



ITALIAN AGRICULTURE IN FIGURES 2018



CREA - Research Centre for Agricultural Policies and Bioeconomy, 2019



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Now in its 31st edition, "Italian agriculture in figures", edited by CREA – Centre for agricultural policies and bioeconomy, does represent a well established and versatile information tool analyzing the trend of the Italian agro-food system.

Italian agriculture, along with all its related activities, continues to play a crucial role in the economy of the country, both in terms of production and in terms of services and functions that are fundamental for the entire community: presence on the territory, mitigation of the effects on climate change, contribution to the sustainability and bioeconomy, production of renewable sources, social services.

The analysis of the economic situation in the sector highlights a rather ambivalent trend during 2017: a recovery of the produc-

tion value (+3% at current values), offset nonetheless by a decrease in the volume production (-2.4%), due to a bad climate trend; the prices of the agricultural products sold have gained 6 percentage points, thus leading to a net improvement of the value added, equal to 32,979 million euro (+3.9%). Employment does decrease, mainly the female one (-1.2%), but investments do increase (+3.9% at current values), thus showing a climate of confidence by the agricultural operators. The 2016 SPA survey, carried out by ISTAT, has pointed out a remarkable downsizing of the productive base that registers a reduction of farms of 22% over 2013.

In terms of food consumption, it has been detected a recovery of household spending (+2%), although the inequality in the

distribution of the spending is in increase: there are more families spending less and more inequalities in the spending behaviour linked to the differences in income and professional status.

Accommodation services and catering services do return to pre-crisis level, thus confirming a more serene climate of confidence and a renewed interest of Italians in travels and enogastronomic experience. Food and wine tourism represents one of the main attractions for foreign visitors but also for the Italians themselves. It's therefore crucial to promote, in the year dedicated to the Italian food, our food excellences and their presence in an always more qualified catering service, attentive to the values of the national territories.

The Minister of agricultural, food,
forestry and tourism policies
Gian Marco Centinaio



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DIVERSIFICATION

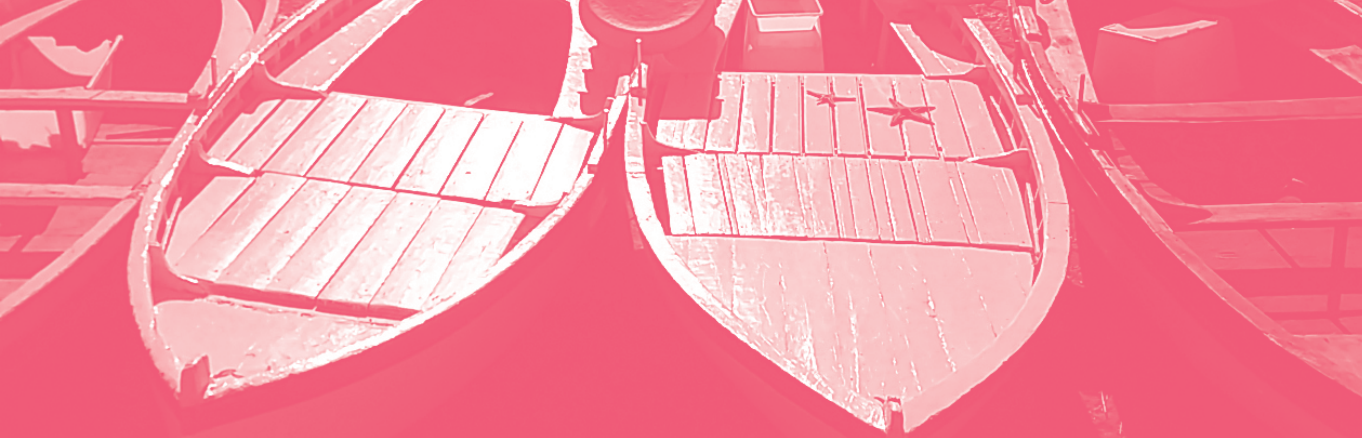
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ECONOMY AND AGRICULTURE

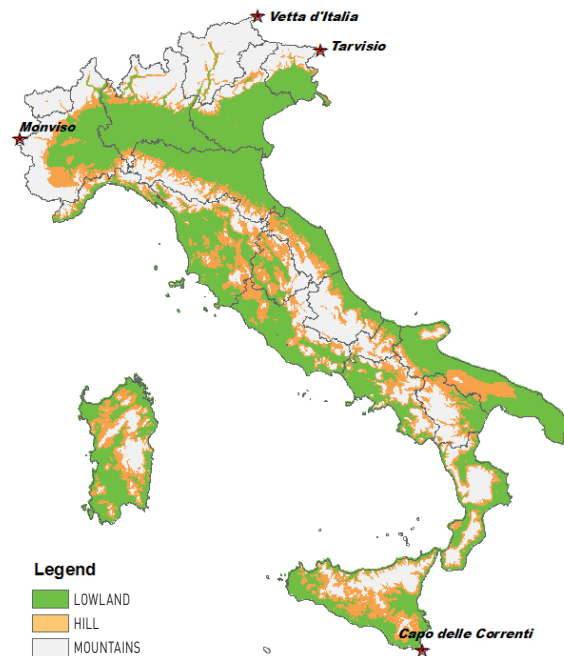
LAND AND POPULATION

The overall Italian surface area amounts to 302,073 square kilometers (Republic of San Marino and Vatican City State excluded), with a maximum length of 1,180 kilometers, from “Vetta d’Italia” to “Capo delle Correnti”, and a maximum width of 530 kilometers, from Monviso to Tarvisio. From an orographic point of view, the country seems to be mainly characterized by an hilly land (41.6%), followed by mountains (35.2%) and plains (23.2%).

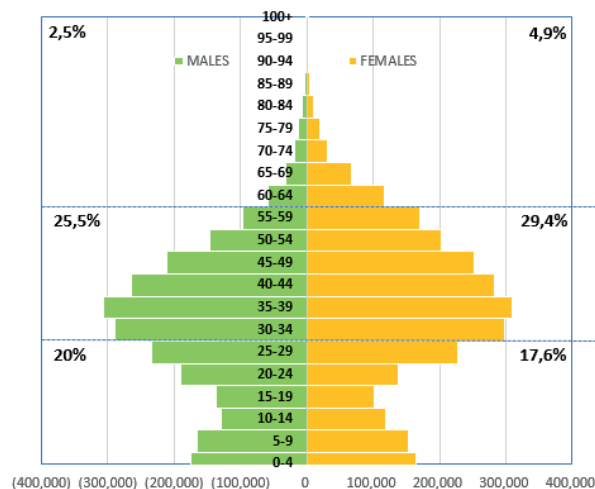
At 1 January 2018, the estimated population does amount to 60.5 million inhabitants, with an incidence of the foreign population equal to 8.4% (5.6 millions). Population is in a downward trend for the third year in a row, nearly 100,000 people less than in the previous year (-1.6 per thousand), mainly in the South (-3.9 per thousand).

The increase of the foreign population stops: at 1 January 2018 it has been highlighted an increase of 18,000 people over the previous year.

Territorial extension and orographic characteristics of Italy



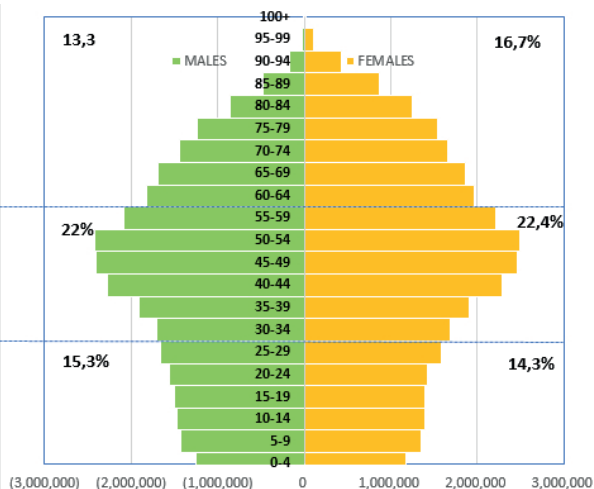
Breakdown of foreign residents in Italy, by age and sex, at 1st jan. 2018



Source: ISTAT.

Migrations from the South towards the Centre-North are decreasing, conversely the migration flows do increase towards

Breakdown of the italian resident population in Italy, by age and sex, at 1st jan. 2018



foreign countries: between 2012 and 2016 the first ones have decreased from 132,000 to 108,000; conversely, the sec-

ond ones seem to be almost doubled, from 25,000 to 42,000 and the population ageing gets accentuated.

GROSS DOMESTIC PRODUCT

In 2017, the Italian gross domestic product increased by 1.6% in real terms (chained values), thus showing an unquestionable positive growth over the initial forecasts. Nonetheless, despite the reassuring sign of recovery and the process of constant growth during the last three years, the GDP still remains under the pre-crisis level of roughly seven percentage points.

The ratio debt/GDP is slightly decreased

over the previous year (-2.4%), amounting to 131.2%. The positive domestic demand (+1.6%, 0.9% of which for national final consumptions and 0.7% for gross fixed investments), to the net of changes in stocks, has contributed to the growth, as

also some monetary policy measures able to support the products of the Euro zone. The change in stocks has been negative (-0.4%), whereas the net foreign demand resulted slightly positive (+0.3%).

The trend of the main aggregates of the

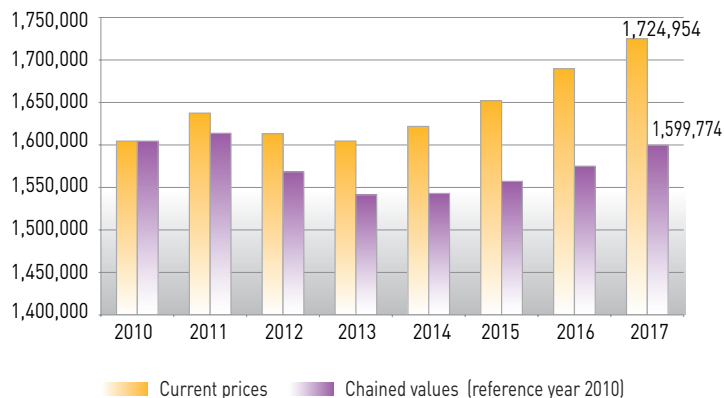
Trend in the overall GDP in Italy (million euro)

Years	Current prices	Chained values ¹
2010	1,604,515	1,604,515
2011	1,637,463	1,613,767
2012	1,613,265	1,568,274
2013	1,604,599	1,541,172
2014	1,621,827	1,542,924
2015	1,652,085	1,557,180
2016	1,689,748	1,575,018
2017	1,724,954	1,599,774

¹ Chained values (reference year 2010)

Source: ISTAT.

Trend in the Italian GDP (million euro)



Source: ISTAT.

domestic demand seems to experience an upward trend in terms of investments, also thanks to the positive effects on the credit market deriving from the expansive monetary policy of the European Central Bank. Gross fixed investments show an increase of 4.7%. Exports and imports have increased over the previous year. In particular, exports do register a +5.7% (2.4% in 2016) and imports +5.2% (3.6%

Trend in GDP per inhabitant (euro)

Years	PGDP/inhabitant	
	Values at current prices	Chained values ¹
2010	26,818	26,818
2011	27,264	26,869
2012	26,737	25,991
2013	26,458	25,412
2014	26,680	25,382
2015	27,204	25,641
2016	27,871	25,979
2017	28,494	26,427

¹ * chained values referring to the year 2010

Source: Istat, National Accounting

Trend in the GDP of some countries (GDP at constant prices, % change)

	2016	2017	2018
Industrialized countries			
United States	1.5	2.3	2.9
Japan	0.9	1.7	1.2
UK	1.9	1.8	1.6
Canada	1.4	3.0	2.1
Eurozone countries (figures in 2016)	1.8	2.4	2.2
Germany	3.3	1.9	2.5
France	1.2	1.8	2.1
Italy	0.9	1.5	1.5
Spain	3.3	3.1	2.8
Latin-American countries			
Brazil	-3.5	1.0	2.3
Mexico	2.9	2.0	2.3
Asia			
China	6.7	6.9	6.6
India	7.1	6.7	7.4
Korea	2.8	3.1	3.0
Emerging and developing countries			
Poland	2.9	4.6	4.1
Czech Rep.	2.6	4.3	3.5
Russia	-0.2	1.5	1.7
Turkey	3.2	7.0	4.4

Source: International Monetary Fund (sestimates)

in 2016). The trend of the domestic demand has highlighted an increase of 1.5% in household consumptions, showing the same level of the past year and a slight slowing down over the previous years (2% in 2015). The features of the Italian labour market along with the low income levels have affected the propensity to save (-0.9%). The expenditure of public administrations has remained essentially

unchanged (-0.1%).

Changes in the GDP of the main industrialized countries do record increasing values, mainly in the U.S., Canada and Japan. Canada, in particular, registered in 2017 a change double than the previous year. Brazil picks up significantly, as Mexico does. Asia, China and India do maintain the highest growing rates (+6.9% and 6.7%), but also Korea is in

an increasing trend. Among the emerging and developing European countries, Turkey scores +7%, making a great leap in ahead that allows it to reach the same growing levels of China; also Poland and the Czech Republic highlight increasing values (+4.6% and 4.3%). Russia, which in 2016 ended up with a negative sign, starts to grow again both in 2017 and in the 2018 estimates.

VALUE ADDED

In 2017, total value added, at basic prices, increased overall by 1.5% over 2016 (annual change on chained values). Food, drinks and tobacco industry does grow (+1.7%), whereas the value added of the agricultural, forestry and fish sector experiences a very significant drop (-4.3%). The agricultural value added accounts for 32.979 million euros and it represents 2.1% of the national value added.

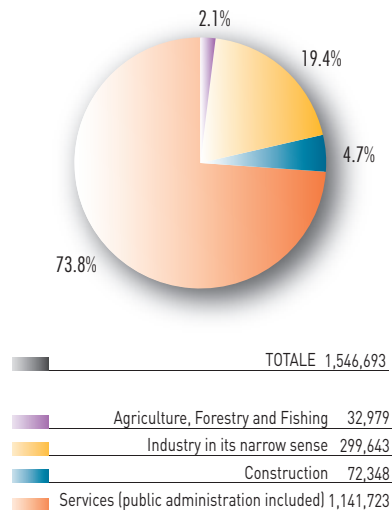
The agro-food sector (food industry included) has increased by 1.2% at current terms, nonetheless it has decreased by 1.5% in volume. The trend in the agricultural sector has suffered severe frosts during the first 2017 months, whereas the summer drought and the autumn hailstorms have strongly damaged productions (-2.5% in volume). The most remarkable drop has affected woody crops (-5.4%), mainly due to the collapse in the wine, fodder and herbaceous productions (-14.0%, -5.4% and -5.1% respectively).

Support activities seem to be stationary and secondary activities have increased (+3.5%). Olive production has instead registered a rather remarkable increase (+17.3%).

The year 2017 is characterized by a recovery of the prices of the agricultural products sold, compared to 2016: the prices of the products sold do register a rise of 6.2%, whereas much smaller was the increase of the prices of the products bought (+1.6%). Such a trend has therefore led to a favourable terms of trade for the whole agricultural sector (+3.9% was the increase of the value added at current prices).

At a territorial level, the regions that suffered the highest drop in production were Trentino (-11.2% volumes of production, -13.5% value added) and Tuscany (-8.8% volumes in production, -11.1% value added). On the whole, decreases have been detected in the North-East (-3.4%),

Breakdown of the value added at basic prices by sector, 2017 - (million euro)



Source: ISTAT

Incidence of the agricultural value added* to the total VA of each EU country, 2017

Country	%	Country	%
Luxembourg	0.3	Czech Rep.	2.3
UK	0.7	Poland	2.4
Belgium	0.7	Estonia	2.7
Germany	0.9	Finland	2.7
Malta	1.1	Spain	2.9
Sweden	1.2	Lithuania	3.4
Ireland	1.2	Slovakia	3.6
Austria	1.3	Croatia	3.7
Denmark	1.3	Latvia	3.9
France	1.7	Hungary	3.9
Cyprus	2.0	Greece	4.0
Netherlands	2.1	Bulgaria	4.3
Slovenia	2.1	Romania	4.8
Italy	2.1	EU-19	1.6
Portugal	2.2	EU-28	1.6

* VA at basic prices - current values in million euros

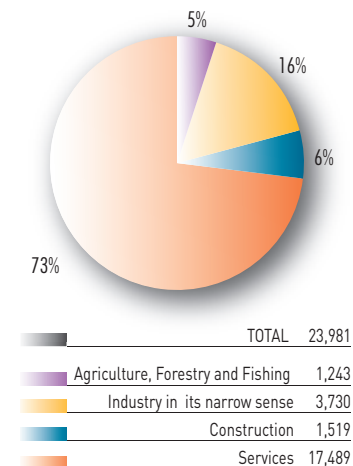
Source: Eurostat

in the North-Ovest (-1.9%) and mainly in the Centre (-5.7%); only South highlights a slightly positive sign of volumes (+0.6%). In 2017, the value added of the EU agricultural sector amounted to 184,389 million euros at current prices. The most negative annual changes (on chained values) concern the agricultural production of Spain, Italy and Denmark, whereas rather positive seem to be the variations experienced in Romania, Poland, France, UK and Greece.

EMPLOYMENT

In 2017, the economic recovery in the EU speeded up, thus involving a greatest number of countries and leading to a new increase of employment (+1.5%), accounting for 227.6 millions of employees, 4.7 millions more than in 2008.

Total work units (000), 2017



Source: ISTAT, National Accounting

In Italy, the employment did not still recover the 2008 levels (-67,000 employees), although it registered a remarkable increase (265,000 units, +1.2%), for a total

of 23,023,000 employees.

Unlike the latest three years, in 2017 agricultural workers decreased by 13,000 units, a reduction involving quite exclu-

Foreign workers in agriculture by geographical district (000)

		2015	2016	2017
North-West	Male	17	16	20
	Female	3	2	2
	Total	20	18	22
North-East	Male	18	25	22
	Female	7	6	6
	Total	25	31	27
Centre	Male	27	32	30
	Female	6	9	8
	Total	33	41	38
South and Islands	Male	42	43	46
	Female	13	14	13
	Total	55	57	59
Italy	Male	104	116	119
	Female	29	31	29
	Total	133	147	147

Foreigners employed in agriculture (%)

Italy	Male	16,9	18,0	18,4
	Female	12,6	12,9	12,5
	Total	15,8	16,6	16,9

Source: ISTAT, Survey on the workforce

sively the female component, leading to a further decrease of the incidence of women (-1%) that accounts for 26.2% compared to the 42% of the overall average.

From a territorial point of view, the situation appears very articulated: the North-West experiences the greatest reduction both in absolute and relative terms (-9,000 employees, -7%), while registering at the same time an increase of young employees aged between 15-34; the South suffers a significant loss that nevertheless has little incidence on total agricultural employment's volume (-6,000 people, -1.4%); the other two districts are instead characterized by slight increases.

The upward trend in the agricultural sector of the incidence of foreign workers on total workers continues also in 2017, reaching 16.9%, although in absolute terms the number remains stable at 147,000 as in 2016. The Centre is the district with the highest incidence (29.3%), although declining compared to 2016 (31.4%).

People (aged 15 or more) employed in agriculture in the EU (%), 2017

	Employed people in agriculture/Total employed	Female incidence ¹		Employed people in agriculture/Total employed	Female incidence ¹
Austria	3.9	44.1	Luxembourg	1.1	22.6
Belgium	1.2	28.1	Malta	1.0	-
Bulgaria	7.0	30.1	Netherlands	2.0	29.7
Cyprus	2.5	20.8	Poland	10.2	38.9
Croatia	7.0	33.7	Portugal	6.4	31.8
Denmark	2.2	21.6	UK	1.2	26.3
Estonia	3.5	26.8	Czech Rep.	2.8	28.2
Finland	3.8	27.6	Romania	22.8	42.6
France	2.6	29.5	Slovakia	2.7	22.8
Germany	1.3	32.1	Slovenia	5.5	40.0
Greece	12.1	39.8	Spain	4.4	23.8
Ireland	5.0	14.2	Sweden	1.8	26.4
Italy	3.8	26.2	Hungary	5.0	25.6
Latvia	6.9	31.1	EU - 28	4.2	33.7
Lithuania	7.8	35.6			

¹on the total people employed in agriculture

(-) unavailable datum

Source: Eurostat

PRODUCTIVITY

In 2017 labour productivity begins to grow again, thus registering the highest increase since 2013. The overall rise of the index (value added per hour worked) amounts to 0.7% after the drop of 1% registered in 2016. Also capital productivity marks an acceleration (+1.4%).

In a countertrend is the datum for the agricultural sector (-2.8%), whereas the highest increase is ascribable to services (+0.8%) and to industry in its narrow sense (+0.7%), while services slightly decrease (-0.7%). Labour productivity in agriculture shows a swinging trend during the latest years: the index does increase in the three-year period 2011-2013 but then it decreases in 2014; in 2015 it increases again, but in 2016 it falls to the values of 2014 (105.8) and then further decreased in 2017.

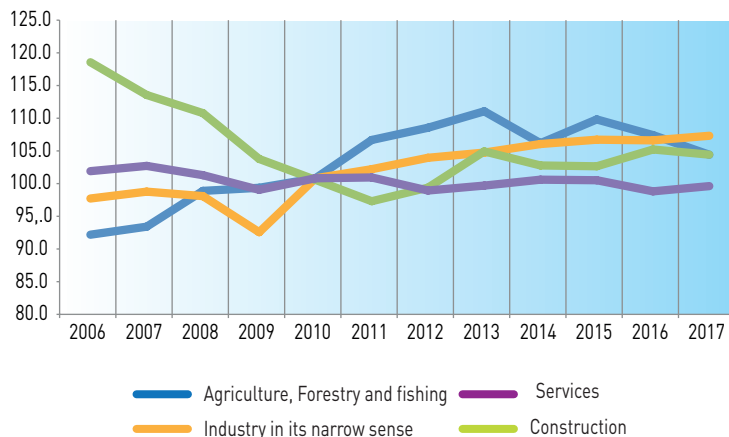
The trend in the productivity index clearly highlights the structural difficulties of the sector that directly affect the agricultural employment: as from the last Census (2010), the sector suffered many

transformations that, over time, led to a progressive drop of farms and workers.

Eurostat data, which have recalculated the labour productive index considering all productive sectors, by marking the EU-28 equal to 100, show that France boasts

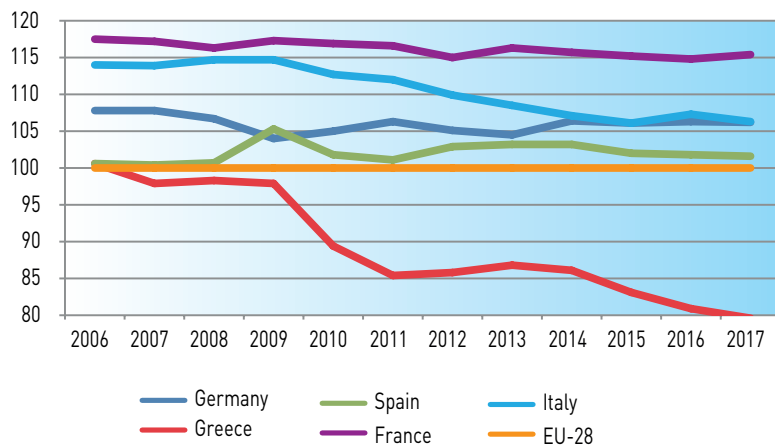
the highest value (115.4), followed by Germany and Italy with the same value (106.2 and 106.3), Spain (101.6) and Greece (79.6). Italy, taking into account the last four-year period, does maintain a rather constant trend.

Labour productivity - value added at chained basic prices per hour worked, indices 2010=100



Source: ISTAT.

Labour productivity* in some EU countries (EU28=100)



* Per person employed and hours worked.

Source: Eurostat.

Bioeconomy encompasses those economic activities that make use of renewable biological resources of soil and sea – like agricultural crops, forests, animals and terrestrial and sea micro-organisms, organic residues – to produce feed and food, materials, energy and services. In October 2018, the EU launched the review of the European strategy where sustainability and circularity are established as founding principles on which to develop the European bioeconomy, defined as the renewable component of the circular economy. The strategy reiterates the principle of food safety as main objective, followed by the goals of sustainable management of natural resources, less dependency on non-renewable resources, mitigation and adaptation to climate changes and, lastly, increase of the competitiveness and employment. In order to meet these targets, the strategy settles three areas of action: strengthening of the bio-based sectors by means of a greater mobilisation of public

and private resources in research and innovation by reducing the restraints to innovations' diffusion; the development of local bioeconomies strongly linked to the agricultural and rural contexts; the increase of knowledge on the state of ecosystems through a coherent monitoring system at European level.

The Italian strategy, launched in 2017, is in line with the new EU strategy and, for its implementation, the Ministry for the Economic Development (MISE) has recently issued a tender for investments in the sectors identified by the smart development national strategy.

The bioeconomy sector, in Europe, has an incidence of over 2,300 billion euro in terms of turnover and more than 18 million employees, thus accounting for roughly 4.2% of the total European GDP. Bio-based industry does represent almost 1/3 of the turnover and 1/4 of the employment generated by the European bioeconomy, while 2/3 are ascribable to

the agricultural, agro-industrial, forestry and fishing sectors. In the latest years, the highest growing rates have been detected in the sectors related to the bio-based chemistry, bio-electricity and bioplastics. The breakdown of the bioeconomy in the European countries does reflect their related production facilities, with an incidence higher than the average, for instance, of the textile sector in Italy and Portugal or of the forestry and wood sectors in the Baltic and Scandinavian countries. Italy, along with Germany and France, has a leadership position in all bioeconomy sectors and it is the first European country for the number of plants producing biomaterials and chemical and farmaceutical products of biological origin. The Italian turnover, in 2007, exceeds 300 billion euros.

In the EU there are 224 biorefinery installations, 31 of which (14%) are located in Italy and are intended for the production of chemical products, biofuels, ma-

Turnover of bioeconomy, in Italy (million euro)

	EU		Italy	
	2016	2017	2016	2017
Agriculture, Forestry and Fishing Ag	474,804	495,288	56,272	57,965
Food industry	950,000	992,750	113,661	116,616
Beverage industry	158,976	167,719	19,721	20,589
Tobacco industry	35,606	36,746	454	454
Paper and Pulp	187,612	149,714	22,330	22,865
Manufacturing of wood products	173,724	181,819	22,160	23,140
Manufacturing of bio-textiles	105,163	107,026	48,295	49,392
Bio-based chemical products	35,711	38,282	2,409	2,578
Bio-based pharmaceutical products	126,434	129,215	14,630	15,317
Bioplastics	14,754	15,521	1,726	1,800
Biofuels	12,194	12,194	862	923
Bioelectricity	10,831	10,831	3,034	3,034
Bioeconomy	2,285,809	2,337,105	307,570	316,691

Source: estimates of Eurostat data. Coefficients for the mixed sectors are obtained by JRC <https://datam.jrc.ec.europa.eu/datam/public/pages/datasets.xhtml>

terials and fibres. A high presence of installations is also located in Belgium and Netherlands, besides Germany, France and Italy (Nova Institute).

In Italy there are 576 innovative start-ups relating to bioeconomy (Federchimica). Most of them (308) relates to research activity, development and counselling, followed by the activities in the agro-food sector (120 companies), water, energy and waste (52) and bio-based chemistry (41).



RECENT TRENDS IN THE SECTOR

The acceleration of the Italian productive activity and the economic growth prospects in the short term have positively contributed to strengthen confidence of agricultural holdings, thus triggering a recovery of investments. After the strong downturns occurred during the crisis, in 2017 the changes in agricultural gross fixed investments do increase again (+3.9% at current values and +2% at constant values). In particular, the sums invested in 2017 have amounted to 9,443 million euros, most of which intended for the purchase of the aggregate “installations, equipment and armaments” (59.3%). This aggregate was the one to account for the highest percentage of increase during 2017 (+5.1%).

The good trend in investments is also highlighted by some characteristic ratios, which point out improvements in the incidence of investments in some economic measures of the sector. The incidence of investments on the agricultural value added, equal to 31.9%, improves by almost

one percentage point over the previous year; this increase is ascribable to both greater investments and to the contextual worsening of the ratio's denominator. The agricultural value added, expressed in chained values, does decrease by 4.3%. Positive is the variation registered by investments expressed in work units. This index, accounting for 7,134 euro, experiences an increase of 3.2% over 2016, also thanks to the concurrent decrease of the

work units (-1.2%). The improvement of such index is shared also by other economic sectors, with remarkable increases showed by the construction sector.

Conversely, if considering the stock of capital, expressed at constant values and to the net of depreciations, in 2017 it has been detected a negative variation both for the agricultural sector and for all sectors, albeit to a lesser extent. This shows that the new investments had not enough

Trend in the gross fixed investments in agriculture, forestry and fishing

Year	Current values million euro	Change over the previous year %	Chained values* million euro	% on ¹	
				tot. invest.	Agricultural Value Added
2013	9,225	- 17.6	8,869	3.3	31.0
2014	8,892	- 3.6	8,517	3.2	29.8
2015	9,145	2.8	8,719	3.2	28.9
2016	9,093	- 0.6	8,756	3.3	30.7
2017	9,443	3.9	8,929	3.3	31.9

* chained values, reference year 2010

¹ Incidence of chained values; agricultural value added at basic prices

Source: ISTAT

Types of investments in agriculture, forestry and fishing*

Year	Rural buildings million euro	Change (previous year) (%)	Plants, equipment and armaments million euro	Change (previous year) (%)	Biological resources cultivated million euro	Change (previous year) (%)	Products of intellectual property million euro	Change (previous year) (%)
2013	3.457	-	5.047	-	662	-	59	-
2014	2.672	- 22.7	5.497	8.9	633	- 4.4	90	53.0
2015	3.084	15.4	5.369	- 2.3	607	- 4.1	84	- 6.5
2016	3.096	0.4	5.325	- 0.8	607	- 0.1	65	- 22.7
2017	3.159	2.0	5.599	5.1	621	2.5	64	- 1.1
% on total investments	33.4		59.3		6.6		0.7	

* current values

Source: ISTAT

Gross fixed investments: characteristic ratios by main sectors, 2017*

	Agriculture, Forestry and Fishing	Manufacturing	Construction	Services ¹	Total economic activities
Investments per work units					
euro	7.184	17.340	4.472	11.263	11.935
% change 2017/16	3,2	3,2	8,7	3,2	3,3
Capital net stock per work units ²					
000 euro	147,6	128,8	42,0	257,9	228,2
% change 2017/16	-0,8	-0,6	-1,7	-0,6	-0,7

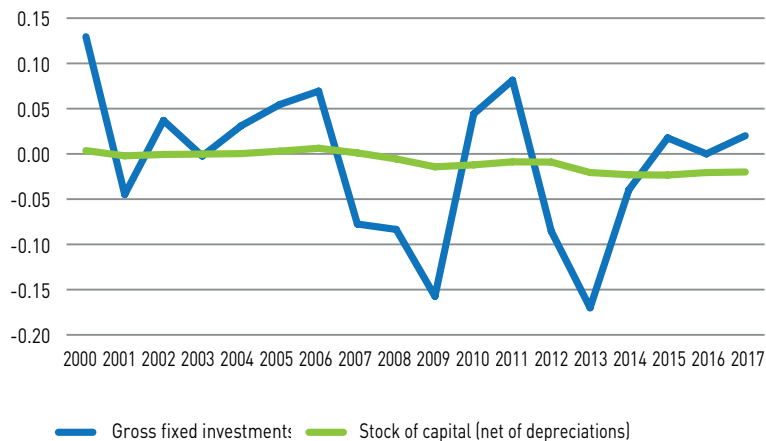
* chained values, reference year 2010

¹ investments in houses included

² net of depreciations

Source: ISTAT.

Trend in the capital and investments in agriculture: yearly change rates (chained values - reference year 2010)



amounts to offset the loss of value and, to a greater extent, to bring to an accumulation of fixed capital in the agricultural productive system.

Given the rather swinging trend of investments, the stock of capital experiences a slight but continuous erosion during the last ten-year period.

Source: ISTAT

The amount of loans granted by banks to the agricultural productive system continues showing negative economic trends, although to a lesser extent. During 2017 the consistencies of the end of the year shifted from 43,444 million euros in 2016 to 42,920 million euros in the following December, by decelerating to 1.2% (-2.1% in 2016).

The trend in the disbursement of loans at a territorial level shows strong decreases on the Islands (-5.8%) and in the North-west regions (-2%). The territorial differentiation in trends on an annual basis has exacerbated a structure of loans already strongly unbalanced towards the northern regions, which receive 63% of total bank loans. The ratio between loans

and agricultural value added, shifted from 138% to 136% from 2016 to 2017, shows a substantial stability in the contribution by banks to the financing of the productive activity. This incidence is nevertheless higher than what detected for the credit granted to all other productive sectors.

Medium and long-term financing contin-

Bank loans to agriculture, forestry and fishing - December 2017

	Agriculture (million euro)	% change (previous year)	% on total agricultural loans	% on total economic loans	% on the value of agricultural production ¹	% on agricultural value added ²
North-West	11,963	-2.0	28	4.0	97.4	193.0
North-East	14,936	-0.1	35	7.1	92.4	174.2
Centre	8,180	-0.6	19	4.5	97.1	160.6
South	4,989	-0.8	12	5.8	35.5	57.8
Islands	2,853	-5.8	7	8.0	40.4	62.8
Total	42,920	-1.2	100	5.3	74.0	129.9

¹Production, at basic prices, for agriculture, forestry and fishing expressed at current values

²Value added at current values

Source: Bank of Italy

ues to decrease, already strongly resized over the last years. The amounts allocated to agriculture shift from 11,887 million euros in 2016 to 11,594 in 2017 (-2.5%). In particular, in a strong decreasing trend are the loans allocated for the purchase of equipment that reduce considerably over the previous year (-9%), offset by the grants used to build and buy rural buildings which respectively increase by 2.1% and 2.7%. Also in this case, the northern regions do excel, since they hold about 60% of the grants meant for agricultural investments.

