with the requirements of the EU directives. The document outlines the measures that will be implemented in Italy in order to achieve the objectives set at the EU level for 2020 and for 2050. The expected results for 2020 include: a) a significant reduction of energy costs; b) the achievement of the European energy objectives which plan a reduction of 24% in the primary consumption and the incidence of 19-20% of the renewable energy in gross final

consumption; c) greater safety, less dependence on the supply, and greater flexibility in the national energy system; d) a positive impact on the economic growth.

The demand for energy has continued to decrease also in 2012, thus confirming a trend that lasted since 2006, with the only exception of a consistent increase, occurred in 2010. Gross domestic consumption amounted to 177.8 million tons of oil equivalent (TOE), which are converted in 129 million TOE, due to the transformation of a share part in the electricity. The reduction of 4.2% of final consumption, compared to 2011, is due in large measure to the setback of the industrial sector and the transport sector, caused by the long-lasting economic crisis, and it is second only to the decrease occurred between 2008 and 2009.

Also the agricultural sector was affected by the general trend, thus showing a reduction of 2.4%.

The growth of the renewable energy sources has continued with rhythms accentuated, also for 2012. The increase of 17%, compared to 2011, it is probably ascribable to the growing contribution of the photovoltaic sources along with the wind sources, which have now gained a considerable incidence among the renewable energy sources (respectively 5 and 10%). Over the past ten years, the number of RES plants for the production of electricity has doubled, reaching in 2012 a consistency of 335,151 plants with an installed capacity of 47,345 MW, more than double the 18,335 MW installed in 2000. The 75% of the plants is installed on buildings, mainly in northern Italy, while the grounding plants are mainly located in the Centre-South, and they extend for 13,370 hectares (+21% compared to 2011). Also the biogas plants have showed a significant increase in 2012. In 2012 the installations have amounted to 848 with an installed capacity of 765 MW, and more than 80% of the agri-livestock plants is aged less than five years, thus showing a very recent interest in such technologies by farmers.

As for the power source, it prevails the use of manure but with an use of energy crops or industrial by-products.

The incentives for electricity from renewable sources have been completely revised with the Ministerial Decree of July 5th 2012 (the fifth energy account), which aims to cover at least 32-35% of the energy consumption within 2020. The threshold of the annual expenditure for the incentives has been increased by 700 million euros, therefore once reached 6.7 billion euros, further incentives will not be granted to the plants which are underway installation.

Food quality and safety

Italy continues to maintain the greatest share in PDO and PGI products in the EU (1,167, including also the TSG products – Traditional Specialty Guaranteed),

thus marking a new increase in enrollments, now amounting at 252. Most of our specialties is mainly concentrated in products such as fruit and vegetables, cereals (almost 40%), cheese (18%), extra-virgin olive oil (17.6%) and cured meats (over 14%).

It is also increasing the supply chain of the recognized products which, despite the drop of producers which has occurred in 2012, it is becoming over time more and more important. In the period 2004-2012 there has been a significant increase in farms (+38.7%), livestock (+50%), land used (+40.7%) and transformers (+22%). The setback in the number of operators, amounting to 80,231 (-4.7% compared to 2011), it is exclusively ascribable to the agricultural producers (-5.1%), while the transformers are increasing by 2.6%.

The short-term data released by Qualivita-Ismea on the production of PDO/PGI and TSG products have showed, for 2011, a quantity produced which reaches almost 1.3 million tons, with a stationary trend compared to 2010. Conversely, the production value has recorded a growth of 8.9% compared to 2010, thus exceeding 6.5 billion euros. In a context unfavorable to consumption, the purchase of PDO and PGI products, according to ISMEA, has continued to resist and it is even increased (+4% compared to 2011), in contrast to what happened in the food sector on the whole (-0.5%).

Italy ranks at first place also as regards wines with a geographical indication, with 521 recordings between DOCG, DOC and IGT wines. The lands devoted to such wines are about 355,000 hectares, or more of the half of the total planted area. Their production, which stood at 29 million hectoliters during the 2012 grape harvest, represents an ever more important share of the wines produced in Italy (over 70%).

In 2012, it was set up the EU reform on the quality schemes, with the publication of the Reg. (EU) 1151/2012. The new regulation has reformed the system of the DOP, IGP and TSG products, which was introduced by the Reg. (EEC) 2081 and 2082 in 1992, and it entered into force since January 3rd, 2013. The main novelty of the new regulation concerns the union of the two systems which were earlier divided: the DOP-IGP products with the TSG products. The regulation has reintroduced the TSG products, which represented the weakest link of quality systems, thus introducing a second quality order, that is “the optional quality indications”. The first one to be regulated will be that one relating the mountainous products, whereas the agricultural products of the Islands along with the local agricultural products and direct selling are still under study.

The systems of quality certification and environmental management are confirmed as efficient tools by businesses for the commercial differentiation of products, although the particular economic situation in recent years makes their implementation more difficult. In the last year the ISO 9001 standards have

experienced a downward trend (-6%), in particular for the certified farms (-45%), whereas the food companies have experienced a lighter decrease (-10%). The situation for the certifications complying with the ISO 14001 standards is, instead, different and the trend continues to be positive with an increase in the total number of certificates of about 9%, to which it corresponds a slight increase by the agricultural farms (+3%). As for the certification of integrated production, the reference rule is UNI 11233, although the national situation remains somewhat confused, both for the unclear relation with the “National quality system for the integrated production”, established by the Law 4/2011, and for the rules defined by the “Quality package” (Reg. [EU] 1151/2012). Nonetheless, it is confirmed the importance acquired by the certification “*business to business*”, or rather between farms and traders, with regard to the private schemes GlobalGap, BRC and IFS. The initiatives already seen in recent years regarding the introduction of sustainability certification continue to be carried on, as those related to greenhouse gas emissions (UNI EN Iso 14064-1) and to water consumption, on which are betting mainly the sectors of the wine production, olive-oil and the agro-energy supply chains. The certifying systems based on the management system for energy have been strengthened, as well as those relating to the assessment of the life cycle of products (Iso 14040 LCA) and to the Environmental Product Declarations (EPD). At the national production level, it has been also consolidated the importance of ethical certifications of farms, mainly through the SA 8000 standard which has about 120 agricultural and agro-food farms recorded in 2012 out of a total of 1,020 units. Moreover, as for the forestry sector, the most spread forestry certifications are the FSC and PEFC, both in terms of area and in terms of traceability of materials coming from certified forests (Chain of Custody Certification).

In 2012, the Rapid Alert System for food and feed (RASFF) has received 3,516 notifications, about 8% less than in 2011, relating to food products (82.1% of the total), animal feed (9.4%) and materials in contact with the foodstuffs (8.5%). Italy, with 517 notifications, stands in first place for the number of alerts, thus distinguishing itself for the effectiveness of controls.

With regard to zoonoses, in the EU the number of cases of animals tested positive to BSE has been reduced to 28 (-38% compared to 2010), while in Italy, thanks to the absence of cases, the risk has been downgraded from “controlled” to “negligible”.

As far as the avian influenza is concerned, it remains high the alert in the EU, although in 2011 only 50 cases in Europe have been detected, so that in the Italian Northern regions were adopted measures prohibiting trade fairs, exhibitions and markets with exhibition of birds.

The genetically modified crops (GM) have reached, in 2012, 170.3 million hectares in the world, accounting for 21% of the total area cultivated (+6%

compared to 2011). In Europe these crops represent only 0.1% of the world production and 0.06% of the European agricultural land; the unique GM authorized, the maize MON 810, has involved 129,071 hectares (+13% compared to 2011), 90% of which is concentrated in Spain. Italy has never authorized this cultivation and it has undergone a series of recourses to the Regional Administrative Court by farmers involved in the cultivation of GM maize and to whom permission has been denied. The European Court of Justice has ruled against the Italian legislation, arguing that Italy can not restrict the cultivation of GMOs authorized in the EU before a stabilization of the regional measures that allow them to coexist with traditional crops.

With regard to sanitary controls on food and beverages, in 2012 The Ministry of Health has carried out 535,018 inspections on 319,650 operative units (facilities, equipment, machinery and means of transport), accounting for 21.5% of the facilities reported on the national territory, as part of the national plan of surveillance and control. The infractions, approximately 16% of the total, are on the rise (compared to 14.9% of the total in 2011), with higher percentages in the segment of food (25.9%) and in that of producers and packers who do not practice the retail selling (21.3%). The public laboratories have analyzed 124,845 food samples along the supply chain, both of animal origin and vegetal one; 1,746 (1.4% of the total) have showed non-compliant results (they were 1.3% in the previous year) and the highest number of infractions (62.1%) has concerned the microbiological contamination.

The controls on the quality of products carried out by the Ministry of Agriculture, through ICQRF, have led to 13,941 inspections in the production phases, processing and selling of food and beverages, thus involving 12,114 operators and 34,334 products. In increase are the irregularities observed at the expenses both of the operators (18.5% compared with 17.2% in 2011), and of the products controlled (9.5% compared to 9.1% in the previous year); in particular, 12.3% of the samples analyzed (it was 9.7% in 2011) has presented non-compliance, with higher concentrations in the wine products, sugars and cereals. Particular attention has been paid to the productions of quality regulated as part of the various market sectors (organic products, PDO/PGI, DOCG/DOC and TGI wines). Most of the irregularities has concerned the DOCG/DOC and TGI wines, with a percentage similar to that of the previous year (10.2%), followed by organic products (8.1% of irregular samples compared to 4.5% in 2011), and by the PDO/PGI products (5.9% compared to 3.2%). The most frequent violations, both in general food and in the regulated quality products, are ascribable to the non-compliance with the marketing rules, as well as with the compulsory and optional indications on the label.

