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Consiglio per la ricerca in agricoltura
e l'analisi dell'economia agraria

ITALIAN AGRICULTURE IN FIGURES 2016





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ROME, 2017

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"Italian agriculture in figures", edited by CREA and now in its 29th edition, represents a quick and useful instrument that can provide a general information framework on the trend of the Italian agro-food system.
Data confirm the newfound centrality of agriculture in the economic, political and social agenda of Italy. One should and must invest in this sector for reasons that go well beyond the employment support. I'm thinking about the capability of the primary sector to safeguard territory, to help fight climate change. I'm thinking about all the progress made in terms of sustainability , bio-economy, renewable resources, as well as the new perspectives in terms of social services and the new welfare. Agriculture, in many territories, represents a key element for the construction of a new model of society and citizenship.
Signs of strong recovery have been detected during 2015, which stimulate in doing even better. We have witnessed a recovery of the economic indicators in the sector, with an increase in production (+1.5% at current terms) exceeding 57.6 billion euro, the recovery of the added value (+5.6% at current values), the improvement of the terms of trade (+2.4%) thanks to the stop in the decrease of the agricultural products sold (-0.5%). Another remarkable aspect is represented by the recovery of the agricultural employment with 843,000 workers (+3.8%). Particularly worthy of note is the youth component that has marked a double-digit employment rate, with a +11% considered as a datum worthy to be thought about. Youth asks to enter this sector, not as a return to the past but bringing with them new competences, skills and striving to achieve multi-functionality. They represent the heritage of our future.
Thanks also to their active contribution, agriculture has ranked as the sector with the highest growth value of the added value with +3.8%. What has confirmed once again the strategic nature of the sector is the agro-food export that has reached the record figure of 36.8 billion euro. This represents some encouraging figures, which clearly show not only the value but also the great potential of an increasingly important sector for the Country and which has been boosted by the extraordinary experience of Expo Milan 2015.
We have nevertheless found some critical issues, particularly linked to certain productive sectors that are facing great difficulties mainly due to the market crisis, such as the livestock sector – milk, beef and pig meat – and the wheat, which have suffered strong decreases in prices. In order to cope with these situations, we have set a series of measures essentially aimed at safeguarding the income of farmers and breeders. We have focused on simplification, direct aid, improved access to credit and on the origin labelling. In fact, starting from the Spring 2017 it has been introduced, in Italy, the mandatory indication of the origin of the dairy products on the labelling. We are facing a new experimentation for a model we want to support and spread all over Europe and to all productions, since it represents a

system able to provide the greatest transparency and protection for our consumers and create a new relationship between them and producers and breeders, by supporting at the same time the “Made in Italy”.
We are doing the same also at the European level for a type of labelling that allows to clearly indicate on the packaging of pasta produced in Italy the Country or the area where the grain has been cultivated and milled. A decisively quality step forward to be added to other focused measures, such as the fund of 30 million euro for the national cereal plan 2017-2019, thus allowing therefore a positive turning point to a sector worth 4.6 billion euro, with an export equal to 2 billion euro.

Another aspect to be considered, as highlighted in the booklet, concerns the investments in the agricultural sector that did not manage to have a decisive impact because they are still suffering a climate of uncertainty and the negative expectations by the economic operators. We are strongly committed also on this issue in order to create favorable conditions through new tools, starting from the credit for small and medium-sized holdings, thanks to agreements signed with two of the main bank groups with whom we have earmarked 14 billion euro for three years, thanks also to a sizeable reduction of the fiscal pressure which has no precedent and which is worth over 1.3 billion euro, thanks to the abolition of some agricultural taxes as Imu, Irpef and Irap.
Lastly, a reflection should be made about the recovery of the household consumption (+1.2% over 2014), although it takes place within a framework that highlights, in the 2008-2015 period, an inequality in the access to the basic products of a balanced diet ,according to the economic and professional condition of families. We have the duty to provide concrete answers to those who suffer difficult conditions, mainly if we think that among them there are minors. It is therefore just in this direction that we have to act also through instruments such as the “inclusion income”.