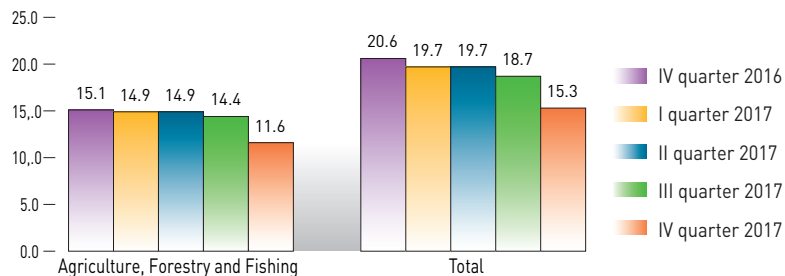
The quality of the agricultural credit, as well as that one of the entire economy, is instead improved during 2017, witnessed by the reduction of the incidence of the non-performing loans. This index decreases from 15.1% of the last 2016 quarter to 11.6% in the same 2017 quarter.

Lending to agriculture beyond the short term, December 2017

	Equipment	Rural buildings	Other rural buildings	Total
North-West	1,232	1,417	625	3,274
North-East	1,584	1,230	963	3,776
centre	739	972	590	2,300
South	676	527	326	1,529
Islands	270	250	194	714
Italy (million euro)	4,500	4,396	2,698	11,594
2016/2017 (%)	-9.5	2.1	2.7	-2.5

Source: Bank of Italy

Ratio of gross non-performing loans to the agricultural sector and total productive sectors (%)



Source: Bank of Italy

INTERMEDIATE CONSUMPTION

In 2017 it has been detected a recovery of intermediate consumption of nearly 2%, almost entirely ascribable to the dynamic of prices that are increased by roughly 1.7%. It is a trend reversal compared to the constant drop registered in the previous years although the quantitative component of consumption is pretty stationary (+0.2%).

The recovery of consumption is driven by energy and feeds, increased both in quantity and in value, viceversa the expenditures for seeds and fertilizers do decrease, although for these latest ones the drop is exclusively due to the severe price depression.

Feedstuffs and veterinary expenses do remain, in 2017, the expenditure items that more strongly weight on farms' consumptions (27.1%), followed by energy costs (13.2%). In general, the breakdown of intermediate consumption has remained quite unchanged also in the medium-long period with a slight variability of the expenditure items in the last years. Only reuses show a generally decreasing trend, thus highlight-

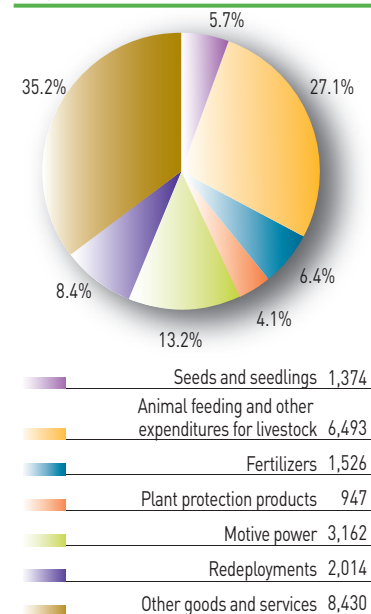
ing an agriculture that makes use, increasingly less, of self-production of technical means.

The trend in prices of the products bought by farmers during 2017 has experienced a substantial stability of the quotations for seeds, phytosanitary products and fertilizers, whereas feeds and above all energy show a sharp increase in the second semester.

The increase of consumptions in the agricultural sector drags those ones of the entire primary sector (agriculture, forestry and fishing) with an increase of 1.8%. Intermediate consumptions in the forestry sector are instead decreasing (-1.8%) due to the drop in prices (-2.3%); in an upward trend are instead the consumptions in the fish and aquaculture sector (+1.6%) thanks to the good trend of prices (+3.5%), whereas quantities have decreased by 2%, in line with the trend of the previous year.

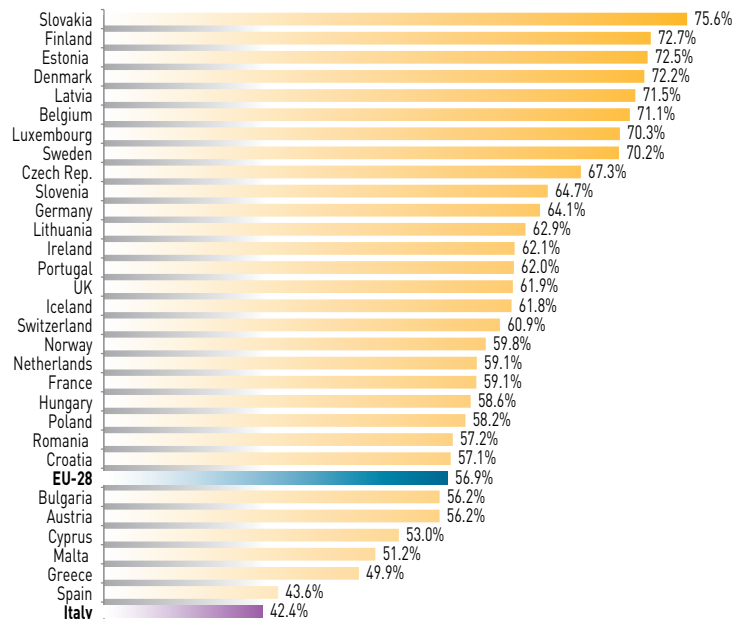
In the European context, Italy has the lowest incidence of intermediate consumptions

Breakdown of the intermediate agricultural consumptions (million euro), 2017



Source: ISTAT

Intermediate consumptions on the EU-28 agricultural output* [%], 2017



* estimated value of the agricultural output of goods and services at basic prices and intermediate consumptions valued at current prices

Source: Eurostat

compared to the total value of agricultural production. It is no coincidence that at the bottom of the ranking are positioned many other Mediterranean countries where agricultural systems are characterized by productive activities with a lower incidence of variable costs (productive cycles of medium-long period).

Also the EU has experienced an increase by 1.6% of intermediate consumptions in current value, between 2016 and 2017, but with wider variations compared to the Italian values for energy and lubricants (+7.9%) and seeds (+3.1%).

The increase of energy products' prices (+6.3%) has led, in a large measure, to an increase of intermediate consumptions. Also the quantities of energy and lubricants have slightly increased (+1.5%), thus to confirm that the recovery of consumptions is also linked to an expansion of the productive activities. The increase of the quantities consumed for seeds (+2.9%) and fertilizers (1%) does confirm this development stage of the European agricultural productions.

CLIMATE AND WATER AVAILABILITY

2017 was characterized by both minimum and maximum temperatures higher than the climate average of the 1981-2010 period of about 1°C . Rainfalls were overall lower than the average, with an annual gap above 18%. The 2017 agricultural season has experienced the greatest damage with a sharp and generalized drop of productions, due to the persistence and intensity of dry climatic conditions. Extreme phenomena such as strong rainfalls, whirlwinds, hailstorms and frosts have further exacerbated the situation. The Winter season has registered a thermal difference of $+0.7^{\circ}\text{C}$ for the minimum temperatures and $+0.6^{\circ}\text{C}$ for the maximum ones, along with a deficit of rainfalls equal to 15.1%, mainly ascribable to the negative anomaly of December 2016 (-67.2%), characterized by an almost total absence of rainfalls on all country. The second and third ten days of January have been characterized by bouts of frost and a surplus of snowfalls above 100% compared to the climate average; the re-

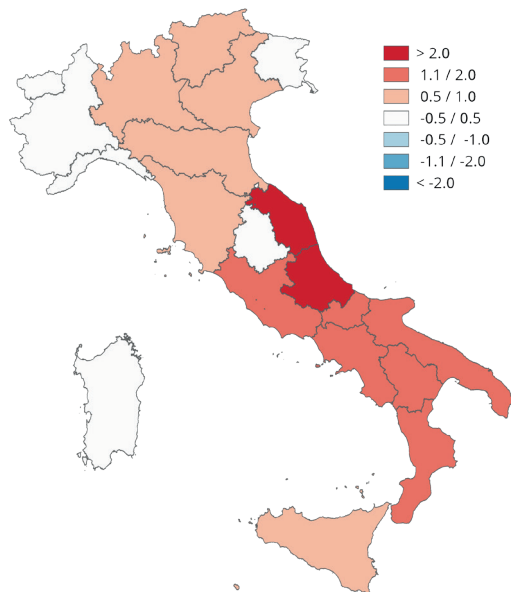
gions most affected have been those of the middle-lower Adriatic (Marche, Abruzzo, Molise) and, to a lesser extent, also Apulia and Basilicata, causing landslides and avalanches, with severe damage to the holdings of the agricultural-livestock sector. In Sicily, the heavy rains of the end of January, mainly in the eastern sector, have mitigated the pre-existing drought conditions.

The Spring season has been characterized by temperatures above the climatic averages ($+1.4^{\circ}\text{C}$ and $+1.8^{\circ}\text{C}$, for the minimum and the maximum respectively) and by an overall rainfall deficit of 42.1%, with peaks of negative anomalies (March and May) close to 90% for the Islands. The spring weather, particularly dry, has been interspersed by occasionally strong local phenomena, like strong winds such as that one affecting the area near Cuneo at the beginning of March, but also sharp drops in temperature and hailstorms. The minimum temperatures below zero of the third ten days of April, registered in the

Venetian plain, have caused severe damage to the vineyards. In Trentino Alto Adige, frosts have damaged the orchards in Val di Non, Val di Sole and Valsugana. Severe hailstorms have hit Sicily, in the second ten days of May, damaging mainly the area of Bronte, where huge damage affected the production of pistachio.

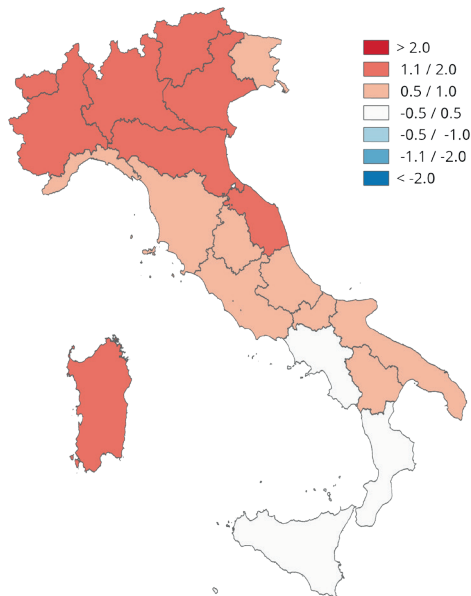
The 2017 Summer season has experienced an intensification of drought marked by a deficit of rainfalls equal to 47.3% and by positive thermal differences equal to $+2.2^{\circ}\text{C}$ and $+1.9^{\circ}\text{C}$ for the maximum and minimum temperatures respectively, with peaks exceeding $+4^{\circ}\text{C}$ for Marche and Abruzzo. There have been numerous heat waves, often associated to exceptional maximum temperatures from North to South: some weather stations of Sicily and Sardinia have registered temperatures even above 45°C . In the low Piedmont, Emilia, Liguria, Tyrrhenian coast and on the Islands, few rain dropped, with deficit ranging from 42% of Piedmont and Tuscany and 82% of Sicily.

Average regional deviation of the yearly minimum temperatures (C°) 2017, compared to the climatic reference 1981-2010



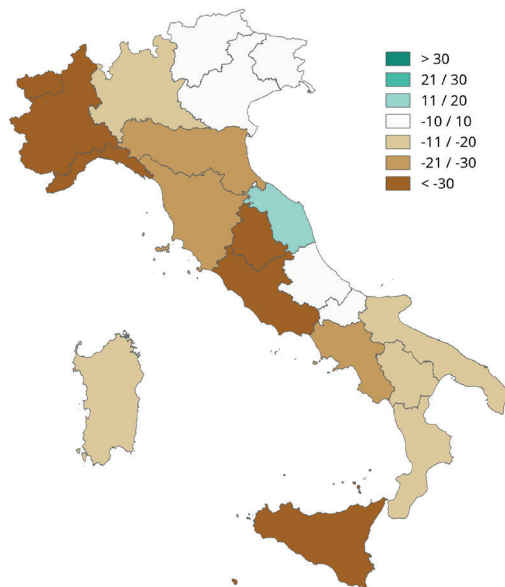
CREA - Agricoltura Ambiente su CGMS database (JRC Agri4Cast Data Portal).

Average regional deviation of the yearly maximum temperatures (C°) 2017, compared to the climatic reference 1981-2010



CREA - Agricoltura Ambiente su CGMS database (JRC Agri4Cast Data Portal).

Average regional deviation of the yearly rainfalls (%) 2017, compared to the climatic reference 1981-2010



CREA - Agricoltura Ambiente su CGMS database (JRC Agri4Cast Data Portal).

The exceptional drought has exacerbated the already severe water scarcity, after a dry winter and spring, reducing even more the level of reservoirs, by intensifying the evapotranspiration in the agrarian soils and worsening the scenario on the front of fires: Sicily and Calabria are the most hit regions (with about respectively 13,000 and 6,000 hectares burnt) and, to a lesser extent, also Campania, Piedmont and Liguria. The highest damage was linked to the sharp drop in productions, above 30% (from cereals to vegetables, from fodder for animal feeding to industry tomatoes). Water scarcity has put at risk also breeding and dairy production. Umbria, Tuscany and Marche have been affected by a halved honey production, already seriously threatened by spring frosts. Also the wine, olive and fruit sector has registered a sharp drop of the yields. The most hit regions have been Piedmont, Emilia, Tuscany, Lazio, Campania, eastern Sicily and Sar-

dinia. In Basilicata the non graduality in the ripening of apricots has led to the collapse of the entire market of the sector. There have been numerous storms, also of strong intensity, often accompanied by hailstorms and heavy gusts of wind that have damaged the agricultural activities, mainly in the North, and triggered landslides and mudflows. Whirlwinds in the first ten days of June, often associated to severe rainfalls and hailstorms, have hit the areas of Franciacorta, Rovato and Iseo lake. Heavy storms at 100 Km/h have hit the areas near Turin in the last ten days of June, destroying nurseries and crops, furthermore hail of 5-6 cm of diameter has struck Moncalvo (Asti). The first ten days of August have experienced a sudden lowering of temperatures

with intense storms in the North-East: the apple trees of Val di Cembra in Trentino suffered the greatest damage, followed by Veneto and the high Val Pusteria, the Adriatic coasts, from Romagna to Venice up to Udine, destroying hundreds of plants and causing the interruption of electricity and railways. Severely damaged have been agriculture and industry.

The Autumn season has been characterized by thermal values quite always in line with the climatic average and by rainfalls only slightly below the norm (11.6%); except for the North-west regions and Sardinia where a deficit above 40% has persisted. The abundant rainfalls of September, despite mitigating the drought, have sometimes also caused damage and inconvenience: between the 9 and 10 of

September the area near Livorno was hit by strong rainfalls of alluvial origin was, with 63,4 mm of rain fell in one hour that has caused eight deaths, also Lazio suffered great damage and the maximum levels of rainfalls have been detected at Ardea station (110 mm in one hour). With a generalized deficit of 65.7% and maximum temperatures above the norm of +1.2°C, October was the most dry month of the year. In Piedmont, Lombardy, Liguria, Tuscany, Umbria and Lazio rainfalls have been quite absent. The harvesting of typical seasonal products (truffles and mushrooms) has strongly reduced. Severe rainfalls, during the first ten days of November, have hit Campania, causing flooding and mudflows in areas previously affected by fires.

PRODUCTION LEVELS

2017 was a complex year for the trend in production of the agricultural, forestry and fishing sector. The sector registered an overall value of production equal to

58 billion euros, marking a significant increase in current values (+3%) over the previous year, registering nevertheless a drop in the volumes produced

(-2.4%). Even wider have been the variations of the value added of the sector, with a reduction in volume of 4.4% and an increase of the current value (+3.9%) which was positively influenced by the strong increase of prices of the products sold, against a more contained increase of the prices of products for intermediate consumptions. Within the sector, the most worrisome performance concerned the fishing sector that suffered negative variations both in value and in volume, with very evident reductions of the sectorial value added.

Taking into account only the agricultural component, the positive trend in current values has characterized all macro productive sectors, although with more or less wide fluctuations, ranging from +7.1% of livestock products to +0.8% of timber products. On the contrary, the production in volume has decreased for all vegetable and animal productions. Supporting activities have remained stationary and the secondary ones have regis-

Value of output and services at basic prices by main sectors, 2017

	Current values		% change 2017/16		
	million euro	%	at current values	at chained values	implicit prices
Herbaceous crops	13,680	23.6	1.1	-5.1	6.2
Fodder crops	1,423	2.5	2.9	-5.4	8.3
Tree crops	12,407	21.4	0.8	-5.4	6.1
Livestock	16,714	28.8	7.1	-0.4	7.5
Support activities to agriculture ¹	6,832	11.8	1.2	-0.0	1.3
Secondary activities (+) ²	4,570	7.9	4.9	3.5	1.4
Secondary activities (-) ³	960	1.7	2.3	-4.2	6.5
Forestry	1,575	2.7	4.0	-0.8	4.8
Fishing	1,700	2.9	-2.7	-2.6	-0.1
Total	58,005	100.0	3.0	-2.4	5.4

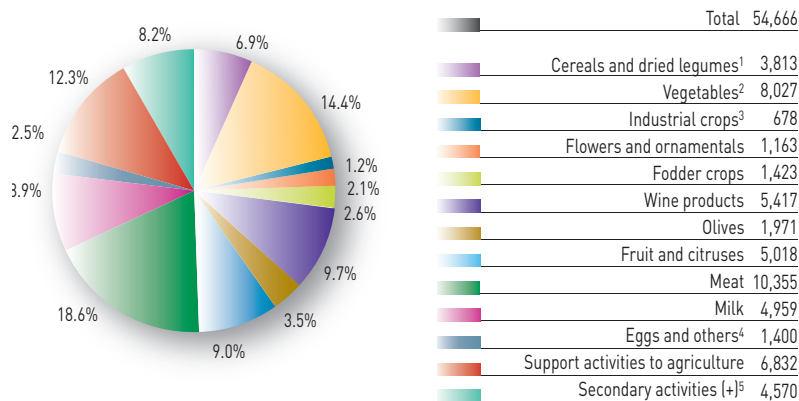
¹ Including active and passive subcontracting, packaging of agricultural products, maintenance of parks and gardens, services connected to livestock farming, artificial insemination, new sport facilities

² Activities performed in agriculture, such as agritourisms, processing of milk, fruit, meat, etc.

³ Activities carried out in agriculture by other economic sectors

Source: ISTAT

Production of goods and services at basic prices of the agricultural sector – Values at current prices (million euro), 2017



¹ Dried legumes (153 million euro)

² Of which potatoes (708 million euro) and fresh beans (306 million euro)

³ Sugar beet (103 million euro), tobacco (168 million euro), sunflower (57 million euro), soya (317 million euro)

⁴ Of which honey (50 million euro)

⁵ Secondary activity (+) should be meant as that carried out within the agricultural sector and related to agritourism, processing of fruit, milk, meat, production of renewable energy, etc.

Source: ISTAT

tered an increase of +3.5%.

Vegetable productions, despite the negative trend of the previous year, still represent the highest item of the agricultural production, with a share of roughly 50% of the overall value. This result was heavily penalized by the bad climatic conditions of the year. The performance of the livestock sector was instead better, thus confirming its incidence of about 30%. The remaining roughly 21% of the production value is ascribable to the support activities and secondary activities that do confirm their pregressive strengthening in terms of more dynamic items of the agricultural sector.

The performance of the vegetable crops has severely suffered the drop in woody crops, which during the year was particularly affected by the reduction in the wine production, at the same time the olive oil production has showed a recovery without, nevertheless, actually recovering the losses deriving from the continuous productive crisis of the latest years.

Main vegetable productions, 2017

	Quantity		Value ¹	
	000 t.	% change 2017/16	000 euro	% change 2017/16
Wine (000 hl)	20,257	-11,1	3,414,704	-8,8
Oil	316	20,8	1,697,735	47,3
Grape conferred and sold	3,649	-10,3	1,423,591	12,8
Fodder (hay)	-	-	1,422,744	2,9
Nurseries	-	-	1,375,606	3,8
Durum wheat	4,213	-16,5	1,199,610	-19,2
Flowers and ornamental plants	-	-	1,162,555	3,4
Hybrid maize	6,049	-11,6	1,133,617	-9,2
Tomatoes	6,006	-6,7	1,016,244	6,1
Fennels	517	2,6	807,299	35,1
Potatoes	1,347	-1,6	708,473	-4,8
Apples	2,005	-18,3	705,069	-17,1
Family gardens	1,733	-2,0	688,019	4,0
Lettuce	466	-1,9	671,225	20,8
Table grape	963	-3,4	564,096	3,8
Oranges	1,536	-3,5	528,077	20,2
Zucchini	536	-3,2	519,133	11,9
Common wheat	2,754	-7,9	511,130	-2,4
Artichokes	388	-3,6	490,252	11,1
Pears	708	0,8	488,423	-1,2

¹ Production at basic prices expressed at current values

Source: ISTAT.

Also other important timber products, among which apples, citrus and table grape, have contributed, although to a lesser extent, to the negative productive result. Also among horticultural crops there have been relevant losses in relation to quite all main products, with the highest peak for tomatoes and, to a lesser extent, potatoes. A downward trend has also been detected for some main herbaceous products, among which worthy of note is the decrease of many important cereals (soft and durum wheat, maize) both in volume (mainly as consequence of the drought) and in value (due to the decrease of prices).

The results of the breeding products have been much more differentiated. The best performance has been detected in the milk sector that has increased the production in quantity, together with an increase of prices and of the final value. A positive dynamic, albeit with less intensity, has also involved the beef and veal sector; it should also be highlighted the increase

Main livestock productions, 2017

	Quantity ¹		Value ²	
	000 t.	% change 2017/16	000 euro	% change 2017/16
Cow milk and buffalo milk (000 hl)	119,140	3.3	4,521,335	9.9
Pigs	2,062	-1.9	3,402,821	13.9
Cattle	1,192	0.6	2,979,127	2.2
Poultry	1,892	-2.0	2,850,390	6.4
Eggs (millions of units)	13,220	-0.6	1,338,701	14.9
Rabbits, game and minor breedings	329	-8.5	866,202	-4.2
Goat and sheep milk (000 hl)	5,527	-2.0	438,046	-15.8
Goats and sheep	58	-3.5	163,342	-3.7
Horses	41	1.5	93,180	4.5
Honey	7	-6.3	50,347	7.7

¹ Live weight for meat

² Production at basic prices expressed at current values

Source: ISTAT

of horsemeat which nevertheless does remain a marginal sector. The production of pigmeat, poultry, eggs and honey have instead pointed out volume contractions, offset by significant increases in current values. Lastly, rabbit meat, game, goat and sheep meat, in addition to sheep and goat milk, have pointed out a negative

trend both in value and in quantity.

The most dynamic trend of 2017 is undoubtedly the one that has characterized secondary activities. These ones are in an upward trend both in terms of volumes and in values, with a contribution deriving from quite the totality of its items. Among these ones, agritourism activity

continues its increase together with the other minor related activities. Energy production from renewable sources does start to grow again, boosted by photovoltaic that has benefited of the strong presence of sun in the summer time. Among the other items, it's worthy pointing out the increase of milk processing and the marketing-related activities as well as direct sale. Much more modest was instead the development of support activities, which increase only in value, mainly due to the trend in sub-contracting that accounts by itself for 45% of the value of the entire aggregate. 2017 has marked a reduction of volume production, accompanied by an increase in value, both for the agricultural sector and for the forestry one. Productive volumes have suffered the slight decrease of the forestry cuts, partially offset by the harvesting of fruit trees in the woods. Among these ones, of particular note is the recovery in chestnuts' production; conversely, the dry climate has not favoured the harvest-

Production of the support activities and secondary activities of the agricultural sector

	Current values (millions euro)					% change (current values)	% change (chained values) 2010
SUPPORT ACTIVITIES	2010	2014	2015	2016	2017	2017/16	2017/16
Seed processing for sowing	248.6	266.6	285.3	285.8	248.3	-13.1	-4.2
New crops and plantation	231.4	222.5	191.2	188.6	187.1	-0.8	-1.6
Agricultural activities (subcontracting)	2408.1	2934.9	2964.3	3047.9	3118.4	2.3	1.1
First processing of agricultural products	2029.5	2184.9	2232.4	2285.2	2307.2	1.0	-1.5
Maintenance of land in order to keep it in good agricultural and ecological conditions	464.6	546.7	552.2	563.9	577.5	2.4	0.8
Support activity to livestock breeding	196.9	204.1	196.2	202.9	209.2	3.1	1.0
Other support activities	155.0	164.4	165.6	173.5	184.0	6.1	4.7
Total	5,734.1	6,524.0	6,587.1	6,747.7	6,831.7	1.2	0.0
SECONDARY ACTIVITIES	2010	2014	2015	2016	2017	2017/16	2017/16
Aquaculture	7.0	7.4	7.5	7.7	7.8	1.5	0.3
Processing of vegetable products (fruit)	141.0	165.1	183.6	190.1	187.1	-1.6	-3.5
Milk processing	287.3	321.6	300.9	269.3	284.3	5.6	2.8
Agritourisms, including social and recreational activities, educational farms and other minor activities	1,108.0	1,153.6	1,188.4	1,271.9	1,356.8	6.7	5.1
Processing of animal products (meat)	294.0	314.3	296.5	302.2	328.4	8.7	-0.3
Renewable energy (photovoltaic, biogas, biomasses)	231.9	1,401.5	1,511.7	1,451.8	1,504.4	3.6	5.2
Handicraft (wood processing)	53.0	59.0	59.4	60.6	60.8	0.3	-0.2
Production of feedingstuffs	177.0	190.3	169.4	166.0	170.0	2.4	1.2
Maintenance of parks and gardens	309.8	350.9	343.9	343.6	350.2	1.9	0.9
Direct sales/marketing	252.0	266.0	293.3	294.4	320.4	8.8	1.9
Total	2,860.9	4,229.7	4,354.6	4,357.6	4,570.2	4.9	3.5

Source: ISTAT

ing of mushrooms and truffles, whose prices have shown a sharp rise due to the scarcity of the product. Lastly, also the forestry sector has highlighted a good performance of the support services-related activities. Conversely, the dynamics of the fishery-related activities have been decisively negative. In this case, the reduction has affected fishing activity (fishes, molluscs and shellfishes) and support activities, whereas it continues the upward trend of aquaculture.

Conversely to what happened for our country, 2017 has marked a relatively positive year for European agriculture. In the EU average, agricultural produc-

tion has marked a contained increase (+0.7%), as synthesis of an increase of cultivations (+1.3%) and a slight slowing down of the livestock sector (-0.2%). A contribution to the growth has come from almost all main producer countries (France, Germany, UK, Netherlands, etc.), except for Italy and Spain, which have shown pretty similar trends also with reference to numerous productive sectors, as those of cereals and wine. In this framework, the positive trend of prices, compared to a substantial stationarity of agricultural employment, has allowed to achieve a general improvement of the index of the average agricultural

income (+8.6%), a little bit more modest for our country (+3.9%) and slightly negative for others, among which Spain and Poland.

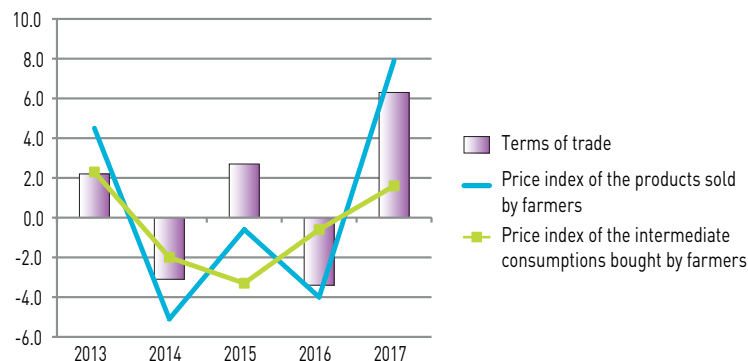
When comparing countries, despite the bad economic trend, Italy permanently ranks third place among the main EU partners for its value of the agricultural production, after France and Germany; while, in terms of value added, it ranks even first place in the EU classification. Lastly, it should be pointed out how the share of the agricultural production of services and secondary activities is much higher for our country (over 17%) than the EU average (less than 9%).

PRICES AND COSTS

In 2017, the terms of trade of the agricultural sector, measured by the comparison between the variation of the output price index and the variation of the price index of intermediate consumptions, has pointed out a reversal compared to the bad trend of the previous year, marking an improvement of over 6 percentage points, thus contributing to determine also the net improvement of the sectorial value added. More specifically, the increase of the price index of the products sold to farmers accounted for roughly 8%; whereas decisively more modest has been the increase of the prices of the products bought (+1.6%). The significant reversal of the ratio between the prices of the output and those ones of the input has involved not only our country but the entire EU.

Despite this positive result, the long-term trend (2000-2017) detected by ISTAT, does highlight an increase of the output prices decidedly more modest compared to that one of the products bought for the management of the productive activity and of

Annual change of price index and terms of trade



Source: ISTAT

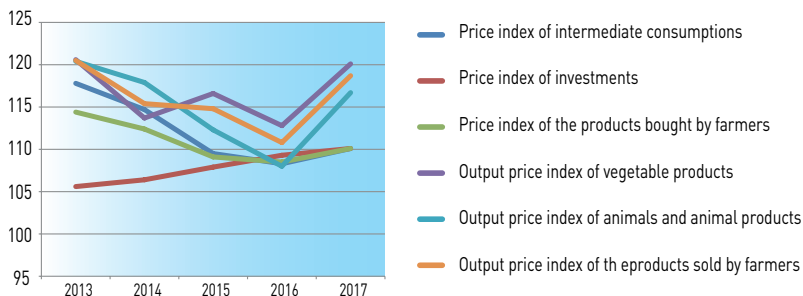
investments, which are characterized by a more than double increase over the first ones, marking at around 20 percentage points the gap between the growth rate of the prices for the agricultural inputs and outputs.

If splitting the indices, it is possible to notice that the component of intermediate consumptions (+1.8%) has undergone a

slowdown, particularly due to the decline of seeds' costs and of the various categories of fertilizers, unlike the past years when these latest ones did exercise a completely opposite influence. All items related to the costs for energy and simple feed-stuffs are increasing again. At the same time, the capital goods index (+0.8%) has suffered the slowdown of the index related

to farm buildings and of the stagnation of the index related to rural constructions. The sharp rise of the price index of the products sold by farmers is a consequence of a recovery in the component of both vegetable and animal products (+7.3% and +8.7% respectively). Among the first ones, the highest increases have involved vegetables, wine, fruit and fodder crops, although the widest index variation has involved olive oil (+32.6%); except a negative variation only for potatoes and cereals. With reference to zootechnical products, the increase of the index is ascribable to all components, with more remarkable increases for pigs and poultry; whereas, the only exception is represented by goats and sheep, in slight decrease.

Price index of the products bought and sold by farmers (2010=100)

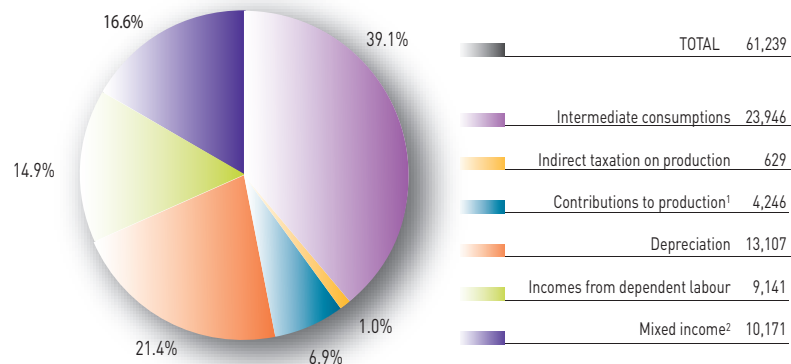


Source: ISTAT

AGRICULTURAL INCOME

The value added of the agricultural, forestry and fishing sector amounts to roughly 33 billion euros (at current prices) in 2017, with an increase of 3.7% over the previous year, thus representing about 2% of the national GDP. The intermediate consumptions for seeds, fertilizers, feedingstuffs, energy, services and other means of current use, which do represent the most consistent part of the agricultural production value, showed in 2017 an increasing share, with a value exceeding 39%. The share represented by depreciations and by the compensations of employees, which represent roughly 21.4% and 15% of production value, do maintain a stable share, confirming a trend of steady growth for several years now. It is instead decreased the percentage incidence of grants to production, which shift from 8.3% of 2016 to less than 7%, and, although to a lesser extent, of indirect taxes on production, from 1.3% of 2016 to 1%. In terms of mixed income, made up by the revenue of the

Breakdown of the agricultural, forestry and fishing production value (million euro), 2017



¹ New CAP aid, interest subsidies (rural development, natural disasters), aid to extra-agricultural sectors (tobacco, wine, etc.)