Tab. 4.1 - Surface potentially at high-value natural and Farmland Bird Index (FBI)

	Classes of natural value (thousands of hectares)					Surface HNV/ UAA (%)	FBI 2012 (2000=100)
	Low	Medium	High	Very high	Total		
Piedmont	213	158	106	12	490	46.7
Valle d'Aosta	7	19	18	-	44	80.2
Lombardy	171	91	136	48	447	45.4	45.9
Trentino-Alto Adige	22	68	98	15	202	53.2	70.0
Veneto	110	82	64	10	266	33.0	75.1
Friuli-Venezia Giulia	35	37	9	3	84	38.2
Liguria	7	12	18	2	39	90.5	74.4 ¹
Emilia-Romagna	166	127	121	56	470	44.0	74.3
Tuscany	118	207	104	19	448	59.3
Umbria	25	96	46	4	172	52.4	116.1 ²
Marches	68	59	57	33	217	45.8	88.9
Lazio	190	101	47	-	338	52.1	84.6
Abruzzo	108	82	49	-	238	53.0	149.1
Molise	9	52	39	3	102	52.1	114.1
Campania	71	80	54	8	214	39.0	110.9
Puglia	455	73	56	12	596	46.5	97.7
Basilicata	89	75	41	8	213	41.7	101.3
Calabria	146	108	37	7	298	54.0	198.5
Sicily	418	139	159	60	776	56.1	134.1
Sardinia	96	86	199	193	574	49.8	41.6
Italy	2,526	1,752	1,458	493	6,228	48.3	88.1

¹ Monitoring in Liguria Region² Monitoring in Umbria Region

Source: processing RRN, INEA and LIPU

Tab. 4.2 - Irrigated area by type of crop - 2010

	Arable	Agricultural wood crops	Permanent grasslands and meadows	Total ¹
		hectares		
North	1,262,992	194,038	127,836	1,584,866
Centre	110,085	32,626	2,015	144,726
South and Islands	276,683	399,064	5,989	681,736
Italy	1,649,760	625,729	135,840	2,411,328
		% on total agricultural area		
North	44.4	42.3	10.1	34.7
Centre	7.9	8.5	0.5	6.6
South and Islands	9.9	25.9	0.3	11.2
Italy	23.4	26.3	4.0	18.8

¹ As for the irrigated area, 7,592 hectares of lands have been detected with regard to “wood arboriculture pertaining to farms” and not included in the UAA

Source: ISTAT, 6th Agricultural Census, 2010

Tab. 4.3 - Emissions and absorption of greenhouse gases in agriculture and forestry

	Italy					EU 15	
	1990	2000	2011	2011/90 (%)	2011	2011	Italy/EU15 (%)
Total emissions (excluding LULUCF)	518,984	551,301	488,792	-5.8	3,630,657	14.1	
Total emissions (including LULUCF)	506,890	525,467	458,202	-9.6	3,458,665	12.6	
Agriculture	40,739	40,135	33,530	-17.7	369,785	9.1	
- enteric emissions	12,278	12,246	10,761	-12.4	120,238	8.9	
- management of manure	7,383	7,140	5,830	-21.0	55,577	10.5	
- rice growing	1,576	1,391	1,550	-1.7	2,537	61.1	
- emissions from agricultural land	19,482	19,341	15,372	-21.1	190,833	8.1	
- burning of crop residues	17	17	18	3.1	601	2.9	
Incidence of agriculture on total emissions (%)	7.8	7.3	6.9	-	10.2	-	
Percentage:							
Agriculture	100.0	100.0	100.0	-	100.0	-	
- enteric emissions	30.1	30.5	32.1	-	32.5	-	
- management of manure	18.1	17.8	17.4	-	15.0	-	
- rice growing	3.9	3.5	4.6	-	0.7	-	
- emissions from agricultural land	47.8	48.2	45.8	-	51.6	-	
- burning of crop residues	0.0	0.0	0.1	-	0.2	-	
Change in land use and forest (LULUCF)	-12,154	-25,835	-30,590	151.7	-173,992	17.6	
Total incidence of LULUCF emissions (%)	2.3	4.7	6.3	-	5.0	-	

Source: European Environment Agency and ISPRA, 2013

Tab. 4.4 - *Development of the agricultural land used (1970-2010)*

	1970	2010	Change 2010/1970 hectares	Change 2010/1970 %
Land use				
- Arable	8,840,122	7,041,206	-1,798,916	-20.3
- Permanent crops	3,063,256	2,380,769	-682,487	-22.3
- Permanent grasslands and meadows	5,469,671	3,434,073	-2,035,598	-37.2
Altitude zone				
- Mountain	4,397,938	2,840,388	-1,557,550	-35.4
- Hills	7,971,482	5,759,015	-2,212,467	-27.8
- Plains	5,003,311	4,256,645	-746,666	-14.9
Total	17,373,049	12,856,048	-4,517,001	-26.0

Source: ISTAT, Agricultural Census, 1970 and 2010

Tab. 4.5 - Organic operators and area planted by region¹

	Producers				Processed and imported products ²				Surfaces /Area				
	% change 2012/11		n.		% change 2012/11		n.		Total		Organic UAA ³		incidence on total UAA ⁵ %
	n.	% change 2012/11	n.	% change 2012/11	n.	% change 2012/11	n.	% change 2012/11	ha	%	% change 2012/11	farm average (ha) ⁴	
Piedmont	1,282	-3.1	617	-5.7	1,899	3.8	-3.9	29,306	2.5	-5.3	19.4	2.9	
Valle d'Aosta	74	7.2	16	-5.9	90	0.2	4.7	1,652	0.1	0.9	19.9	3.0	
Lombardy	873	24.7	824	2.2	1,697	3.4	12.7	19,000	1.6	-10.9	18.2	1.9	
Trentino-Alto Adige	1,091	8.1	441	-2.0	1,532	3.1	5.0	11,240	1.0	24.6	9.1	3.0	
Veneto	960	3.0	786	-10.6	1,746	3.5	-3.6	17,094	1.5	12.3	14.5	2.1	
Friuli-Venezia Giulia	269	0.4	147	-10.4	416	0.8	-3.7	3,567	0.3	0.8	11.4	1.6	
Liguria	219	4.3	160	-10.6	379	0.8	-2.6	3,023	0.3	-6.2	11.0	6.9	
Emilia-Romagna	2,555	3.7	1,049	-7.7	3,604	7.3	0.1	81,511	7.0	5.3	28.5	7.7	
Tuscany	2,344	2.9	1,186	-5.7	3,530	7.1	-0.2	90,997	7.8	0.0	29.7	12.1	
Umbria	960	1.9	255	-32.2	1,215	2.4	-7.8	46,957	4.0	33.7	43.2	14.4	
Marches	1,668	-5.1	339	-8.1	2,007	4.0	-5.6	52,939	4.5	-2.3	29.3	11.2	
Lazio	2,764	12.3	538	-0.4	3,302	6.6	10.0	91,920	7.9	9.9	31.0	14.4	
Abruzzo	1,246	-1.3	305	-12.6	1,551	3.1	-3.8	27,666	2.4	-9.0	20.4	6.1	
Molise	182	2.8	54	-1.8	236	0.5	1.7	4,823	0.4	0.2	24.1	2.4	
Campania	1,454	-1.4	442	5.0	1,896	3.8	0.0	24,862	2.1	6.2	15.7	4.5	
Puglia	5,377	29.1	734	-19.8	6,111	12.3	20.3	171,122	14.7	25.5	30.3	13.3	
Basilicata	1,033	-12.3	147	-13.5	1,180	2.4	-12.5	44,392	3.8	-3.2	40.2	8.6	
Calabria	6,691	3.4	510	-20.8	7,201	14.5	1.2	119,720	10.3	7.9	17.1	21.8	
Sicily	7,056	6.3	862	3.5	7,918	15.9	6.0	193,352	16.6	2.8	26.1	13.9	
Sardinia	2,048	-3.6	151	2.0	2,199	4.4	-3.2	132,219	11.3	1.3	62.1	11.5	
Italy	40,146	5.9	9,563	-7.7	49,709	100.0	3.0	1,167,362	100.0	6.4	26.6	9.1	

¹ Data at 31 Dec. 2012² Considering producers involved in processing and importation³ Organic UAA and in-conversion⁴ Importers who act also as producers have not been considered due to the lack of disaggregated data⁵ Total UAA from ISTAT figures, Agricultural Census, 2010

Source: processing of figures by INEA and SINAB, based on figures of the Certification Bodies

Tab. 4.6 - Farms authorized in performing farm-holiday activity

	Authorized farms in 2012		Change 2012/11	Farm-holidays on total farms ¹
	n.	%		
North	9,567	46.7	2.9	2.4
Centre	7,076	34.5	2.0	2.8
South	3,831	18.7	-8.3	0.4
Italy	20,474	100.0	0.3	1.3
<i>of which:</i>				
with catering	10,144	49.5	1.1	-
with housing	16,906	82.6	0.9	-
with tasting	3,449	16.8	-11.0	-
with other activities and services	11,982	58.5	1.7	-

¹ The total number of farms refers to the definitive figures provided by the 6th Agricultural Census, 2010

Source: ISTAT, annual data on farm-holiday, various years

Tab. 4.7 - National energy synthetic balance - 2012¹

						(Mtep)
	solid fuels	natural gas	petroleum products	renewable energy	electricity	Total
	Type of availability					
Production	0.6	7.0	5.4	24.8	-	37.9
Import	15.9	55.5	86.3	2.1	10.0	169.8
Export	0.2	0.1	29.2	0.1	0.5	30.1
variation in provisions	-0.2	1.0	-1.1	0.0	0.0	-0.2
Gross domestic consumption	16.6	61.4	63.6	26.8	9.5	177.8
Consumption and losses of the energy sector	-0.3	-1.6	-5.0	0.0	-41.6	-48.6
Conversion in electricity	-11.8	-20.6	-3.3	-21.7	57.4	0.0
Total final uses	4.4	39.2	55.3	5.1	25.2	129.2
	Sector of use					
Industry	4.4	12.3	4.3	0.3	9.8	31.0
Transport	-	0.8	36.2	1.3	0.9	39.1
Residential and Services	0.0	25.5	3.7	3.4	14.0	46.6
Agriculture		0.1	2.2	0.2	0.5	2.9
Non-electrical uses	0.1	0.5	5.9		-	6.4
Refueling	-	-	3.1		-	3.1
Total final uses	4.4	39.2	55.3	5.1	25.2	129.2

¹ Provisional data

Source: processing on data provided by the Ministry of the Economic Development

Tab. 4.8 - Operators of quality products - PDO, PGI and TSG by sector¹

	Producers	Processing operators	Total operators ²	Processing plants
Fresh meat	6,984	804	7,788	1,783
Processing of meat	3,872	683	4,555	970
Cheese	27,747	1,743	29,196	2,990
Other products of animal origin	243	33	255	62
Fruit/vegetables and cereals	16,767	1,170	17,442	1,216
Extra-virgin olive oils	19,192	1,879	20,142	2,645
Vinegar other than wine vinegar	175	531	614	646
Bakery products	32	63	83	64
Spices	93	90	100	105
Essential oils	28	9	35	11
Fish products	10	7	13	11
Salt	5	3	8	6
Total	75,148	7,015	80,231	10,509