Minister for Agricultural, Food and Forestry Policies
Maurizio Martina

CONTENTS

ECONOMY AND AGRICULTURE

Land and Population page 10
Gross Domestic Product page 12
Added Value page 15
Employment page 17
Productivity page 19

RECENT TRENDS IN THE SECTOR

Land market page 22
Investments page 24
Credit page 26
Intermediate consumption page 28
Climate and Water availability page 30
Production levels page 34
Prices and Costs page 40
Agricultural income page 42
Bio-economy page 44

FISHERIES

Italy in the european context page 48
The fleet fishing and the main fishing systems page 50
Production and economic value page 54

AGRO-INDUSTRIAL SYSTEM

Components of the system page 56
Food industry page 58
Distribution page 63
Food consumption page 67
Foreign trade page 69

FOOD AND THE EATING HABITS OF ITALIANS

The eating habits of Italians page 78
Mediterranean Diet page 88
School Fruit Scheme page 90
International year of legumes page 91
Food waste page 94
Traditional agro-food products page 96

FARM STRUCTURE

Employment page 98
Working days page 99
Employees page 101

ECONOMIC RESULTS OF FARMS

Output and Income page 104
Trends in the vegetable production page 107
Zootechnical type of farming page 110
The Italian professional agriculture in the European context page 113

ENVIRONMENT AND NATURAL RESOURCES

Soil consumption page 122
Protected areas and agricultural activities page 124
Use of chemicals page 126
Forests page 129

DIVERSIFICATION

Renewable energies page 132
Farm stays page 134
Educational farms page 136

QUALITY PRODUCTS

Products of designated origin page 140
Organic farming page 144
Certification systems page 149

AGRICULTURAL POLICY

CAP in Italy: First Pillar page 154
CAP in Italy: Second Pillar page 159
Regional spending page 162
National Laws page 165

ECONOMY AND AGRICULTURE

The overall Italian surface area amounts to 302,073 square kilometers (excluding the Republic of San Marino and the Vatican City State), 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 (equal to 41.6% of the overall surface area), followed by mountains (35.2%) and plains (23.2%).

The total agricultural surface area in Italy amounts to 16.7 million hectares and the share utilized amounts to 12.4 million of surface. According to the structure survey, carried out by ISTAT in 2013, the overall surface of farms is decreased by 3.3% and the total agricultural land by 2.4%. The average farm size is therefore increased from 7.9 to 8.4 hectares. Among the crops cultivated, the most remarkable decreases have been detected in the horticultural crops (-15.2%), in durum wheat (-12.8%) and in fruit trees (-8.4%).

At January 1st 2016, Italy has totalized 60,656,000 inhabitants, thus ranking 4th place in the EU for its population (after Germany, France and UK). The foreign inhabitants amount to 5,054,000, or 8.3% of the total.

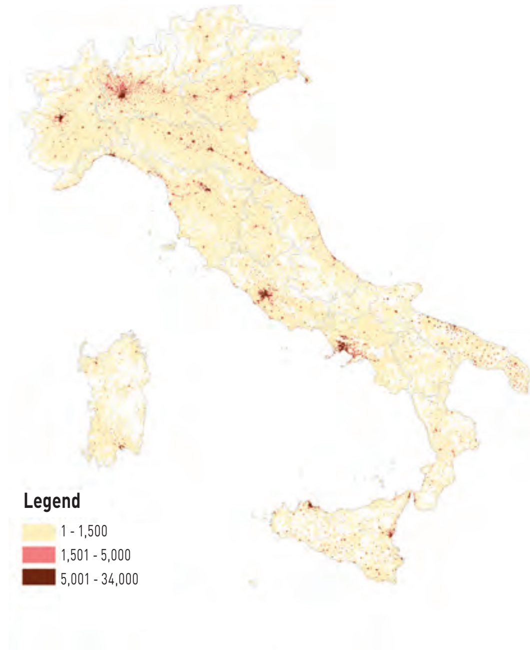
The natural evolution of population (births minus deaths) has led to a negative balance of nearly 165,000 units, which marks a peak never reached in our Country since the 1917-1918 period (First World War). From some years now immigration is slowing down. The foreign people enrolled in the civil registry have been about 280,000, whereas the expatriated have been roughly 147,000 (migratory balance of +133,123 people), 102,000 of whom are Italians (migratory balance of -72,207 people).

The average population density (200 inhabitants per square km, compared to a EU-28 average of 112,7) is among the most high in Europe, but the distribution on the national territory is very irregular according to orographic features and to the different degree of urbanization. In Italy, 67.9% of municipalities fall in the class of low urbanization[1], mainly rural area, where a population equal to 24.3% is located on a surface area of 72.5%. 33.3% of the Italian population is located in the municipalities with a high urbanization that represent only 3.3% of the national total and with an overall surface area of 4.8%. In the remaining 28.7% of the municipalities with an average degree of urbanization, it is located 42.2% of the overall population, on a territorial extension of 22.7%.