² Self employment, capital and business, to the net of depreciation and of the subsidies to production

Source: ISTAT

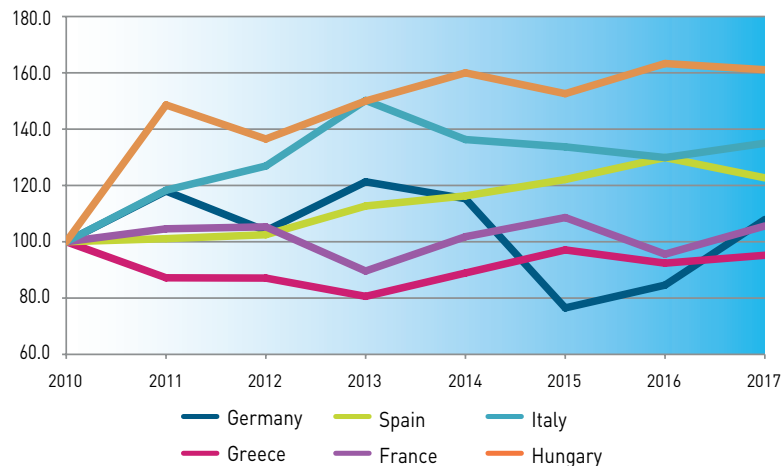
self-employment, of capital and of farm, to the net of depreciations and of contributions to production, it plays a significant

role in the formation of production value, representing the third component in terms of percentage incidence. 2017 figures have

highlighted a slight increase of this value over the previous year, shifting in fact from 16 to 16.6%.

Eurostat estimate on real agricultural income per work unit has pointed out an increase over 7% compared to 2016 for the EU-28 countries, with a rather diversified situation among Member States. In most of them it has been observed an increase, particularly high in the case of Denmark (+38.4%), Estonia (+35.4%), Ireland (22.4%) and Luxembourg (21.9%). On the contrary, the index has decreased, even strongly, as in the case of Slovenia (-15.5%), Malta and Spain (with roughly -6%), Croatia and Czech Republic (about -5%). Italy, unlike the last years, shows a recovery with an increase of about 4%.

Trend in the real agricultural income per work unit in some European countries



Source: Eurostat.



FISHERIES

FISHING FLEET

In the last 22 years, the capacity of the EU fishing fleet has considerably decreased, both in terms of tonnage and of number of vessels used and motive power. Despite the enlargement of the EU, the overall number of Member States' vessels has decreased from the 1960s up to now; this has nonetheless led to a drop in the fishing performance, in fact the gross margin and the net income of the fleet have instead registered an increasing trend, thus reflecting a greater efficiency of the fishing activity.

In 2017, the overall number of the EU ships amounted to 83,117 vessels, 15% of which is represented by the Italian fleet. The South accounts for the greatest part of the national fleet, particularly Apulia and Sicily, which do absorb one third of the total national fleet, made up by 12,261 ships. In 2017, it continued the general downsizing of the fishing fleet (-0.8% over 2016).

Regional breakdown of the Italian fishing fleet, 2017

	N. of vessels	Tonnage	Motive power (Kw)
Abruzzo	527	9,489	44,788
Calabria	805	5,597	44,129
Campania	1,087	9,152	64,773
Emilia-Romagna	612	7,376	61,296
Friuli Venezia Giulia	361	1,699	22,931
Lazio	593	7,345	53,385
Liguria	507	3,522	33,945
Marche	800	16,363	88,002
Molise	94	2,039	9,215
Apulia	1,531	17,264	123,031
Sardinia	1,324	9,362	77,335
Sicily	2,773	45,138	229,850
Tuscany	589	5,128	40,159
Veneto	658	11,531	77,109
Italy	12,261	151,005	969,946

Source: MIPAAFT

CATCHES AND PRODUCTION VALUE PER REGION

In economic terms, fishing activity is more profitable in the south Italian areas; particularly in Sicily, where the economic value does account for 29.5% of all Italian catches. At second place ranks Apulia, with a percentage of 14.3% on total catches. Interesting results have also been observed in Marche and Campania that do absorb a share of 8.5% and 5.9%

respectively of what totally produced. In these two regions the type of fishing activity is nevertheless very different: Marche does perform mostly a fishing activity using few big-sized vessels that carry out a reduced number of sea trips; whereas, Campania makes use of a greatest number of vessels of lower size but with more days of fishing.

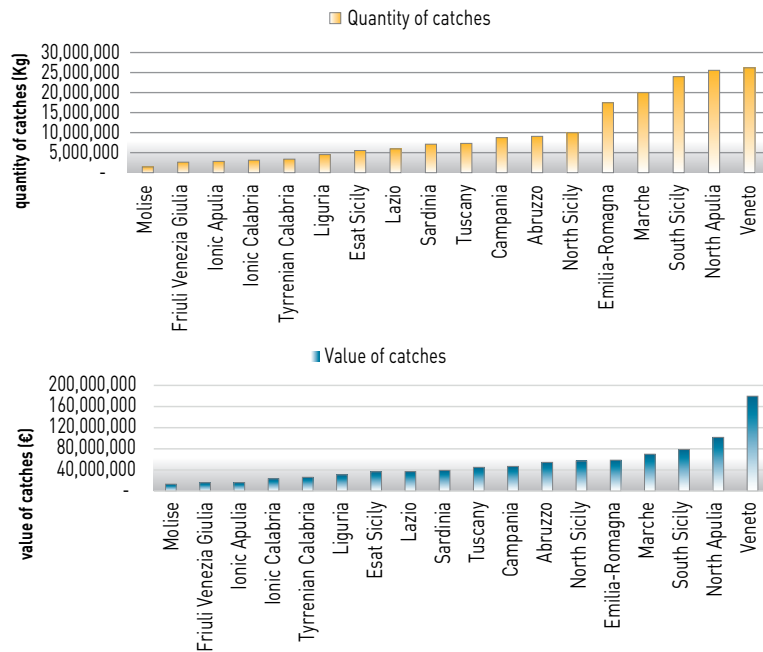
The South of Italy registers great performance both in terms of the quantities of landings and economic value of the catches. Among the other regions with the highest number of catches Veneto stands out, which nevertheless does market also species with a lower value added among which umbrinas, mullet and horse mackerel, mainly caught by means of floating fishing.

Quantities and value of catches in Italy

	Quantity of catches kg	Value of catches euro	Quantity of catches diff % 2017-2016	Value of catches % difference 2017-2016
2017	184,778,026	930,548,746	-1.8%	2.9%
2016	188,019,787	903,793,542		

Source: MIPAAFT

Catches and production value per region



Source: CREA processing of MIPAAFT figures

CATCHES AND PRODUCTION VALUE PER FISHING SYSTEM

In Italy, the most widespread fishing activity is the trawling one, very much disputed due to the high impact on biodiversity and on the functioning of deep ecosystems, a situation triggered by a progressive pauperisation of the fish resources on the coasts, which has led fishermen to catch almost on the seabeds in order to reach high value added species such as the red shrimp. The value related to trawling fish-

ing is substantially higher, with a quantity of catches exceeding 70,000 tons, that is 38% of the overall landings. Trawling fishing is among the most profitable fishing systems, second only to boat trips using passive polyvalent means and to small fishery, this last one always considered as the most remunerative fishing activity carried out in Italy.

The fishing systems are distributed uni-

formly throughout the national territory: purse seine fishing, trawling fishing, passive polyvalent and small fishery are carried out in most of the Italian coasts. There are then fishing systems characteristic of some specific territories: this is the case of the hydraulic dredges on the Centre-North coasts, and floating fishing performed mainly in Veneto and Emilia-Romagna.

Value and quantity of catches by fishing system, 2017

Fishing system	Quantity of catches (kg)	Value of catches (euro)
Purse seine fishing	30,329,802	81,023,006,37
Hydraulic dredges	13,005,941	32,967,969,37
Longliners	4,463,764	30,304,635,55
Small fishery	23,857,127	197,726,003,20
Passive polyvalent	4,669,120	36,457,191,14
Divergent trawling	66,123,991	484,121,926,05
Rapid trawling	3,984,740	20,714,916,56
Floating fishing	38,343,541	47,233,097,87
Total	184,778,026	930,548,746,11

Source: MIPAAFT

CATCHES AND PRODUCTION VALUE PER SPECIES

In terms of catches, the species most caught are anchovies and sardines, very much numerous in our seas; anchovies are nevertheless the most profitable among all species caught, whereas sardines are considered a low quality fish. Also the clam fishing is very much prac-

ticed, but it is not considered among the most remunerative ones. Considered as having high quality value is the Mediterranean rose shrimp, which is well sold both in Italy and abroad, followed by hake, mud mullets and cuttlefishes.

Quantity and value of catches by species, 2017

Species caught	Catches	Value of catches
	kg	euro
Anchovy	39,038,602	75,499,621,25
Sardina	22,700,100	13,844,034,19
Clams	11,808,498	27,240,091,39
Mediterranean rose shrimp	9,209,971	57,071,379,25
Hake	7,597,709	62,372,398,71
Mullet	6,836,573	30,986,712,68
Cuttlefish	6,201,934	56,226,175,56
Total	184,778,026	930,548,746,11

Source: MIPAAFT

Localization of species by Italian region

	Main species caught	% on total catches
Abruzzo	Anchovies	39
Ionian Calabria	Boga	11
Tyrrenian Calabria	Scabbardfish	19
Campania	Anchovies	21
Emilia-Romagna	Sardines	39
Friuli Venezia Giulia	Callista chione	17
Lazio	Anchovies	19
Liguria	Anchovies	54
Marche	Clams	26
Molise	Hake	16
Ionian Apulia	Rose shrimp	11
North Apulia	Anchovies	29
Sardinia	Octopus	13
East Sicily	Thunnus alalunga	19
North Sicily	Anchovies	31
South Sicily	Rose shrimp	23
Tuscany	Anchovies	27
Veneto	sardines	34

Source: MIPAAFT

PROFIT AND LOSS ACCOUNT FOR FISHERIES

In 2017, the value added of the agricultural, forestry and fishing sector has registered an increase of 3.9% at current prices. The fishing sector has undergone a remarkable decrease in production (-2.7%), consequence of a drop in the catches of fishes, molluscs, shellfishes and supporting activities, not sufficiently offset by the rather positive trend of aquaculture.

In terms of value added, the percentage decrease registered in the fishing sector has been accentuated (-3%), suffering of a decline of costs (-2%) lower than that one of production (-2.6%).

Profit and Loss account for the fishing sector, 2017

	Million current euros	% breakdown	% annual change on chained values	% annual change on current values
Production	1,700	100	-2.6	-2.7
Intermediate consumptions	753	44.3	-2.0	1.6
Value added	948	55.7	-3.0	-5.8

Source: ISTAT



AGRO-INDUSTRIAL SYSTEM

COMPONENTS OF THE SYSTEM

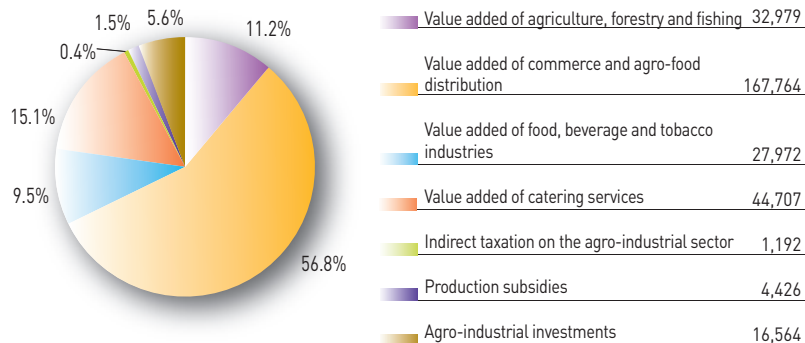
The agro-food system is the result of the interaction of multiple components, made up by a set of activities contributing to the creation of the national food product's value. The system has outlined a recovery in terms of value added of the entire sector, mainly for agricultural, forestry and fishing sector that reaches an overall value of almost 32.9 billion euros, with an increase over 4% compared to the previous year. In an upward trend (+3.5%) is also the value added of catering services that, with more than 44.7 billion euros, does represent more than 15% of the whole system. Also the value added of the agro-food industry has increased, amounting for 27.9 billion euros, with a +2.6% compared to 2016.

It is, nonetheless, the distribution and marketing sector of raw materials and processed products that continues to hold the highest percentage share, that with over 167.7 billions represents more than the half of the value of the entire agro-food system. These components should also include the investments made both in

agriculture and in the agro-food industry that, on the whole, do exceed 16.6 billion euros and show an improvement exceeding 5%. Conversely, in a downward trend are both grants and indirect taxes that together do represent less than 2% of the system, with 4.4 and 1.2 billion euros respectively.

The agro-food system is in increase, in absolute terms, shifting from 288.2 billion euros in 2016 to over 295.6 billions in 2017. Nevertheless, in percentage points, it continues to settle to a value of almost 17%, compared to the national GDP.

Main components of the agro-food chain at basic prices (million euro), 2017



Source: ISTAT

FOOD INDUSTRY

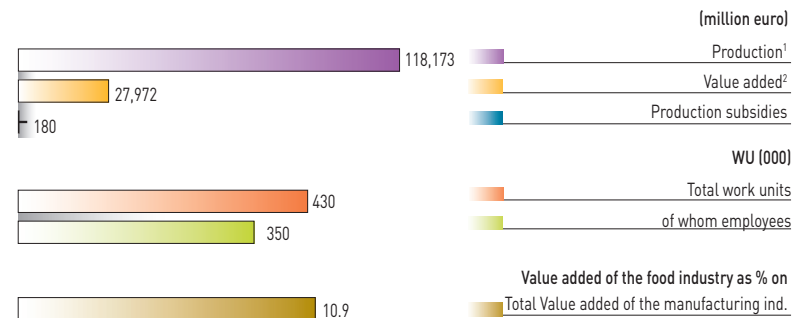
Food, beverage and tobacco industry plays an important role within the national manufacturing sector. In 2017, the sector has accounted for roughly 11% of the value added and 12% of the people employed. Value added, at current values, has suffered a setback with an increase of 0.2% over the previous year (in 2016 it had increased by 5.6% over 2015), whereas employment has increased by 0.6%. The production sold of food products has accounted for roughly 99 billion euros and has marked an increase of 8.6% over 2016. This performance is ascribable to the positive results of all sectors. Among the sectors that have registered the highest growth rates, it should be pointed out the increase of 34.5% of the production value for animal feeding, the good trend in the production of meat-based products (+11.9%) and of the processing and preservation of meat (+11.8%). The value of the marketed production of drinks has nearly reached 17.6 billion

euro, with an increase of 20.5% over the previous year thanks to the excellent performance of the value of marketed production of other wines produced in some

specific regions (+59.5%) and of sparkling wines (+11.1%).

In terms of regional breakdown of the food industry, the most recent ISTAT

Food industry*: main macro-economic aggregates, 2017



* including beverage and tobacco

¹ Value of production at basic prices

² Value added at basic prices, at current values

Source: ISTAT

Value of the production sold of food products, 2017

	Production sold (thousand euro)		% change 2017/2016	Incidence to total (%)
	2016	2017		
Food products	91,461,092	99,358,594	8.6	-
Processing and preservation of meat (birds excluded)	8,976,521	10,036,040	11.8	10.1
Processing and preservation of birds	3,041,271	3,271,915	7.6	3.3
Production of meat-based products	9,233,368	10,333,119	11.9	10.4
Processing and preservation of fish, shellfish and molluscs	1,411,686	1,539,880	9.1	1.5
Processing and preservation of fruit and vegetables	9,559,639	10,157,526	6.3	10.2
Production of vegetable and animal oils and fats	4,854,999	5,023,287	3.5	5.1
Dairy industry	13,285,278	14,527,179	9.3	14.6
Processing of grains, production of starch and of starch products	5,192,675	5,753,629	10.8	5.8
Bakery products	15,518,956	15,907,762	2.5	16.0
Other foodstuffs	16,051,771	16,993,806	5.9	17.1
Animal feeding	3,960,635	5,327,149	34.5	5.4

Source: ISTAT

data ("Struttura delle imprese", 2015) do highlight that almost 41% of the turnover and 38% of the value added are registered in two regions, Lombardy and

Emilia-Romagna. In particular, Lombardy produces 21% of turnover and 20% of the value added; Emilia-Romagna 19.7% of the turnover and 18% of the value added.

They are then followed by Veneto (12.8% of the turnover and 10% of the value added), and Piedmont (9.2% of the turnover and 10.5% of the value added). The com-

Value of the production sold for beverages, 2017

	thousand euro		% change 2017/2016	Incidence to total (%)
	2016	2017		
Beverages	14,595,088	17,589,950	20,5	-
Distilling, rectifying and blending of spirits	1,155,088	1,411,893	22,2	8,0
- liqueurs and other drinks containing alcohol from distillation	896,807	1,073,100	19,7	6,1
Manufacture of wine from grape	6,965,113	9,335,272	34,0	53,1
- other wines produced in specific regions, white wines excluded	1,989,263	3,171,895	59,5	18,0
- visparkling wines	1,514,629	1,683,119	11,1	9,6
Cider production	61,360	50,195	-18,2	0,3
Production of other non-distilled fermented beverages	173,030	203,525	17,6	1,2
Beer production	1,701,486	1,830,973	7,6	10,4
Industry of soft drinks, mineral waters and other bottled waters	4,539,011	4,758,092	4,8	27,1
- mineral waters and other sparkling waters with no sugar or other sweeteners added	2,304,080	2,444,506	6,1	13,9

Source: ISTAT

panies in Lombardy and Emilia-Romagna do absorb 29.8% of the people employed (15.9% and 13.9% respectively); followed by Veneto (9.6%), Campania and Piedmont (7.9% for both of them). As regards

the importance of the single regions, in terms of local units, Sicily is the region with the highest incidence, equal to 12%, followed by Lombardy with 10.6%, Campania with 10%, Emilia-Romagna with

8.7% and Piedmont with 6.9%. Comparing Italy with the other EU-28 countries, it has been pointed out how, on the basis of the latest available data related to 2016, our country does account

Value added and employees in the food, beverage and tobacco industry by main sectors in Italy and incidence in the EU-28, 2016

	Value added* (million euro)		Employees (000. units)	
	Italy	% Italy/EU**	Italy	% Italy/EU
Food industry production	21,405.8	11.0	401,963	9.7
Processing and preservation of meat and meat-based products	3,100.8	8.8	59,729	6.3
Processing and preservation of fish, shellfish and molluscs	402.7	8.7	5,720	4.9
Processing and preservation of fruit and vegetables	1,938.9	13.0	31,482	11.3
Production of vegetable and animal oils and fats	673.6	17.2	11,350	18.0
Dairy sector	2,830.0	12.8	43,581	11.9
Processing of grains, production of starch and starch products	962.9	11.5	9,760	8.9
Bread, cookie and pasta products	5,951.0	13.3	175,260	12.0
Production of other foodstuffs	4,864.9	10.0	57,471	9.0
Animal feeding	681.0	6.5	7,610	5.6
Beverage	4,135.5	9.2	40,108	9.3
Tobacco	135.3	0.7	1,192	3.3

*At factor costs

**The incidence of the value added for beverage and tobacco refers to 2015

Source: Eurostat

for about 11% of the value added of the EU food industry and does absorb 9.7% of the people employed. Italy with 20% of holdings ranks after France (21%) for

the highest number of companies and to third place in terms of turnover, with an incidence of 11.9% after Germany and France (17.9% and 15.8% respectively).

Regarding the beverage sector, Italy represents 12.4% of turnover, 9.3% of the people employed and 11.7% of the EU-28 firms; France, with an incidence of 18.5%

Main indicators of the food industry in the EU-28 countries, 2016

	Firms	Employees	Production value	Value added ¹	Turnover
	(000. units)		(million euro)		
Austria	3,500	75,343	15,146	4,222	16,709
Belgium	6,500	86,538	39,655	6,718	41,932
Bulgaria	5,383	82,114	4,111	836	4,662
Cyprus	814	11,291	1,185	331	1,373
Croatia	2,740	54,566	3,618	956	4,501
Denmark	1,479	53,053	20,523	4,056	24,481
Estonia	597	13,418	1,378	312	1,534
Finland	1,618	35,605	9,146	2,077	9,484
France	55,811	576,093	140,130	30,435	150,331
Germany	24,426	823,085	156,578	35,541	170,544
Greece	15,836	105,979	10,673	2,531	12,807
Ireland	1,715	47,464	22,677	7,688	23,511
Italy	53,360	401,963	111,777	21,406	113,661
Latvia	1,075	21,447	1,361	322	1,447
Lithuania	1,657	39,415	3,320	694	3,516

¹At factor costs

Source: Eurostat

	Firms	Employees	Production value	Value added ¹	Turnover
	(000. units)		(million euro)		
Luxembourg	124	5,304	729	238	797
Malta	360	3,029	-	-	-
Netherlands	5,785	123,476	62,239	10,835	68,472
Poland	13,671	399,579	44,253	8,724	49,199
Portugal	9,296	94,483	10,718	2,199	12,367
UK	7,811	395,744	92,475	28,362	101,375
Czech Rep.	7,744	101,023	9,278	2,115	10,653
Romania	8,078	162,449	8,145	1,231	9,564
Slovakia	2,843	35,491	2,861	598	3,541
Slovenia	2,222	15,379	1,663	445	1,982
Spain	22,537	337,820	90,273	15,654	95,076
Sweden	3,836	57,907	14,494	3,512	16,735
Hungary	4,593	92,306	8,781	1,787	9,810
EU-28	264,913	4,140,000	866,000	193,827	950,000

on the EU-28 is the first country in terms of turnover, followed by Germany (13.3%); Germany is the first country for share of employed in the sector (16.3%), followed by Spain (11.8%) and France (11%).

DISTRIBUTION

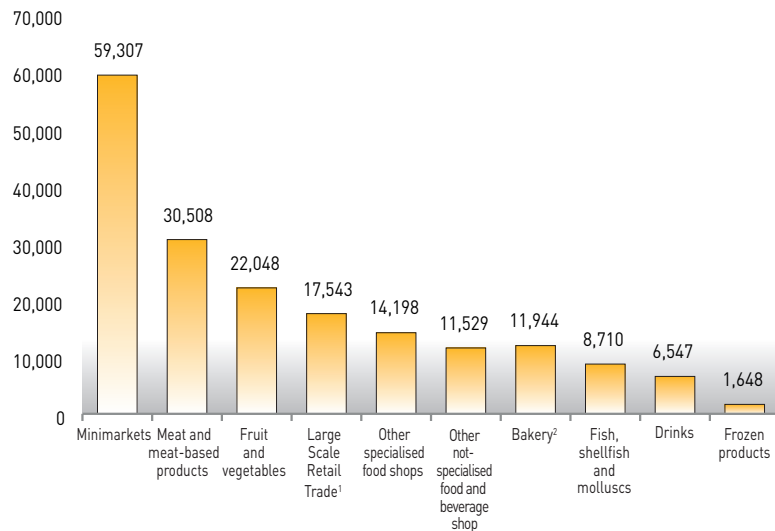
2017 has registered 183,982 specialized and not-specialized shops in the food sector with fixed location, in slight decrease over 2016 (-1.2%).

In terms of specialized retailers, sales units do decrease in almost all sectors, except for fish shops (+0.3%) and fruit and vegetable shops (+0.6%); butcheries, despite a reduction of 1.4%, still represent the most numerous category with 30,508 retail businesses.

In terms of not-specialised retailers, in a downward trend is the number of mini-markets (-1.2%), a type of leader shop in terms of size, and of the other sale units of foodstuffs and beverage (-6.9%); in an upward trend, albeit only marginally (+0.6%), is instead the large scale retail trade, oriented to specific segments of price, service and assortment.

In particular, taking into account the disaggregated datum referred to the structures of the large scale retail trade, it is confirmed the upward trend of the discount stores (+1.5%), neighbourhood

Food retail shops in fixed location, 2017



¹ Including hypermarkets, supermarkets, discount stores

² Including the sale of sweets and sugared almonds

Source: National Observatory of Trade, Ministry for the Economic Development

Territorial breakdown of the large scale retail trade, 2017

	Supermarkets		Hypermarkets		Superette		Discount stores		Total	
	(sqm)	%	(sqm)	%	(sqm)	%	(sqm)	%	(sqm)	%
North-West		23.9	1,849,003	43.9	331,668	19.3	824,059	25.4	4,727,057	28.8
North-East		23.2	1,012,355	24.1	274,771	16.0	678,816	20.9	3,637,263	22.2
Centre		24.3	704,059	16.7	370,167	21.5	770,471	23.7	3,599,093	22.0
South and Islands		28.6	643,632	15.3	745,399	43.3	976,508	30.0	4,431,498	27.0
Italy	100.0		4,209,049	100.0	1,722,005	100.0	3,249,854	100	16,394,911	100.0

Source: The agro-food system in Emilia Romagna. Survey 2017 on Nielsen data

shops that are now widely spread across the territory (53 sqm each 1,000 inhabitants), so much so that they compete with supermarkets that suffer a decline of 0.6%. Also hypermarkets do increase (+0.8%), whose dissemination at national level is equal to 115 sqm each 1,000 inhabitants. Superettes (21 sqm/1,000 inhabitants) continue to decrease; they are mainly retail shops below 400 sqm and they are typical of small towns mainly on the hilly and mountainous areas, whose number decreases by 2% in 2017.

Supermarkets, discount stores and neigh-

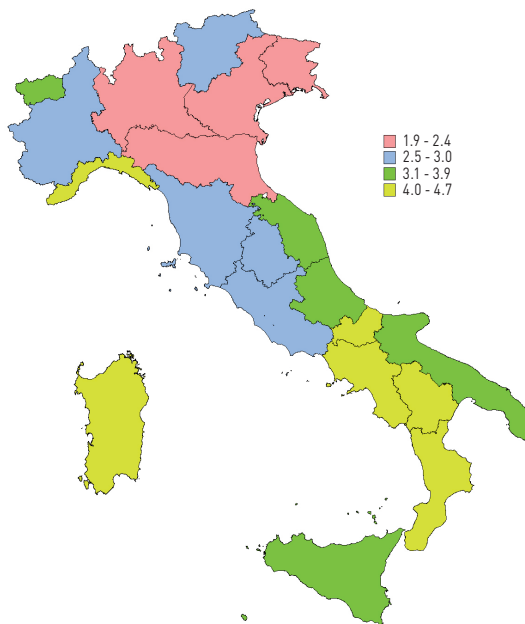
bourhood shops are much more spread to the South, where the distribution network shows wide margin for improvement; conversely, the big-sized distribution shops, like hypermarkets, are much more located to the North, where the network is very intense, as it is in the more developed European areas, with margin for improvement almost exclusively targeted to the discount stores segment. Considering the territorial breakdown of the growth trends, 2017 has highlighted slight decreases of the modern distribution structures in the southern regions (-0.3%)

and in the Centre (-0.5%), whereas modest growth has been detected in the northern-western regions (+0.7%) and in the northern-eastern ones (+0.4%), with a substantially stable situation at national level compared to the previous year (+0.1%).

In 2017, according to ISTAT data, the value of sales in the retail trade with fixed location does discreetly increase (+1.4%), mainly driven by the large scale retail trade, within which food discount stores do increase by 3.2%. The small-sized shops point out instead an annual

negative variation in value, more accentuated for food products (-1.1%). Sales volumes, compared to 2016, are decreasing for both food products (-0.9%) and for non-food products (-0.3%). In 2017, according to MISE data, street food vendors do decrease (-1.3%), whereas the main no-location types of sales including food-stuffs and beverage do increase: internet commerce (+8.9%) and vending machines (+1%).

Food shops in fixed location per 1,000 inhabitants, 2017



Source: National Trade Observatory, MISE; ISTAT

Retail trade with fixed location: indices of the value of sales by type of distribution and products - quarterly data (base 2010=100)

Period	Indices						% change					
	Food		Non-food		Total		Food		Non-food		Total	
	large-scale distribution	small surfaces	large-scale distribution	small surfaces	large-scale distribution	small surfaces	large-scale distribution	small surfaces	large-scale distribution	small surfaces	large-scale distribution	small surfaces
2017	105,8	88,7	97,4	90,2	102,1	89,9	1,6	-1,1	0,9	-0,7	1,4	-0,8
I quarter	98,9	82,0	87,4	81,2	93,9	81,4	-0,3	-1,6	0,3	-0,7	0,0	-0,7
II quarter	105,4	86,1	92,8	89,7	99,9	89,0	3,1	-0,9	1,2	-0,6	2,4	-0,6
III quarter	106,7	91,7	97,3	86,8	102,6	87,7	2,3	-0,7	1,9	-0,2	2,2	-0,3
IV quarter	112,0	95,1	111,8	103,0	111,9	101,5	1,4	-1,2	0,3	-1,3	0,9	-1,4

Source: ISTAT

Business firms with no fixed location, 2017

Type	2017	2017-2016 % change
Food ambulant vendors	35,259	-1.3
Textile, clothing and footwear ambulant vendors	73,102	-2.6
Other ambulant vendors	82,436	-1.7
Commerce only via Internet	18,800	8.9
Distance commerce (post, phone, radio TV)	2,611	0.7
Door-to-door selling	11,542	-0.3
Vending machines	5,080	1.0
Other no store	4,285	-5.3
Total	233,115	1.0

Source: Coop 2018 Survey - MISE data

FOOD CONSUMPTION

In 2017, for the fourth year in a row, the recovery of household consumptions gets consolidated: the average monthly family expenditure has accounted for 2,564 euro at current values (+1.6% over 2016). Nevertheless, considering the pick-up in inflation, the increase of expenditure suffers a slowdown in real terms. Therefore, it increases also the inequality in the distribution of spending: there are more families spending less, and more inequalities in the spending behaviour linked to income disparities and professional position.

Food expenditure is the second expenditure item, after the one for housing and family portfolio, with an average value of 457 euro/month per family (17.8% of the total expenditure). At a territorial level, the highest incidence of food expenditure on total is registered in the southern regions (22.5%) and on the Islands (21.6%), whereas the lowest incidence is registered in the North-East (15.7%).

The most relevant items for foodstuffs

Average monthly household expenditure per region, 2017

	Average monthly expenditure, current prices (euro)					
	Total			Foodstuffs and soft drinks		
	2016	2017	% change 2017/16	2016	2017	% change 2017/16
Piedmont	2,608	2,649	1.6	522.2	478.5	-8.4
Valle d'Aosta	2,862	2,850	-0.4	547.5	503.1	-8.1
Liguria	2,289	2,450	7.0	421.0	445.0	5.7
Lombardy	3,040	3,051	0.4	451.5	475.0	5.2
Bolzano	3,551	3,417	-3.8	563.9	542.5	-3.8
Trento	2,630	2,707	3.0	420.7	418.9	-0.4
Veneto	2,673	2,754	3.0	432.8	433.6	0.2
Friuli Venezia Giulia	2,479	2,604	5.0	433.8	431.4	-0.6
Emilia-Romagna	2,975	2,958	-0.6	420.0	456.9	8.8
Tuscany	2,821	2,863	1.5	460.5	460.8	0.1
Umbria	2,250	2,333	3.7	487.8	434.2	-11.0
Marche	2,264	2,312	2.1	450.7	460.1	2.1
Lazio	2,620	2,704	3.2	400.0	446.7	11.7
Abruzzo	2,159	2,151	-0.4	396.3	420.5	6.1
Molise	2,176	2,110	-3.0	426.6	443.3	3.9
Campania	2,065	2,104	1.9	498.5	488.3	-2.0
Apulia	2,171	2,135	-1.7	475.2	456.7	-3.9
Basilicata	1,981	2,025	2.2	448.2	484.8	8.2
Calabria	1,701	1,807	6.2	384.6	448.3	16.6
Sicily	1,876	1,943	3.5	426.7	424.4	-0.5
Sardinia	2,129	2,096	-1.5	431.4	441.6	2.3
Italy	2,524	2,564	1.6	447.96	457.1	2.0

Source: ISTAT

Average monthly household expenditure by category of foodstuffs and drinks, 2017 (values in euro)

	2016	2017	% change 2017/16
Average monthly expenditure	2,524.4	2,563.9	1.6
Foodstuffs and soft drinks	448.0	457.1	2.0
- Meat	93.5	93.8	0.3
- Bread and cereals	75.1	75.6	0.6
- Vegetables	60.6	63.2	4.2
- Milk, cheese and eggs	57.6	58.3	1.2
- Fruit	41.7	43.3	3.8
- Fishes and fish products	39.8	39.4	-1.2
- Mineral waters, soft drinks, fruit juices and vegetables	20.9	22.5	7.6
- Sugar, jam, honey, chocolate and pastries	19.1	19.7	3.1
- Oils and fats	15.6	17.3	10.6
- Coffee, tea and cocoa	13.1	13.9	6.4
- Pre-cooked meals and other food meals*	11.0	10.4	-5.0
Alcoholic drinks and tobacco	45.0	45.2	0.5
not food	2,076.4	2,106.8	1.5

* Among which: salt, spices, seasonings and baby food

Source: ISTAT

are still represented by meat, bread and cereals, vegetables, milk, cheese and eggs. The most remarkable increases were registered for oils and fats (+10.6%), min-

eral waters, soft drinks and fruit juices (+7.6%), coffee, tea and cocoa (+6.3%), vegetables (+4.2%), fruit (+3.8%). In a downward trend is instead the expendi-

ture for fishes and fish products 8-1.2%), and pre-cooked meals (-5%).

The annual average change of the general consumption price index grows again in 2017 (+1.2%), particularly as a result of the increases of the costs for transports (+3.4%), food products and drinks (+1.9%), of the aggregate concerning housing, water, electricity and fuels (+1.8%).

The acceleration of prices for agricultural products and soft drinks, after the slowing down registered in 2016, has mainly been boosted by the component "non-processed foodstuffs" (+3.6%) and mainly by the trend in the prices for fresh vegetables (+11.1%) and fresh fruit (+5.8%).