¹ Situation updated to 31st Dec. 2012² An operator can simultaneously act as a producer and as a processing operator

Source: ISTAT

Tab. 4.9 - Irregularities detected during the supervision and control by ICQRF in the Food and Beverage sector¹ - 2012

Sector	Inspections (n.)	Operators controlled (n.)	Illegal operators (%)	Products controlled (n.)	Illegal products (%)	Samples analyzed (n.)	Illegal samples (%)
Wine	2,328	1,859	33.8	9,022	13.0	619	21.3
Oils and fats	3,436	2,950	12.6	6,833	6.8	814	7.9
Dairy sector	1,647	1,450	14.9	3,893	6.8	507	7.9
Fruit and Vegetables	692	625	18.9	2,110	7.9	19	0.0
Meat	961	1,039	28.6	2,148	18.7	55	9.1
Cereals and derivatives	1,045	914	15.0	2,523	7.8	456	15.1
Eggs	696	584	20.0	1,360	9.2	0	0.0
Vegetable conserve	743	628	11.1	1,518	6.3	310	5.2
Honey	383	352	4.3	831	2.2	171	9.9
Sugary products	391	312	13.1	646	8.7	12	16.7
Alcoholic drinks	370	264	24.2	676	11.8	76	7.9
Other sectors ²	1,249	1,137	14.4	2,774	8.3	249	21.7
Total controls	13,941	12,114	18.5	34,334	9.5	3,288	12.3

¹ The figures include checks on regulated quality products (organic products, Pro/Por/Tsg, wines DocG, Doc and Igr)

² Fruit and wine vinegars, additives and processing aids, soft drinks, beer, fish conserves, molluscs and shellfish, diet products and confectionery products not defined

Source: Ministry of Agriculture - Central Inspectorate's Department for the protection of the quality of food products and Fraud Repression- National Integrated Plan, year 2012

Agricultural, Forestry and Fishing Output

Cereals, industrial and forage crops

In Italy, the year 2012 was characterized by a decrease in the cereal production by about 1 million tons, compared to 2011, despite an increase of 1.8% in the area planted to cereals. These figures hide a dichotomy between the hard and soft wheat, on the one hand, and maize and other cereals (barley, oats and sorghum), on the other hand. The first case is characterized by an increase in production which is supported by an increase in the planted areas, whereas the second case is characterized by mediocre productive performance due to the reduction in the sowed lands. This decisive propensity in the cultivation of wheat by farmers is mainly explained by the better market conditions which now experience tempting prices, but also by the great weather conditions during the seeding, which seemed to be better than those of the 2011 campaign.

The areas planted with durum wheat have increased by 5.1% compared to 2011. As a consequence, thanks also to the improvement in the quantities produced, the data show a corresponding growth in production which stood at 4,160 million tons (+9.6% compared to 2011), whereas the output value has amounted to 1,4 billion euros (+7.3%). Also the national production of soft wheat has decidedly increased compared to 2011: the seeded area has increased by 11% and the quantities produced have increased by almost 23%. The good trend in price has also contributed in making the production value much higher (+20.7%), thus amounting to 852 million euros. Conversely, the national maize production, in line with the international trend, was characterized by a decrease of 19%, compared to 2011, as a consequence of a drop in the quantities produced and reduced planted area (-1.8%). Maize has always represented to Italy one of the greater commodities for whom to boast quite self-sufficiency; unfortunately, the production trend in recent years has made the Italian Food Industry increasingly dependent on foreign countries, so that by 2012 it is expected that, for the first time,

the self-sufficiency rate falls below 80%. The trends in the international markets have led to an increase in prices during the year, nonetheless they have remained at levels lower than those in 2011. This decrease, together with the contraction in the quantities produced, has led to the substantial decline in the value of the Italian maize production (about -20%), which stood at about 1.8 billion euros.

The data released by ITALMOPA, concerning the production of the processed cereals in 2012, confirm the presence in Italy of a flour milling activity very dynamic, which maintains essentially stable its own production level, and however always above the average for the entire food sector. Within the sector, the production of bran is increased by about 1% compared to 2011, mainly boosted by the increase in the foreign demand of food pasta, thus allowing to counterbalance the effects caused by the negative trend in the domestic consumption which is now clear from some year on. As regards the floury products obtained from soft wheat, there has been a slight decline in 2012, amounting to about 1.1%. The total turnover in the sector has increased by 2.2%, compared to 2011, amounting to approximately 3.6 billion euros.

The national trade balance for the processed cereal products shows a growth (+8.6%). In particular, exports are increased by 6.3%, mainly thanks to the food pasta, biscuits and patisserie. At the same time, it should be noticed the growth in imports, although more contained, of about 1.4%. Regarding the unprocessed product, it should be highlighted the decrease in the structural deficit.

The Italian oleaginous sector, in 2012, has recorded an overall drop, compared to 2011, both in terms of seeded land and in production, which affected all the main cultivations (soya, sunflower and rapeseed). The increase in value of the worldwide prices, triggered by the drop in South-American production, has led to consequences on the national markets, where the price is increased by about 37% during the year. The final result of the two dynamics has led to a decrease in the production value for all of the three main products. Regarding the exchanges, the year 2012 has experienced an increase in the overall imports by 12%, accompanied by a decrease in exports of about 23%, thus leading to a worsening in the trade deficit.

In 2012, the Italian area cultivated to chard is increased by 15% over the previous year, reaching 52,500 hectares. The increase has been recorded in the Northern regions, while in other parts of the country the surface is decreased. Also the harvested production is increased by about 3%, thus reaching a little bit less than 2.6 million tons. This positive trend is ascribable to the instruments implemented by the chard's associations and by the sugar industry in order to ensure the continuity of the cultivation by the end of the supplementary and temporary support measures put in place by the Reform of the CMO in 2006. On the whole, the national production value of chards is increased by 10%. The change has been

determined by the positive trend in the northern regions, which have recorded an increase of 20%, despite the clear decreases in the other macro-areas. The overall use of the share (remained unchanged to 508,379 tons) has remained to values rather contained (66%). In 2012, the tobacco's campaign in Italy has highlighted a decrease in the production (-26%) as well as in the areas cultivated (-33%). The production has halved compared to 2005 (last year before the Reform), reaching almost 52,000 tons, whereas the surface has reached 15,000 hectares. The decrease has involved all of the regional contexts. During the year, it has been again noteworthy the desertion from the sector by the tobacco cultivators: -25% compared to 2011, after -26% recorded in the previous campaign. The combined effect in the trend of surfaces and farms has led to a turnaround in the average size of farms, now shrunk to 4.7 hectares, compared to 5.3 hectares in 2011. The production of light tobaccos is further increased by about 3 percentage points compared to the total (from 88% in 2011 to 91%), and it represents the main trend in all regions, except for Tuscany. At the moment of the editing of this document (November 2013) the data released by ISTAT are partial, therefore it is not possible to provide a reliable information about the surface allocated to the fodder cultivations in 2012 and about the relative productions in Italy. The climate trend in 2012 has jeopardized the harvesting of fodders. During the second part of the year the price of the dehydrated fodders has registered high levels, in increase up to 12% for the grass hay, and to 14% for the medical hay, compared to the same period in 2011. As from January 1st 2012, the aid to the processing of dehydrated fodders has been embed in the Single Payment Scheme and therefore granted directly to the producers. Furthermore, during 2012 and 2013, the regulatory proposals disclosed by the European Commission have been largely discussed, and they have concerned the CAP for the 2014/2020 period, during which it has been highlighted a deep attention to the fodder cultivations.

Fruit, vegetables and flowers

The value of the Italian production, in 2012, for vegetables and potatoes, about 7 billion euros, is slightly decreased compared to 2011 (-1.8%), thanks to the increase in prices (+2.3%) which has weakened the impact of the reduction in quantities (-4%), and of the surfaces cultivated. As for the single products, it continues the contraction in the tomato for processing, which has dropped down to 4.6 million tons (-12.5% for production and -10.4% for surface involved). There have been marked decreases also in the production of artichokes, legumes in general, onions, melons, eggplant, peppers and zucchini, while smaller reductions, in percentage or for the lower quantities produced, have affected all of the other

vegetables, except for mushrooms, broccoli, cauliflower and turnips, which instead have recorded an increase. Also the potato crop is further decreased (-4.3%).

The production of vegetables in greenhouses shows a similar situation, with surfaces that have continued to decline in line with the trend of recent years and with the production that has registered a significant decrease (-11%). The situation is, instead, different for asparagus and lettuce, which show a certain stability, along with eggplant and peppers for which the production is in increase.

The trade balance with foreign countries, traditionally positive, is improved in 2012 thanks to the increase in exports, which have exceeded 1,123 million euros (+1.2%), and thanks to the decrease in imports (-3.4%), which have reached almost 852 million euros. The geographical structure of the flows remains focused on the main EU markets, with Germany that has absorbed more than 34% of the value of our exports, followed by Austria, France and Netherlands. Imports are for the 87% of European origin, a share in increase also with the concomitant decrease in imports from non-European countries (such as Egypt and China).

The quantity of fresh fruit produced in Italy, in 2012, is decreased by 17.5% over the previous year, thus dropping down to almost 6 million tons. Nonetheless, the production value (including dried fruit) is remained almost unchanged, amounting to 2.73 billion euros, thanks to the increase in prices (+15.2%).

The reduction has affected all of the main fruit-growing's products, in particular pears and nectarines which, after the positive year in 2011, have registered the strongest percentage declines (respectively, -30.3% and -23.1%). Also other important products, such as apples, table grapes and peaches, have experienced very strong contractions. The reduction of the surfaces under production is already a stable trend, and the decrease of 10% in 2012 affects all productions in different measure.

In 2012, the trade balance of the fresh fruit, already positive, has improved thanks to the trend in exports (+4.9%), which have exceeded 2.4 billion euros, and thanks to the concomitant reduction in imports, which amounted to little more than 1 billion euro (-7%). The sales abroad of two main products, such as apples and table grapes, have recorded an increase by 2%, but it has been also important the growth in the export of peaches, pears, watermelons, cherries and apricots. The values exported of kiwi, and of the other tropical fruits, are instead reduced. The contraction in imports has affected concretely all the products, except for strawberries, cherries and some minor fruit products.

The Italian production of almonds, almost 90,000 tons, has continued its downward trend (-14.2% compared to 2011), followed by a strong reduction in surfaces (-10.4%). Even hazelnuts have showed a drop of production in the two main productive areas, with a contraction of 39.2% in the Centre and of 12.3% in the Islands and South.