[1] *Since 2011 Eurostat has ranked the municipalities according to three degrees of urbanization – high, medium and low – by making use of a new instrument based on the demographic density and the number of inhabitants evaluated within regular grids with cell of one square Km.*

Territorial extension and orographic characteristics of Italy

Population breakdown (inhabitants/square km), 2011



Source: ISTAT

GROSS DOMESTIC PRODUCT

In 2015 Italy experiences some slight signs of recovery which remain, nonetheless, below the expectations. In fact, although for the first time since the beginning of the crisis the GDP has increased, during the second half of the year it has shown a new moderate decline. In the third quarter of 2015 the GDP has increased by 0.2% compared to the previous quarter and by 0.8% compared to the third quarter of 2014. On the whole the variation is equal to +0.8% (chain-linked values). Despite the positive sign, the Italian economy remains below the pre-crisis levels by about eight percentage points. It is possible to pinpoint some of the positive and negative factors that have contributed to the trend of this year. Among the positive factors, it can be mentioned the growth-oriented policymaking and an overall strengthening of the domestic demand. Conversely, among the negative fac-

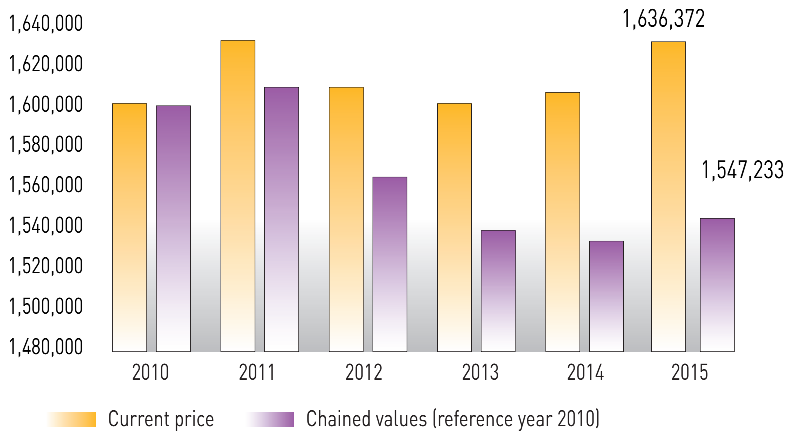
Trend in the overall GDP in Italy (million euro)

Years	Current Prices	Chained Values*
2010	1,604,515	1,604,515
2011	1,637,463	1,613,767
2012	1,613,265	1,568,274
2013	1,604,478	1,540,858
2014	1,611,884	1,535,570
2015	1,636,372	1,547,233

[1] Chained values referring to the year 2010

Source: ISTAT

Trend in the overall GDP in Italy (million euro)



Source: ISTAT

tors, it has been acknowledged a damaging economic situation of the economy in the extra-euro area.

By observing the trend of the main aggregates of the domestic demand in the third quarter 2015, no homogeneous trends have been detected compared to the previous quarter: national final consumptions have increased by 0.4%, whereas the gross fixed investments have registered a decrease of 0.4%. Imports have increased by 0.5%, whereas exports have decreased by 0.8%.

The trend in the domestic demand highlights an increase of 0.2% in the household consumptions, whereas those of

Trend in GDP per inhabitant in Italy (euro)

Years	GDP/inhabitant Values at current prices	Chained values[1]
2010	26,818	26,818
2011	27,264	26,869
2012	26,737	25,991
2013	26,456	25,407
2014	26,516	25,261
2015	26,947	25,479

[1] Chained values referring to the year 2010

Source: ISTAT, National Accounting

Trend in GDP in some main areas and countries (% changes over the previous year, in real terms)