FOREIGN TRADE

In 2017, for the first time, the Italian exports of agro-food products has exceeded 40 billion euro, with an increase in value of 5.7% compared to 2016. This increase does confirm the positive trend of the Italian agro-food export, with increasing values since 2009. Agro-food imports, after a slight decrease in value detected in 2016, do increase again in 2017 (+4.9%) reaching 44.3 billion euro. Such a trend has led to a reduction of the deficit of the agro-food balance, equal to 3.48 billion euro. For the third year in a row, it has been observed an improvement of deficit, albeit more contained compared to the previous two-year period. It is nonetheless decreasing by over 4 billion euro the trade balance of not agro-food goods, after the net increase registered last year. Agro-food exports have increased to a lesser extent than total exports (+5.7% vs +7.4% of total exports in value), with a subsequent drop of the agro-food incidence on the total export of goods of our

country (decreased from 9.3% to 9.1%). This has occurred also for agro-food im-

ports increased less than total import of goods (+4.9% of the agro-food compared

Agro-industrial balance and agro-industrial system*

Macroeconomic aggregates		2000	2016	2017
Total agro-industrial production ¹	(P)	67,899	84,236	85,977
Imports	(I)	25,358	42,265	44,335
Exports	(E)	16,867	38,657	40,854
Balance	(E-I)	-8,491	-3,608	-3,481
Trade volume ²	(E+I)	42,225	80,922	85,189
Apparent consumption ³	(C = P+I-E)	76,390	87,844	89,458
Indicators (%)				
Degree of self-sufficiency ⁴	(P/C)	88.9	95.9	96.1
Propensity to import ⁵	(I/C)	33.2	48.1	49.6
Propensity to export ⁶	(E/P)	24.8	45.9	47.5
Degree of trade-cover ⁷	(E/I)	66.5	91.5	92.1

* Millions of current euro, the figures related to the agro-industrial output and to the marketing have also included the item "processed tobacco"

¹ Agricultural, forestry and fishing production and value added of the food industry at basic prices

² Summum of exports and imports

³ Agro-industrial production plus imports and minus exports

⁴ Production-Consumption ratio

⁵ Import-consumption ratio

⁶ Export-production ratio

⁷ Export-import ratio

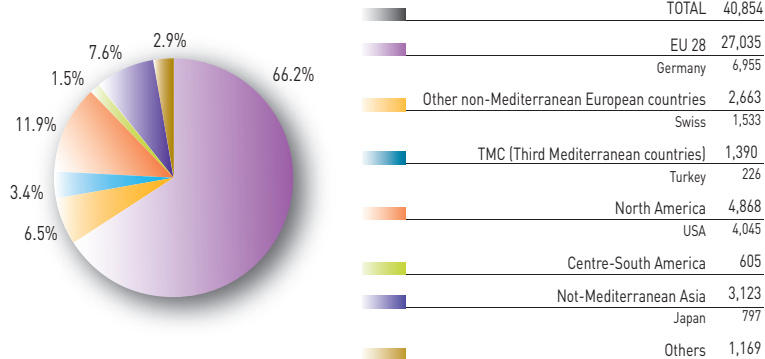
Source: CREA processing of ISTAT figures

to +9.6% of total imports).

In 2017, the EU-28 area has represented 70.6% of our purchases abroad and 66.2% of sales. They are increasing values for import compared to 2016, whereas exports do experience a substantial stability of the incidence of the EU area. The growth of the EU has been driven by both Eastern European countries and by some of the main historical partners of Italy, such as Spain. It's instead worthy noting the slight decrease of the share covered by Asia as customer of Italy.

In terms of exports, the first five client countries (Germany, France, United States, UK and Spain) do absorb over the half of the value of the sales of agro-food products abroad. It is a stable share compared to 2016. It should be pointed out that there are no reductions in the value of exports towards the main destination markets: in some cases the volumes exported do largely offset the reduction of the unitary average value of exports,

Destination of the Italian agro-food exports (million current euro), 2017



Source: CREA processing of ISTAT figures

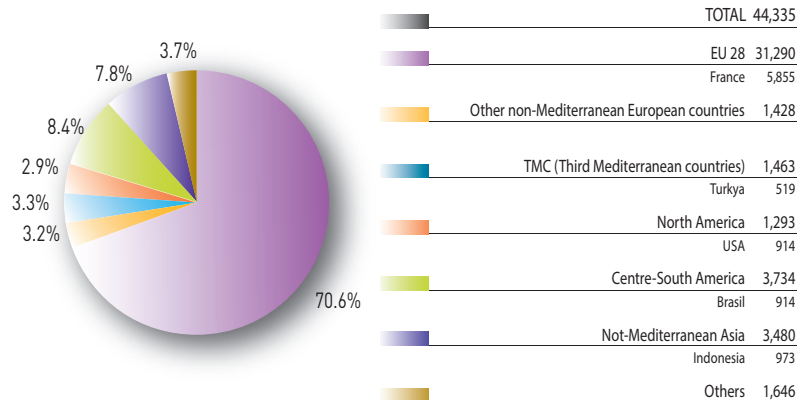
whereas for other markets are the greater unitary average values that balance the drop in the quantities exported. As regards import, the Eastern European countries, thanks to high growth rates, continue to increase their incidence as

suppliers of the agro-food for Italy. Conversely, it continues to decrease the incidence of the U.S., that has shifted from 8th (2015) to 11th (2017) place as supply market for Italy.

From a commercial point of view, the inci-

dence of the primary sector on exchanges has slightly reduced, in favour of an increase of the incidence of the processed goods for the import, and of an increase of the incidence of drinks for the export. These latest ones represent more than one fifth of the agro-food exports, while representing less than 4% on imports. The incidence of the processed products (drinks excluded) accounts for roughly 62% for both the inflows and the outflows. In terms of dynamics of current values, the increase of the agro-food exchanges in 2017 has involved both the primary component and the industrial one. In particular, the growth of the export of the primary sector has amounted to 3.7%, with a differentiated trend at a sectorial level: more specifically, the export of citrus has reduced by over 10% whereas the sales of other fresh fruit have increased by 6%. The exports of the food industry (+5.7%) and of beverage (+7.5%) have increased to a greater extent than those ones of the primary sector. For

Origin of the Italian agro-food imports (million current euro), 2017



Source: CREA processing of ISTAT figures.

the processed products, the increase has involved almost all sectors, mainly dairy products (+10.4%) and pastries (+15.4%). For both products it has been the joint increase of the quantities exported and of the unitary average values at driving the growth in value. As regards

beverage, in 2017 the export of wine has highlighted an increase in value higher than 6%, exceeding 6.1 billion euro. This performance is ascribable to both the increase of the volumes exported and of the unitary average values and, as already observed in the last years, it has been

Foreign trade by main agro-food sectors (million euro), 2017

	Import	Export	Sn (%)
Seeds	548	322	-26.0
Cereals	2,522	178	-86.8
Fresh legumes and vegetables	782	1,269	23.7
Dried legumes and vegetables	279	56	-66.7
Citruses	406	223	-29.0
Tropical fruit	697	76	-80.3
Other fresh fruit	658	2,769	61.6
Dried fruit	1,209	507	-40.9
Filamentary crude vegetables	67	4	-88.0
Seeds and oleaginous fruits	775	36	-91.2
Cocoa, coffee, tea and spices	1,766	91	-90.2
Floers and plants	514	822	23.0
Raw tobacco	152	271	28.2
Alive animals	1,472	56	-92.7
of whom for reproduction	179	30	-71.2
of whom for breeding and slaughtering	1,271	12	-98.2
Other breeding products	506	68	-76.3
Forestry	728	130	-69.6
Fishing	1,329	262	-67.0
Hunting	99	6	-88.1
TOTAL PRIMARY SECTOR	14,508	7,147	-34.0
Rice	136	548	60.1
Cereal derivatives	1,385	4,731	54.7
of which pasta	56	2,291	95.2
of which bakery products	1,017	1,999	32.6

Source: CREA processing of ISTAT figures

	Import	Export	Sn (%)
Sugar	904	170	-68.4
Pastries/sweets	1,020	1,972	31.8
Fresh and frozen meat	4,402	1,260	-55.5
Prepared meat	379	1,663	62.9
Fish products	4,409	440	-81.9
Processed vegetables	1,113	2,416	36.9
Processed fruit	603	1,145	31.0
Dairy products	3,696	3,247	-6.5
of which milk	538	49	-83.4
of which cheese	1,740	2,635	20.4
Oils and fats	4,030	2,146	-30.5
of which olive oil	1,953	1,552	-11.5
Animal feeding	1,956	1,046	-30.3
Other products of the food industry	2,078	4,037	32.0
Other non-food products	1,432	385	-57.6
TOTAL FOOD INDUSTRY (BEVERAGE EXC.)	27,542	25,205	-4.4
Wine	322	6,150	90.0
of which quality sparkling wines	161	1,200	76.4
of which liqueurs and sparkling wines	6	225	94.5
of which bottled quality wines	42	3,526	97.6
of which quality bulk wines	25	193	76.8
Other alcoholics	1,072	1,071	-0.1
Soft drinks	243	973	60.1
TOTAL FOOD AND BEVERAGE INDUSTRY	29,179	33,399	6.7
TOTAL AGRO-FOOD BALANCE	44,335	40,854	-4.1

Foreign trade of the "Made in Italy"* agro-food products

	2017 (million euro)			[%] change 2017/2016	
	Import	Export	Sn (%)	Import	Export
Cereals	0.7	5.5	76.9	-22.1	-9.1
Fresh fruit	648.1	2,774.7	62.1	13.6	4.6
Fresh vegetables	389.1	1,092.8	47.5	27.5	0.5
Flowers and plants	175.1	646.7	57.4	9.6	11.1
AGRICULTURAL "MADE IN ITALY"	1,213.0	4,519.7	57.7	17.0	4.4
Rice	136.4	547.8	60.1	31.6	3.9
processed tomatoes	138.4	1,667.6	84.7	-22.8	-3.4
Fruit juices and cider	215.0	558.2	44.4	3.9	3.3
Other vegetables and prepared or preserved fruit	603.7	1,175.7	32.2	5.5	4.7
Cured meats	273.3	1,579.0	70.5	-0.2	6.6
Cheese	165.8	1,794.3	83.1	4.0	7.0
Olive oil	1,796.1	1,535.9	-7.8	5.7	-3.1
Bottled wine	67.8	5,669.8	97.6	0.4	6.6
Bulk wine	66.3	390.3	71.0	46.1	2.5
Vinegar	21.6	249.2	84.0	10.5	-1.1
Mineral waters	8.9	518.5	96.6	5.0	7.9
Essences	49.9	139.3	47.3	3.0	16.2
Other processed products	310.9	961.2	51.1	6.3	1.3
PROCESSED "MADE IN ITALY"	3,854.1	16,786.8	62.7	4.8	3.9
Pasta	56.0	2,291.3	95.2	-29.4	-0.9
Bakery products	1,016.5	1,999.4	32.6	8.8	9.6
Other cereal derivatives	11.6	183.3	88.1	-17.9	5.8
Cocoa-based sweets	868.3	1,797.8	34.9	1.2	17.4
Ice creams	109.3	230.3	35.6	-11.7	3.0
Coffee	182.9	1,353.0	76.2	-0.7	3.3
Spirit and liqueurs	299.5	732.9	42.0	42.1	16.6
"MADE IN ITALY" OF THE FOOD INDUSTRY	2,544.0	8,588.0	54.3	5.8	7.3
TOTAL "MADE IN ITALY"	7,611.1	29,894.5	59.4	6.9	4.9

* The sectors of this table contain "made in Italy" products: a subset of the agro-food products, always with a positive balance and/or that, as well known, recall our country in terms of image

Source: CREA processing of ISTAT figures

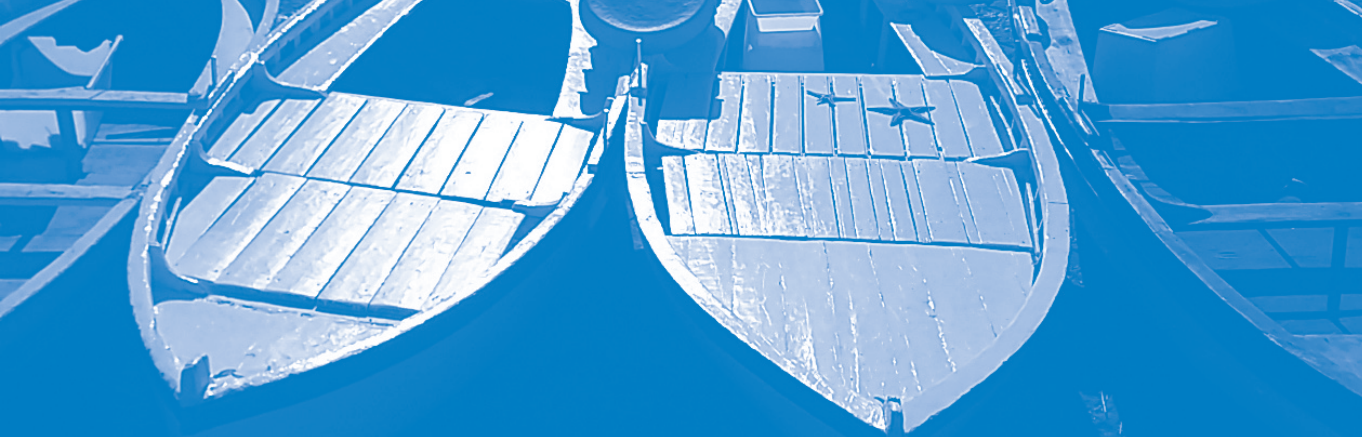
driven by the increase of the sales abroad of quality sparkling wines (+13.6% compared to 2016).

As regards imports, the growth in value involves quite all sectors, except fish products, dried fruit and processed vegetables. For the primary sector, particularly relevant has been the growth in value of the purchases of live animals (+7.3%), linked to both the increase of the unitary average values and of the quantities imported. The value of the imports of dairy products has increased by nearly 10%, after the net drop registered in 2016. This increase is nevertheless exclusively ascribable to the greater unitary average values of import that hide a decrease of the volumes imported. Among the sectors it should be pointed out the one of the dried fruit, whose purchases abroad have reduced by over 9% in value. This decrease is ascribable to the lower purchases in value of the two main import products of the sector: hazelnuts and

almonds. For hazelnuts, the imports from Turkey, the main supply market, have dropped by 24.5%; whereas the reduction of the purchases of almonds from the U.S., the greatest supplier, has accounted for nearly 19%.

In 2017, “made in Italy” does represent 73.2% of the national agro-food export. This share has slightly reduced compared to 2016, as a consequence of the increase in value of the “made in Italy” exports (+4.9%), slightly below that of the agro-food export in its whole. It is nevertheless an excellent performance for the “made in Italy”, which has involved both the primary component (+4.4%) and the products of first and second processing (+7.3%). The highest share of the “made in Italy” exports is ascribable to the products of first processing, with an incidence equal to 56.2%. Within this aggregate, most sectors, such as wine, cheese and cured meats, highlight an increase of exports in value in 2017. An exception is repre-

sented by processed tomato, vinegar and olive oil. Particularly for the olive oil it has been observed a net reduction of the volumes exported, mainly due to the drop in the Italian production, with a contextual increase of the unitary average values of export. The exports of second processing products (“made in Italy” of the food industry) do represent almost 29% of total “made in Italy” exports and 21% of the total agro-food exports. It’s worth noting, within this aggregate, the reduction for the second year in a row of the value for the export of pasta. As for 2016, this reduction is exclusively linked to the lower unitary average export values, whereas the volumes of pasta exported do continue to increase. Conversely, it grows at a fast pace the value of the exports of cocoa-based products (+17.4%). A high increase has also been detected for the sales abroad of aquavits and liqueurs (+16.6%).



FOOD AND THE EATING HABITS OF ITALIANS

Every year one third of the food produced worldwide, over 1.3 billion tons, is lost or wasted along the entire agro-food chain; it represents a volume equal to four times the quantity of food needed to feed the 821 millions of people suffering hunger all over the world (FAO, 2018). 80% is represented by still edible foodstuffs, almost half of which is fruit and vegetables. Irresponsible behaviour by consumers, in addition to commercial and organizational reasons, on the one hand, and climate, technical and environmental factors, on the other hand, are the causes of food losses and waste (FLW), with a cost that, at a worldwide level, reaches 900 billion dollars. If considering also the costs related to water consumption and to environmental impact, due to the production, processing, packaging, storage and transport, the worldwide economic value of the FLW does exceed 2,600 billion dollars.

In the EU, the annual overall food waste is estimated in 88 million tons (equal to 20% of the food produced), quantified

roughly in 173 kilos per capita (Fusions, 2016), and in 143 billion euros its economic value. 53% of the FLW occurs in home consumption, 19% in industrial processing, 17% in the stages of distribution and retail.

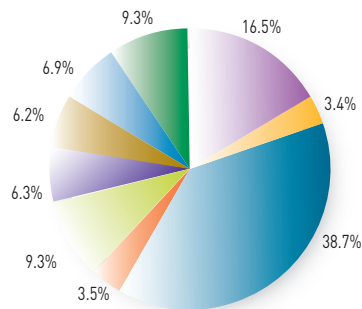
In Italy, the FLW in the agro-food supply chain does represent 0.94% of the GDP, accounting for 30% of what is produced, amounting to 15.5 billion euro and releasing in the environment 24.5 million tons of CO₂ (data released by Coldiretti and Waste Watcher Observatory, 2017). In terms of quantities, about 54% of losses and waste takes place in home consumption and 21% in catering, especially in hospitals and schools where the waste is estimated at roughly 30%; they are then followed by distribution and sale (15%), agriculture (8%) and processing (2%). In monetary terms, 12 billion euros are wasted in the final stage of consumption (8.5 billion euros in the home consumption) and 3.5 billion euros shared between distribution and sale (1.5 billions),

industrial processing (1.1 billions) and leftovers (946 million euros). The pilot study "Reduce" has estimated, for 2017, a per capita/year waste of 36.9 Kg of foodstuffs, 7.1 kg of which for vegetables and 4.8 kilos for milk and milk-based products, followed by fruit (4.5 kilos) and bakery products (3.2 kilos). The waste, accounting for 250 euro per capita/year, is ascribable, in 46% of cases, to the achievement or over-achievement of the expiry date or to the bad preservation of food.

In 2017, according to ISTAT, the agricultural leftovers exceeded 1.4 million tons and represented 2.7% of total production. 38.7% of the not-harvested production is ascribable to fresh vegetables, followed by cereals, with a share equal to 16.5%, and in equal percentages the grapevine and fresh fruit (9.3%).

2017 has experienced a set of initiatives for recovering or limiting waste, as stated by the data released by "Fondazione Banco Alimentare", thus confirming an in-

Agricultural output left on the field by sector in Italy (t), 2017



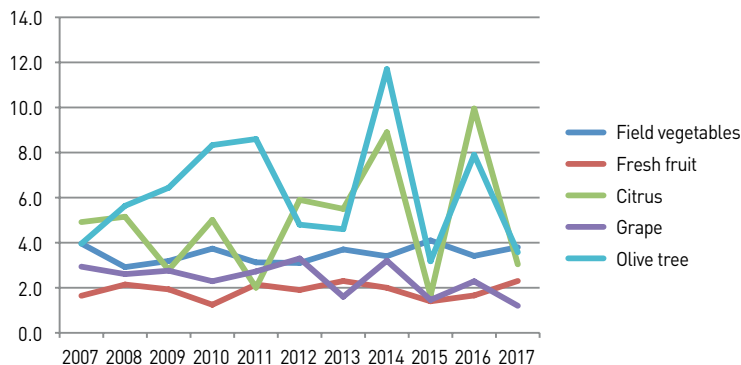
	Total	14,068,564
	Cereals	2,318,947
	Legumes and tuber crops	478,763
	Field vegetables	5,438,131
	Industrial vegetables	489,433
	Fresh fruit	1,307,997
	Citrus	881,460
	Grape	879,239
	Olive tree	967,842
	Greenhouse vegetables	1,306,752

Source: ISTAT

crease of 20% in the recovery of surplus from the large retail sector and catering service, thanks to an increase of both donations and of the sale points involved,

for a total of 91,235 tons of products recovered and distributed in 8,042 points between charitable structures and canteens all over Italy.

Trend of the agricultural leftovers by sector in Italy (%)



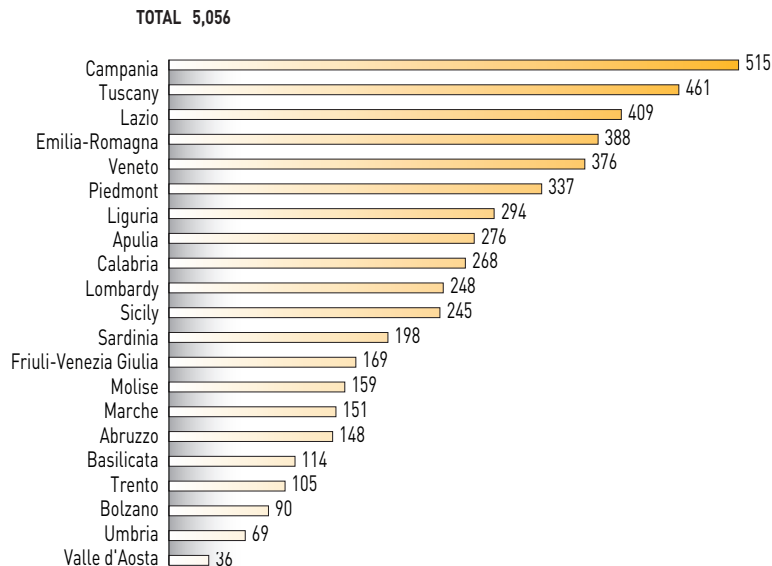
Source: ISTAT

TRADITIONAL AGRO-FOOD PRODUCTS

The traditional agro-food products are those niche products that have a high gastronomic and cultural value, but which are not protected by the Community designation of origin. The fundamental requirement to which they refer to is the tradition of the method of processing, storage and aging, which has to be consolidated over time (for a period of at least 25 years). These products have been officially ratified by the Legislative Decree 173/98 that has established a national list at MIPAAFT, updated annually by the Regions. Since 2008 they have been defined as expression of the Italian cultural heritage, in the same way as the historical, artistic and architectural heritage.

The 18th revision of the list contains 5,056 traditional food specialties, 8 more than in 2017, outlining a stabilization compared to the constant growth occurred until now. The most represented categories are: bakery products and pastries (1,525), fresh and processed vegetables (1,428), fresh and prepared meat (792).

Traditional agro-food products per region (n.), 2017



Source: 18th revision of the national list of the agro-food products, Ministerial Decree 16 February 2018

WINE AND FOOD TOURISM

According to ISTAT data, tourists who visited Italy in 2017 and the amount they spent do account respectively for 421 million of presences and 81 billion euros. Isnart-Unioncamere estimates have pointed out that the incidence of the wine tourism on total touristic flow is equal to 24% in terms of attendance (over 110 million units, 43% of whom is of Italian nationality) and to 15.1% of the tourism expenditure, whose value does exceed 12 billion euros. In monetary terms, the value of the agro-food expenditure, incurred by tourists during their stay in Italy, ranks third place after the expenditure for housing and catering (41.3 billion euros) and that one for recreational, cultural, entertainment activities and transports.

Wine and food tourism does represent the main reason for a journey in Italy, according to one tourist out of four, more than the richness of our cultural heritage and events, thus attracting 22.3% of Italians and 29.9% of foreigners. 13.5% of those

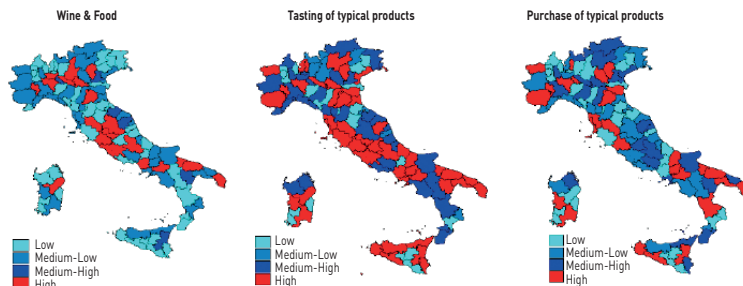
tourists choosing this kind of holiday participates to the tasting of local food and wine products, 8.6% does purchase handicraft products, as well as local food and wine products, and 6.6% attends gastronomic events.

According to the 2017 Isnart-Unioncamere survey, holiday experiences in Italy are very appreciated by both Italian tourists

and foreign ones. Tourists do recognize the wine and food supply offer among the most satisfying elements.

According to the survey “Ristoranti d’Italia”, carried out by Travel Appeal, in 2017, on behalf of ENIT (Italian Government Tourist Board), the foreigners who stayed in our Country have evaluated very positive the Italian restaurants, with peaks

Geography of tourists' motivations



Source: Isnart-Unioncamere

of satisfaction of 84.9% for American tourists, followed by Canadians (84.7%) and French (84.6%). Also the research “Be-Italy” 2017, carried out by IPSOS always on behalf of ENIT, has highlighted to what extent the Italian cooking is the first aspect that is associated to Italy. In 2017, during their stay in Italy, both Italian and foreign tourists have spent on

average 24.6 euro per capita/per day for meals eaten at restaurants and pizzerias; 7.7 euro for consumptions at bar, Cafes or pastry shops; 14.8 euro for agro-food products bought at supermarkets and shops; 12.7 euro for the purchase of typical wine and food products (Isnart-Unioncamere). Italian tourists have spent more than foreigners for agro-food products, 7.3 billion

euro vs 4.9.

Tuscany is, without doubt, the wine and food destination par excellence (18% of tourists), followed by Sicily (13%), Apulia (10%), Emilia Romagna (9%), Campania (8%) and Lazio (5%) – (First survey on the Italian wine and food tourism carried out by the University of Bergamo and by World Food Travel Association).

Economic impact of the tourism expenditure by sector (euro), 2017

	Italians	Foreigners
Accommodation	11,621	12,307
Restaurants / coffee bars	10,687	6,748
Agro-food	7,316	4,935
Clothing & Footwear / other manufacturing industries	11,364	7,308
Recreational, cultural and entertainment activities / transports	5,360	3,556
Total	46,348	34,854

Source: Isnart-Unioncamere

CATERING SERVICES

Out-of-home consumption continues its upward trend: in 2016, according to FIPE (Italian Federation of Public Establishments) data, household expenditure for catering amounted to 80,254 million euro, with an increase of 3% over 2015. In our Country, the economic downturn of recent years has mainly affected the take-home channel that has suffered, between 2007 and 2016, a decline of 10.5% in the household consumption, compared to a real increase of the same ones (+3.5%) in the catering channel. Italy is the third catering market in Europe, after UK and Spain, with an extra-house food consumption that weighs over 35% on total food consumption.

2016 has registered 329,787 active companies in the sector (Infocamere data), con-

sidering commercial catering (bar, restaurants, taverns, pizzeria, pastry shops and ice cream shops) and collective catering (catering and canteens). The network of public catering services is very wide and it is extended along the entire national territory, with a higher incidence in Lombardy (15.4%), Lazio (10.9%) and Campania (9.5%). Restaurants and mobile food service activities do represent 53.7% of the total catering companies, and bars with nearly 150,000 units, do amount to 45.3% of total, while holdings that serve prepared meals for canteens and catering do amount to little less than 3,000 (0.9% of total).

Despite a less unfavourable economic situation, also in 2016 the entrepreneurial turn over in the catering services has been high, with a negative balance of over

10,000 companies, which has involved both bars and restaurants. The economic performance of the catering companies is instead improving: the turnover index, estimated by FIPE, seems to be increasing during the third quarter of 2017 (1.8% compared to the same period of 2016). The value added, equal to 41 billion euros in 2016, is recovering positive margins in the latest three years, thus exceeding the pre-crisis levels.

The employment in the sector, and particularly the incidence of the self-employment on the total, picks up again, shifting from 33.5% of 2015 to 34% of 2016. Employed persons, equal to 730,240, have increased by 6.2%. 78% of workers have permanent employment (+12% in 2016); one employee out of four is a foreigner.

Companies working in the catering services, 2016

	Catering services			Total
	Restaurants and mobile food service activities	Bar and other similar services without kitchen	Canteens and catering services	
Piedmont	12,706	10,801	172	23,679
Valle d'Aosta	598	517	5	1,120
Lombardy	24,836	25,223	616	50,675
Trentino-Alto Adige	3,054	2,694	66	5,814
Veneto	13,425	12,555	155	26,135
Friuli-Venezia Giulia	3,669	3,548	32	7,249
Liguria	6,662	5,959	73	12,694
Emilia-Romagna	13,265	11,822	140	25,227
Tuscany	12,984	8,897	224	22,105
Umbria	2,566	2,073	55	4,694
Marche	4,946	3,460	61	8,467
Lazio	20,135	15,533	438	36,106
Abruzzo	4,686	3,263	84	8,033
Molise	1,002	883	24	1,909
Campania	16,619	14,376	365	31,360
Apulia	10,723	8,421	125	19,269
Basilicata	1,256	1,405	36	2,697
Calabria	5,908	4,485	112	10,505
Sicily	12,632	8,445	224	21,301
Sardinia	5,569	5,069	110	10,748
Italy	177,241	149,429	3,117	329,787

Source: FIPE survey on catering services, 2017



FARM STRUCTURES

AGRICULTURAL HOLDINGS

It continues the multi-year process of concentration of agricultural surface areas in a decisively more reduced number of agricultural holdings. The last ISTAT survey about structures and productions (SPA 2016) has registered a remarkable decrease in the number of agricultural holdings (-22% compared to 2013 and -29% over 2010). Conversely, the utilised agricultural area and the total agricultural area do outline slight variations over 2013 (+1.4% and -0.9% respectively). The perceptible decrease of companies has affected all Italian regions, whereas in most of them it has been detected an increase of UAA over 2013. Consequently, farms' sizes have increased all over the territory: at a national level, the average UAA of farms has shifted from 8.4 to 11 hectares, thus marking an increase of 31%. The farms suffering a decrease are the small-sized ones, those ones with a UAA below 5 hectares and the micro-farms with a UAA below 1 hectare (-68% over

2013). Conversely, the holdings with a UAA higher than 5 hectares do increase by 16%. Nevertheless, the agricultural sector continues to be characterized by small-sized holdings: the farms with less than 5 hectares do represent 62% of the

total and they do cultivate only 12% of the national UAA. Big-sized holdings, with a UAA higher than 50 hectares, in increase by 3.4% over 2013, do represent only 4% of the total, however they manage 43% of the UAA.

UAA, average per farm, (hectares)



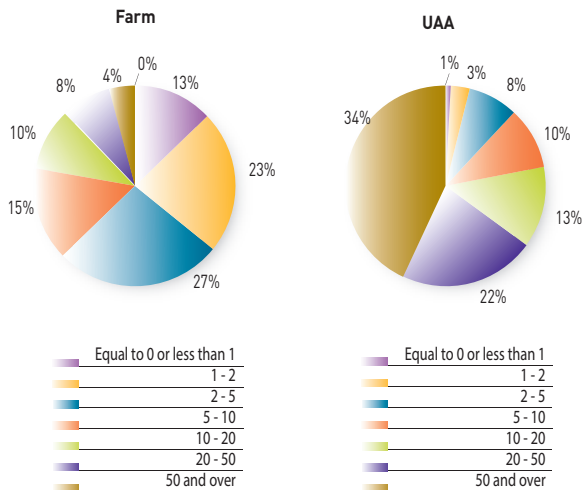
Source: ISTAT, SPA 2013 and 2016

Agricultural holdings and surface area utilised, 2016

	Holdings		UAA (ha)		Total Surface Area (ha)	
	2016	% change 2016/2013	2016	% change 2016/2013	2016	% change 2016/2013
Piedmont	49,965	-15.8	960,445	0.5	1,271,687	0.2
Valle d'Aosta	2,320	-17.3	52,856	0.0	108,687	3.6
Liguria	8,872	-46.2	38,592	-8.1	77,018	-23.8
Lombardy	41,120	-16.4	958,378	3.3	1,155,845	1.7
Trento	24,935	-28.1	336,607	-8.0	732,391	-17.2
Veneto	74,884	-32.6	781,633	-3.9	1,018,182	-6.1
Friuli-Venezia Giulia	18,611	-7.8	231,442	8.8	276,735	3.8
Emilia-Romagna	59,674	-7.5	1,081,217	4.2	1,443,455	7.1
Tuscany	45,116	-32.2	660,597	-6.5	1,238,548	-4.6
Umbria	28,650	-16.0	334,618	9.5	517,089	2.2
Marche	36,783	-10.3	471,004	5.2	620,043	5.3
Lazio	68,295	-17.5	622,086	4.7	827,588	-4.6
Abruzzo	43,098	-31.8	374,904	-14.7	530,005	-19.1
Molise	20,871	-4.2	192,189	8.8	230,035	3.4
Campania	86,594	-25.3	527,394	-3.3	682,965	-2.3
Apulia	195,795	-23.4	1,285,274	2.8	1,387,868	4.2
Basilicata	38,776	-16.8	490,468	-1.0	599,355	-6.2
Calabria	99,332	-23.4	572,148	6.0	732,009	2.6
Sicily	153,503	-24.7	1,438,685	4.6	1,612,010	5.4
Sardinia	48,511	-6.5	1,187,624	4.0	1,463,957	2.2
Italy	1,145,705	-22.1	12,598,161	1.4	16,525,472	-0.9

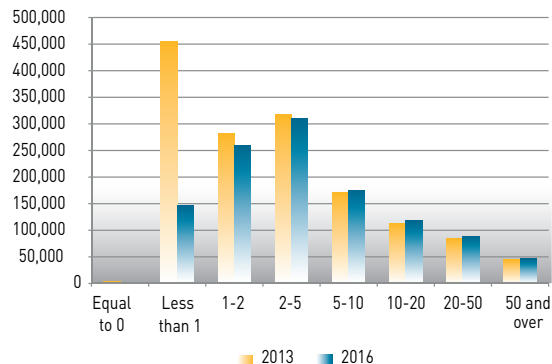
Source: ISTAT, SPA 2016

% breakdown of farms and UAA by areas, 2016 (hectares)



Source: ISTAT, SPA 2016

Comparison of the n. of farms 2016-2013 by UAA utilised (hectares)



CULTIVATIONS

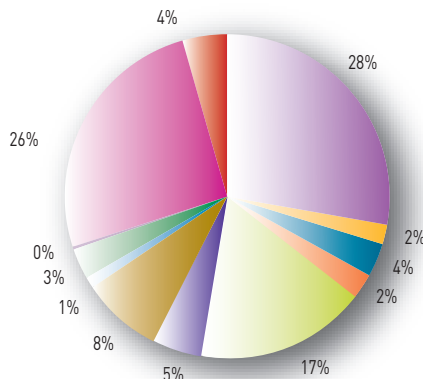
More than the half of the national UAA continues to be planted with crops (56.7%) and seems to be increased by 4.7% over 2013. Conversely, the surface area utilised for meadows and pastures (26% of the UAA) and for woody crops (17.5% of the UAA) are respectively decreasing by 3.2% and 2.6%. Among the woody crops, the olive tree does decrease by 3.7%, grape by 3.4% and citruses by 1%, stable is instead the surface area cultivated with fruit trees (+0.4%).