Italy is a net importer of dried fruit and shell fruits, with a trade deficit which has remained stable in 2012, being weakly increased both the imports and the exports. Imports have almost reached 736 million euros (+1.8%), while exports are increased by 2.5%, reaching almost 275 million euros. For both of them, in aggregated terms, the growth in values depends on the price trend, while the quantities are decreased.

In 2012, the national production of harvested citrus fruits has amounted to 2.9 million tons, with a drop of 24% over the previous year. The bad weather conditions have adversely affected the quantities produced, thus jeopardizing the qualitative aspect of fruits. The trend in the domestic market has appeared to be in difficulty, thus not standing out neither for the trading volume, nor for the prices.

The production of oranges has reached almost 1.8 million tons (-28.6% compared to 2011). The high temperatures didn't encourage consumption, traditionally influenced by the arrival of the cold climate. Nonetheless, prices have remained at the same levels as the previous year. Even clementinas, with an harvested production of 612,900 tons (-14.7% compared to that one of the previous year), have failed to establish themselves on the market, as well as mandarins, whose production, on the contrary, is remained stable compared to the previous year.

In terms of foreign trade, the marketing of fresh products has experienced a worsening of the trade deficit, whose trade gap has reached 128.3 million euros (+120%). Imports are increased by 19%, thus reaching 289.3 million euros, whereas exports are decreased by 13%, thus reaching 161 million euros. In particular, the imports from Spain, which is the main supplier, are increased, whereas the exports in Germany, main addressee of the Italian citrus fruits, are decreased.

The foreign trade of the citrus derivatives has produced a surplus of 154.5 million euros (+2.6%), to which have contributed the juices for 63% and the essential oils for 37%.

On the whole, in 2012, the entire sector (fresh fruit and derivatives) has recorded a positive trade balance, which amounted to 26.3 million euros, thus experiencing a loss of about 66 million euros compared to 2011.

In 2012, the nurseries have generated a production value of about 2.6 billion euros (-3% compared to 2011), which represents 5% of the production at basic prices of Italian agriculture.

Production is decreased both for flowers and ornamental plants (-4%), as well as for nurseries (-1.8%), whereas there is an increase of 11% in reeds and wicker.

The extremely hard time for the Italian nurseries continues also during 2012, due to the worldwide economic uncertainty of markets as well as to the bad weather conditions which characterized some months in 2012.

The losses generated by the decrease in the average spending by consumers are not been recovered, despite the increases in the prices of the main cut flowers.

Despite the difficulties, the market of flowers and plants “*made in Italy*” has an active trade balance, amounting to about 190 million euros; the exports of the Italian nursery’s products amounted to 680 million euros, recording an increase of 3.5% compared to 2011, whereas the imports have slightly exceeded 485 million euros (-10.6% compared to 2011). The main products exported are represented by outdoor plants, while the main products imported are the fresh cut flowers.

Wine and olives

The year 2012 has marked a further downsizing of the area of vines in production, with the table grape which has experienced a new setback (-9%), after that of the previous year, and the significant reduction in the plants for the production of wine grape, to whose trend have contributed mainly the areas of the North-West and Centre. The 2012 harvesting has been extremely modest, both for the table grape (-13%) and for the wine grape (+0.3%). In terms of the results of the grape harvesting, the impacts have been more evident in the northern regions, while the remaining areas have shown a positive result, supported by a net recovery in the yield per hectare.

Despite the relative tightness of the harvested grapes, the quantities to be sent for the wine making have been decidedly more modest (-4.8% compared to 2011). As a consequence, the overall production of wine and musts, amounting to little more than 41 million hectoliters, showed a decline of about 4% (about -6% only for wine), synthesis of trends with different signs and performance, but characterized by the rather evident reduction in the red and rosè wines (about -8%) and by the net recovery of musts. The regions in the North-East are confirmed to be once again the greatest production area, with an incidence of about 41% on the national total.

The year 2012 has showed an anomalous trend also in terms of distribution of the production among the different types of wine. The reduction in the production has mainly affected the table grapes, which are decreased quite homogeneously everywhere, and in a less evident manner the PGI wines; conversely, the PDO wines have shown a significant increase in quantities (+6.4%). In particular, considering the reduced availability of grape, this outcome seems to be quite unexpected.

At the local level, it is confirmed a strong productive characterization, with the PDO wine deriving for 63% from the northern area and the PGI wines coming for about 87% from the North-East and South, whereas 55% of the table wines continues to be produced in the southern area.

The abnormalities of the productive trend in 2012 have affected clearly the

value of the wine production, although the effects seem to be different in relation to the two factors; in effect: for the table grape, the decline in production was of such entity that, despite an average increase in prices, the production value is nonetheless decreased (-2.6%); for the wine grape, the increase in prices have instead towed the value of the production in the distribution network (sold and/or assigned to cooperatives), with an increase in the production value of almost 22%.

These trends are reflected in the evolution of prices in the domestic market. In effect, in the first months of 2012 the prices have maintained an high level and always increasing, thus reaching a real surge upwards at the end of the grape harvesting (+40% on the annual average for both the colorings). Also for the PDO wines, the weighted price index shows a leap ahead of the white wines, whereas it appears to be less strong for the red wines and the rosè.

In a context characterized by a general increase in prices, the domestic demand of wine for the final consumption, already rather weakened by the effects of the economic crisis, has suffered additional repercussions.

With regard to the foreign demand, the year 2012 has been particularly positive, with an incidence of the sector on the whole of the agro-food exports which has exceeded 15% and a positive trade balance slightly lower 4,530 million euros. The exports of the white wines, in effect, have registered an overall increase, towed by the increase in the average prices, at the detriment of the volumes marketed. At the same time, there has been also an increase in the incoming flows, mainly with regard to the bulk wines not PDO/PGI. At last, it is noteworthy the role of the U.S. which, with a share of 20%, represent the greater buyer, although with a very narrow margin compared to Germany; at the same time, it's worth pointing out the lively dynamics of the shipments of wines towards Japan, Switzerland and Canada.

In 2012 (campaign 2012/13), ISTAT has estimated the area cultivated at olive equal to 1.1 million hectares, down by 3.9% over the previous year. The regions in the South and Islands, where it is located 79% of the area cultivated at olive, have lost 3.2% of lands, but much more sizeable have been the decreases which affected other areas in the country.

Also because of the negative trend of the yields (-2.3%), it is decreased the quantity of olives for the processing (-8.6%). This has led to a decrease in the production of the olive oil produced, which has amounted to 505,915 tons, 7.3% less than the previous campaign. This decrease is mainly ascribable to the drop in the southern regions (-6.2%) and in the central regions (-20%).

The value of the national olive oil production, in 2012, has amounted to 1,384 billion euros (-8.5% compared to 2011), equal to 2.6% of the national agricultural production (at basic prices). In 2012, there has been a worsening of the price

index at the origin (-17.7% compared to 2011), and an increase in the prices of the facilities for the olive growing (+1.3%), mainly regarding the energy cost and fertilizers. In 2012 there has been a contraction in prices for virgin and extra virgin olive oil, which ranked at the same levels of 2010. The downward trend in prices has also affected quality olive oils. The extra virgin olive oils, produced according to the method of organic agriculture, have registered an average annual price in decrease by 12% compared to 2011. Also for the olive oils with certification of origin there is a general contraction in prices, except for the PGI of Tuscany (+27.8%) and the PDO of Umbria (+1.2%).

In 2012, the olive growing, run with the organic method and intended for the production of olive oil, has involved 163,454 hectares, of which more than 60% is located in Puglia and Calabria. Concerning the sector of PDO and PGI extra virgin olive oils, during the year there has been a contraction in the number of producers involved (-5.4% compared to 2011), against an increase in the area involved (+5.6%). This latter has reached 106,152 hectares, equal to 9.3% of the national surface cultivated at olive. The average size of farms with certification of origin grows, therefore, from the 5 hectares, in 2011, to 5.5 hectares. In 2011 the quantity of certified production is increased by 7.6% compared to 2010, reaching 11,229 tons (2% of the national production).

During the year, there is an overall improvement in the exchanges of olive oils abroad. The quantity imported is decreased by 4.1% compared to 2011, whereas the quantity exported is increased by 3.4%. The downward trend in the average value of exchanges, which has concerned both imports and exports, has led to an increase of 2.5% of the value of the sell abroad, and to a decrease of the value of purchases (-4.5%). Thereby, the trade balance not only maintains a positive sign but it also improves, so that the budget surplus is almost four times higher than that one in 2011, thus exceeding 114 million euros.

In terms of national legislation, on the 1st February 2013 it is entered into force the Law “Rules on the quality and transparency of the supply chain of the virgin olive oils” (L. 9/2013), better known as law “Save oil”, on which, once again, the productive world and the industrial one have clashed. Nonetheless, the EU has asked for clarifications about the Law and it has imposed the suspension until November 2013.

Meat and meat derivatives

The Italian production of beef, equal to 957,800 tons, has experienced in 2012 a decrease by 4.3% in carcasses, following the even more consistent drop of the previous year. The number of slaughtered heads is decreased at the same levels,

with contractions that have affected almost all of the categories of beef, except for the steer meat.

The productive decrease is mostly ascribable to the dynamic in the slaughtering of beefs born abroad and imported in Italy in order to be reared. Statistics show a consistent decrease in the imports of beefs, due to the reduction of the availability at the EU level and to the increase in the prices of the heads to be reared. The strong reduction in production did not coincide with a recovery in the imports of beefs because of the increased effects of the economic crisis on the domestic consumption which, as it is shown by the economic accounts, have experienced a contraction by 4.4%. The supply from abroad of fresh and frozen product is decreased in volume by 5.8%, reaching 401,000 tons. The contraction in the availability has been partly contained by the reduction of 7.7% in exports (totally 123,700 tons).

Despite the decline in demand, the market of the animals for the slaughtering has continued its upward trend also during 2012.

The Italian production of pig meats (1.65 million tons) is increased by 3.1% in 2012, as a consequence of an increase by 2.1% in the number of slaughtered heads.