Countries	Incidence on the world GDP in 2015[1]	2010	2011	2012	2013	2014	2015
Industrialised countries							
United States	15.8	2.5	1.6	2.2	1.5	2.4	2.4
Japan	4.3	4.7	-0.5	1.7	1.4	0.0	0.6
Eurozone 2	11.9	2.0	1.6	-0.9	-0.3	0.9	1.6
UK	2.4	1.5	2.0	1.2	2.2	2.9	2.3
Canada	1.4	3.5	2.9	1.8	1.6	2.7	0.9
Emerging and developing countries							
Brazil	2.8	7.5	3.9	1.9	3.0	0.1	-3.8
Mexico	2.0	5.1	4.0	4.0	1.4	2.3	2.6
Asia							
China	17.1	10.6	9.5	7.8	7.7	7.3	6.9
South Corea	1.6	6.5	3.7	2.3	2.9	3.3	2.6
India	7.0	10.3	6.6	5.6	6.3	7.0	7.3
Europe							
Poland	0.9	3.7	5.0	1.6	1.3	3.3	3.6
Czech Republic	0.3	2.3	2.0	-0.9	-0.5	2.0	4.2
Russia	3.3	4.5	4.3	3.5	1.3	0.7	-3.7
Turkey	1.4	9.2	8.8	2.1	4.2	3.0	4.0

[1] Measured in purchasing power parties, in %.

[2] Eurozone with 19 countries.

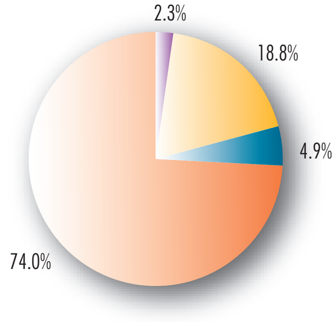
Source: Bank of Italy

private institutions and the Government expenditure remain essentially unchanged (+0.1%). Despite an increase, in 2014, of three tenths in the foreign net demand, in 2015, on the contrary, the result seems to be negative by 0.4 percentage points.
In the main industrialized Countries the variations in GDP (over the previous year) are in line with the 2014 trend, mainly in the case of USA and UK. In 2015, the Euro-area Countries have nonetheless highlighted a growth equal to 1.6% over 2014 (when it was 0.9% compared to 2013). In Europe, some increases have been observed in Czech Republic, Turkey and Poland.
Slight reductions have been detected in Asia for most of countries, except for India where GDP has continued in growing with a variation equal to 7.3% over 2014, also thanks to the benefit arising from the ongoing process of reforms. In Japan, the growth boosted by the 2012/2013 expansive measures seems to be slowed down.
In 2015, the values of the emerging Countries suffered the collapse of Brazil (-3.8%) and the bad result of Russia (-3.7%) where the conditions of the government finance worsened and the factors of recession have revealed to be very strong.
In 2015, the growth both in the emerging countries and in the developing Countries has decreased by 4% (4.6% in 2014), the lowest value since 2009. In China, a country capable to trigger economic and financial dynamics at a worldwide level, the slowdown is confirmed, it was already clear in 2014 (7.3%), and it continues in 2015 with a variation of 6.9% (the value was 10.6% in 2010).

ADDED VALUE

In 2015, the total added value has increased by 1.2%, at basic prices, over the previous year. The highest increase has been registered by the agricultural, forestry and fishing sector (+4.9%). Also the added value of the industry (+3%) and the building sector (+2%) has increased, while that one of services has experienced a slight variation (+0.7%).
The agricultural added value amounts to 33.1 billion euro, or rather 2.3% of the national added value. The growth of the agricultural sector achieves 5.6% at current prices, and 3.8% in volume. The agri-food sector (including food industry) increases by 4.2% (current values), thus recording an increase of 2.3% in terms of volume. The growth of the agricultural productions is outstanding mainly for some crops, in particular the woody crops (+12.3%), almost stationary are instead the livestock breeding (+0.8%) and the support activities (+0.5%); in a sharp decrease are fodder crops (-4.3%) and herbaceous crops (-2.8%). The prices of the agricultural products experience a slight decrease (-0.5%). The prices of the products bought are strongly decreased (-3.3%). The trend in prices has allowed to recover a certain margin compared to 2014. By observing the data, at a territorial level, it can be asserted that the agricultural production has increased in all areas. South registers the highest increase (+5.9%), followed by Centre (+3.5%), Islands (+3%) and North-East (+0.3%). Only in North-West the sign is negative (-1.1%). The added value in volume increases in all areas, from 9.6% of South to 0.8% of North-East, except for North-West where it decreases by 1%.
In 2015, the added value of the agricultural sector of the EU-28 has amounted to 200.4 million euro, down by 0.7% over the previous year. Luxembourg and Denmark are the Countries with the most remarkable negative signs, followed by Germany, while in an upward trend are UK (+9.4%), Italy

% breakdown of the added value at basic prices by sector (million euro), 2015



TOTAL	1,468,941
Agriculture, Forestry and Fishing	33,095
Industry	276,873
Construction	71,944
Services, including public sector	1,087,029

Source: ISTAT

(+5.6%), Greece (+4%), Spain (+3.2%), France (+2%). The first five Countries for whom the agricultural added value has an incidence equal or higher than 4% on the total added value are Belgium, Portugal, France, Slovenia and Ireland.