Nearly the half of total arable areas is planted with cereals (+13% over 2013) and, among these ones, durum wheat does occupy the widest area, equal to almost 1.4 million hectares.

Arable crops are planted on over 70% of the regional UAA in Lombardy, Veneto, Friuli-Venezia-Giulia, Emilia-Romagna, Marche and Molise.

Woody crops are relevant in Calabria (41% of the regional UAA), Apulia (39%) and Sicily (25%), whereas meadows and

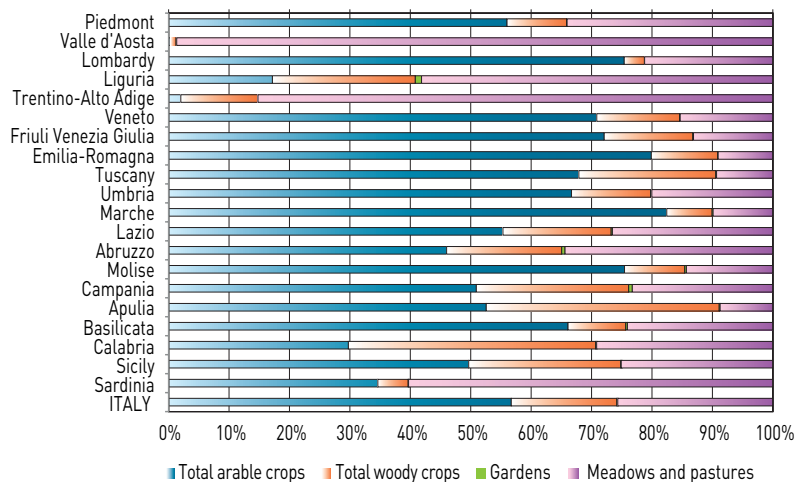
Cultivated area by main crops (000 ha), 2016



Cereals	3,534
Dried legumes	228
Industrial crops	429
Horticultural crops	301
Alternate fodder	2,154
Grape	615
Olive tree	1,033
Citruses	128
Fruit trees	391
Kitchen gardens	19
Permanent grasslands and pastures	3,233
Other	534

Source: ISTAT, SPA 2016

Breakdown of the agricultural area by main types of use and by region (%), 2016



Source: ISTAT, SPA 2016

pastures do represent almost the totality of the UAA in Valle d'Aosta (99%) and prevail in Trentino Alto Adige (85%), Sardinia (60%) and Liguria (58%).

In 2016, the cultivation of vegetable gardens, which is really marginal all over the national territory with just 0.15% of the UAA, suffers a remarkable decline over 2013 (-36%) thus affecting all Italian regions.



ECONOMIC RESULTS OF FARMS

OUTPUT AND INCOME

In 2016, the Italian FADN farms have registered an average gross saleable production of 73,839 euro, 37% of which does represent farm's net income (28,621 euro). In the northern regions, the concentration of big-sized industrial livestock farms and the presence of a remarkable number of in-

tensive farms do lead to economic results higher than both the national average and the average of each of the two central-southern districts. Nonetheless, in the southern regions, islands included, the containment of current costs to the total turnover allows farms to

achieve a higher net income on the production value: 43% vs 39% of the national average, whereas current costs have an incidence of 33% on farm's turnover, compared to 40% of the national average and 46% of the North-West.

Structural data and main economic results by district, farm averages 2016

	UAA	LU	WU	FWU	GSP	Current costs	Long-term costs	Distributed incomes	Off-farm management	Net Income
	ha	n.			euro					
North-West	23	50	1.5	1.3	127,022	58,389	7,110	13,741	-1,200	46,583
North-East	17	12	1.4	1.2	102,468	43,977	7,200	12,625	14	38,680
Centre	21	9	1.4	1.1	70,741	28,951	7,484	11,689	1,572	24,189
South-Islands	19	8	1.2	0.9	47,138	15,576	4,203	8,240	1,265	20,384
Italy	19,4	14,9	1.3	1.0	73,839	29,712	5,732	10,462	687	28,621

Source: FADN

Structural and economic indicators by district, 2016

	GSP/ha	GSP/LU	GSP/WU	NI/FWU	NI/GSP (%)	NI/ha	NI/LU
North-West	5,418	2,533	83,381	35,294	37	1,987	929
North-East	5,904	8,280	73,352	33,512	38	2,229	3,126
Centre	3,293	8,220	49,524	21,691	34	1,126	2,811
South-Islands	2,544	5,978	39,816	23,865	43	1,100	2,585
Italy	3,811	4,957	56,247	27,999	39	1,477	1,922

Source: FADN

Structural data and main economic results by type of farming, farm averages 2016

		UAA	LU	WU	FWU	GSP	Current costs	long-term costs	distributed incomes	Off-farm management	Net Income
		ha	n.					euro			
Vegetable type of farming	Cereals	30.6	0.2	1.0	0.9	57,068	26,342	5,016	8,151	-254	17,305
	Horticulture	3.5	0.0	2.2	1.3	104,661	45,663	5,706	19,939	-1,613	31,740
	Fruit	8.2	0.1	1.4	1.0	62,917	17,898	5,362	12,274	583	27,966
	Wine	8.1	0.1	1.1	0.9	55,256	17,791	5,056	7,896	357	24,870
	Olives	14.8	0.1	1.3	0.8	47,904	11,761	4,123	10,284	3,059	24,795
Livestock type of farming	Dairy cattle	31.9	78.9	1.9	1.6	193,104	86,449	12,879	17,826	2,159	78,109
	Goat and sheep	45.7	29.6	1.3	1.1	51,173	17,248	5,942	6,407	3,180	24,755
	Mixed cattle	36.4	51.2	1.4	1.2	103,344	54,882	7,657	9,575	3,221	34,452
	Granivorous	23.3	443.0	2.5	1.6	485,724	262,978	17,002	33,067	-14,704	157,971
	Mixed livestock	23.5	33.7	1.2	1.1	63,823	28,282	5,729	6,589	-2,156	21,068

Source: FADN

Structural and economic indicators by type of farming, 2016

		GSP/ha	GSP/LU	GSP/WU	NI/FWU	NI/GSP (%)	NI/ha	NI/LU
Vegetable type of farming	Cereals	1,868	320,889	56,629	18,636	30.3	566	97,304
	Horticulture	30,082	3,746,492	48,657	23,829	30.3	9,123	1,136,189
	Fruit	7,703	939,181	44,640	28,817	44.4	3,424	417,461
	Wine	6,837	409,438	49,154	28,342	45.0	3,077	184,286
	Olives	3,230	513,462	38,219	31,742	51.8	1,672	265,766
Livestock type of farming	Dairy cattle	6,057	2,448	100,482	49,134	40.4	2,450	990
	Goat and sheep	1,120	1,726	40,453	21,573	48.4	542	835
	Mixed cattle	2,837	2,017	75,774	27,954	33.3	946	672
	Granivorous	20,873	1,096	197,795	97,090	32.5	6,789	357
	Mixed livestock	2,721	1,892	52,173	18,982	33.0	898	625

Source: FADN

TRENDS IN THE VEGETABLE PRODUCTION

Among the main vegetable productions, the cereal sector is characterized by a wide availability of surface area (farm's average size amounts to 31 hectares) and by a scarce use of manpower. Conversely, horticultural farms make use of areas almost 10 times lower than the other ones (3.5 hectares), needing more than twice of the total work units deployed in cereal crops. The horticultural farms play a remarkable role also in terms of high average value in production and high productivity of land that seems to be 16 times compared to the one registered by cereal farms. Despite

the great differences, these two sectors result to be equally efficient in terms of ratio between net income and production value (30%). From a territorial point of view, cereals do highlight the best results in the North-West, an area where the average surface of these farms is higher, whereas horticultural crops do obtain the highest production values in the central regions.

In the fruit sector, the farms located in the North-East register the best productive performance, nonetheless are the farms located in the centre of Italy to highlight the highest remuneration. This

result is also consequence of a lower incidence of farms' expenditures on the production value: the incidence of current costs is equal to 21.5% in the central regions, it exceeds 30% in the northern regions and it accounts for 28.4% at a national level.

Wine farms do reach the highest production values in terms of land, work and family remuneration in the northern regions, whereas the Centre registers the highest average value of production, justified by a larger farm size, but also the highest costs: 70% of the GSP.

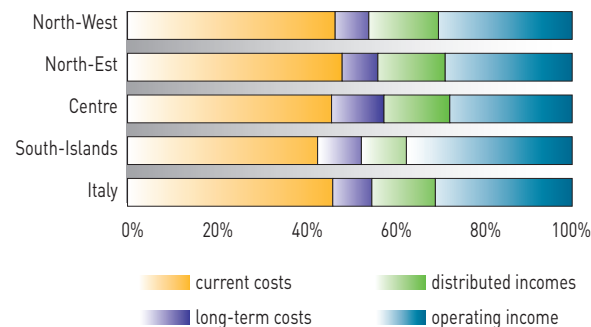
Structural and economic data by district, specialist cereal TF: 2016

	UAA ha	WU n.	GSP/ha euro	GSP/WU euro	NI/FWU
North-West	36.0	1.4	2,505	63,600	20,006
North-East	24.1	0.8	1,992	57,748	16,036
Centre	34.2	1.1	1,560	50,735	16,039
South-Islands	30.2	0.8	1,306	49,146	21,223

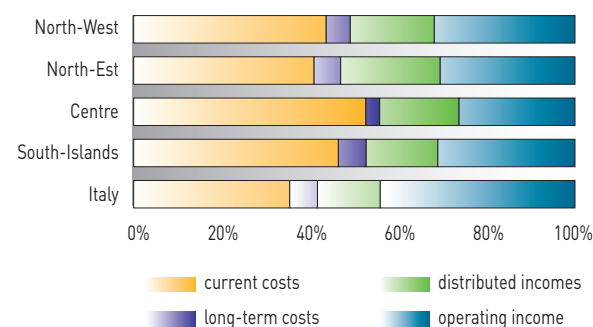
Structural and economic data by district, specialist horticulture TF: 2016

	UAA ha	WU n.	GSP/ha euro	GSP/WU euro	NI/FWU
North-West	2.2	1.6	29,948	41,699	21,671
North-East	4.7	2.4	27,412	54,742	20,884
Centre	3.6	2.3	40,104	62,459	24,518
South-Islands	3.8	2.4	27,553	44,291	26,491

Farms specialising in cereals: % breakdown of the GSP, 2016



Farms specialising in horticulture; % breakdown of the GSP, 2016



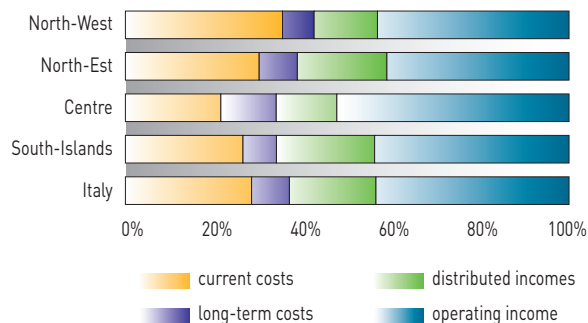
Source: FADN

Source: FADN

Structural and economic data by district, specialist fruit TF, 2016

	UAA ha	WU n.	GSP/ha euro	GSP/WU euro	NI/FWU
North-West	8.2	1.4	8,454	51,131	25,623
North-East	8.2	1.8	12,141	54,905	32,890
Centre	10.0	1.2	5,845	48,720	34,748
South-Islands	7.7	1.3	5,600	34,430	24,470

Farms specialising in fruit: % breakdown of the GSP, 2016

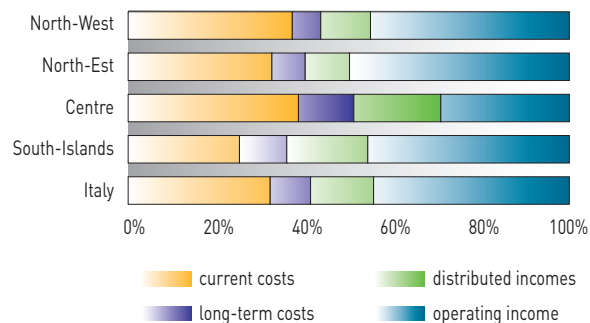


Source: FADN

Structural and economic data by district, specialist wine TF 2016

	UAA ha	WU n.	GSP/ha euro	GSP/WU euro	NI/FWU
North-West	7.3	1.4	10,995	58,149	34,016
North-East	7.4	1.2	10,626	66,254	38,415
Centre	14.0	1.6	5,887	50,536	22,306
South-Islands	7.3	0.9	4,320	34,072	20,562

Farms specialising in wine: % breakdown of the GSP, 2016



Source: FADN

ZOOTECHNICAL TYPE OF FARMING

Among the livestock sectors, the farms specialising in granivorous are characterized by big-sized farming (roughly equal to 443 LU) and by intensive method (the livestock density amounts to 19 LU/hectare), allowing these farms to obtain very high values in both farm production (on average higher than 485,000 euro) and in productivity and profitability of land and labour. In terms of productive and profitability results, the livestock farms are then followed by the farms specialising in cattle dairying, equipped with a good zootechnical consistency, on average equal to 79 LU, and a density of breedings equal to 2.5 LU/hectare. The best economic results are obtained in the North-West regions where there's a greater concentration of big-sized

milk beef breeding.

The farms specialising in mixed cattle, despite an extensive UAA (36 hectares), do have breedings on average below the milk beef breedings (roughly 51 LU), with more contained economic results. The best performance is registered by the northern farms that register productive and profitable values higher than the national average.

Conversely, in the Centre-South, islands included, they have been detected economic results on average well below the national average, partially ascribable to a lower consistency of breedings and a lower livestock density.

Farms specialising in goats and sheep, characterized by extensive breeding (the

average livestock density is equal to 0.6 LU/UAA), do register results lower than the other sectors.

Nonetheless, they result to be more efficient in terms of income on the production value: 48% of earnings is usable from the farmer and his family. This result is mainly referable to the low incidence of current costs on the production value (34% vs 45% of milk cattle, 53% of mixed cattle and 54% of granivorous). In this case, the centre-southern farms to register the highest productive values in terms of labour and profitability of the family manpower, since these farms have a greater average consistency of herd and a higher intensity of labour per livestock unit compared to the northern farms.

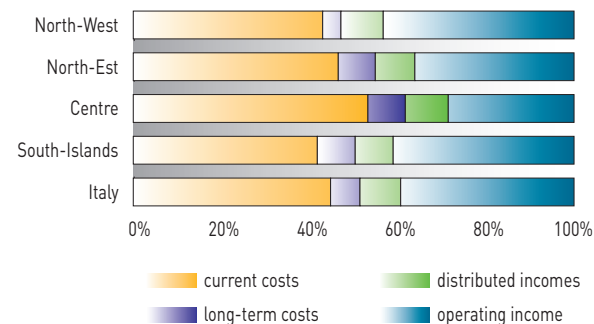
Structural and economic data by district, specialist dairying TF 2016

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	55.4	125.1	2.4	5,729	2,536	134,882	72,756
North-East	22.3	51.0	1.7	6,443	2,810	85,803	37,293
Centre	36.5	86.8	2.3	6,861	2,885	110,696	48,173
South-Islands	23.8	80.4	1.8	5,866	1,734	75,416	39,691

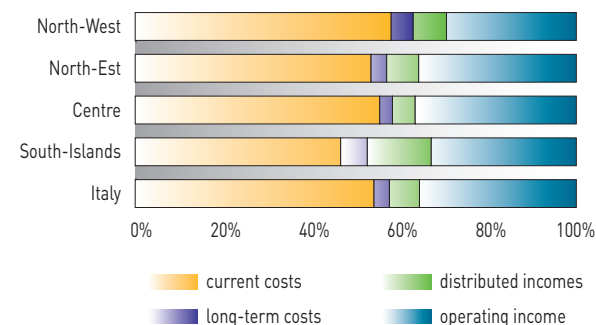
Structural and economic data by district, specialist granivorous TF 2016

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	21.2	183.4	1.8	9,791	1,134	115,484	39,998
North-East	18.5	158.6	2.5	23,739	2,766	177,366	95,802
Centre	34.6	934.0	2.6	22,301	827	297,881	128,107
South-Islands	12.9	258.9	2.6	18,665	933	92,199	55,401

Farms specialising in cattle dairying: % breakdown of the GSP, 2016



Fams specialising in granivorous: % breakdown of the GSP, 2016



Source: FADN

Source: FADN

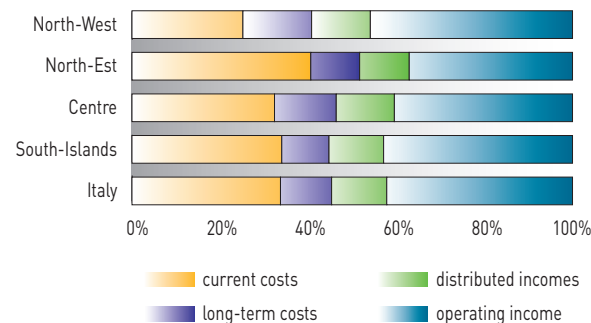
Structural and economic data by district, specialist goats and sheep TF: 2016

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	16.4	15.1	1.2	1,711	1,848	23,173	13,330
North-East	18.0	16.5	1.4	3,125	3,401	38,749	12,261
Centre	35.3	33.5	1.4	1,806	1,901	45,277	22,232
South-Islands	54.0	31.7	1.2	941	1,603	41,473	23,475

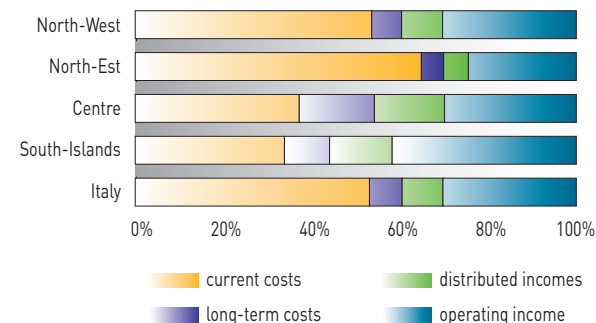
Structural and economic data by district, specialist mixed cattle TF 2016

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	28.4	71.7	1.5	4,962	1,963	92,606	29,489
North-East	30.4	69.2	1.6	7,776	3,414	146,756	52,283
Centre	31.8	28.6	1.4	1,621	1,803	36,767	14,571
South-Islands	45.9	36.3	1.1	930	1,176	37,214	19,013

Farms specialising in goats and sheep: % breakdown of the GSP, 2016



Farms specialising in mixed cattle: % breakdown of the GSP, 2016



Source: FADN

Source: FADN

THE ITALIAN AGRICULTURE IN THE EUROPEAN CONTEXT

The European farms, despite being heterogeneous due to differences in productive factors, agro-climate contexts and market opportunities, are nevertheless comparable in economic terms thanks to the FADN survey that is carried out every year through a shared methodology in the EU countries. In particular, the EU classification by type allows to bundle farms by type of farming (TF), thus enabling the comparison of farms by single productive sectors.

Italian farms highlight, on average, good economic results in both the livestock sectors and in the vegetable ones. Particularly in the livestock sectors, the average of the figures of the latest available three-year period (2014-2016) has pointed out productive and profitable values of the factors land, labour and cattle higher than the EU average (with the exception of the ratio GP/LU registered by granivorous). Also in the fruit, olive and horticultural sectors, the average registered by the Ital-

ian farms does exceed the European one. Wine farms do register instead values in line with the European average.

Dairy cattle

In the dairy cattle sector, Italian farms, which in the 2014-2016 period have registered a livestock on average higher than the European one (84 LU compared to 49 LU of the European average) that has been reared in a rather more extensive way (2.7 LU/hectare of UAA compared to 1.4 LU/UAA in the EU), do rank first in terms of profitability of cattle (NI/LU) and fifth in terms of livestock productivity (GP/LU). They do rank, instead, sixth in terms of labour productivity and, thanks to a lower incidence of total farm's costs on production value, the profitability of family work seems to be higher than that one of European countries that have very advanced agriculture like Belgium, Germany, Luxembourg, UK, Sweden, Netherlands, Denmark. In particular, domestic

consumptions have an incidence of 54% on the production value in Italy, compared to 67% of the European average and 71% registered in Denmark and in the UK.

Mixed cattle

The livestock consistency of the Italian farms specialised in the breeding of mixed cattle is in line with the European average (52.7 LU), whereas farm's UAA seems to have lower size (39 hectares vs 50 in the EU). Italian farms do rank fourth for land productivity, seventh for livestock productivity and tenth for labour productivity. The Danish and Dutch farms stand out significantly from the other countries thanks to the high values reached in the ratio between production value and work units employed. The containment of expenditure compared to the production value does allow the Italian farms to rank first for land and livestock profitability, ranking instead second for profitability of family labour.

Goats and sheep

The Italian farms specialising in sheep and goats obtain good economic performance and, in particular, they rank among the first four UE countries in terms of profitability of the productive factors. Furthermore, thanks to a lower incidence of the farm's expenditure on the turnover, they seem to be more efficient in terms of family net income on the production value, together with the farms of Portugal, Malta and Romania: over 45% compared to 32% of the European average.

Crops

As regards the horticultural, wine, fruit and cereal sectors, the Italian farms are characterized by a structure lower than the European one, in terms of surface area and work units, thus invalidating the average farm results. Only the olive-growing holdings are in line with the EU average.

Horticultural farms

In the horticultural sector, worthy of note are the Dutch and the Sweden farms thanks to their productive and profitability results of the factors land and labour that are well above those obtained by the other countries. In particular, the labour productivity and the profitability of the family labour obtained by the Dutch farms, characterized by a wide availability of UAA and a high manpower, amounted to respectively 2.5 and 2.8 times the Italian one, in the 2014-2016 three-year period.

Cereal farms

The Italian farms specialising in cereal crops, characterized by an average lower surface area (31 hectares compared to 69 hectares of the EU), do rank respectively first and third for profitability and land productivity. The farms with the highest production value compared to the farm work units are nevertheless the Dutch farms, followed by the English, Sweden

and German ones. This is also ascribable to their wide agricultural areas.

Wine farms

Among the wine farms, the best results of labour productivity are obtained by the French farms, also characterized by large surface areas; in the French wine farms the production value per work unit does amount to 1.6 times the one of the European farms and 1.8 times the Italian one. In Italy, the wine farms, with an average UAA of 8.7 hectares, equal to 1/3 of the French one, do rank third in terms of profitability value of land, surpassing the French ones.

Fruit farms

In the fruit sector, very high values of land productivity are registered in Netherlands and Belgium. These two countries do obtain excellent results also in relation to labour productivity and profitability of land and of family work, mainly ascribable

to the average big sizes of farms: these farms are in fact characterized by a high use of manpower (8 TWU in Belgium and 4.4 in Netherlands, 1.7 in the EU), in ad-

dition to a good availability of agricultural surface area (26 hectares in Belgium and 13 in Netherlands). The national fruit farms, albeit being small-sized, do register

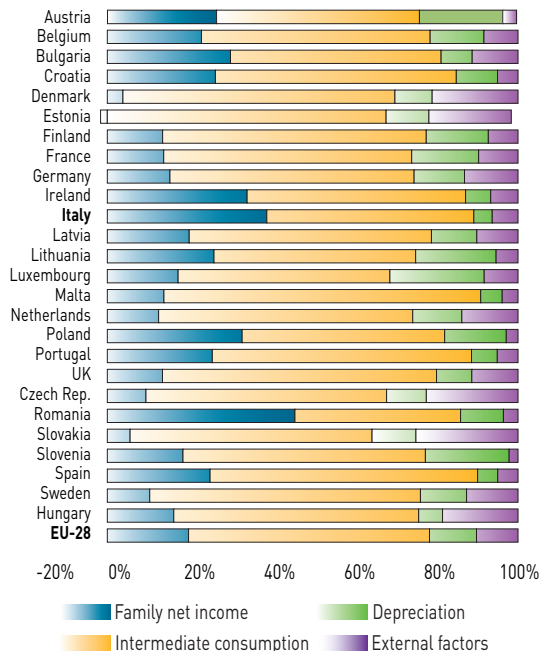
good economic results, mainly in terms of profitability of land and income on the production value: 48% compared to 37% in the EU.

Farms specialist cattle dairying: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	2,947	2,454	41,140	975	812	13,840
Belgium	3,882	1,769	115,820	996	454	30,384
Bulgaria	1,914	1,023	11,060	745	398	6,273
Croatia	1,971	2,123	16,910	622	670	6,012
Denmark	5,221	3,120	283,653	213	127	27,723
Estonia	1,397	2,467	67,559	-27	-47	-6,223
Finland	2,781	3,435	86,391	529	654	19,580
France	2,162	1,863	105,656	344	297	19,006
Germany	3,062	2,092	110,954	531	363	26,165
Ireland	3,062	1,505	112,417	1,180	580	50,540
Italy	6,997	2,634	118,550	2,913	1,097	60,946
Latvia	783	1,538	20,186	216	424	8,153
Lithuania	793	1,490	13,812	291	547	5,576
Luxembourg	2,441	1,763	131,245	566	409	34,791
Malta	53,809	2,083	90,852	8,319	322	17,013
Netherlands	6,616	2,590	189,753	870	340	29,011
Poland	1,594	1,355	19,163	630	535	7,775
Portugal	5,012	1,838	53,838	1,507	553	20,145
UK	3,991	2,073	157,096	575	298	38,871
Czech Rep.	1,729	2,634	46,117	217	330	41,648
Romania	1,800	1,460	7,585	948	769	4,203
Slovakia	1,075	2,707	38,235	79	200	98,692
Slovenia	3,105	1,954	28,783	696	438	6,492
Spain	4,917	2,043	83,962	1,371	570	28,774
Sweden	2,928	3,125	163,733	357	381	29,273
Hungary	2,027	2,349	47,497	422	489	35,218
EU-28	2,969	2,070	61,623	670	467	16,538

Source: processing on EU-FADN, European Commission, DG AGRI

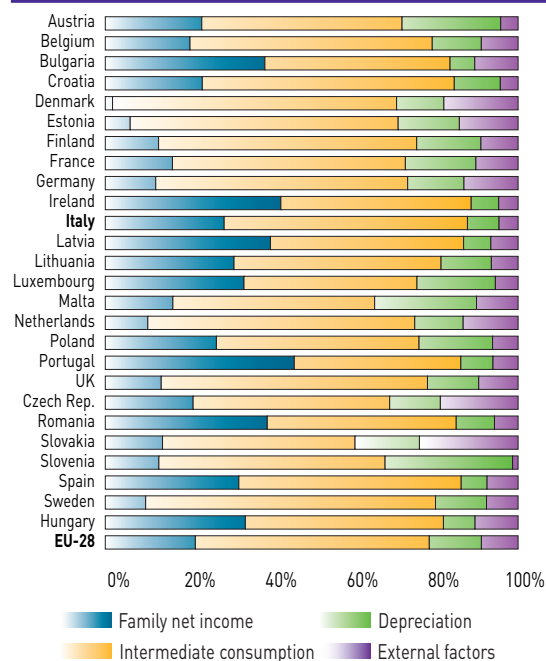
Farms specialist dairy cows: % breakdown of the GP, 2014-2016



Farms specialist mixed cattle: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	1,664	2,034	31,323	529	646	10,207
Belgium	2,303	1,147	81,325	578	288	20,759
Bulgaria	531	352	3,861	391	259	3,305
Croatia	1,214	1,302	14,303	368	395	4,633
Denmark	2,530	2,197	148,985	54	47	3,926
Estonia	332	853	25,862	32	82	3,614
Finland	1,504	1,713	80,996	354	404	22,737
France	1,012	883	75,233	228	199	18,285
Germany	1,666	1,419	81,141	254	217	14,430
Greece	840	511	19,482	639	389	17,034
Irlanda	869	754	34,749	360	312	14,770
Italy	2,052	1,520	61,853	975	722	32,404
Latvia	352	848	19,360	201	486	14,298
Lithuania	386	856	11,323	257	571	8,387
Luxembourg	1,509	1,179	88,053	368	288	24,980
Netherlands	5,950	1,277	110,565	715	154	14,759
Poland	790	843	9,597	299	319	3,827
Portugal	377	646	14,899	311	533	14,039
UK	1,157	999	83,095	199	172	17,054
Czech Rep.	476	1,002	23,071	219	461	21,761
Romania	1,404	1,060	6,520	631	476	3,106
Slovakia	650	1,826	32,525	142	400	168,982
Slovenia	1,645	1,642	13,557	295	295	2,433
Spain	721	867	36,833	308	370	17,596
Sweden	1,294	2,184	90,722	171	288	13,094
Hungary	583	917	30,742	367	578	28,593
EU-28	1,133	1,069	41,473	332	313	13,457

Farms specialist mixed cattle: % breakdown of the gross production, 2014-2016

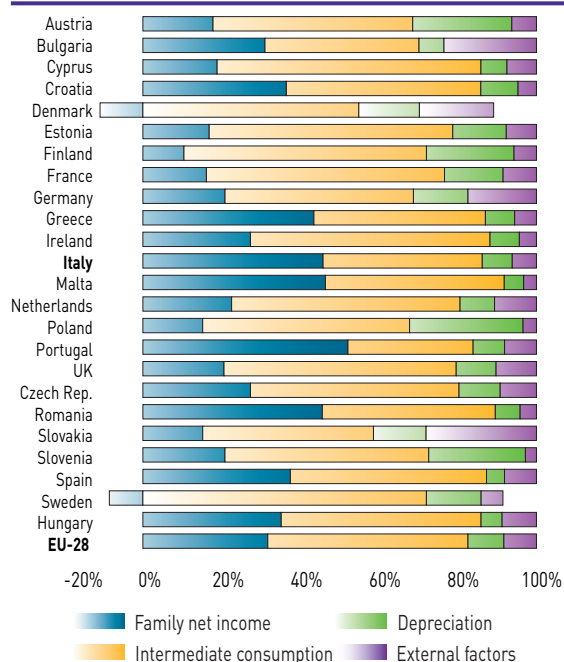


Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist sheep and goats: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	3,383	29,355	565	778	7,211	7,211
Bulgaria	1,140	7,402	414	495	4,557	4,557
Cyprus	2,101	31,709	718	452	8,095	8,095
Croatia	1,461	10,870	411	684	5,492	5,492
Denmark	3,905	102,420	-399	-634	-19,653	-19,653
Estonia	917	12,628	81	263	3,981	3,981
Finland	4,285	58,228	231	738	10,377	10,377
France	1,705	62,524	261	377	15,630	15,630
Germany	2,399	63,013	382	685	24,876	24,876
Greece	1,215	23,892	1,083	673	15,584	15,584
Ireland	639	23,479	214	280	10,530	10,530
Italy	1,670	43,353	606	926	26,552	26,552
Malta	5,315	28,334	7,399	2,642	14,946	14,946
Netherlands	4,495	155,829	2,786	1,028	43,141	43,141
Poland	805	5,222	116	216	1,426	1,426
Portugal	727	10,363	328	631	10,507	10,507
UK	824	74,924	131	237	26,432	26,432
Czech Rep.	1,724	20,212	358	843	12,587	12,587
Romania	1,077	10,774	957	546	5,916	5,916
Slovakia	1,905	19,716	133	516	84,225	84,225
Slovenia	1,932	13,628	415	590	4,243	4,243
Spain	1,409	49,678	465	630	27,050	27,050
Sweden	2,826	59,264	-163	-373	-8,139	-8,139
Hungary	769	15,300	262	495	13,012	13,012
EU-28	1,245	27,431	387	503	12,768	12,768