Nonetheless, the heavy pigs delivered by the certified farms for the PDO productions are decreased, reaching a total of 8.26 million heads (-3.4%). This contraction is ascribable to the reduction in the number of the active sow in the protected circuit and to the process of compliance to the Dir. 2008/120/CE concerning the safeguard of the pig's breeding. Consequently, the entry from abroad of fattening pigs weighing less than 50 kilos have reached a total of 590,000 heads, thus highlighting an increase of 9.5% on the annual average. The imports of pig meats, for a total of 904,000 tons, are decreased in volume by 6.4%, thus leading to a slight improvement of the self-sufficiency rate of the sector. Concerning the export, the increase of 1.4% in the quantities sold abroad is ascribable to the positive dynamic of the cured meats, which represent almost 90% of the total value in exports. Conversely, the exports of raw material are decreased by 7.2%, reaching about 68,000 tons.

The reduction in the slaughtering of heavy pigs coming from the PDO circuit along with the contraction in the number of sows have led to a further increase in the prices of heavy pig, thus amplifying the effects of the inversion of the market cycle begun in 2011.

The overall production of poultry meat has reached 1.25 million tons, thus leading to an increase of 1.9% on the annual average. In 2012 there has been an increase in the production of poultry meat which, with 808,000 tons (+1.5%), represents 65% of the overall supply. Concerning the minor species there has been a recovery in the production of turkey meat.

In terms of consumption, the preference for the white meats, generated by the reduction in the available income by families, has led to a further increase in the consumption of poultry meats. Concerning the turkey meats, in 2012 there has been an inversion compared to the contraction in consumption, so that it has been exceeded again the threshold of 4 kilos per person.

The increase in consumption (+2.8%) superior to that one of the production is reflected in the reduction of the balance in volume of the foreign trade, and in the slight worsening of the capacity of provision of the sector, which, nonetheless, has continued to be largely above the threshold of the self-sufficiency.

Despite the increase in the supply, the positive dynamic in consumption has maintained the market for the production of poultry meat in equilibrium conditions, so that prices have substantially reached the same values as the previous year. As for turkeys there has been a decrease of about 3%, following the strong recovery in prices of 2011.

In 2012, the number of goats and sheep slaughtered in Italy has reached 5.35 million heads, down by 2.9% compared to 2011. As a consequence of the reduction in the number of slaughtered heads there has been a decrease by 3.3% in the production of carcasses, which have now reached 47,645 tons.

The drop in 2012 has exclusively affected the sheep meats which represent 95% of the total of the two species. The productive decline has been largely caused by the contraction of the slaughterings of foreign heads (1.32 million heads), which has confirmed the trend already emerged in 2011. For the second year in a row, in fact, there has been a sizable reduction in the admittance of lambs from abroad. Despite the minor availabilities of slaughtering heads of both national and foreign origin, the imports of goat and sheep meats are decreased by 9.8% in volume, amounting to 23,960 tons.

The dynamic of the production and the concurrent decrease in the imports of meats reflect the decline in consumption (-5.9%), which has experienced a strong acceleration just in the two-year period 2011-2012. In the same period, the improvement in the self-sufficiency rate, shifted by 43 to 46%, is the result of a decrease in the apparent demand superior to the decrease of the domestic production.

In 2012, the estimated production of eggs in Italy amounted to 12.77 billion of units, less than 3% compared to 2011. The number of eggs in shell for consumption or as equivalents in egg-based products, amounting to 12.67 billions, show a more contained decrease (-2%). Due to the increase in imports, the overall balance of the foreign trade has experienced a sizable reduction in the volume (-76%), although it maintained a positive sign. The prices of the various commercial categories have recorded increases ranging between 30% and 40%, and they are ascribable to the effects of the adjustment process to the prohibition in the use of conventional cages, as from 1st January 2012. Due to the delay in the

compliance with the regulations of the Dir. 99/74/CE, in 2012 was formally launched an infringement procedure against Italy.

The National Observatory of honey highlights a decrease in production in 2012 ranging between 25% and 30%, compared to the already unsatisfying honey harvesting recorded in 2011. Rather than parasite related problems, which have nonetheless continued to affect the traditional productions of Lazio and Sardinia, the shortage of the output in 2012 is ascribable to the bad weather conditions during the period of harvesting of some important varieties.

The shortage in the harvesting of some varieties of honey has led to an increase in prices and it has contributed in keeping up the price also of other varieties.

Despite the productive drop, the imports of natural honey have reached the same volumes as in 2011, amounting to 15,220 tons, whereas the exports, equal to 8,352 tons, have registered an increase of about 30%.

Milk and milk derivatives

During 2012, the national dairy system has been influenced by two main forces which have acted oppositely. The first force is represented by the economic crisis which has affected the domestic consumption, thus leading to a reduction, although limited, of the overall purchases and to a general replacement of the most expensive products in favor of those undifferentiated products and with a lower cost. The other phenomenon is represented by the favorable trend in the international exchanges, with a further increase in the demand for the milk derivatives, in addition to a positive inclination towards the purchasing of chesses of the Italian dairy tradition. The exports have represented, also for 2012, a support factor to the market of milk and its derivatives.

The final outcome of the different acting forces have made the year 2012 worse than the previous year, although not so bad so as to be numbered among the univocally negative years; this has been triggered by the record levels in prices in addition to the turnaround which has begun in the late spring, and which has avoided the threat to suffer heavy losses in profitability for the farmers and the processing industry.

The cost production of the breeding has represented a critical factor along all the year, although at a certain point there has been an attenuation, above all for the maize price (-2.5% the average quotation in 2012, compared to 2011). It persists for two years now a situation of clear tension on the market for the provision of the production factors thus leading to a reduction in the margins of contribution of farmers, and in what remains in order to remunerate work, services and assets. In particular, what is worrying is the lasting increase in the prices

of the fodder on the market, due to the shortage of the supply at the international level, which has coincided with a negative production by the Italian farms both in quantity and in quality.

The price of the raw milk to the barn is decreased (-5.8% compared to 2011), but there has been no collapse. Farmers have sold to a reference price of 373.1/ euro/t, higher of about 9% than the average of the four-year period 2007/2010.

The amount at the origin for the *Parmigiano Reggiano* cheese is decreased by 16.9%, compared to 2011, whereas the price for the *Grana Padano* cheese is decreased by 10.1%.

The decrease has been sizeable, but the level reached by the *Grana Padano* during the year places itself to 19% above the average of the four-year period 2007/2010, and the *Parmigiano Reggiano* ranges between the average value of 2011 and the prices recorded during the years immediately preceding.

For the fourth year in a row, Italy has complied with its own production quota concerning the delivery and the direct selling of milk, so as that no taxation was therefore charged to the farmers.

In 2012, it has continued the upward trend in the exports of the dairy products in the EU and all over the world. Thanks to the brilliant results obtained in the selling of the Italian traditional cheeses, the trade balance of the dairy products is improved: the negative balance is decreased by 23.9% and in the specific item of the cheeses the export value has exceeded that one of the imports by more than 300 million euros.

In 2012, the domestic purchases of milk are decreased by 1% (-4.7% for the fresh milk and -5.9% for the high quality). The crisis has also affected mozzarella, usually in a well intense trend: it has been estimated a contraction by 0.6% for 2012. The domestic demand for yogurt continues its upward trend (+0.6%), while the purchases of the PDO and PGI cheeses suffer a downward trend, also due to the inclination to save money by consumers.

In 2012, the situation for the sheep sector has improved thanks to the increase in the exports of cheeses, and as a consequence of the decrease in the milk production and of the low levels in stocks. Thanks to the good performance of the foreign commerce (+9.7% in quantities compared to 2011), it is continued the upward trend for the market of the *Pecorino Romano*, already started in the second half of 2011. The low levels in stocks and the reduction in the production of milk have been decisive for the revival of a moderate climate of trust by the stakeholders, although the market of the other sheep cheeses, both fresh and seasoned, did not registered a favorable trend during 2012.

The production of buffalo milk in Italy has reached 263,000 tons, down by 3.7% over the previous year. During 2012, the production of buffalo milk mozzarella has amounted to 51,910 tons, of which 37,122 tons (-0.9% compared to

2011) concern the PDO production.

25% of the PDO buffalo milk mozzarella of the Campania region is exported. During the year, the consumption of the buffalo milk mozzarella has experienced a setback (-2.4% in quantity).

Fish products

The fishing sector, in 2012, continues to show signals of weakness, with a reduction in the capture and in the incomes, determined by a downsizing of the fishing in addition to the changes in the fishing areas and the different composition of what has been caught, which has experienced a decrease in the capture of fundamental species for the Italian fishing, both for the quantities produced and for the commercial value.

In 2012, the national fleet is made up of 12,934 boats for a total tonnage of 164,415 GT and a motor power of 1,047,877 KW. Compared to 2011, the capacity of the fleet is decreased by 1% in terms of numbers, and by 3% in terms of GT capacity. The socio-economic impact of the reduction in fishing has been very considerable: the employees in the fishing sector are actually dropped under the 29,000 units in the last year.

The distribution of the fleet, according to the fishing systems, confirms the prevalence of the small-scale fishing and of the trawling fishing; in the first case there are about 8,700 boats, which represent 2/3 of the entire national productive structure, while in the second case there are about 2,500 crafts (20%).

During 2012, the fishing activity of the national fleet has amounted to 1,556,058 days with an average of 120 days per boat (-11% compared to 2011).

The production of the Italian fishing fleet is amounted to 195,839 tons which, in value, correspond to 925 million euros.

The species most caught were the anchovies (-7% compared to 2011), followed by the clams (stationary compared to the previous year) and by the sardina (+39%).

The specie which has contributed the most to the overall turnover is represented by the anchovies (76 million euros, or 8% of the total), followed at a short distance by the hakes (74 million euros) and by the white shrimps (56 million euros).

The Italian trade balance for the fishing sector has shown, in 2012, an improvement of the deficit thanks to the reduction in imports, despite the contraction in exports.

During 2012, the projects relating to the programming period 2007/2013 of the European Fisheries Fund have been liquidated.

The Axis I of the Fund, which relates to the measures in order to let the fishing fleet to be in compliance, has employed the largest share of the subsidies allocated by the structural Fund (little less than 50% of the engagements). The amounts engaged for the definitive block have been equal or little more than 77 million euros while the amounts paid amounted to about 67 million euros.

The fishery production of the breeding, in 2012, is amounted to 194,800 tons (-4% compared to 2011) and 523 million euros (-8%), of which 126,000 tons and 178 million euros arising from the shellfish culture.

The breeding of the trout, which represents the main sector of the national fishery production, has experienced a sizable decrease both in the quantity produced (-8%) and in value (-10%).