% share of the agricultural added value* on the total added value of the EU countries, 2015

Countries	%	Countries	%
Belgium	5.1	Poland	2.4
Portugal	4.8	Croatia	2.3
France	4.3	Malta	1.8
Slovenia	4.0	Spain	1.7
Ireland	4.0	Hungary	1.4
Luxembourg	3.6	Finland	1.4
Germany	3.4	Netherlands	1.3
Cyprus	3.3	Czech Republic	1.1
Latvia	3.3	Estonia	1.0
Austria	2.8	Sweden	0.7
Bulgaria	2.5	Denmark	0.6
Greece	2.5	Lithuania	0.2
Slovakia	2.5	UK	n.d.
Romania	2.4	EU-28	1.6
Italy	2.4	Eurozone (19 countries)	

* Added value at basic prices - current values in million euro.

Source: Eurostat

EMPLOYMENT

In 2015, the EU employment market experiences a slight recovery, although at different speeds in the various Member States; the employment rate increases by 0.8%, thus reaching 65.6% and the unemployment rate decreases, thus reaching 9.4% (from 10.2% in 2014). The recovery is slower in Italy where the employment rate (56.3%) increases by 0.6% equal to over 186,000 employees and, for the first time since 2008, the unemployment rate decreases from 12.7% to 11.9%.

Foreigners employed in agriculture by geographical area (000)

		2013	2014	2015
North-West	Male	17	20	17
	Female	3	3	3
	Total	20	23	20
North-East	Male	11	11	18
	Female	5	6	7
	Total	16	17	25
Centre	Male	21	25	27
	Female	5	5	6
	Total	25	30	33
South and Islands	Male	29	34	42
	Female	11	11	13
	Total	40	45	55
Foreigners employed in agriculture (%)				
Italy	Male	13.5	15.4	16.9
	Female	10.5	11.1	12.6
	Total	12.7	14.2	15.8

Source: ISTAT. Survey on the workforce.

Agricultural workers amount to roughly 843,000 units, that is +3.8% over 2014. The greatest increase has been observed for the employees (+5.5%), although even that of the self-employed is increased by 2.2%. Male employment rate in the agricultural sector grows more than the female one (+4.6% compared to +1.7%); women experience an increase only in terms of employees (+3.5%), thus having a minor incidence in the agricultural employment (27.2%).

Agricultural workers increase in the North-West (+8.5%) and in the South (+5.5%), whereas they decrease in the Centre (-1.4%) and remain unchanged in the North-East. This leads to a slight variation of the incidence of the various districts on the Italian agricultural employment: it increases in the North-West (18%) and in the South (48.1%), while it decreases in the North-East (19.7%) and in the Centre (14.1%).

The increase of young workers, aged between 15 and 34 years (+11.1%), as expe-

People employed in agriculture in the EU (%), 2015

	Employed in agriculture / Total employed	
	15 years and more	Female incidence[1]
Austria	4.5	43.8
Belgium	1.2	28.9
Bulgaria	6.9	29.7
Cyprus	4.0	25.9
Croatia	9.2	36.9
Denmark	2.5	19.9
Estonia	3.9	31.2
Finland	4.2	25.4
France	2.7	29.2
Germany	1.4	32.0
Greece	12.9	40.5
Ireland	5.6	11.6
Italy	3.8	27.2
Latvia	7.9	32.1
Lithuania	9.1	37.2
Luxembourg	1.0	32.0
Malta	1.6	(-)
Netherlands	2.1	29.9
Poland	11.5	40.3
Portugal	7.5	34.9
UK	1.1	26.5
Czech Republic	2.9	24.5
Romania	25.6	43.2
Slovakia	3.2	18.4
Slovenia	7.0	45.7
Spain	4.1	23.2
Sweden	2.0	23.9
Hungary	4.9	24.7
EU	4.5	34.6
Eurozone (19 countries)	3.3	30.2