Farms specialist sheep and goats: % breakdown of the gross production, 2014-2016

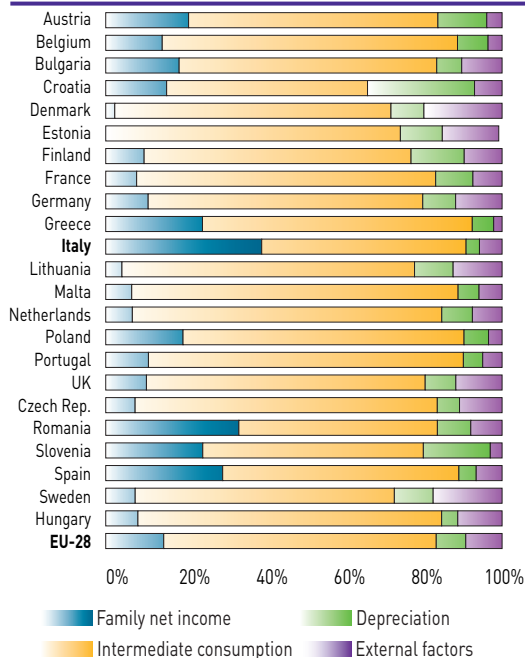


Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist granivorous: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	6,519	1,874	121,901	1,481	426	28,658
Belgium	23,710	1,099	376,785	3,445	160	56,318
Bulgaria	16,345	1,286	42,453	3,189	251	25,237
Croatia	11,502	974	39,567	1,779	151	11,222
Denmark	7,264	1,381	345,929	172	33	27,210
Estonia	5,740	895	96,268	-52	-8	-6,353
Finland	4,463	1,271	164,502	530	151	28,860
France	8,353	990	209,696	675	80	23,715
Germany	5,891	1,432	204,338	674	164	35,743
Greece	32,772	2,194	115,225	8,072	540	33,313
Italy	18,024	774	207,949	7,020	302	113,279
Lithuania	5,555	1,101	43,822	239	47	5,335
Malta	131,193	1,127	78,514	8,866	76	7,040
Netherlands	87,503	1,251	428,843	5,897	84	41,372
Poland	6,073	1,467	74,995	1,237	299	21,693
Portugal	91,660	850	96,459	9,960	92	21,020
UK	15,725	1,093	236,796	1,641	114	72,292
Czech Rep.	19,563	1,391	126,550	1,591	113	110,093
Romania	10,067	1,218	26,888	3,603	436	14,269
Slovenia	4,363	948	54,376	1,323	288	17,181
Spain	9,589	669	134,093	2,914	203	62,986
Sweden	5,408	1,052	238,387	432	84	39,428
Hungary	9,453	1,349	88,467	829	118	36,258
EU-28	9,198	1,095	155,263	1,400	167	39,166

Farms specialist granivorous: % breakdown of the gross production, 2014-2016

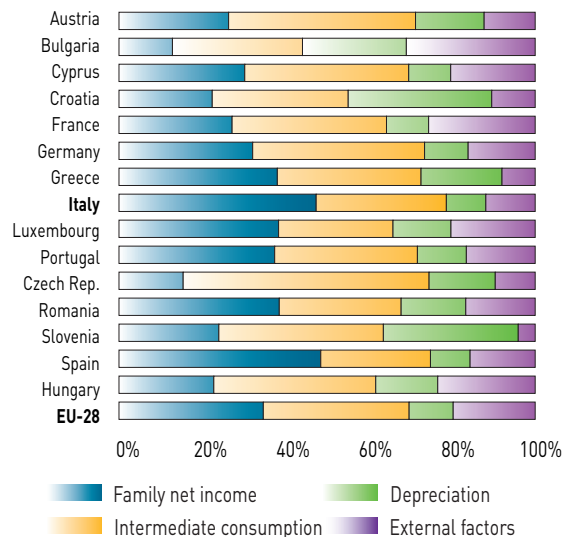


Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist wine-growing: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	NI/ha	NI/FWU
Austria	5,984	43,145	1,750	15,586
Bulgaria	1,902	11,420	291	20,195
Cyprus	7,044	17,434	2,430	8,288
Croatia	5,049	12,005	1,171	3,432
France	9,851	85,839	2,721	51,799
Germany	12,074	61,388	4,197	32,445
Greece	3,413	19,504	1,532	10,546
Italy	6,205	47,452	3,050	30,765
Luxembourg	19,120	67,927	8,325	58,418
Portugal	3,552	20,876	1,500	13,954
Czech Rep.	12,732	58,567	2,122	17,310
Romania	4,309	15,227	1,701	13,004
Slovenia	6,806	20,429	1,906	6,152
Spain	1,841	29,453	1,000	22,397
Hungary	4,497	21,884	1,124	17,540
EU-28	6,194	52,861	2,238	30,885

Farms specialist wine-growing: % breakdown of the gross production, 2014-2016

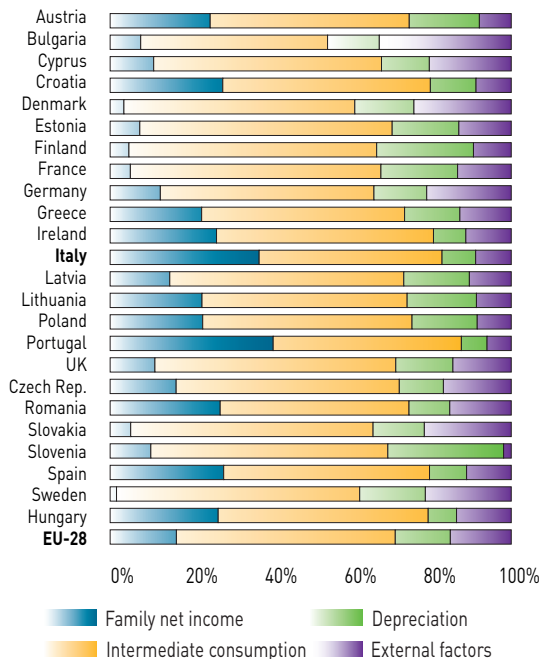


Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist cereals: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	NI/ha	NI/FWU
Austria	1,341	66,410	462	23,925
Bulgaria	705	37,639	69	26,296
Cyprus	352	14,847	80	3,502
Croatia	745	18,539	280	7,559
Denmark	2,274	190,146	87	11,529
Estonia	573	83,195	55	16,009
Finland	653	66,637	57	6,063
France	1,149	103,679	71	7,262
Germany	1,369	126,103	209	30,166
Greece	1,064	32,506	351	11,601
Ireland	1,441	104,577	484	40,607
Italy	1,385	43,431	655	22,096
Latvia	697	53,611	131	19,881
Lithuania	681	36,866	199	14,701
Poland	847	18,524	251	6,110
Portugal	848	32,551	464	19,401
UK	1,383	142,229	184	29,816
Czech Rep.	1,049	67,775	217	34,426
Romania	698	25,793	232	12,120
Slovakia	978	60,428	62	27,924
Slovenia	1,158	16,914	186	2,741
Spain	553	39,260	212	16,927
Sweden	1,316	138,433	25	3,659
Hungary	991	59,015	339	44,059
EU-28	979	52,146	202	14,723

Farms specialist cereals: % breakdown of the gross production, 2014-2016

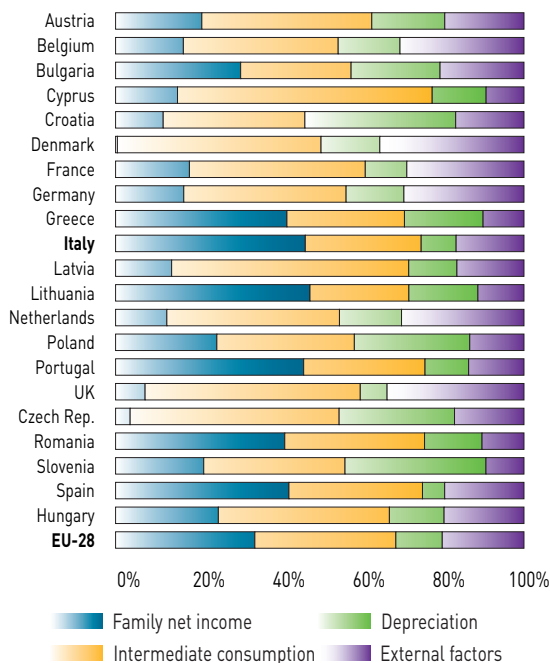


Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist fruit: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	NI/ha	NI/FWU
Austria	8,441	39,522	2,064	15,375
Belgium	17,012	54,730	2,902	45,464
Bulgaria	1,708	5,927	772	5,687
Cyprus	3,615	7,819	607	1,432
Croatia	3,960	12,682	493	2,455
Denmark	7,428	97,093	33	1,204
France	8,489	50,850	1,719	33,793
Germany	9,630	50,988	1,688	25,455
Greece	5,718	21,829	2,601	12,942
Italy	6,967	40,387	3,358	29,236
Latvia	1,311	17,032	235	4,615
Lithuania	774	9,428	618	10,800
Netherlands	24,971	74,969	3,173	29,684
Poland	2,544	11,786	720	4,961
Portugal	3,373	16,256	1,786	12,236
UK	8,661	63,031	646	36,699
Czech Rep.	3,072	30,070	136	2,527
Romania	2,709	8,404	1,177	4,381
Slovenia	4,849	17,829	1,379	6,459
Spain	3,167	35,110	1,501	30,028
Hungary	1,899	15,411	633	14,111
EU-28	4,603	29,545	1,714	18,372

Farms specialist fruit: % breakdown of the gross production, 2014-2016

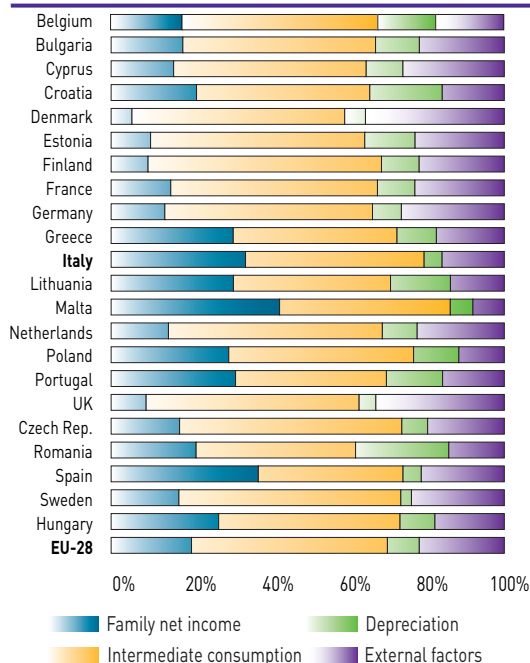


Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist horticulture: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	NI/ha	NI/FWU
Belgium	44,606	99,788	8,212	50,760
Bulgaria	10,011	8,813	2,046	3,697
Cyprus	5,820	14,124	982	3,868
Croatia	8,915	13,931	1,968	4,394
Denmark	50,168	123,494	2,688	57,044
Estonia	3,725	24,674	405	5,608
Finland	38,967	93,599	3,975	32,051
France	33,041	70,130	5,156	30,225
Germany	44,324	71,663	6,148	39,149
Greece	20,626	25,608	6,449	14,202
Italy	31,099	57,898	10,560	33,235
Lithuania	3,514	19,518	1,187	11,709
Malta	10,892	21,117	5,033	11,334
Netherlands	93,257	143,215	13,604	94,696
Poland	9,974	22,309	3,068	11,913
Portugal	10,618	19,686	3,606	10,426
UK	40,574	69,982	3,626	41,941
Czech Rep.	25,017	36,412	4,447	12,408
Romania	6,296	6,390	1,361	1,671
Spain	12,128	32,431	4,743	40,839
Sweden	100,389	137,256	17,463	59,397
Hungary	10,535	30,268	2,982	27,617
EU-28	26,765	54,197	5,568	27,911

Farms specialist horticulture: % breakdown of the gross production, 2014-2016



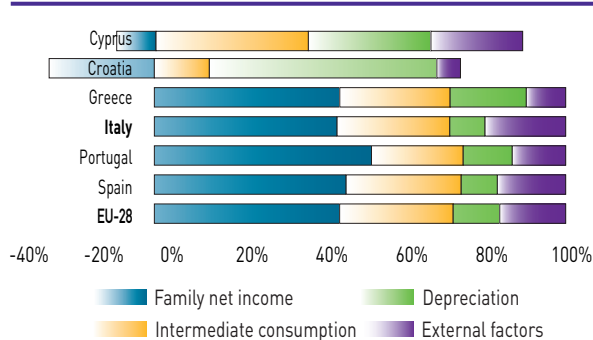
Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist olive-growing: average farm results in euro (three-year period 2014-2016)

	GP/ha	GP/LU	NI/ha	NI/FWU
Cyprus	1,034	7,087	-186	-1,635
Croatia	2,366	7,788	-1,497	-5,956
Greece	2,272	13,632	1,276	8,961
Italy	2,596	29,311	1,506	27,508
Portugal	947	28,436	684	44,479
Spain	1,762	32,665	1,051	33,374
EU-28	1,981	24,983	1,142	21,012

Source: processing on EU-FADN, European Commission, DG AGRI

Farms specialist olive-growing: % breakdown of the gross production, 2014-2016





ENVIRONMENT AND NATURAL RESOURCES

SOIL CONSUMPTION

According to Eurostat and the European Environment Agency, Italy ranks sixth and third in Europe in terms of percentage extension and average yearly increase of waterproofing. Soil consumption still represents a worrisome issue that needs measures, as well as political strategies for settlement and demography, besides the reduction of soil degradation and the enhancement of natural capital and landscape.

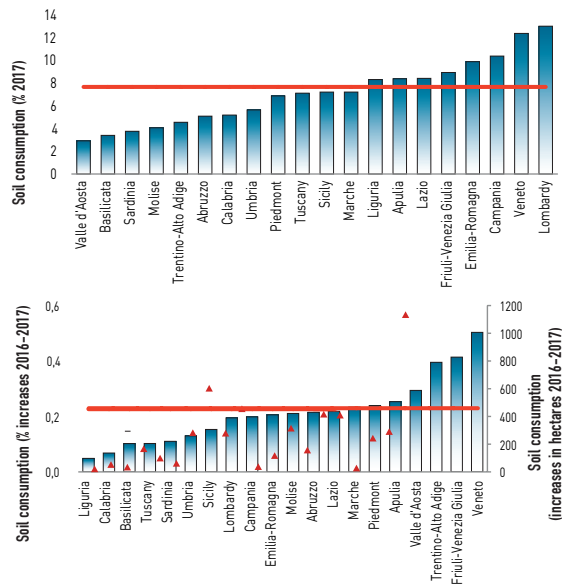
The phenomenon, in Italy, is monitored with the national System for environmental protection established by ISPRA and by the regional ARPAs through a detection network of the main urban districts and the creation of cartographic products from remote sensing data. The figures of 2017 do point out an increase of soil consumption of 54 square kms compared to 2016 (on average 15 hectares per day). The percentage of artificial coverage am-

mounts to 7.65% of the national territory (in the 50s it was 2.7%, +180%), equal to a surface area above 23,000 square kms. Despite a slowing down during the latest years, some regions have experienced increases of the artificial areas to the detriment of natural and agricultural areas, a phenomenon related to the economic recovery, mainly for the northern areas. At a regional level, eight regions do exceed the national average in 2017; Lombardy, Veneto and Campania ranking among the first places. In terms of percentage increases over the previous year, seven regions have a value higher than the national average, with the highest increases in Veneto, Friuli-Venezia Giulia and Trentino Alto Adige. If considering, instead, the absolute increases in hectares, the first three places are occupied by Veneto, Lombardy and Emilia-Romagna.

At a provincial level, the highest levels have been registered in Monza and Brianza (more than 40%), followed by Naples and Milan (more than 30%). The lowest values (lower than 3%) have been detected in Verbano-Cusio-Ossola, Matera, Nuoro and Aosta. At a urban level, it has been observed a noticeable increase of soil consumption in cities like Venice (+37,4), Rome (+36) and Ravenna (+16,2).

Soil consumption does involve mainly agricultural areas (70.6%) and, in a predominant way, arable lands (55.7%). The remaining share is distributed among not-agricultural herbaceous areas, wooded and shrubby areas and other not-vegetated areas. Soil consumption does affect mainly lowlands (81.7%), with a high intensity on the coastal areas and a reduced intensity on the mountainous areas.

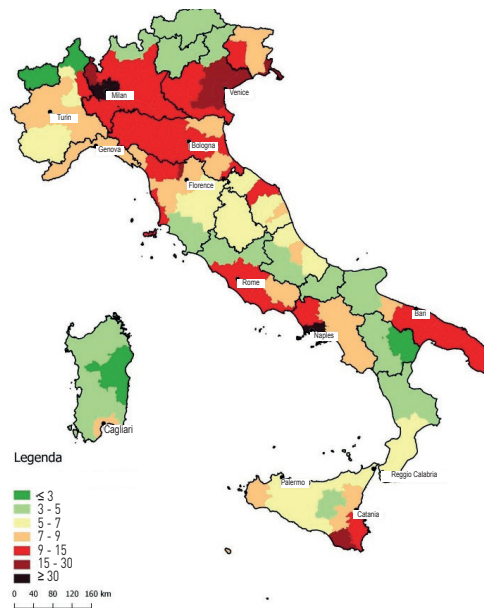
Values of soil consumption in 2017 and increase 2017-2016



Legend: bars do highlight the % variations, triangles do highlight the absolute variation in hectares, in red the average

Source: ISPRA

% of soil used in 2017 at provincial level



Source: ISPRA

PROTECTED AREAS

In Italy, the system of protected areas does include both the protected areas under the Framework Law 394/1991 and those ones included in the Nature 2000 network sites. According to the currently in force list (the 6th updating, approved in 2010), the protected areas do cover a surface area of almost 3.2 million hectares (equal to 10.5% of the national territory), whereas the marine area, of roughly 2.8 million hectares, does include 658 km of coasts (equal to 8.8% of the Italian coastal development). In terms of typology, Italy owns 871 naturalistic areas, safeguarded for various purposes: with the exclusion of the 27 protected marine areas and “Santuario del cetacei”, more than 1.5 million hectares are included within the system of the 24 national parks, whereas the remaining part is divided between 147 natural reserves, 134 regional parks, 365 regional reserves, 171 regional protected areas and 2 submerged parks. The system of protected areas does include also the Nature 2000 network (Habitat Directive

Extension of the ZPS, SIC, ZSC and Nature 2000 network by geographical district

	North	Centre	South & Islands	Italy
	Number			
ZPS	327	135	151	613
SIC-ZSC	967	491	877	2,335
Nature 2000 sites ¹	1,149	561	903	2,613
Designated ZSC ²	795	487	607	1,889
	Hectares			
ZPS	1,648,865	741,045	2,023,439	4,413,349
SIC-ZSC	1,787,051	759,362	2,327,430	4,873,842
Nature 2000 sites ¹	2,191,652	1,115,777	3,107,117	6,414,546
Designated ZSC ²	1,149,075	756,121	978,326	2,883,522
% on the total Nature 2000 sites	44.0	21.5	34.6	100.0
% on total hectares Nature 2000	34.2	17.4	48.4	100.0

¹ Number and extension of Nature 2000 sites by region has been calculated by excluding overlapping between SIC-ZSC and ZPS

² Updated on 24 Sept. 2018

Source: Ministry of the Environment, Land and Sea (updated Dec. 2017)

92/42/EEC) which extends for 6,414,548 hectares, 91% of which is represented by terrestrial areas and the remaining 9% by marine areas. According to the latest updating of the Ministry of the Environment, Land and Sea (December 2017), Italy has 2,335 Sites of Community Importance (SCI) and 613 Special Protection

Areas (SPA) for a total of Nature 2000 network sites equal to 2,613 (overlapping between the two typologies excluded). The SPAs, acknowledged according to what envisaged by art. 4 of the Habitat Directive where the entry into force of the conservation measures “specific site” are ensured, do amount to 1,889 and they

extend for nearly 2.9 million hectares.

The proposal to amend the Framework Law 394/1991, introduced in 2017 with a draft law that, among other novelties, introduced a new governance scheme of the territories under safeguard, has been blocked from both the General Accounting Office, which has outlined some financial issues, and from the environmental associations, which were worried that the inclusion of other local entities in the management of parks might undermine the safeguarding functions of the natural wealths, thus shifting the attention mainly on the economic-social promotion of the territory.

It is nevertheless true that, from this point of view, the framework law did not

lead to the expected results, if considering that the parks with their own plan and regulation, fully functioning, are really few and that almost no plan deals with the real management of nature and biodiversity of which the Entity should be guardian and curator (only “allowed activities, urban plans, hydrogeological plans, etc....” are allowed). The proof that the actual law for the management of the protected areas shows some limits has also been pointed out by the report released by WWF last September 2018, “Check-up of the national parks and of the protected marine areas”. The report points out a situation less than positive. It has been observed that Italy allocates nearly 81 million euros/year to the management of its national parks, an

amount which is considered insufficient for an optimal management of the protected areas. The situation is even worst for the 29 protected marine areas receiving just 7 million euros/year of allocations. The study does confirm another critical issue concerning the planning of activities: more than the half of parks (15 out of 23) do not have a chairman or a director and only in 30% of cases the plan for the park has been approved. The analysis of the working personnel points out the lack of specialization: in 83% of cases there aren't geologists and veterinarians and in 20% of cases there are no naturalists. The expenditure for monitoring activities and protection projects are lower than 10% of the budget.

USE OF CHEMICALS

According to FAO forecasts, the world consumption of fertilizers will exceed 200 million tons in 2018, namely 25% more than what registered in 2008. South East Asia is still the region that, at a world level, makes use of the greatest quantity of fertilizers with 60% of nitrogen fertilizers consumed globally. The same estimates point out that Africa deploys about 4.1 million tons of nitrogen, Europe 15.7, the Americas 23.5 and Asia 74 million tons. These estimates do highlight an inconsistency between the massive use and the agricultural output realised, thus pointing out a misuse of fertilizers that leads to a soil impoverishment, water pollution and resource consumption. The increase in the prices of fertilizers and offer's variability that has characterized the market, led farmers to make complex choices in terms of productivity planning of all crops, mainly of those ones which allow to optimize the quantitative and qualitative yield by means of fertilizers.

Today, the demand for products is experiencing a slight recovery and it is based on the real availability, thus not affecting stocks' level, with a perspective of stability in the balance between demand and supply, and therefore of prices.

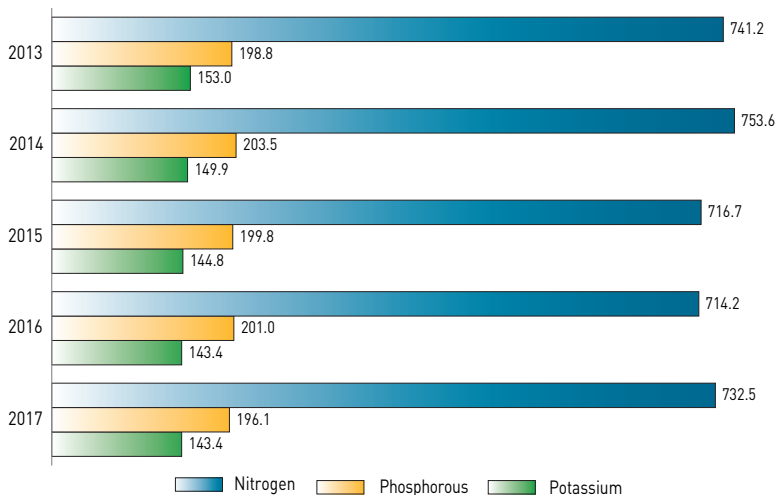
In 2017, the sale of fertilizers in Italy has decreased by 3.4% over 2016, remaining little below the threshold of 3 million tons. The companies adhering to Assofertilizzanti have registered an overall turnover exceeding 1 billion euro. The data released by Assofertilizzanti point out a decrease of solid fertilizers (-3.8%) and of fluid fertilizers (-2.5%), whereas the water-soluble ones have experienced an increase of 4.2%. Lastly, it has been registered an increase of organic fertilizers (4.1%) offset by the drop in organo-mineral fertilizers (-3.9%).

In 2017, the use of fertilizers has accounted for 1.07 million tons (+1.2% over 2016). Such variation is the consequence of an heterogeneous situation per single

product category: nitrogen is the only element in increase (+2.6%), phosphorus is in a downward trend (-2.4%) while potassium remains essentially stable.

The value of the Italian turnover for agrochemicals has nearly reached 1 billion euro (Agrofarma) at the end of 2017, in slight increase over 2016 (+1.3%). For 2016, ISTAT data do estimate an overall consumption of plant protection products equal to 1,241,000 quintals, 119,000 quintals less than in 2015 (-9%), a drop that affects all categories. Fungicides, equal to over 610,000 quintals, do incide for 49% on the total. They are then followed by insecticides/acaricides and herbicides with a distribution for both categories of over 200,000 quintals. This reduction is justified by a qualitative improvement of the new molecule formulations that allow a more targeted and efficient use with a more contained number of interventions, mainly for fungicides and herbicides. The classification of products by de-

Trend in the use of fertilizers (.000 t)

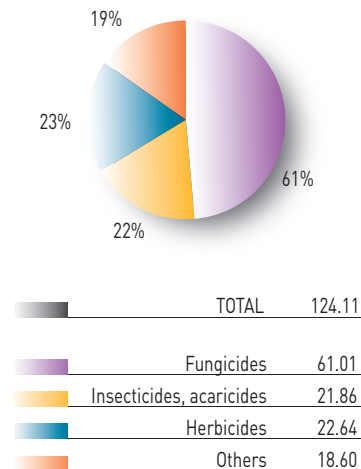


Source: Assofertilizzanti

gree of toxicity does point out 26% of unhealthy products and 4% of toxic or very toxic products. These last ones are

significantly decreased (-28% from 2015 to 2016), mainly fungicides and insecticides, whereas for herbicides and other

Breakdown of the plant protection products deployed (.000 t), 2016



Source: ISTAT

various pesticides it has been detected an increase by typologies with the highest toxicity. The surface area involved

amounts to almost 9 million hectares at national level, with the North-East regions registering the highest level of use per hectare of product.

In 2016, ISPRA survey on the presence of pesticides in the water has detected residuals in 67% of the 1,554 monitoring points of the surface waters and in 33.5%

of the 3,129 points of the underground waters. More than 50% of the monitoring points is concentrated in North Italy.

The national forest area amounts to 11,778,249 hectares ("Inventario dell'uso delle terre d'Italia", 2017), 85% of which is covered by "woodland¹", whereas the remaining 15% by other wooded lands².

Forests do cover 39% of the national territory, their surface area has increased by over 3 million hectares in the latest 30 years and it has tripled in the last 60 years. The increase is ascribable to the land abandonment of the agricultural and grazing areas.

Forest legislative context

As a consequence of the changes affecting the national forest sector, it has become necessary to update the reference discipline. The new national framework law relating to forestry and forest chains (Leg. Decree 3 April 2018, n. 34), in line with the Framework Program for the for-

estry sector (Pqsf, 2008) and with the European legislation, does recognize "the national forestry heritage as part of the national natural capital and as good of relevant public interest to be safeguarded and enhanced for the stability and the wellness of present and future generations" (Art. 1, TUFF "Consolidated Law in the field of forests and forest chains").

One of the main targets of the law is to foster a conscious and programmed management that needs a forestry planning as useful tool for public and private owners in ensuring public interest always as a limit to private patrimonial interest.

TUFF does recognize the importance of the ecosystem services generated by a sustainable forestry management as efficient tool to fulfil the international and european obligations assumed by Italy in terms of environment, bio-economy, green economy and

fight to climate change.

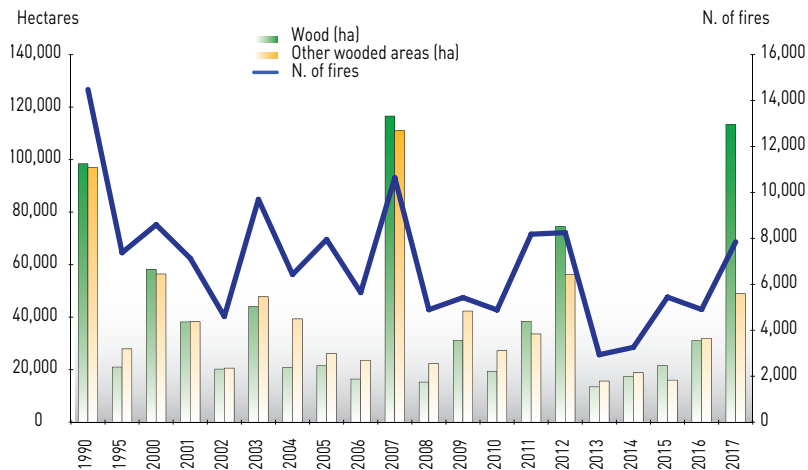
Obligations arising under two new regulations: Effort Sharing Regulation (ESR, Reg. EU 842/2018) and the regulation on the accounting of emissions and soil use (LULUCF, Reg. EU 841/2018). The first one has set the targets of reduction of emissions for Member States concerning the non-ets³ sectors which, for Italy, corresponds to -33% over 2005. The second one establishes the rules of accounting of the Land Use, Land Use Change and Forestry (LULUCF) involving the agricultural, forestry and grazing areas, as well as wetlands. This sector, up to 2020, was not counted within the ESR but only in compliance with the Kyoto Protocol whereas, with the entry into force of the regulation, the emissions/absorptions of the LULUCF sector will contribute, for the first time, to the achievement of the targets which have been set.

¹ Areas over 5000sqm, with trees potentially higher than 5 metres and with an extension higher than 10% of total surface area

² Areas over 5000sqm, with trees potentially higher than 5 metres and with an extension lower than 10% of total surface area

³ The non-ETS sectors are: transports, waste, agriculture (non-CO2), heating of the buildings, small-sized industries, LULUCF

Trend in the surface area ravaged by fire



Source: processing of CUTFAA figures

Fires

During 2017, due to extreme weather conditions in terms of drought, the damages caused by fires have more than doubled. This has been detected by the data released by the Department for the forestry, environmental and agro-food safeguard (CUTFAA), according to which the area burnt, equal to 162,363 hectares, has more than doubled over 2016 and it exceeds by 60% the average of the last 50 years.

Most of these fires have affected wooded lands, 113,422 hectares compared to the 48,941 hectares that have involved the other wooded lands. The number of events occurred (7,846) has increased over 2016 (4,906), and it has also doubled the average surface area per event, 20 hectares per fire. The most hit regions have been Sicily (34,221 hectares), Calabria (32,060 hectares), Campania (20,485 hectares) and Lazio (19,318 hectares).



DIVERSIFICATION

An important challenge for our country is represented by the commitments to be undertaken in order to comply with the 2030 European targets, as established by the new agreement on the review of the “Renewable Energy Directive” agreed between the Commission, the Parliament and the Council, which sets at 32% the EU target binding for the energy production from renewable sources. The agreement sets the target of renewable energies at 14% for transports and 3.5% for advanced biofuels (or rather the residuals), thus introducing sustainability criteria for the deployment of forestry biomasses.

Our country, through the national energy strategy, had already defined the main sectors of intervention for ensuring the use of renewables on final consumption. These ones involved mainly heat pumps, remote heating systems, a downsizing of the role of the biomasses, by exploiting mainly small-sized installations characterized by micro supply-chains of sustainable self-consumption. A remarkable share will be required to on-the ground photovoltaic facilities (+409 MW of power installed over 2019), with a potential employment of soil of more than 30,000 additional hectares. But also in the transport sector important results

are expected, considering the delay incurred by Italy. The national strategy has established that, in 2030, at least 25% of heavy transport shall be fueled by LNG (liquified natural gas).

In this specific context, agriculture plays a strategic role, mainly considering the biogas sector. The new regulation, Ministerial Decree 2 March 2018 (the so called “of Biomethane”) should foster its development. Italy, with 1,500 installations, 1,200 of which are agricultural, is the second producer of biogas in Europe, after Germany, and the fourth world producer after China, Germany and U.S.