Compared to 2011, the trend in prices to the net of the rearing has been different among the different marketed species. In an upward trend were the prices for trout, fillet of salmon, sturgeon, eel and, in a lesser measure, the carp and the herbivorous carp; in a downward trend were the prices for the high-quality fish compatible with both the fresh water and the salt water. The average prices for the bivalve mollusk are increasing, whereas the average prices for the mussel are slightly decreasing.

The trade balance shows a worsening of the results for the interchange with foreign countries in terms of quantities, whereas the values exchanged are remained substantially unchanged.

Forestry products

Despite a constant increase in the national forestry areas, in the latest years there has been a progressive contraction in the quantity of wood used. The official data for the year 2012 are not yet available, nonetheless the provisional estimates released by EUROSTAT show an increase by 22% in the overall woody use, thus representing an important turnaround if compared to the continuous contraction observed up until 2011. The estimated increase, concerns crosswise all of the types of use, including the wood for the energy use.

After two years of significant recovery, the level in the imports of raw wood is experiencing again a sizeable downward trend. The purchases from abroad of softwood logs are decreased by 16%, those for the temperate hardwoods by 15%, and those for the tropical hardwoods by 38%. The imports of sawed woods are decreased by 17% as for the conifers, and by 20% as for the hardwoods. Probably the lasting phase of the economic crisis is decisive for the contraction of the industrial demand for wood, and it is hindering various main sectors in the wood's supply chain, starting from the manufacturing of furniture to the building sector.

The reference frame for the import-export of the macro sector for the wood-furniture confirms the moment of extreme difficulty of the entire sector, with the turnover at the production that, after the substantial decrease in 2011, is registering a further contraction of 11.6%. This datum, by itself already worrying, gets worse of two further percentage points just in relation to the system of wood-construction industry-furniture, thus excluding the furnishings. The most firm foreign markets are those of Russia and United States. Conversely, it continues the negative trend in the apparent domestic consumption, thus showing how the national market is undergoing the greater difficulties.

The difficulties of the domestic market are confirmed by the unfavorable performance of the number of employees: a loss of more than 8,000 workplaces, as a consequence of the 3.3% of firms which have ceased their own activities during the last year.

Even for the supply chain of the production of paper and paperboards the national situation is somewhat worrying: the lasting phase of the crisis and the deadlock in consumption have led to a sizeable decrease in the productive levels, down by 5% in 2012. On the whole, the production of paper and corrugated papers has amounted to 8.5 million tons, a little over the minimum reached in 2009, which was the worst year of the crisis.

On the 12th March 2012, the European Commission has adopted the proposal of the decision concerning the quantification regulations and the actions to be taken for the emissions and absorptions of greenhouse gases arising from the activities related to the use of the land, the change in the use of the land and forestry [COM (2012) 93 definitive]. This action aims to restate the importance of the forests and of the agricultural lands for the climatic policy and the way how the absorption of the carbon dioxide from the atmosphere in the soil could be enhanced through a better management of forestry and grazing lands, along with some better agricultural policies.

As for the national policies, the Italian Ministry of Agriculture, which has to define the strategic lines and the guide lines for the sector, it has established two roundtables for the wood's supply chain (Ministerial Decree n. 18352 of 14th Dec. 2012) and for the bio-energy (Ministerial Decree n. 9800 of 27th April 2012), in order to identify the needs of the sector, along with rules and adequate operative measures for the enhancement and guardianship of the national forestry heritage.

Furthermore, during 2012, it is continued the negotiation on the CAP post 2013, in which it is expected the regulation about the support to the rural development by the European Agricultural Fund, so as to foster the rural development (EAFRD). As for the thematic aspects relating to the forests and to the forestry sector there is a strengthening of the role and of the contribution of this subject to

the local socio-economic development and to the environmental guardianship, although it remains substantially unchanged the structure of the present measures.

The bureaucratic burden, introduced by the Rural Development Programming 2007-2013, has deeply influenced the implementation of all the forestry measures, so as that the share of resources allocated to this kind of national interventions has decreased at 2,414 million euros compared to the 2,124 millions initially earmarked, with a progressive transfer of resources from these measures to the interventions for the agricultural sector, and with larger spending capacity.

At the national level, the financial incidence of the forestry measures on the overall budget for the rural development shows a prevalence of the traditional interventions of afforestation of the agricultural lands (Measure 211), in addition to the interventions for the prevention and afforestation of those areas hit by fires.

As for the financial fulfillment of the RDPs, at the 31st December 2012 the spending for the forestry measures has amounted to 47% of the total budget earmarked. Nonetheless, the effective level is rather different among the Regions, thus varying from a minimum of 24% (Abruzzo) to a maximum which is little lesser than 77% (Autonomous Province of Bolzano).

Tab. 5.1 - Area, production and value of soft wheat, durum wheat, maize and rice produced in Italy

	Area (000 ha)			Harvested production (000 t)			Yield (t/ha) ¹			Value of production (000 euro) ²			
	2011	2012	% change	2011	2012	% change	2011	2012	% change	2011	2012	% change	% share ³
Durum wheat													
North-West	12.0	10.3	-14.5	60.2	57.8	-3.9	5.0	5.6	12.4	19,992.2	18,572.8	-7.1	0.2
North-East	50.9	55.8	9.7	300.4	341.1	13.6	5.9	6.1	3.5	101,394.2	112,592.1	11.0	0.8
Centre	258.7	319.6	23.5	982.8	1,221.6	24.3	3.8	3.9	0.8	339,094.1	414,587.0	22.3	5.3
South and Islands	877.3	874.4	-0.3	2,453.2	2,539.5	3.5	2.9	3.0	4.5	827,104.8	836,050.0	1.1	4.5
Italy	1,199.0	1,260.1	5.1	3,796.6	4,160.1	9.6	3.2	3.4	4.6	1,287,575.4	1,381,801.9	7.3	2.6
Soft wheat													
North-West	136.3	145.1	6.4	667.8	847.6	26.9	4.9	5.8	19.2	164,977.2	206,295.3	25.0	1.7
North-East	237.9	282.1	10.2	1,444.3	1,802.0	24.8	6.1	6.9	13.4	359,306.8	439,969.4	22.4	3.0
Centre	97.8	114.2	16.7	522.8	609.1	16.5	5.4	5.4	-0.1	129,778.8	148,982.1	14.8	1.9
South and Islands	61.6	72.1	17.2	210.2	235.4	12.0	3.5	3.3	-4.9	51,988.5	57,144.1	10.0	0.3
Italy	533.6	593.5	11.2	2,845.2	3,494.2	22.8	5.4	5.9	10.5	706,031.2	852,390.9	20.7	1.6
Maize													
North-West	494.8	407.9	-6.2	4,372.9	4,105.3	-6.1	10.1	10.1	0.1	990,146.3	919,235.0	-7.2	7.8
North-East	459.6	475.3	3.4	4,635.2	3,176.3	-31.5	10.1	6.7	-33.5	1,051,987.7	712,045.2	-32.3	4.8
Centre	66.9	57.0	-14.8	518.3	381.8	-26.3	7.9	6.8	-13.7	123,064.7	96,354.8	-21.7	1.2
South and Islands	33.4	36.4	8.8	226.0	225.3	-0.3	6.9	6.3	-8.6	51,471.6	51,621.9	0.3	0.3
Italy	994.8	976.6	-1.8	9,752.4	7,888.7	-19.1	9.8	8.1	-17.5	2,216,670.2	1,779,256.9	-19.7	3.3
Rice													
North-West	227.6	218.9	-3.8	1,430.7	-	-	6.3	-	-	444,656.8	305,322.9	-31.3	2.6
North-East	14.5	12.1	-17.0	94.8	-	-	6.5	-	-	29,317.5	20,097.1	-31.5	0.1
Centre	0.3	0.4	19.5	2.4	-	-	7.9	-	-	748.9	517.3	-30.9	0.0
South and Islands	4.1	3.7	-8.8	27.9	-	-	6.8	-	-	8,628.4	5,762.8	-33.2	0.0
Italy	246.5	235.1	-4.7	1,555.8	1,566.1	0.7	6.3	0.0	-100.0	483,351.6	331,700.0	-31.4	0.6

¹ The yield is calculated on the total output

² The value of output has been calculated in different periods compared to the quantities produced

³ Calculated as the ratio between the value of the wheat production and the value of total agricultural output of the geographical distribution of reference

Source: calculated on figures released by ISTAT, Ente Nazionale Risi

Tab. 5.3 - Area, production and value of sugar beet in Italy

	Area (000 ha)			Harvested production (000 t)			Yield (t/ha) ¹			Value of production (000 euro) ²			
	2011	2012	% change	2011	2012 ³	% change	2011	2012 ³	% change	2011	2012	% change	% share ⁴
North-West	3.9	6.7	70.2	210.3	401.8	91.0	59.0	67.1	13.7	8,718.8	10,557.3	21.1	0.1
North-East	30.2	39.3	30.1	1,828.9	1,946.3	6.4	67.1	55.4	-17.4	76,359.6	91,729.8	20.1	0.6
Centre	2.8	0.7	-74.0	111.7	24.1	-78.4	43.9	36.9	-15.8	4,536.2	3,860.2	-14.9	0.0
South and Islands	8.7	5.8	-32.8	350.2	204.2	-41.7	43.9	38.3	-12.8	15,049.8	9,468.0	-37.1	0.1
Italy	45.5	52.5	15.3	2,501.2	2,576.5	3.0	60.6	54.8	-9.5	104,664	115,615	10.5	0.2

¹ The yield is calculated on the total output.

² The value of output has been calculated in different periods compared to the quantities produced.

³ The yields and the distribution of production by districts represent estimated values.

⁴ Calculated as the ratio between the value of the sugar beet production and the value of total agricultural output of the geographical distribution of reference.

Source: processing on figures released by ANB, ISTAT.