[1] On the total employed in agriculture
(-) unavailable datum

Source: Eurostat, Labour Force Survey

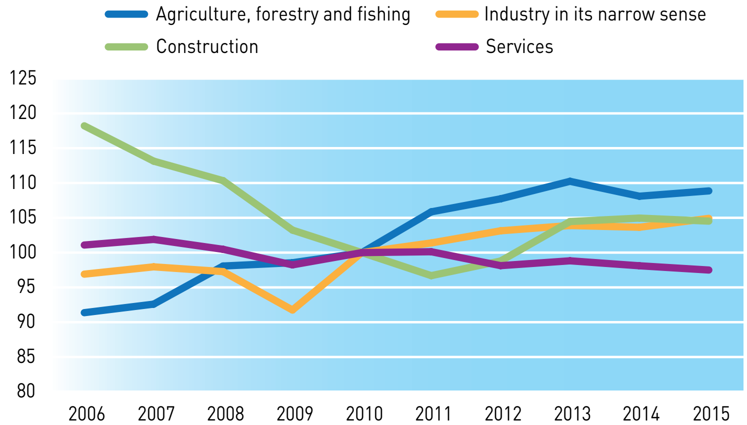
rienced in 2015 and in the previous year, gives some hope for a generational change in the sector.
Also the incidence of foreign workers in agriculture is continuously increasing and, in 2015, it reaches 15.8%, being particularly high in the Centre (27.8%).

PRODUCTIVITY

In 2015, labor productivity, measured in terms of added value per hour worked, has increased for agriculture (+0.7%) and for industry in its narrow sense (+1.2%), whereas it decreases for the building sector (-0.4%) and services (-0.6%). On the whole, the variation seems to be negative (-0.2%) for all economic activities. Among the factors that have contributed to the result in the primary sector there are, on one side, the increase of the agricultural added value which in 2015 grew nearly by 5% over the previous year, on the other side, the stabilization of the number of employees and of the hours worked. The employment growth is also ascribable to the benefit deriving from the reductions in social security contributions envisaged by the Stability law (Law 190/2014), as well as, although to a lesser extent, from the review of the discipline of redundancies for permanent contracts (Legislative Decree 23/2015) and for the delegated law 183/2014 (Jobs Act), which aimed at increasing flexibility in the use of workforce and at extending and rationalizing the social security system and the active policies.

The variation in the hours worked in agriculture seems to be positive (+3.1% over 2014). If we observe the data of the latest thirty years, we notice that the labor productivity in agriculture is generally increased. The index that in 2015 amounted to 108.8, is increased by 70% over 1985. Agriculture has experienced many transformations that, over time, have progressively led to a decrease of farms and employees.