Renewable gross final consumption in Italy (Mtep)

	2010	2011	2012	2013	2014	2015	2016	% change 2016/15
ELECTRICITY SECTOR	5.92	7.01	8.03	8.88	9.25	9.43	9.5	0.7
Hydropower	3.73	3.78	3.8	3.87	3.94	3.95	3.97	0.6
Wind power	0.76	0.88	1.07	1.21	1.28	1.32	1.42	8.0
Solar energy	0.16	0.93	1.62	1.86	1.92	1.97	1.9	-3.7
Geothermal energy	0.46	0.49	0.48	0.49	0.51	0.53	0.54	1.7
Bio-energy	0.81	0.93	1.06	1.46	1.61	1.67	1.67	0.3
HEAT SECTOR	10.01	8.10	10.23	10.60	9.93	10.68	10.54	-1.4
Geothermal energy	0.14	0.14	0.13	0.13	0.13	0.13	0.14	8.5
Solar Thermal energy	0.13	0.14	0.16	0.17	0.18	0.19	0.2	5.4
Bio-energies	7.65	5.55	7.52	7.78	7.04	7.78	7.59	-2.5
Renewable energy from heat pumps	2.09	2.27	2.42	2.52	2.58	2.58	2.61	0.9
TRANSPORTS	1.42	1.4	1.37	1.25	1.06	1.16	1.04	-10.7
TOTAL	17.35	16.51	19.63	20.73	20.24	21.27	21.08	-1.0

Source: GSE

Contribution required to the electrical renewable electricity generation plants at 2030

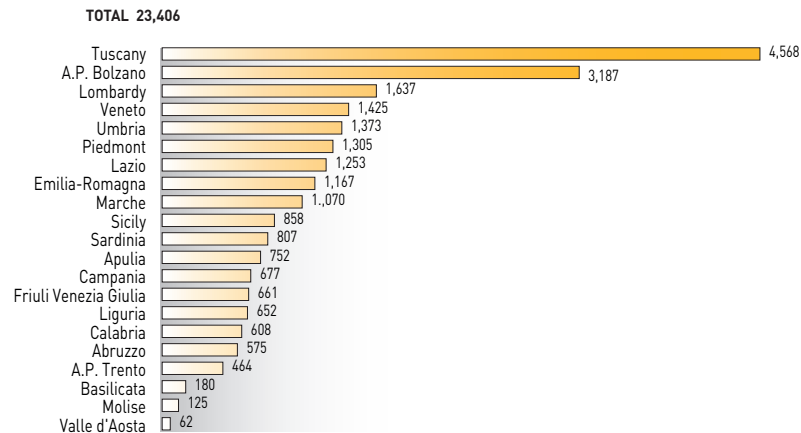
RES (renewable energy sources)	2016		2017 (estimates) power installed (GW)	2030	
	power installed (GW)	production (TWh)		power installed (GW)	production (TWh)
Photovoltaic sector	19.28	22.1	19.67	72	84
CSP (solar thermal concentration power)	0	0	0	0.9	3
Wind energy (On-Off Shore)	9.41	17.69	9.73	17.85	40.5
Geothermal	0.81	6.29	0.81	0.9	7
Hydroelectric	18.64	42.43	18.71	18.4	50
Bio-energies	4.12	19.51	4.12	3.2	15
Total	52.26	108.02	53.04	113.25	199.5

Source: Position Paper Free

FARM STAYS

Agritourisms do continue to experience an upward trend in the latest ten-year period, now accounting for 23,406 in 2017 (+3.3% over 2016), as well as their territorial distribution that involves 4,893 districts (+0.6% over the previous year). 84.2% of agritourisms is located on the mountainous and hilly areas, thus contributing remarkably, mainly on the inlands, to the maintainment of settlements, tourism and agricultural activity. Accomodation facilities are mostly spread in the northern regions, where they represent 45.1% of the total, with Tuscany, Alto Adige and Lombardy confirmed as territories with the highest vocation for this type of activity. They are then followed by the central regions (35.3% of the total) and the southern ones (19.6%). The highest increases in the number of agritourisms have been instead registered in some of the central and southern regions, such as Lazio (+32.3%), Sicily (+13%) and Basilicata (+11.1%). The number of agritourisms run by women is still very significant, with 8,483 facilities

Agritourisms per region, 2017



Source: ISTAT

(+4%), equal to 36.2% of the national total. The female role in the diversification of the activities in agriculture is very remarkable in Tuscany that holds the record of the facilities managed by women (1,789), equal to 39.2% of the agrotourisms located in

the region and 7.6% of the national ones. They are then followed by Umbria (635 accommodation facilities) and Lombardy (611), whose number amounts to respectively 46.2% and 37.3% of the regional agritourisms. South is instead characterized by

Stays at agritourisms, 2017

Geographical breakdown	2017	% change 2017-16
North-West	1,317,486	6.7
North-East	4,626,984	6.5
Centre	5,455,560	3.5
South	762,563	3.6
Islands	546,734	13.7
ITALY	12,709,327	5.3

Source: ISTAT

the increase of the facilities run by women (+7.9% over 2016).

In terms of services, 81.7% of agritourisms offers accommodation (+2.6% over 2016), does provide 253,328 beds (+3.2%), on average 13 per farm, and it is equipped with 11,746 service areas for agri-camping (+3.3%); the catering service, with over 441,000 seats, is provided by 48.7% of the facilities (+0.7% over 2016) and the tasting of typical farm's products, PDO and PGI,

Economic value of the agritourism sector* (million euro), 2017

Geographical breakdown	2017	% change 2017-16
North-West	149.1	7.0
North-East	517.9	7.4
Centre	523.7	5.8
South	134.9	7.8
Islands	31.2	3.0
ITALY	1,356.9	6.7

*Including the production value of recreational and social activities, educational farms and other minor activities

Source: ISTAT

is provided by 20.7% (+4.2%). The offer of integrated packages does confirm the trend in diversifying services: 35.1% of facilities does provide accommodation and catering services with a particular attention to organic food, rural recipes and regional dishes, whereas 46% does enrich hospitality with wildlife observation, the possibility to

play sports (horse riding, hiking, mountain bike), to take part to farm's agricultural activities, cooking courses and other recreational, cultural and educational activities. 2017 highlights the presence of 3.2 million customers or arrivals (+6.7%), 1.5 million of whom are foreigners; the number of nights spent in agritourisms, with higher concentrations in Tuscany, Alto Adige and Apulia, has increased by 5.3% for a total of 12.7 million tourists, with an average stay of 3.9 nights that increases to 4.9 for foreigners (ISTAT). According to ISTAT data, the economic size of the agricultural tourism sector is increasing by 6.7% in 2019, with a turnover equal to 1.36 billion euro and an average revenue per farm of over 58,104 euro.

EDUCATIONAL FARMS

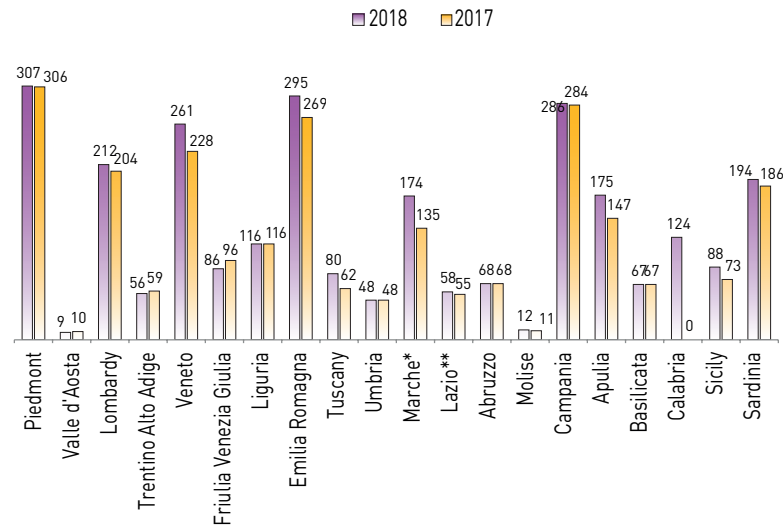
The regulation regarding educational farms falls into that one of the agritourism activities, whose jurisdiction is entrusted to regional administrations, each of which is required to establish quality and safety criteria that agricultural holdings have to comply with in order to carry out training activities and to be enrolled in the appropriate lists.

In 2018, the Italian agricultural holdings, offering educational services, do amount to 2,700. 2,602 of these ones are enrolled in the regional official lists concerning the accredited educational farms, other 98 facilities (Lazio and Trentino Alto Adige) are enrolled in not- official lists.

The number of facilities has increased by almost 276 units compared to the previous recognition, with a percentage change of 11.4%. 124 farms are ascribable to Calabria that has published for the first time the official list of the accredited facilities.

Piedmont stands first place in terms of

Distribution of educational farms by region (n.)



* SIAR Data 2017

** ARSIAL data

Source: regional data

Italian regions with the highest number of accredited educational farms (307), followed by Emilia-Romagna and Campania. Positive variations over 2017 have been detected for all regions, except for Valle d'Aosta (-10%), Trentino Alto Adige (-32%) and Friuli Venezia Giulia (-10.4%). In an upward trend is Tuscany (+29%), Marche (+28.9%), Apulia (+19%) and Sic-

ily (+20.5%). Turin, with 90 facilities, stands first place for the number of accredited farms among the provincial capitals, followed by Cosenza (86), Salerno (81) and Alessandria (77). The most penalized provinces seem to be Ragusa, with only 3 facilities, and Reggio Calabria with 2.

All accredited educational farms do pro-

pose ludic-sensorial activities; in 70% of cases, the didactic proposals are related to nature observation, animals and farm activities, such as the harvesting and processing of products, the care of animals and plants. In 30% of cases, these activities are also associated to courses related to environmental respect and knowledge of alternative energies.



QUALITY PRODUCTS

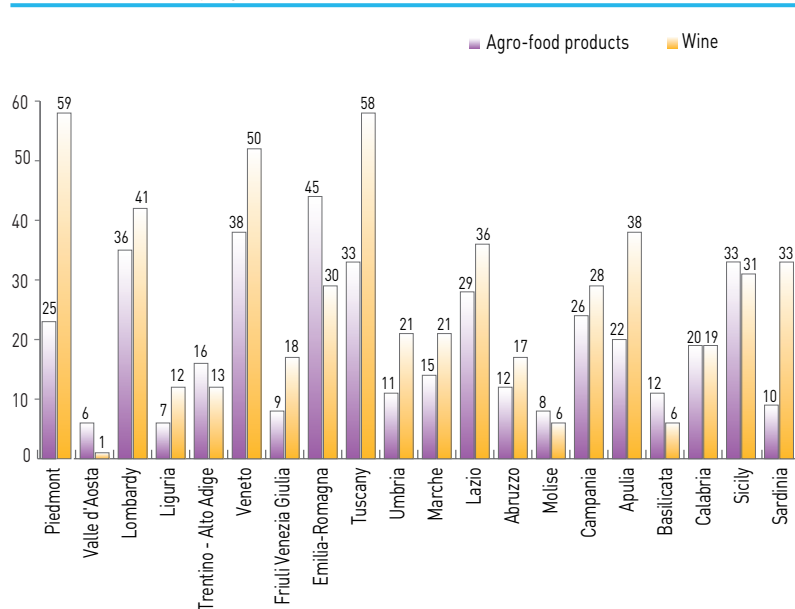
PRODUCTS OF DESIGNATED ORIGIN

Geographical indications keep growing for Italy that holds its primacy with 861 products, 299 of which are agro-food products (167 PDO, 130 PGI and 2 TSG), 526 wines and 38 spirit drinks. In the EU, which has registered 1,441 agro-food products 26 of which extra-EU, our country is followed by France (248 products), Spain (196 products), Portugal (139 products) and Greece (107 products). The most represented categories of the Italian food basket are vegetables/fruit and cereals (111), cheese (53), extra-virgin olive oils (46), meat-based products (43), bakery products (15).

The Italian supply chain of the PDO and PGI products continues to expand: ISTAT data, related to the 2017 survey, have highlighted an increase of operators (+2.3%), of the processing facilities (+7.8%) and of the planted agricultural areas (+17.9%); in slight decrease breedings (-1.3%).

It is interesting to point out that these

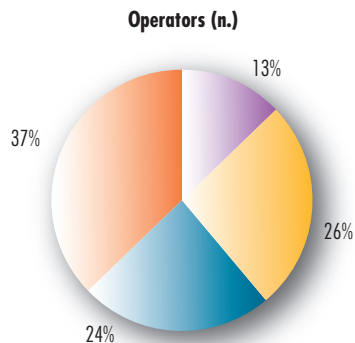
N. of PDO, PGI and TSG by region*



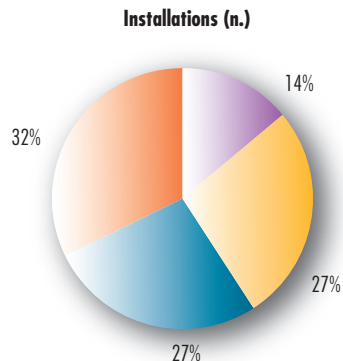
* Updated at 30 Nov. 2018

Source: Qualivita

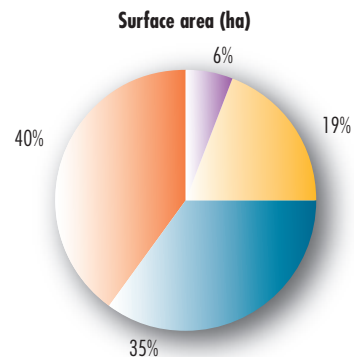
Operators, installations and surface area of the PDO, PGI and TSG agro-food products, 2017



	TOTAL	85,592
	North-West	11,259
	North-East	22,509
	Centre	20,096
	South	31,728



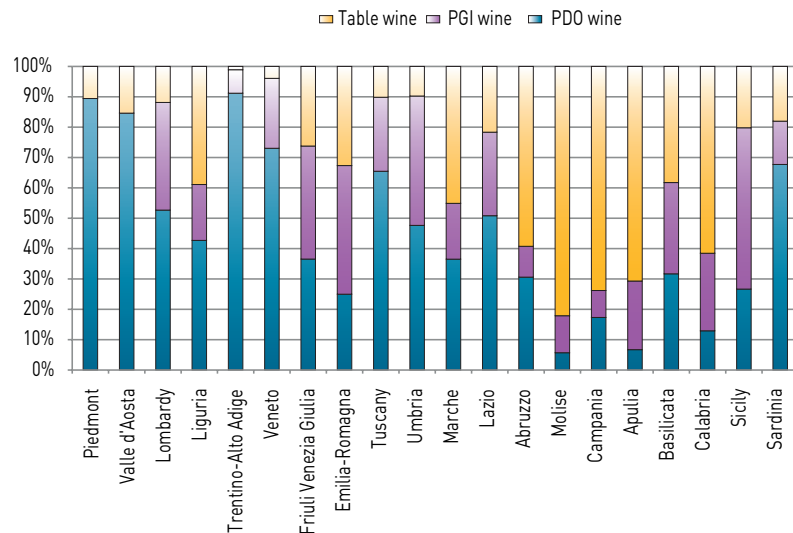
	TOTAL	11,838
	North-West	1,641
	North-East	3,253
	Centre	3,195
	South	3,749



	TOTAL	232,803
	North-West	12,418
	North-East	44,726
	Centre	82,140
	South	93,519

Source: ISTAT

Incidence of the production of the PDO and PGI wine to the total by region, 2017



Source: ISTAT

results are ascribable to the excellent performance registered in the South of Italy, besides a stabilization in the North and Centre.

Also the economic values of the GI sector are increasing: production almost reaches 7 billion euro (+3.3% over 2016), consumption value nearly 14.7 billions (+6.4%) and the sale value on foreign markets 3.5 billion euro (+3.5%).

The productions that totalize the greatest value at production, consumption and export are cheeses (57% for the first one and over 50% the other two) and cured meats (29%, 32% and 17% respectively). Fruit and vegetables are placed at remarkable distance, with an incidence of 4% on the production value, 6% on consumption and 5% on exports. Fruit and vegetables are preceded by balsamic vinegars, in a rapid growth since 2010, that with only 6% of total PDO-PGI production value do obtain 26% of export value. Olive oil represents just 1% of the produc-

tion value and, despite the productive recovery of 2017 (+1.3%), has suffered decreases in both consumption value (-3.5%) and in export (-0.6%).

Quality wines - Italy boasts 526 acknowledgments between PDO and PGI wines. PDO wines (408) are divided, according to the traditional Italian mention, in 74 DOCG and 334 DOC; PGI wines are 117. In 2017, the areas cultivated with GI wines are estimated in 501,249.64 hectares, that is almost 77% of the total Italian wine areas. The slight decrease of investments at national level does nonetheless experience some exceptions, as in the case of Veneto and Friuli Venezia Giulia thanks to the commercial success of “Prosecco” and “Pinot grigio” and the repositioning towards higher quality pro-

ductions occurring in Apulia and Sicily. The production of PDO wine, accounting for 17.4 million hectoliters during the 2017 grape harvest, is increasingly representing a remarkable share of the wine totally produced in Italy (almost 40%); if considering also the share of PGI wine (for an amount of nearly 11.8 million hectoliters), the certified production accounts for 66.7% of the total wine production. In 2017, the grape harvest has suffered a decrease for all type of wines (-15% of total wine over 2016). Also the production of PDO wine, and mainly PGI wine, has suffered a downward trend (-10.6% and -23.2% respectively). At a territorial level, decreases in the PDO volumes have been detected in all regions, except for Veneto (+7.9%); even more penalised the PGI volumes, such as

to justify, in many regions, a shifting of the productive choices from lower qualities to higher ones.

In 2016, the production value of the PDO-PGI bulk wines has accounted for roughly 3.3 billion euro, 2.5 billions of which related to PDOs (+12% compared to 2015) and 774 millions to PGIs (+2.5%) (Ismea-Qualivita). The value of the bottled wines reaches 8.2 billion euro (+7.8% compared to 2015).

PDO and PGI wines continue to be the Italian agro-food products most sold abroad, for a total value exceeding 5.2 billion euro in 2017, with an increase of almost 6% over 2016. Worthy of note is the increase in value of the exports of PDO sparkling wines and red and rosé PGI wines, increased respectively by 14.6% and 8.4%.

ORGANIC FARMING

The Italian organic sector continues showing a particular dynamism in the European context, in both the number of operators (22% of EU producers and 13% of processors, respectively) and for the extension of the cultivated UAA (over 20%).

The upward trend of the organic sector continues also in 2017, fostered by the concrete launch of the 2014-2020 RDPs and boosted by the favourable market conditions. Operators, who totally amount to 75,873, 88% of whom producers, are increased by 5.2% over 2016. Producers increase by 4%, processors by 11%, thus showing that the restructuring process of the organic supply chain, already detected in the past, does not stop. Operators do increase mainly in the Centre-North (almost +13%), whereas it has been observed a trend reversal in the South (-0.6%), after the continuous growth culminated with +20% in the previous two-year period. Also the number of importers is strongly increasing: in the 2013-2017 five-year period it has increased by 59%, whereas pro-

Operators in the organic sector, 2017

	Producers		Processors		Total operators		
	n.	% change 2017/16	n.	% change 2017/16	n.	%	% change 2017/16
Piedmont	2,315	2.5	1,039	8.2	2,906	3.8	3.7
Valle d'Aosta	85	1.2	26	18.2	97	0.1	4.3
Lombardy	1,701	25.8	1,324	18.1	2,661	3.5	19.1
Liguria	306	4.4	226	8.1	470	0.6	5.9
Trentino-Alto Adige	2,255	24.0	693	12.1	2,684	3.5	21.5
Veneto	2,516	36.6	1,456	31.2	3,556	4.7	31.0
Friuli Venezia Giulia	734	4.1	251	6.8	890	1.2	4.2
Emilia-Romagna	3,914	8.0	1,507	10.0	4,940	6.5	8.1
Tuscany	4,440	-1.2	2,149	13.8	5,141	6.8	2.7
Umbria	1,640	53.0	483	45.9	1,824	2.4	49.9
Marche	2,780	15.7	550	-3.7	3,051	4.0	15.7
Lazio	4,182	13.5	960	6.5	4,664	6.1	13.3
Abruzzo	1,549	-0.6	471	0.9	1,799	2.4	0.6
Molise	408	2.3	99	20.7	474	0.6	4.9
Campania	3,726	13.4	807	-12.1	4,215	5.6	13.3
Apulia	8,530	-8.4	2,038	5.6	9,378	12.4	-6.5
Basilicata	2,145	-1.2	197	9.4	2,235	2.9	-0.8
Calabria	10,852	-1.8	1,350	13.9	9,378	12.4	-1.4
Sicily	10,712	0.5	2,223	17.6	11,626	15.3	1.5
Sardinia	1,983	-7.2	243	3.4	2,095	2.8	-6.1
ITALY	66,773	4.0	18,092	11.5	75,873	100.0	5.2

Source: SINAB

Organic surface area per region, 2017

	Organic UAA ¹				Incidence on the total UAA ²
	ha	%	% change 2017/16	farm average (ha)	%
Piedmont	46,580	2.4	1.9	20.1	4.8
Valle d'Aosta	3,178	0.2	-0.9	37.4	6.0
Lombardy	45,176	2.4	21.4	26.6	4.7
Liguria	4,309	0.2	10.2	14.1	11.2
Trentino-Alto Adige	14,078	0.7	-4.2	6.2	4.2
Veneto	27,979	1.5	18.3	11.1	3.6
Friuli Venezia Giulia	15,418	0.8	10.0	21.0	6.7
Emilia-Romagna	134,509	7.0	14.7	34.4	12.4
Tuscany	130,115	6.8	-0.7	29.3	19.7
Umbria	43,540	2.3	14.6	26.5	13.0
Marche	87,341	4.6	11.4	31.4	18.5
Lazio	138,278	7.2	4.0	33.1	22.2
Abruzzo	38,758	2.0	1.0	25.0	10.3
Molise	10,735	0.6	-3.3	26.3	5.6
Campania	52,649	2.8	12.6	14.1	10.0
Apulia	252,341	13.2	-1.4	29.6	19.6
Basilicata	102,070	5.3	7.0	47.6	20.8
Calabria	202,119	10.6	-1.2	18.6	35.3
Sicily	427,294	22.4	17.5	39.9	29.7
Sardinia	132,188	6.9	-6.0	66.7	11.1
Italy	1,908,653	100.0	6.3	28.6	15.2

¹ Organic UAA and UAA under conversion

² Total UAA (SPA survey 2016, ISTAT)

Source: SINAB e ISTAT

ducers are increased by 45%, thus marking a growing recourse to the purchase of foreign organic products.

The surface area cultivated with organic products amounts to 1.9 million hectares, farms' average size is 28.6 hectares, an extension more than twice the UAA of the total farms registered by ISTAT in 2016 (about 11 hectares according to the SPA survey). The organic method is adopted on over 15% of the Italian agricultural surface area – an incidence twice that one of the EU (2016 datum). The widest part of the organic surface area is cultivated in the south of Italy (roughly 64%), followed by the central regions with 21% and lastly the North with 15%, where they have been registered the highest increases of the latest two years.

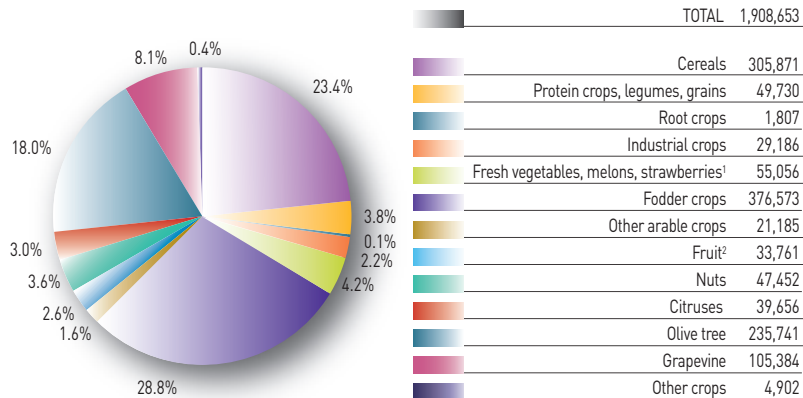
The greatest increase has involved seeds (+25%), planted on about half of the organic soil (44%), with over 800,000 hectares, thus showing the greatest increase for vegetables. Permanent crops occupy one fourth (24.5%), a percentage very

close to that one of grassland/permanent pasture (28.5%). It is almost half million of hectares, intended mainly for olive-trees (236,000 hectares) and grape (105,000 hectares).

For the organic livestock sector it has been highlighted the importance of goats and sheep due to the greater incidence on the corresponding Italian breedings (over 10%) and for their absolute weight, corresponding to 128,000 LUs in 2017, at second place only after the bovine sector that remains the most spread breeding with 269,000 LUs, in slight increase (+5.9%), like pigs (+8%), compared to a decrease of goats and sheep (-4.3%). Unexpected is the reduction of poultry (-37%) despite the expansive trend of poultry products.

The organic sector increases also in terms of demand: the value of the sales of organic products has increased by 9.6% in 2017, reaching a value equal to 2.5 billion euro (ISMEA – Nielsen), thanks to the sales of the large retail sector and of the special-

Organic surface area and area under conversion by crop (ha), 2017



¹ Vegetables do include also "strawberries" and "cultivated mushrooms"

² Fruit also includes "fruit from temperate zone", "fruit from sub-tropical zone", "small-fruit varieties"

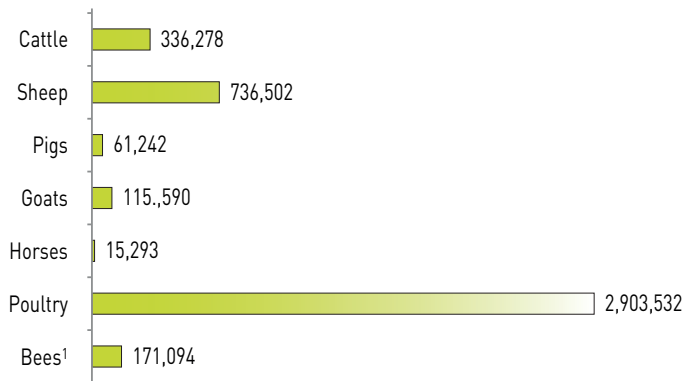
Source: SINAB

ized shops, and it increases by 3.5 billion euro if considering also the other channels and the food service, meals outside home, which have a value of 415 million euro, equal to 12% of the total sales of bio prod-

ucts. The upward trend is confirmed also in 2018: comparing the sales of the large retail sector, of the first 2018 semester, with that one of the previous year, compared to a total agro-food increase of 2.5%, the or-

ganic sales do increase by 11.5%. Among the commercial channels, the specialized channel loses importance in favour of the large distribution: in the 2014-2018 period, the increase of the sales of the bio products in the large retail sector are equal to +74%, compared to +14% of the sales in the specialised shops (Nomisma). Among the most sold organic products there are fruit and vegetables, although, in the two-year period 2016/17, the greatest increases have been detected for wines/sparkling wines (+77%), fresh meats (+63%) and oils/vegetable fats (+42%).

Heads reared with organic methods (n.), 2017



¹ N. of hives

Source: SINAB

CERTIFICATION SYSTEMS

The environmental certification systems are based on both voluntary and market mechanisms that allow the improvement of the environmental performance of products and production cycles, thus showing

of being valid tools of diversification, in terms of quality, at disposal of entrepreneurs.

According to Accredia, the agricultural farms certified according to ISO 9001

Standard (concerning the quality of the production processes) do register an increase of 1.4%, whereas in a downward trend are the food companies (-14%), in addition to a generalised decrease of 4

Number of agricultural and food companies with quality and environmental management system certified in Italy

	ISO 9001			ISO 14001		
	n.	% to total	% change 2018/17	n.	% to total	% change 2018/17
Agricultural sector (growing and breeding) ¹	219	0.2	1.4	63	0.3	-6.0
Food sector	2,692	2.2	-14.1	649	3.0	-1.2
Total	122,257	-	-4.1	21,958	-	2.6

¹ Includes nursery and companies that operate in the field of planning, implementation, maintenance and management of agricultural and forestry green areas.

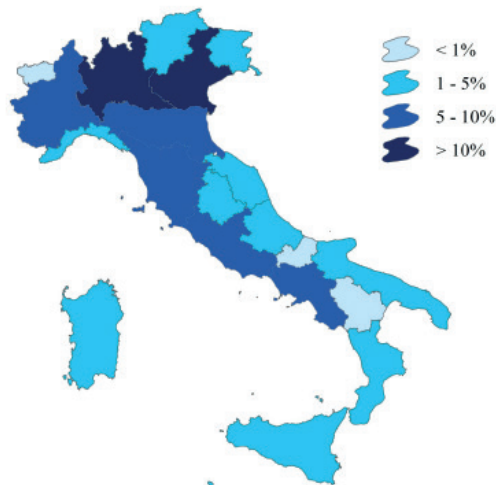
Source: processing of ACCREDIA data (updated to June 2018)

Number and forestry surface areas by type of certification in Italy - 2018

	FSC			PEFC		
	n. of certificates	total certified hectares	% change 2018/17	n. of certificates	total certified hectares	% change 2018/17
Forestry certification	-	63,749	0.0	-	806,635	-2.4
CoC Certification	2,271	-	4.6	711	-	0.3

Source: FSC Italy and PEFC Italy

Percentage incidence of the production sites with ISO 9001 and ISO 14001 certifications, by region (updated to June 2018)



Source: processing of Accredia data

percentage points that has affected all sectors. Concerning the ISO 14001 Standard (system of environmental management), despite the increase in the total number of farms, it has been detected a loss of interest by both agricultural farms (-6%) and, to a lesser extent, by the food companies (-1.2%).

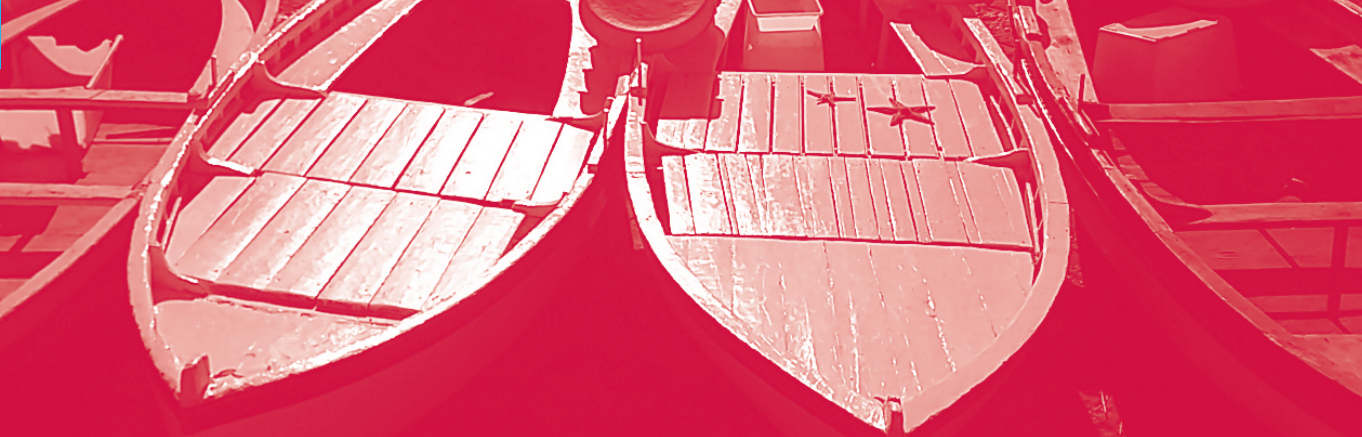
On the whole, the national average of the certified sites is still meagre (5%), and mainly located in Lombardy (21%) and in Veneto (11%), followed by a large part of western regions of the Centre-North. In 2017, the certified companies are nonetheless increased in Basilicata (+6%), Umbria (5%) and Abruzzo (+1%), whereas the most remarkable drops have been registered on the Islands (-8%), Calabria (-6%), Trentino Alto Adige and Piedmont (-5%).

In the forestry sector, the reference certification systems are the FSC and the PEFC that foster the responsible management of forests besides the development of practices focused on corporate social respon-

sability and on the fight to unlawfulness, by involving the Chains of Custody and therefore the processing companies of forestry products themselves. In 2018, the forestry surface area certified with FSC remains stable with almost 64,000 hectares, whereas the number of certifications of the Chains of Custody do slightly

increase (+5%). Between 2017 and 2018, it has been observed a decrease of the PEFC certified areas (-2%) while, also in this case, the number of certified Chains of Custody do increase, although of just two units. The certifications related to corporate social responsibility play ever more an

important role. In this case, referring to the international standard of social and ethic certification SA8000, it continues the positive trend already observed during the last years, with an overall increase of 11%. Also the number of the companies in the primary sector does increase, shifting from 294 to 304 units.



AGRICULTURAL POLICY

CAP IN ITALY: FIRST PILLAR

In 2017, the allocations granted to Italy for the financing of CAP direct payments do amount to little less than 3.8 billion euro. The national ceiling has decreased by a further 1.3% due to the external convergence process aimed at reducing the differences between the average national unitary payments so as to align them to the EU average payment. Also the distribution of allocations among the different types of aid does undergo a change during the year in Italy. Basic payment has in fact lowered from 58% to 57% of the total, whereas coupled aid do increase from 11% to 12%. In absolute value, it is theoretically available an amount of roughly 2,166 million euro (57% of the price ceiling) for the basic payment, plus the sums deriving from the overbooking, that is a further 3% calculated on the national ceiling, to the net of the share for the green payment (for a total amount of 79,790 million euro). In 2017, the value of the allocations granted to Italy is equal to 2,244 million euro, dis-

Budgetary ceilings within the direct payment scheme in Italy (000 euro), 2017

- Ceiling for the base payment (57%)	2,245,528
<i>of which: Overbooking</i>	<i>79,790</i>
- Ceiling for the green payment (30%)	1,139,862
- Ceiling for the payment of young farmers (1%)	37,995
- Ceiling for the voluntary coupled support (12%)	455,945
National ceiling (II reg. 1307/2013) (to then et of overbooking)	3,799,540

Source: (EU) Reg. n. 2017/1272 and (EC) Reg. n. 1307/2013

tributed on 9,523,161 eligible hectares, for an average value of 235 euro/hectare. The green payment for 2017 does amount to 50.79% of the basic payment, averagely equal to about 120 euro/hectare. Within the voluntary coupled support, governed by art. 52 of the Reg. 1307/2013, the total available resources in Italy account for roughly 456 million euro (+7.6%). The increase of the national plafond has subsequently led to a re-allocation of the resources between products/sectors, in order to take into account the remarks of the

European Commission that has rejected the choice to differentiate the unit amount of the aid within the same measure. Consequently, no longer exists the specific aid for slaughtered heads with PDO/PGI certification, which enjoy of the same unit aid of the slaughtered heads adhering to labeling systems or national/regional quality. On the whole, it has been detected an increase of the financial resources for both vegetable crops and livestock ones. Nevertheless, the only ones to experience an increase in the share and resources are just

Tab. A -Application of the coupled support (art. 52 reg. (EC) n. 1307/2013) in Italy-crops, 2017

	Quantities eligible for aid (hectares)	Unitary amount of the aid (euro/ha)	Plafond (euro)	% on the plafond
Soya	168,908	56.96	9,620,435	2.1
Protein crops	285,226	48.44	13,815,127	3.0
Durum wheat	821,472	80.70	66,294,374	14.5
Grain legumes and annual leguminous meadows	502,213	22.88	11,489,809	2.5
Rice	229,126	96.71	22,158,917	4.9
Sugar beet	37,811	443.76	16,778,769	3.7
Industrial tomatoes	63,244	173.74	10,988,270	2.4
Olive tree				
- olive areas	383,841	112.13	43,041,189	9.4
Total of the measures			219,674,205	

Tab. B - Application of the coupled support (art. 52 reg. (EC) n. 1307/2013) in Italy - animal husbandry, 2017

	Quantities eligible for aid (hectares)	Unitary amount of the aid (euro/ha)	Plafond (euro)	% on the plafond
Animal husbandry: dairy cattle				
- dairy cattle belonging to quality breedings	1,074,749	79.67	85,626,433	18.8
- dairy cattle belonging to quality breeding in mountains areas montane	182,422	60.99	11,125,053	2.4
Animal husbandry: bovine meat				
- suckler cows for meat and with a twofold aptitude, enrolled in the Registry	335,485	111.17	37,296,285	8.2
Animal husbandry: slaughtered bovines				
- slaughtered heads aged between 12 and 24 months, reared for at least 6 months	109,279	36.72	4,012,314	0.9
Animal husbandry: goats and sheep				
- ewe lambs	388,010	23.85	9,255,679	2.0
- slaughtered goats and sheep C	997,789	5.39	5,380,149	1.2
Total measures/head			236,270,595	

Source: AGEA

the premium for durum wheat, for dairy cows and for slaughtered cattle. Furthermore, it has been established a new aid in favour of the suckler cows not enrolled in herd books or in an official register and belonging to breedings not enrolled in the national data bank as dairy herds. It's worth noting also the increase of the financial resources (despite a slight decrease of the share) for dairy suckler cows and with a twofold aptitude, enrolled in herd books or official register. For durum wheat it has nevertheless been registered a decrease of the surface areas eligible to the aid over the previous year, as in the case of industry tomatoes and rice, with a consequent increase of the unit premium. The livestock sector has instead experienced an increase of heads admitted to premium (except for slaughtered goats and sheep), with a consequent decrease of the unit amount.