Tab 5.4 - Area and production of tobacco in Italy - 2012

	Area				Production			
	Hectares	% change 2011/12	% of light tobacco on the total	% change 2005/12	Tons	% change 2011/12	% of light tobacco on the total	% change 2005/12
Veneto	3,457.4	-51.6	97.6	-52.7	12,179.5	-44.7	98.3	-41.9
Friuli-Venezia Giulia	47.1	-38.0	100.0	-67.6	135.1	-41.4	100.0	-61.6
Tuscany	1,518.1	-26.7	39.1	-36.1	3,062.3	-24.6	46.6	-46.7
Umbria	5,174.6	-18.8	97.5	-36.8	15,482.9	-13.0	98.5	-32.1
Marche	8.6	-63.4	100.0	-78.5	20.5	-65.3	100.0	-80.0
Lazio	406.9	-32.6	66.9	-65.3	1,159.4	-33.6	70.8	-66.4
Abruzzo	149.4	-39.7	100.0	-61.6	426.3	-34.6	100.0	-65.5
Molise	1.0	-87.5	-	-98.0	-	-100.0	-	-100.0
Campania	4,316.1	-26.5	80.3	-66.9	19,166.9	-18.2	87.6	-65.6
Total	15,079.1	-32.8	85.9	-56.1	51,632.9	-26.4	90.7	-55.5
of which favorable regions ¹	14,466.1	-32.6	96.3	-53.2	49,891.6	-25.9	97.0	-52.6

¹ Veneto, Tuscany, Umbria, Campania

Source: processing on figures released by AGEA

Tab. 5.5 - Area and production of vegetables, fresh legumes and tubers cultivated in the open air in Italy

	Area (ha)			Harvested output (000 t)			Yield (t/ha) ¹		
	2011	2012	% change	2011	2012	% change	2011	2012	% change
Garlic & Shallots	3,124	2,980	-4.6	30.1	27.1	-9.9	9.7	9.2	-5.5
Asparagus	5,011	4,881	-2.6	33.0	29.9	-9.4	6.8	6.4	-5.9
Chard	2,715	2,305	-15.1	58.6	50.9	-13.1	22.9	23.6	3.0
Turnip tops	9,258	10,709	15.7	147.5	162.6	10.2	17.0	16.5	-3.3
Artichoke	48,016	35,593	-25.9	474.6	364.9	-23.1	10.2	11.0	7.3
Carrot & parsnip	12,137	10,508	-13.4	551.9	482.3	-12.6	47.0	47.7	1.5
Cauliflower	17,363	17,098	-1.5	412.0	414.1	0.5	24.8	25.1	0.9
Cabbage	16,389	15,665	-4.4	326.7	311.9	-4.5	20.6	19.9	-3.5
Cucumber	1,430	1,163	-18.7	29.4	21.9	-25.3	21.4	19.7	-8.0
Onions	13,004	10,749	-17.3	413.8	337.4	-18.4	32.1	31.8	-1.1
Water melon	10,719	8,705	-18.8	378.2	347.3	-8.2	40.5	41.3	2.1
Bean & French bean	19,409	16,539	-14.8	167.0	134.1	-19.7	8.8	8.3	-5.7
Broad bean	7,440	6,515	-12.4	47.4	40.6	-14.2	6.6	6.7	1.0
Fennel	20,980	19,729	-6.0	479.7	489.8	2.1	23.9	25.8	8.0
Strawberry	2,570	1,981	-22.9	46.0	40.9	-11.1	18.6	21.4	15.3
Cultivated mushrooms	-	-	-	760.5	1,016.9	33.7	-	-	-
Endive	9,850	9,350	-5.1	225.1	205.4	-8.7	22.9	22.7	-0.7
Lettuce	16,714	15,489	-7.3	358.4	324.3	-9.5	22.2	21.7	-2.2
Aubergine	9,423	8,304	-11.9	243.2	217.7	-10.5	26.6	27.2	2.0
Melon	23,173	20,557	-11.3	536.2	461.2	-14.0	23.7	23.3	-2.0
Peppers	10,327	9,036	-12.5	229.1	191.4	-16.5	22.8	22.1	-3.0
Peas	23,956	15,218	-36.5	98.9	80.3	-18.8	4.2	5.4	28.4
Tomatoes	19,453	16,325	-16.1	621.2	460.7	-25.8	32.8	30.0	-8.5
Tomatoes for processing	84,325	75,525	-10.4	5,340.3	4,671.3	-12.5	64.9	63.5	-2.2
Parsley	986	976	-1.0	20.3	20.4	0.7	20.9	21.3	1.7
Radicchio or chicory	15,432	13,994	-9.3	247.0	226.0	-8.5	16.2	16.8	3.7
Turnip	2,980	3,056	2.6	52.7	61.0	15.6	18.5	20.9	13.2
Radish	923	424	-54.1	15.2	9.9	-35.0	17.5	25.3	45.0
Celery	3,296	2,629	-20.2	97.7	84.1	-13.9	30.4	32.6	7.2
Spinach	6,152	4,651	-24.4	82.4	63.1	-23.4	14.0	14.2	1.2
Cougette	14,286	13,038	-8.7	357.4	317.2	-11.2	25.9	25.9	0.1
Vegetables²	430,841	373,692	-13.3	12,881	11,667	-9.4	30.2	31.4	4.0
Potatoes	61,902	58,652	-5.3	1,557.5	1,491.3	-4.3	25.7	26.1	1.4

¹ The yield is calculated on the overall output² Provisional data for 2012

Source: processing on figures released by ISTAT

Tab. 5.6 - Area and production by main species of fresh fruit in Italy

	Area (ha)			Harvested production (000 t)			Yield (t/ha) ¹		
	2011	2012	% change	2011	2012	% change	2011	2012	% change
Kiwi	22,505	22,636	0.6	431.6	384.8	-10.8	18.0	17.8	-1.2
Apricot	18,620	17,753	-4.7	263.1	247.1	-6.1	13.9	14.4	3.6
Cherries	29,251	28,484	-2.6	112.8	104.8	-7.1	4.0	3.9	-4.2
Apple	54,465	51,872	-4.8	2,411.2	1,991.3	-17.4	38.8	38.8	0.2
Nectarines	27,607	21,390	-22.5	610.8	469.6	-23.1	20.1	22.2	10.4
Pear	36,563	32,803	-10.3	926.5	645.5	-30.3	23.2	19.9	-14.5
Peach	54,862	44,849	-18.3	1,025.9	862.0	-16.0	18.2	19.6	7.6
Plum	12,749	10,522	-17.5	192.0	172.2	-10.3	15.0	17.0	13.7
Table grapes	56,107	50,666	-9.7	1,212.6	1,049.3	-13.5	21.5	21.3	-1.0
Total	312,729	280,975	-10.2	7,187	5,927	-17.5	23.0	21.0	-8.7

¹ The yield is calculated on the overall output

Source: processing on figures released by ISTAT

Tab. 5.7 - Area and production of nuts in Italy

	Area (ha)		% change		Harvested production (000 t)		% change		Yield (t/ha) ¹		% change
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
North-West	-	3	-	0.0	-	0.0	-	3.3	-	3.3	-
North-East	7	3	-	0.0	0.0	0.0	3.5	2.7	-	2.7	-
Centre	42	71	69.0	0.1	0.1	81.7	1.4	1.6	12.4	1.6	12.4
South and Islands	74,576	66,819	-10.4	104.7	89.7	-14.3	1.4	1.4	-1.5	1.4	-1.5
Italy	74,625	66,896	-10.4	104.8	89.9	-14.2	1.4	1.4	-4.3	1.4	-4.3
					Hazelnut ²						
North-West	11,154	228	-98.0	16.7	0.1	-99.2	1.5	0.7	-55.4	0.7	-55.4
North-East	18	19	5.6	0.0	0.0	-26.7	2.1	1.4	-31.1	1.4	-31.1
Centre	19,015	19,469	2.4	49.7	30.2	-39.2	2.7	1.6	-40.7	1.6	-40.7
South and Islands	37,121	35,214	-5.1	62.6	54.9	-12.3	1.7	1.6	-3.0	1.6	-3.0
Italy	67,308	54,930	-18.4	128.9	85.2	-33.9	2.0	1.6	-17.6	1.6	-17.6
					Pistachio						
North-West	-	-	-	-	-	-	-	-	-	-	-
North-East	-	-	-	-	-	-	-	-	-	-	-
Centre	-	-	-	-	-	-	-	-	-	-	-
South and Islands	3,522	3,527	0.1	3.1	0.9	-69.4	0.9	0.3	-68.7	0.3	-68.7
Italy	3,522	3,527	0.1	3.1	0.9	-69.4	0.9	0.3	-68.7	0.3	-68.7
					Carob						
North-West	-	-	-	-	-	-	-	-	-	-	-
North-East	2	-	-	0.0	-	-	6.8	-	-	-	-
Centre	3	3	0.0	0.1	0.1	-3.3	22.0	21.7	-1.5	21.7	-1.5
South and Islands	9178	5,569	-39.3	44.7	30.8	-31.1	4.9	5.5	13.7	5.5	13.7
Italy	9,183	5,572	-39.3	44.7	30.8	-31.1	4.9	5.5	13.0	5.5	13.0

¹ The yield is calculated on the overall output

² For the year 2012 it lacks the datum relating to Piedmont

Source: processing on figures released by Istat

Tab. 5.8 - Area and production of citrus in Italy

	Area (ha)			Harvested production (000 t)			Yield (t/ha) ¹		
	2011	2012	% change	2011	2012	% change	2011	2012	% change
Orange	100,501	83,514	-16.9	2,479.1	1,770.5	-28.6	25.1	22.7	-9.5
Bergamot	-	1,800	-	-	40.2	-	-	23.5	-
Clementines	28,478	26,689	-6.3	718.2	612.9	-14.7	25.6	24.1	-6.0
Lemon	23,672	25,703	8.6	493.5	346.3	-29.8	21.6	20.0	-7.4
Mandarin	8,965	8,826	-1.6	145.3	146.7	1.0	16.6	18.7	12.4
Grapefruit	253	312	23.3	7.1	7.5	5.8	28.2	29.4	4.4
Other citrus	50	51	2.0	0.9	1.0	4.7	19.0	19.5	2.7
Citrus	161,919	146,895	-9.3	3,844.1	2,925.1	-23.9	24.8	21.5	-13.3

¹ The yield is calculated on the overall output

Source: processing on figures released by ISTAT

Tab. 5.9 - Production at basic prices of flowers and potted plants in Italy

	2011	2012	% change 2012/11	% share ¹
				(thousand €)
				Flowers and ornamental plants
North-West	524,488	499,879	-4.7	4.2
North-East	151,536	145,122	-4.2	1.0
Centre	199,994	194,529	-2.7	2.5
South and Islands	510,131	490,715	-3.8	2.6
Italy	1,386,148	1,330,245	-4.0	2.5
				Nurseries
North-West	189,455	187,649	-1.0	1.6
North-East	156,232	150,984	-3.4	1.0
Centre	759,642	748,162	-1.5	9.5
South and Islands	194,724	189,444	-2.7	1.0
Italy	1,300,053	1,276,239	-1.8	2.4
				Cane and wicker
North-West	239	252	5.3	0.0
North-East	174	183	5.3	0.0
Centre	837	927	10.8	0.0
South and Islands	1,048	1,198	14.2	0.0
Italy	2,299	2,560	11.4	0.0