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

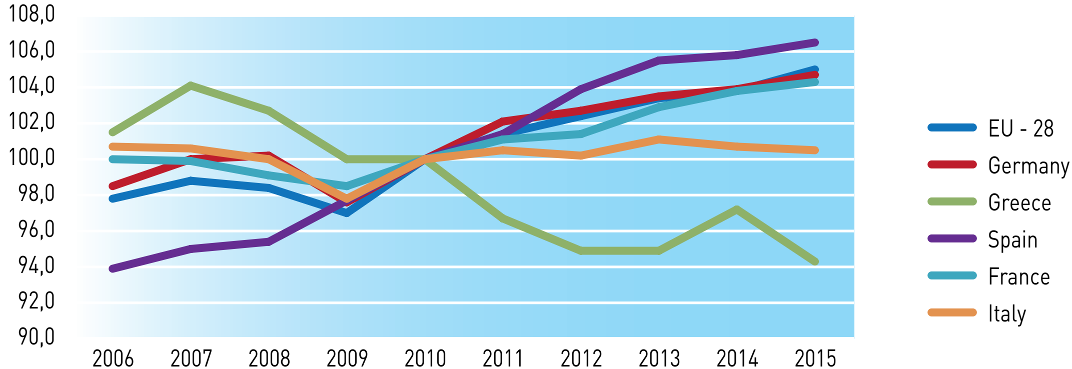


Source: ISTAT

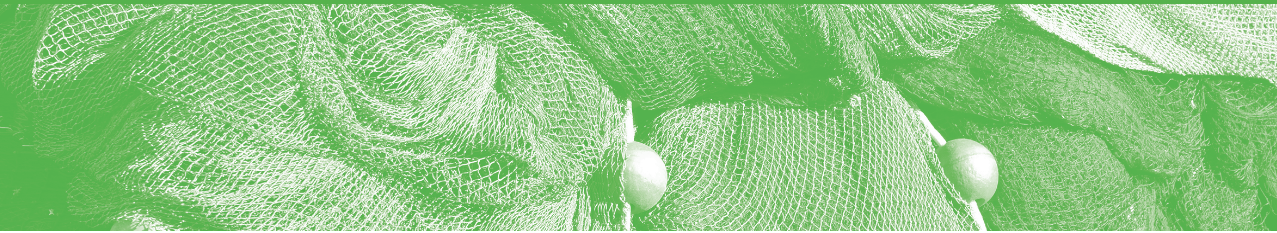
The increase in labor productivity represents an indicator of competitiveness. In this sense, in a long-term perspective, the dynamics of the Italian productivity, in all sectors of the economic activity, remains moderate mainly if compared with the main European Countries. The Italian firms confirm, in fact, the permanence of a structural difficulty worsened by the crisis. According to Eurostat and in line with the EU-28 data, France, Germany and Spain, have highlighted better performances than ours and only Greece has registered an index lower than the Italian one.

Labour productivity for all activity sectors, added value at basic prices* per hour worked - indices 2005=100

* Added value at chained values



Source: Eurostat



RECENT TRENDS IN THE SECTOR

In 2015, for the fourth year in a row, the average land price has continued to decrease, thus falling below 20,000 euro per hectare (-0.8% compared to 2014). Unlike what occurred in the past, the greatest decreases have been detected in the plains and in the northern regions, by weakening therefore the gap of land prices particularly marked in the comparison between North and South. 61% of the land property remains concentrated in the northern regions, although the agricultural surface area represents only 36% of the national UAA. The highest land values have been detected in Veneto, Trentino Alto Adige and Liguria, where the high-value crops – in particular viticulture - , the lack of agricultural areas (Trentino Alto Adige and Liguria) along with the urban dispersion have led prices at levels hardly compatible with the actual agricultural profitability. In particular, the interest of big investors for high-value agricultural realities (mainly by big local cellars with PDO wines) seems to

Average land values (thousand euro UAA), 2015

	Altitude zone					Total	% change 2015/14
	Inland mountain	Coastal mountain	Inland hill	Coastal hill	Lowland		
North-West	5.8	17.2	24.7	96.8	33.2	26.1	-1.2
North-East	29.9	-	43.5	30.5	44.1	40.6	-1.4
Centre	9.7	24.0	14.9	16.6	22.6	14.9	-0.4
South	6.4	9.8	12.1	17.1	17.7	12.9	0.1
Islands	5.7	7.1	7.5	8.8	14.1	8.5	0.3
Total	11.8	8.9	15.6	14.7	31.4	19.9	-0.8

Source: CREA-PB, land values databank

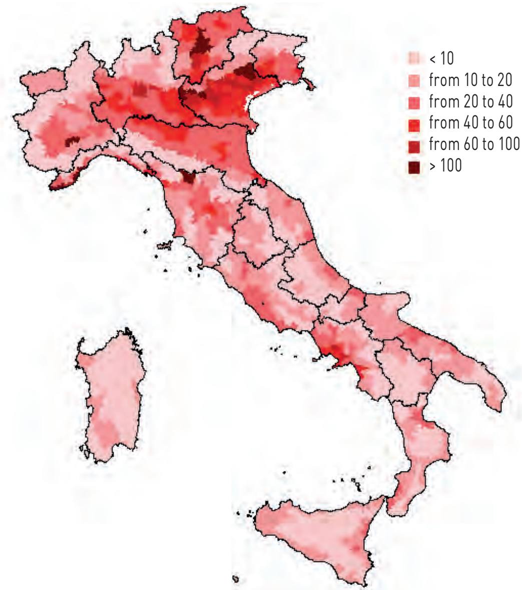
be an in upward trend, mainly stimulated by the research for more attractive earnings compared to the interest rates of the bond market.

Despite the progressive reduction in the land price, sales activities continue to be very limited due to the uncertain perspectives of some productive sectors (i.e. large crops, milk and meat), besides the volatility of agricultural markets and the implementation of different measures envisaged by the CAP, all factors that on the whole weaken the interest of potential investors. Also the access to credit is considered as one of the greatest limiting factor, although there has been a remarkable increase in mortgage loans during the latest two years which are gradually recovering the levels reached in the pre-crisis period.