The annual allocation of the national support Plan for the wine sector does not undergo variations, thus remaining stable

with 337 million euro. 43% of these ones is allocated to the restructuring measure and to the reconversion of vineyards (of which Sicily is the greatest user of funds), 25% to the promotion on third markets, 20% to investments, 6% to the insur-

ance of harvesting and to distillation of by-products, lastly, 0.4% to the green harvesting. Conversely to what happened in 2016, there has been an increase of the resources for investments and distillation of by-products to the detriment of other

EAGF expenditure by type of intervention, 2017

	Italy		EU		Italy/EU
	mio. euro	%	mio. euro	%	%
Interventions on agricultural markets	649.3	14.6	3,001.1	6.7	21.6
- Export refunds	0.0	0.0	0.0	0.0	-
- Storage	0.0	0.0	27.6	0.1	0.0
- fruit and vegetables	233.2	5.2	822.0	1.8	28.4
- national support programmes to the wine sector	323.8	7.3	1,012.0	2.3	32.0
- other	92.3	2.1	1,139.5	2.5	8.1
Direct aid	3,795.0	85.4	41,551.2	92.8	9.1
- decoupled direct aid	3,180.7	71.6	35,366.2	79.0	9.0
- voluntary coupled regime (art. 52)	400.8	9.0	3898.8	8.7	10.3
- other direct aid	213.5	4.8	2,286.2	5.1	9.3
Other measures	0.0	0.0	206.5	0.5	0.0
TOTAL EAGF*	4,444.3	100.0	44,758.8	100.0	9.9

*Administrative expenditures included
Source: EU Commission

measures, except for insurances, which remained stable at roughly 20 million euro.

EAGF

In 2017, the EU spending, dispensed by the EAGF in Italy, accounted for roughly 4,444.3 million euro, 9.9% of the EU total, thus marking a reduction of 1.1% over 2016. Direct payments cover 85% of the total, of which the most remarkable share is represented by decoupled payments, that is basic payment, green payment and payments for young farmers. The spending for the voluntary coupled support does cover a share of 9% of the fund. The investments for agricultural markets, which concern the remaining 14.6% of the agricultural spending, are quite entirely allocated to the support programmes of the wine sector and to the financing of the operative programmes of the fruit and vegetable sector.

EAGF expenditure per country, 2017

	mio. euro	%	% change 2017/16		mio. euro	%	% change 2017/16
Belgio	592.8	1.3	-2.8	Luxembourg	34.6	0.1	0.1
Bulgaria	811.6	1.8	9.2	Hungary	1,312.4	2.9	-0.7
Czech Rep.	865.3	1.9	0.4	Malta	5.7	0.0	4.3
Denmark	865.5	1.9	-1.3	Netherlands	822.0	1.8	0.3
Germany	5,048.3	11.3	-1.7	Austria	721.8	1.6	-0.1
Estonia	124.4	0.3	1.6	Poland	3,482.8	7.8	-3.3
Greece	2,111.6	4.7	-2.1	Portugal	770.2	1.7	1.3
Spain	5,619.7	12.6	-0.5	Romania	1,828.4	4.1	16.6
France	8,005.5	17.9	4.1	Slovenia	144.5	0.3	-1.5
Croatia	209.3	0.5	10.1	Slovakia	443.8	1.0	1.8
Ireland	1,232.2	2.8	0.0	Finland	537.8	1.2	-0.1
Italy	4,444.3	9.9	-1.1	Sweden	707.1	1.6	2.6
Cyprus	57.0	0.1	-1.7	UK	3,172.4	7.1	1.6
Latvia	218.7	0.5	15.3	EU	119.4	0.3	86.9
Lithuania	449.9	1.0	2.1	TOTAL EAGF	44,758.8	100.0	1.1

Source: EU Commission

CAP IN ITALY: SECOND PILLAR

During 2017, the public expenditure incurred by the Italian rural development programmes amounts to 1,506 million euro, 740 millions of which covered by the EU's budget. The regional programmes that contributed the most to this result are: Sicily (with a volume of payments of roughly 191 million euro), Veneto (with over 157 million euro), Calabria (with almost 120 million euro) and Sardinia (with over 102 million euro); worthy of note is also the contribution of the national rural development programme (NRDP), with about 110 million euro.

From the starting of the programming, the overall public expenditure achieved by the Italian programmes is equal to about 2,803 million euro, with a contribution of over 1,377 million euro of the EAFRD fund.

Among the most virtuous RDPs, in terms of financial progress, it emerges the Autonomous Province of Bolzano with an expenditure level equal to 39% of the total available resources, followed by Veneto

with 29%, the A.P. of Trento with 21.6%, Umbria, Calabria and Sardinia with over 18%. The NRDP is placed at the bottom with only 5%, but above all the NRN that, due to administrative and procedural complexities, has not still submitted any expense reports.

The EAFRD resources still available on national scale do amount to nearly 525 million euro in order to reach the 2018 spending target, that represents the first important verification moment for the European Commission about the possible application of the automatic decommitment mechanism; this last one involves the restitution of the EU resources not yet committed by the rural development programmes. About 47% of the remaining EAFRD amount to be paid is in charge of the less developed regions, in particular Campania and Apulia.

The Autonomous Provinces of Trento and Bolzano, Umbria, Veneto, Sardinia and Calabria have instead already achieved their own 2018 spending target one year

in advance, whereas it has been detected a delay even among the most developed regions, such as Friuli Venezia Giulia and Liguria.

At national level, the state of progress by strategic priority at 31st December 2017 has pointed out a clear delay of the priorities 3 and 6 compared to the 2018 spending target, with a percentage of use of the EAFRD resources equal to respectively 28.6% and 21.6%.

In terms of the types of interventions that have contributed to the 2017 spending result, the picture for payments on national basis does highlight to what extent the "premium" measures, on the whole, did largely exceed 60% of total public spending; in particular, the measure "organic farming" represents 22% with a spending volume of 331.08 million euro, the measure 10 "agro-climate-environmental payments" almost 21% with 303.85 million euro and the measure 13 "compensatory allowance" almost 20% with 297.61 million euro. The investment measures

Rural development 2014-2020: financial implementation at 31/12/2017 (million euro)

	Allocations 2014-2020		2017 spending		Total spending		
	Public spending	EAFRD share	Public spending	EAFRD share	Public spending	EAFRD share	Financial progress (%)
	a	b	c	d	e	f	g = e/a
Piedmont	1,078.9	465.2	86.8	37.4	140.6	60.6	13.0
Valle d'Aosta	136.9	59.0	9.8	4.2	10.7	4.6	7.8
Lombardy	1,142.7	492.7	77.8	33.6	166.9	72.0	14.6
Liguria	309.7	133.1	4.8	2.0	12.3	5.3	4.0
Bolzano	361.7	156.0	69.1	29.8	141.6	61.0	39.1
Trento	297.6	127.9	31.4	13.5	64.5	27.7	21.7
Veneto	1,169.0	504.1	157.4	67.9	341.5	147.3	29.2
Friuli Venezia Giulia	292.3	126.0	10.2	4.4	12.4	5.4	4.3
Emilia-Romagna	1,174.3	506.4	86.5	37.3	186.8	80.5	15.9
Tuscany	949.4	409.4	97.4	42.0	158.8	68.5	16.7
Umbria	928.6	400.4	85.4	36.8	172.4	74.3	18.6
Marche	697.2	300.6	31.5	13.6	49.1	21.2	7.0
Lazio	822.3	354.6	40.0	17.2	68.7	29.6	8.3
Total of the most developed regions	9,360.6	4,035.4	788.1	339.8	1,526.2	658.0	16.3
Abruzzo	479.5	230.1	19.4	9.3	29.1	14.0	6.1
Molise	207.8	99.7	14.9	7.2	22.0	10.6	10.6
Sardinia	1,291.5	619.9	102.5	49.2	237.0	113.8	18.4
Total of the regions in transition	1,978.7	949.8	136.8	65.7	288.2	138.3	14.6
Basilicata	671.4	406.2	26.1	15.8	59.1	35.8	8.8
Calabria	1,089.3	659.0	119.7	72.4	200.9	121.6	18.4
Campania	1,812.5	1,096.6	60.8	36.8	108.8	65.8	6.0
Apulia	1,616.7	978.1	73.8	44.7	155.9	94.3	9.6
Sicily	2,184.2	1,321.4	190.9	115.5	354.3	214.3	16.2
Total of the less developed regions	7,374.1	4,461.4	471.4	285.2	879.0	531.8	11.9
PNRD (*)	2,084.7	938.1	109.8	49.4	109.8	49.4	5.3
NRN (**)	114.8	59.7	0.0	0.0	0.0	0.0	0.0
Total ITALY	20,912.9	10,444.4	1,506.1	740.1	2,803.2	1,377.5	13.4

Source: MIPAAFT

(*) PNRD: Programme of National Rural Development

(**) NRN: National Rural Network

2018 spending target: breakdown of the EAFRD spending to be allocated (million euro)

	EAFRD share to be allocated ¹	% of EAFRD share to be allocated
Piedmont	19.5	3.7
Valle d'Aosta	5.6	1.1
Lombardy	12.9	2.5
Liguria	17.6	3.4
Bolzano	-	-
Trento	-	-
Veneto	-	-
Friuli Venezia Giulia	16.4	3.1
Emilia-Romagna	6.7	1.3
Tuscany	2.0	0.4
Umbria	-	-
Marche	18.3	3.5
Lazio	27.6	5.3
Total of the most developed regions	126.7	24.1
Abruzzo	21.3	4.1
Molise	6.6	1.3
Sardinia	-	-
Total of the regions in transition	27.9	5.3
Basilicata	34.2	6.5
Calabria	-	-
Campania	123.1	23.5
Apulia	74.2	14.1
Sicily	13.3	2.5
Total of the less developed regions	244.8	46.7
PNRD (*)	114.4	21.8
NRN (**)	10.9	2.1
Total ITALY	524.7	100.0

Source: MIPAAFT

¹ 2015 commitments to the net of the Performance Reserve

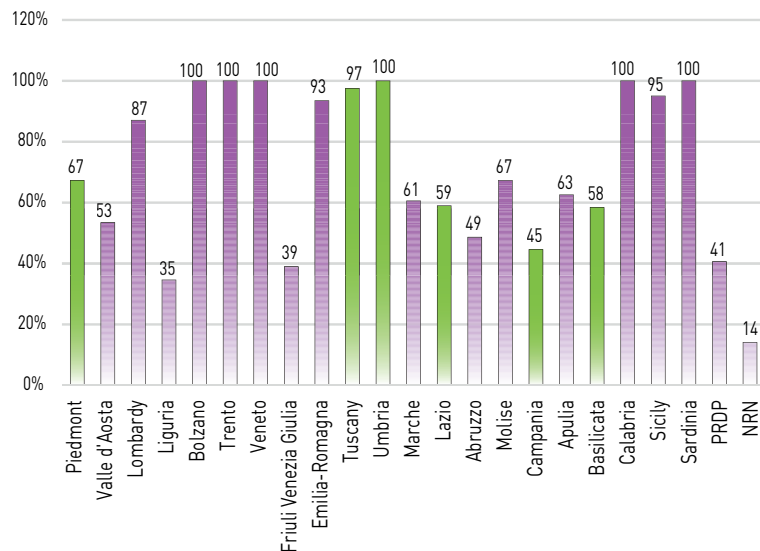
(*) PNRD: Programme of National Rural Development

(**) NRN: National Rural Network

in tangible fixed assets, in agricultural holdings and in the agro-food industry, are still scarcely significant, representing therefore 16% of the total public spending with 243.85 million euro.

Lastly, it's worth noting the risk management measures, measure 17, implemented for the first time just in 2017, but only through the reimbursement of the facilitated insurances in agriculture for a total payment of 109.75 million euro (7.3%).

Rural development 2014-2020: % of the achievement of the 2018 spending target



Source: MIPAAFT

Rural development 2014-2020: national implementation of the 2018 spending target per strategic priority (million euro)

Priority *	Description	EAFRD spending target at 2018 a	EAFRD allocated at 31/12/2017 b	% implementation at 31/12/2017 c = b/a
Priority 2	Strengthening the potentiality of farms and agricultural competitiveness	493.4	262.5	53.2
Priority 3	Fostering the organization of the food chain, animal health and risk management	606.3	173.4	28.6
Priority 4	Preserving, restoring and enhancing the ecosystems related to agriculture and forestry	1.362.4	797.3	58.5
Priority 5	promoting an efficient use of resources and the shifting to an economy with low use of carbon and climate-resilient	145.5	92.5	63.6
Priority 6	Social inclusion, poverty reduction and economic development of rural areas	197.7	42.7	21.6

* Priority 1 is cross-cutting with all the others

Source: MIPAAFT

Rural development - 2014-2020: 2017 national spending (million euro)

Measure	Measure description	Public spending paid - year 2017	EAFRD share paid -year 2017	% incidence Public Spending
M1	Knowledge transfer and information measures	6,7	3,0	0,4
M2	Services of advisory, substitution and assistance to the managemnt of farms	0,2	0,1	0,0
M3	Quality regime of agricultural and food products	8,7	4,1	0,6
M4	Investments in tangible fixed assets	243,9	116,3	16,2
M5	Restoration of the damaged agricultural productive potential due to natural disasters and introduction of adequate prevention measures	1,5	0,7	0,1
M6	Development of farms and companies	66,8	30,1	4,4
M7	Basic services and renewal of villages in rural areas	7,3	3,8	0,5
M8	Investments in the development of forestry areas and in the improvement of the profitability of forests	50,3	24,3	3,3
M9	Setting-up of associations and producers' organizations	-	-	0,0
M10	Agro-climate-environmental payments	303,9	143,1	20,2
M11	Organic farming	331,1	178,3	22,0
M12	Nature 2000 indemnity and indemnities related to water framework directive	0,5	0,3	0,0
M13	Indemnity in favour of areas with natural constraints or other specific constraints	297,6	149,7	19,8
M14	Animal health	43,9	20,8	2,9
M15	Forestry-environmental services, climate services and safeguard of forests	2,2	1,1	0,1
M16	Cooperation	4,1	2,0	0,3
M17	Risk management	109,8	49,4	7,3
M19	Local LEADER development support	16,4	7,7	1,1
M20	Technical Assistance	7,2	3,4	0,5
M113	Early retirement	3,3	1,5	0,2
M131	Observance of the requisites	0,1	0,0	0,0
M341	Acquisition of competences	0,8	0,3	0,1
Total Italy		1.506,1	740,1	100,0

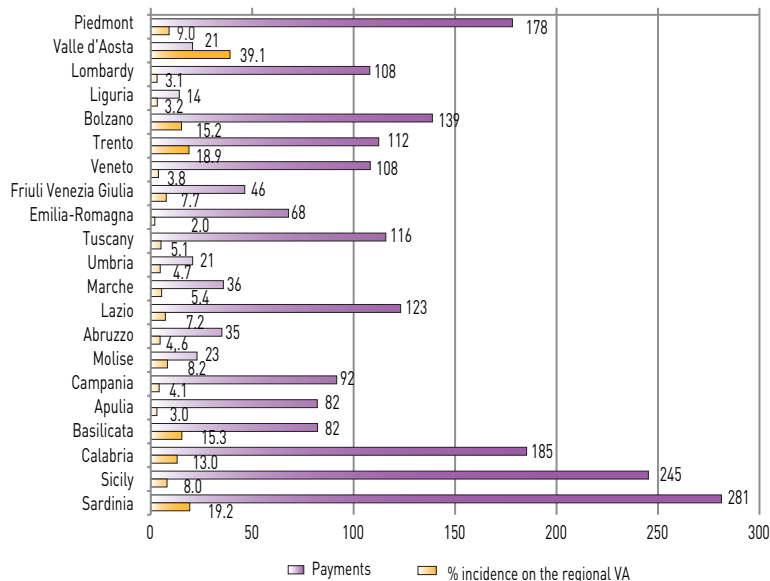
REGIONAL SPENDING

The analysis of the spending, inferable to the regional balances, has pointed out, for 2016, a total amount of payments for the agricultural sector of roughly 2.1 billion euro, down compared with the previous year (-10.8%)¹. The decrease of the spending is also confirmed when observing the percentage incidence of payments to the sector on the national value added, that decreases to 6.6% vs 7.1% of 2015 and 6.5% of 2014.

The total amount of the agricultural spending is in slight decrease in many northern and southern regions, such as: Valle d'Aosta, Lombardy, Liguria, Veneto, Umbria, Lazio, Abruzzo, Campania, Apulia, Calabria and Sicily.

When analyzing the spending by type of agricultural policy measures, taking into account the traditional classification adopted by CREA – Research Centre for Agricultural Policies and Bioeconomy, it has been noticed that most of the total payments is

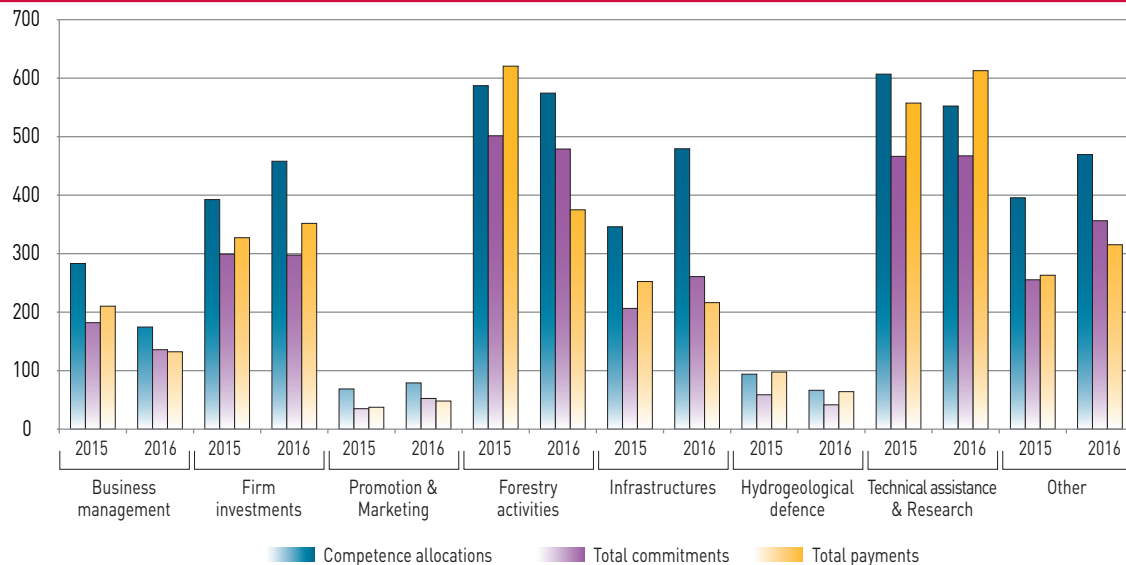
Payments to the agricultural sector (million euro). % incidence on the regional agricultural value added, 2016



Source: CREA Research Centre for agricultural policies and bioeconomy

¹ Note that the data of Abruzzo, Lazio, Liguria, Marche, Tuscany, Umbria, Veneto and P.A. of Bolzano are estimated

Agricultural funding by type of economic-functional destination (million euro)



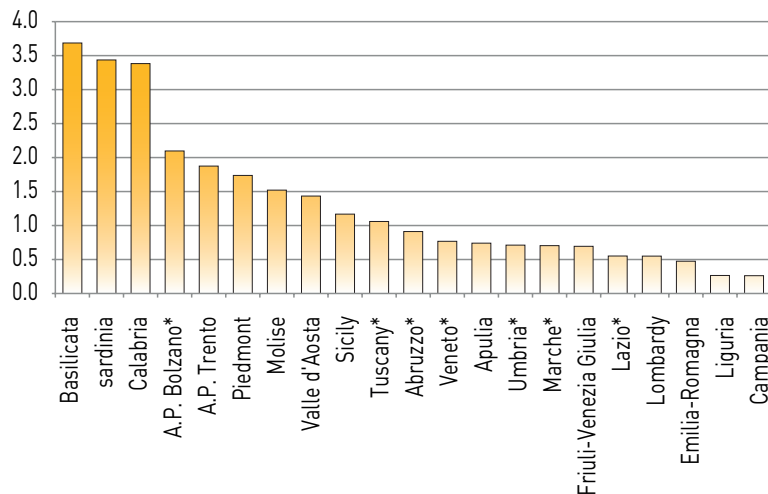
Source: CREA Research Centre for agricultural policies and bioeconomy

allocated to technical assistance, research and forestry activities, with values respectively equal to about 612 and 374 million

euro, in increase over 2015 for technical assistance and in decrease for the amount earmarked to forestry activities. Techni-

cal assistance and research do incide for roughly 29% on total spending, followed by forestry activities (17.7%), by farm in-

% incidence of regional agricultural payments on the value of total regional payments, 2016



*2016 data for Abruzzo, A.P. Bolzano, Lazio, Marche, Tuscany, Umbria, Veneto, are estimated

Source: CREA Research Centre for agricultural policies and bioeconomy

vestments (16.6%) and the support to the spending for infrastructures (10.2%), with different characteristics among the various regions.

The incidence of payments for the agricultural sector on budget's total payments of each region does highlight how the agricultural spending is rather modest and never exceeds, for 2016, the threshold of 4%. In 2016, Basilicata shows the highest incidence (3.7%), followed by Sardinia (3.4%), Calabria (3.4%), A.P. of Bolzano (2.1%) and Trento (1.9%), and Piedmont (1.7%), whereas many regions playing a relevant role in the national agricultural sector are characterized by an incidence of the regional agricultural spending decisively more modest (Lombardy, Emilia-Romagna, Tuscany, Campania, Apulia).

In the 2017-2018 period the measures adopted by the Government in the agro-food sector have involved the following topics:

- A. The safeguard and promotion of some products and production sectors;
- B. The safeguard of farmers' income and risk management in agriculture;
- C. The promotion of food safety;
- D. The reduction of fiscal burden on agricultural operators;
- E. The safeguard of employment in the agricultural sector;
- F. The promotion of the growth of farms by providing support for investments and simplification.

A) The safeguard and promotion of some products and production sectors

The Legislative Decree n. 34 of 3 April 2018 has introduced the Consolidated Law regarding forests and forestry supply-chains. The new regulation aims at promoting a sustainable management of the

forestry heritage, as well as the ecological and productive recovery of degraded and abandoned lands, the hydrogeological safety, forest fire prevention and the socio-economic and employment development of the mountainous areas and of the productive supply-chains.

The Legislative Decree n. 75 of 21 May 2018 has introduced the Consolidated Law regarding cultivation, harvesting and first processing of medicinal plants with the aim of enhancing their growth and development, and the enhancement of national productions, by ensuring at the same time a greater transparency and knowledge to the final consumer.

The 2018 Stability Law has envisaged:

- 1- The acknowledgment of the Food Districts in order to ensure resources and opportunities for the growth and the relaunch of supply chains and territories at a national level. Can be acknowledged as Food Districts: the quality rural and agro-food districts already

acknowledged or to be acknowledged; the districts located in urban or peri-urban areas characterized by a sizeable presence of agricultural activities aimed at achieving an environmental and social requalification of the areas; the districts characterized by the integration between agricultural activities and neighbourhood-based activities; the biological districts.

- 2- Measures for the fisheries sector. The new regulation has established the payment of a daily indemnity of 30 euro, for 2018, to the sea fishing enterprises during the mandatory rest periods and, furthermore, the integration of 12 million euro for 2019 of the financial allocation of the three year national programme of fisheries and aquaculture 2017-2019. Lastly, the Law has established, starting from 2018 and with the threshold of 5 million euro/year, the payment of a daily indemnity up to a maximum of 30 euro in favour of

the employees of sea fishing enterprises during the non-mandatory rest periods.

B) The safeguard of farmers' income and risk management in agriculture

The Legislative Decree n. 32 of 26 March 2018 fosters the introduction of innovative insurance tools for risk management in agriculture, also through new experimental insurances and mutual funds, by extending the protection to events that can be assimilated to catastrophic natural disasters, animal diseases, dangerous organisms for vegetables, as well as damage caused to the protected wild fauna.

The 2018 Stability Law has envisaged:

- 1- Measures in favour of the territories damaged by the "Xylella fastidiosa" bacterium. In particular, the refinancing of the national solidarity fund for the ex-post interventions, for an amount equal to 1 million euro for the years 2018 and 2019, in favour of the enterprises dam-

aged by the Xylella during 2016 and 2017. The Law has also envisaged an allocation of 2 million euro for 2019 and 2 million euro for 2020 to be allocated to financing district contracts for those territories damaged by the bacterium.

- 2- The establishment of the Emergency Poultry Fund. The Law has established, in the forecasts of MIPAAFT, an Emergency Poultry Fund with an endowment of 15 million euro for 2018 and 5 million euro for 2019.

C) The promotion of food safety

The Legislative Decree n. 20 of 23 February 2018 has set measures for the harmonization and rationalization of the regulation on the controls in the field of organic agricultural and agro-food production. The regulation delegates the MIPAAFT, the Regions and the Autonomous Provinces as authorities responsible for the supervision on the control bodies, within the territories of their own jurisdiction. Further-

more, it introduces mechanisms for the strengthening of fair competition and for eliminating conflicts of interest of control bodies. Lastly, the regulation delegates MIPAAFT as the competent Authority for organizing official controls in the organic production sector.

D) The reduction of fiscal burden on agricultural operators

The 2018 Stability Law has established:

- 1- Relief from social security contributions for young farmers. The new regulation has envisaged a contribution exemption for the first three years and a contribution relief to 66% in the fourth year, and to 50% in the fifth year, in favour of the agricultural entrepreneurs aged 40, who enroll in the system of agricultural social security for the first time, between 1st January and 31st December 2018.
- 2- Increase of the VAT compensation for the years 2018/2019 and 2020 for alive

bovine and pork meats, not higher than 7.7% for the first ones and than 8% for pig meats.

E) The safeguard of employment in the agricultural sector

The Decree Law n. 87 of 12 July 2018, the so called “Dignity Decree”, converted by the Law n. 96 of 7 August 2018, has also reintroduced the possibility to use vouchers in the agricultural sector as from 20 August 2018, thus allowing farms to indicate, in the anticipated declaration of working activity, the starting date and the overall expected hours with reference to timeframe not exceeding ten days.

F) The promotion of the growth of farms by providing support for investments and simplification

The Stability Law has established:

1- An increase of the resources allocated to the financing of the tax credit for investments equal to 200 millions for

2018, and to 100 millions for 2019 for the purchase of new capital goods for production structures located in the South.

2- Extension of the measures of super depreciation and iper-depreciation. These measures allow firms and entrepreneurs to increase the depreciation shares of the capital goods for new investments, for the year 2018.

3- Deductions for green areas. A deduction to 36% has been introduced for an expenditure up to 5,000 euro, for the greening of uncovered areas of buildings and existing properties, also valid for irrigation plants and the building of wells and rooftop gardens.

4- Establishment of the Steering Committee for meteorology and climatology, as well as of the National Agency for meteorology and climatology “Italia Meteo” at the Presidency of the Council of Ministers.

The Legislative Decree n. 74 of 21 May 2018 has envisaged the reorganization of AGEA (Agency for agricultural subsidies). The Decree, in accordance with art. 15 of the delegated law n. 154 of 28 July 2016, in line with the 2014-2020 CAP, has envisaged the reorganization of the Agency so as to better meet the specific needs of the sector and to ensure the improvement of the quality of the services provided to the agricultural companies and to rationalise the spending.

The “Dignity Decree” has envisaged the exemption from the communication of the invoices’ data for some agricultural companies. As from 1st January 2018, the agricultural farms under exemption regime from accounting records are exempted from the communication of the data of invoices, mainly those companies that registered a turnover, in the previous year, lower than 7,000 euro, made up for at least 2/3 by the sale of agricultural products.

Main legislative measures of 2017/2018

Legislative measure	Content
Law n. 205 – 27 Dec. 2017 ("Stability Law")	State's forecast budget for the financial year 2018 and multi-year budget for the three-year period 2018-2020
Leg. Decree n. 20 – 23 Feb. 2018	Measures of harmonization and rationalization of the regulation on the controls in the field of organic agricultural and agro-food production
Leg. Decree n. 32 – 26 March 2018	Amendments to the Leg. Decree n. 102 of 29 March 2004, in implementation of art. 21 of the Law n. 154 of 28 July 2016
Leg. Decree n. 34 – 3 April 2018	Consolidated law in the field of forests and forestry supply chains
Leg. Decree n. 75 – 21 May 2018	Consolidated law in the field of cultivation, harvesting and first processing of medicinal plants
Law n. 96 – 9 August 2018 ("Dignity Decree")	Conversion into law, with amendments, of the Decree-Law n. 87 of 12 July 2018, concerning urgent measures for the dignity of workers and enterprises

NOTE





NORTH-WEST

Piedmont
Valle d'Aosta
Lombardy
Liguria

NORTH-EAST

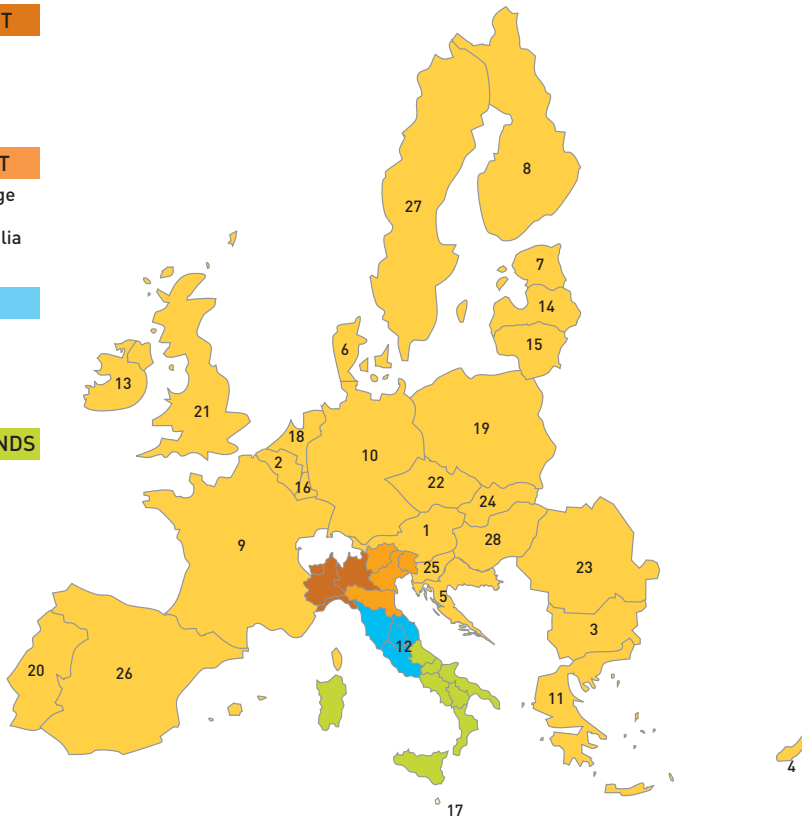
Trentino-Alto Adige
Veneto
Friuli-Venezia Giulia
Emilia-Romagna

CENTRE

Tuscany
Umbria
Marche
Lazio

SOUTH & ISLANDS

Abruzzo
Molise
Campania
Puglia
Basilicata
Calabria
Sicily
Sardinia



EU COUNTRIES

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- 3 Bulgaria
- 4 Cyprus (€)
- 5 Croatia
- 6 Denmark
- 7 Estonia (€)
- 8 Finland (€)
- 9 France (€)
- 10 Germany (€)
- 11 Greece (€)
- 12 Italy (€)
- 13 Ireland (€)
- 14 Latvia
- 15 Lithuania
- 16 Luxembourg (€)
- 17 Malta (€)
- 18 Netherlands (€)
- 19 Poland
- 20 Portugal (€)
- 21 United Kingdom
- 22 Czech Republic
- 23 Romania
- 24 Slovak Republic (€)
- 25 Slovenia (€)
- 26 Spain (€)
- 27 Sweden
- 28 Hungary

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