¹ Calculated as the ratio between the value of the production of each product and the value of total agricultural output of the geographical distribution of reference

Source: processing on figures released by ISTAT

Tab. 5.10 - Area and production of grapevine by geographical areas in Italy

	Area (ha)			Harvested output (000 t)			Yield (t/ha) ¹		
	2011	2012	% change	2011	2012	% change	2011	2012	% change
				Plants for wine grapes					
North-West	76,216	69,649	-8.6	567.0	514.3	-9.3	7.4	7.4	-0.5
North-East	158,426	158,770	0.2	2,293.2	2,178.9	-5.0	14.5	13.8	-4.8
Centre	101,784	97,073	-4.6	737.9	805.0	9.1	7.3	8.5	16.6
South and Islands	308,063	310,496	0.8	2,244.3	2,363.3	5.3	7.3	8.2	12.3
Italy	644,489	635,988	-1.3	5,842.4	5,861.4	0.3	9.1	9.5	5.2
				Plants for table grapes					
North-West	207	175	-15.5	1.6	0.9	-39.6	7.9	5.4	-31.4
North-East	115	107	-7.0	1.1	0.1	-96.5	9.5	1.4	-85.6
Centre	1135	1,077	-5.1	20.9	18.2	-12.8	20.1	17.8	-11.5
South and Islands	54152	49,297	-9.0	1,188.8	1,037.3	-12.7	22.8	21.6	-5.3
Italy	55,609	50,656	-8.9	1,212.3	1,056.6	-12.8	22.6	21.4	-5.5
				Total					
North-West	76,423	69,824	-8.6	568.5	515.2	-9.4	7.4	7.4	-0.3
North-East	158,541	158,877	0.2	2,294.3	2,179.0	-5.0	14.5	13.8	-4.8
Centre	102,919	98,150	-4.6	758.8	823.2	8.5	7.5	7.2	-3.3
South and Islands	362,215	359,793	-0.7	3,433.1	3,400.6	-0.9	9.6	10.0	4.2
Italy	700,098	686,644	-1.9	7,054.7	6,918.0	-1.9	10.2	10.2	0.6

¹ The yield is calculated on the overall output

Source: processing on figures released by ISTAT

Tab. 5.11 - Area cultivated with olives and production of olives and olive oil in Italy¹

	(area in thousands of hectares, production in thousands of tons)					
	Area	Harvested production	Yield (t/ha) ²	Olives for		Oil produced
				direct consumption	production of oil	
			2011			
North-West	18.1	24.2	2.0	0.9	23.3	4.9
North-East	7.8	14.7	1.9	0.1	14.6	2.4
Centre	218.9	328.4	1.5	5.1	323.3	52.9
South and Islands	899.6	2,821.0	3.3	69.7	2,751.2	485.6
Italy	1,144.4	3,188.2	2.9	75.7	3,112.5	545.8
			2012 ²			
North-West	17.8	36.2	2.0	1.4	34.9	6.4
North-East	6.5	10.5	1.7	0.0	10.5	1.6
Centre	204.9	314.3	1.7	7.1	256.4	42.3
South and Islands	871.1	2,656.5	3.2	67.5	2,543.8	455.6
Italy	1,100.3	3,017.5	2.9	76.0	2,845.6	505.9
			% change 2012/11			
North-West	-1.8	49.7	2.8	62.2	49.4	32.7
North-East	-16.5	-28.3	-10.8	-78.1	-28.2	-36.5
Centre	-6.4	-4.3	10.3	39.8	-20.7	-20.0
South and Islands	-3.2	-5.8	-4.1	-3.2	-7.5	-6.2
Italy	-3.9	-5.4	-2.3	0.4	-8.6	-7.3

¹ For the year 2012 it lacks the datum realting to Sardinia

² The yield is calculated on the overall output

Source: processing on figures released by ISTAT

Tab. 5.12 - Slaughtered beef in Italy

	Number of heads (.000)		% change 2012/11	Carcass weight (.000 t)		% change 2012/11
	2011	2012		2011	2012	
Calves	845.2	804.7	-4.8	125.4	119.6	-4.7
Bulls & Steers	1,515.6	1,379.1	-9.0	536.4	490.3	-8.6
Heifers	635.0	660.3	4.0	179.2	187.2	4.5
Oxen & Bulls	65.0	59.3	-8.7	23.4	21.0	-10.1
Cows	498.7	506.5	1.6	136.0	139.7	2.7
Total	3,559.4	3,409.984	-4.2	1,000.4	957.8	-4.3

Source: ISTAT

Tab. 5.13 - Slaughtered pigs in Italy

	Number of heads (000)		% change 2012/11	Carcass weight (000 t)		% change 2012/11
	2011	2012		2011	2012	
Piglets	795	694	-12.7	8.0	7.6	-5.6
Pigs	756	798	5.5	51.5	53.7	4.3
Heavy pigs	11,546	11,885	2.9	1,542.4	1,589.5	3.1
Total	13,097	13,377	2.1	1,602	1,651	3.1

Source: ISTAT

Tab. 5.14 - Slaughtered sheep and goats in Italy

	Number of heads (000)		% change 2012/11	Carcass weight (000 t)		% change 2012/11
	2011	2012		2011	2012	
Lambs	4,311	4,244	-1.6	31.1	30.7	-1.4
Lambs and castrated lambs	440	338	-23.2	5.7	4.4	-22.3
Ewes and rams	520	508	-2.3	10.7	10.5	-1.6
Total sheep	5,271	5,090	-3.4	47.4	45.6	-3.9
Kids	211	233	10.6	1.3	1.5	16.7
Goats	31	30	-4.5	0.6	0.6	-3.0
Total goat	242	263	8.7	1.9	2.1	10.8
Total sheep and goats	5,513	5,352.4	-2.9	49.3	47.6	-3.3

Source: ISTAT

Tab. 5.15 - Main indicators in the Italian dairy sector - 2012

	Thousand €	% change 2012/11
National production of milk (all species)	4,995	-5.7
Turnover of the dairy industry	14,750	-1.7
Imports	3,507	-7.6
Exports	2,244	5.1
Trade balance	-1,263	-23.9
	Thousand of tons	% change 2012/11
Milk production (all species)	12,092	-0.9
Production of cow's milk	11,150	-0.8
Production of sheep milk	559	-2.4
Production of goat milk	120	4.3
Production of buffalo milk	263	-3.7
Production of cheeses	1,094,934	-0.06
Production of PDO and PGI cheeses	496,976	1.4
Exports of cheeses	301,697	7.1
Exports of Parmigiano Reggiano and Grana Padano	73,883	7.0
	Number	% change 2012/11
Number of dairy cattle farms in production (deliveries)	32,854	-3.7
Dairy cows (000 of heads)	1,800	2.6
Sheep (000 of heads)	6,296	-11.6
Goats (000 of heads)	735	-7.9
Bufaloes (000 of heads)	277	16.9

Source: ISTAT, ISMEA, AGEA, Federalimentare, Assolatte

Tab. 5.16 - *Catches and revenues for the main species caught in Italy - 2012*

	Catches		Revenues	
	tons	%	Thousands of euro	%
Anchovies	42,800	21.9	75.6	8.2
Clams	20,028	10.2	42.3	4.6
Sardines	19,947	10.2	16.4	1.8
Hake	9,393	4.8	74.4	8.0
White or pink prawns	8,267	4.2	55.7	6.0
Red mullet	5,861	3.0	30.6	3.3
Mulletts	4,874	2.5	5.4	0.6
Cobs	4,751	2.4	29.4	3.2
Cuttlefish	4,172	2.1	35.9	3.9
Sword fish	4,018	2.1	45.7	4.9
Squid	3,032	1.5	5.2	0.6
Musky octopus	3,010	1.5	22.5	2.4
Calamari	2,593	1.3	13.3	1.4
Red shrimps	2,377	1.2	42.3	4.6
Musky muscardin	2,217	1.1	11.4	1.2
Boops boops	2,137	1.1	3.8	0.4
Prawns	2,051	1.0	40.3	4.4
White muscardin	1,820	0.9	11.4	1.2
Mulletts	1,641	0.8	18.6	2.0
Other	50,850	26.0	344.8	37.3
Total	195,839	100.0	925.0	100.0

Source: Ministry of Agriculture-IREPA

Tab. 5.17 - Aquaculture production in Italy - 2012

(tons)

	Installations on the land and at the sea	Installations in valleys and in brackish water	Total	Value (thousand €)
Sea-bass	7,200	700	7,900	61,500
Gilt-head bream	8,700	700	9,400	69,700
Umbrine	300	-	300	2,200
Eel	1,100	100	1,200	12,400
Grey mullet	-	3,600	3,600	10,100
Trout	37,800	-	37,800	135,000
Salvelinus Fontainis	400	-	400	1,700
Cat-fish	550	-	550	3,200
Carp	750	-	750	2,900
Sturgeon	1,700	-	1,700	14,500
Other fish	5,200	-	5,200	32,900
Total	63,700	5,100	68,800	346,100
Mussel	-	-	96,000	57,600
Clam	-	-	30,000	120,000
Total mussels	-	-	126,000	177,600
Total aquaculture	-	-	194,800	523,700

Source: API

Tab. 5.18 - *Utilisation by type of timber in Italy*¹

	(thousand of cubic meters)		
	2011	2012	% change 2012/2011
ENERGY USES			
Total firewood	4,644	5,388	16.0
- resinous	634	679	7.1
- deciduous	4,010	4,709	17.4
INDUSTRIAL USES			
Veneer and saw wood	517	1,000	93.5
- resinous	395	516	30.8
- deciduous	122	484	295.4
Timber for pulp including branches and residues	487	645	32.3
- resinous	444	481	8.4
- deciduous	43	164	278.1
Other timber for industrial use	658	711	8.0
- resinous	414	414	0.0
- deciduous	244	296	21.6
Total timber for industrial use	1,662	2,356	41.7
- resinous	1,253	1,412	12.7
- deciduous	409	944	130.6
TOTAL USES			
Timber for energy and industrial uses	6,306	7,744	22.8
- resinous	1,887	2,091	10.8
- deciduous	4,419	5,653	27.9

¹ Data updated to 28th August 2013 (the year 2012 is estimated)

Source: EUROSTAT - Roundwood removals and production by type of wood and assortment