In such a context, the increase of the farm size for the achievement of economies of scale, is often supported by rental that requires lower financial engagements and which is characterized by a greatest

flexibility. According to the latest survey carried out by ISTAT on the agricultural farm structure, the surface areas rented in the 2010-2013 period, including the uses for free, are increased by 7%, thus reaching 5.2 million hectares (42% of the total UAA). The increases were uniform in all districts, although they have been more evident in the South (+8%), followed by the North (+6%) and the Centre (+5%).
In particular, in 2015, the rental strengthens its role as main tool for enlarging the farm size mainly in the northern regions where the rental market has registered an accentuated dynamics with a demand which is increasing and exceeding supply, above all for lands cultivated with high-value crops. The market is in an upward trend also in the central regions and in the South, probably due to the implementation of the new measures of RDPs, mainly those for young farmers.

Average land values per agricultural region (.000 euro/ha), 2015



Source: CREA-PB, land values databank

INVESTMENTS

In 2015 it has been detected, although to a lesser extent, an increase in agricultural investments, thus reversing the negative trend that had characterized the latest years. Gross amounts at current prices have increased from 8,669 million euro, in 2014, to 8,727 million euro in the year analyzed. The growing rate of the current values has amounted to 0.7%, in line with the other productive sectors, whereas that one related to the real values (chained values, reference year 2010) was of 0.6%. The incidence of investments in agriculture on the total economy has remained therefore unchanged at 3.2%.

Considering the values expressed in unitary measures, it has been pointed out a situation of greater difficulty for the agricultural sector. The ratio with the agricultural added value has lost one percentage point, falling down from 29.8% to 28.9%; also the investments per work unit are decreased by 1.5% over 2014, with a value of 6,907 euro. In the specific, this indicator highlights a negative economic downturn for the investments in agriculture, since the same ratio has improved for the other productive sectors, in some cases also substantially (+1.4% for the manufacturing industry, +4.6% for the building sector). The increase of roughly 2% of work in the agricultural sector has influenced this ratio.

By comparing the recent dynamics in the investments with that one in the capital stock it is clear that agriculture still suffers many difficulties, despite the trend reversal registered in absolute values. The amount of capital utilized in agriculture to the net of depreciations, expressed in current value, has indeed experienced a downward trend of 2.4% over 2014, therefore the new investments

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

Years	Current values mio. euro	Chained values* mio. euro	% on[1] tot. invest.	% on[1] agricultural Added Value
2009	10,174	10,349	3.2	36.6
2010	10,806	10,806	3.4	38.0
2011	12,037	11,687	3.7	40.4
2012	11,194	10,686	3.8	37.9
2013	9,226	8,871	3.3	31.0
2014	8,669	8,329	3.2	29.8
2015	8,727	8,380	3.2	28.9

* chained values, reference year 2010.

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

Source: ISTAT

Gross fixed investments: characteristic ratios by main sectors, 2015 *

	Agriculture, Forestry and Fishing	Manufacturing	Construction	Services[1]	Total sectors
Investments per work unit					
euro	6,907	14,356	3,605	10,599	11,013
% change 2015/14	-1.5	1.4	4.6	-0.4	0.0
Net stock of capital per work unit[2]					
000 euro	157.2	230.1	43.2	261.8	232.1
% change 2015/14	-4.5	-1.9	-2.8	-1.1	-1.2

* Chained values, reference year 2010
[1] to the gross of investments in housing
[2] To the net of depreciations

Source: ISTAT

failed in offsetting the loss in value and the obsolescence of the capital (depreciations). The net capital stock per agricultural work unit suffered a greater decrease (-4.5%), as a consequence of the already mentioned annual increase in the work employed in the sector, further reducing the ratio.

Despite very low nominal interest rates, and therefore a low cost for borrowing the necessary capitals, the investments in the agricultural sector do not increase, still influenced by a climate of future uncertainty and by the negative expectations of the economic operators.

In 2015, bank loans in the agriculture, forestry and fishing sector remained essentially stable over the previous year (-0.1%), with an overall amount of 44.4 billion euro. The trends are nevertheless different in the various Italian districts. South, in particular, experiences a contrasting trend compared to rest of the Country, with a +1.9% contrary to the widespread decreases. Nevertheless, the North of Italy holds the majority of the credit granted by banks to the agricultural sector (61.6%), whereas only 19% has been detected in the South and on the Islands.

Compared to the rest of the economy, the bank loans in agriculture represent a relatively significant percentage compared to the added value, equal to 134% , if considering that the bank loans in the manufacturing sector represent 60% of the added value produced.

The different territorial structure of the bank debt is also highlighted by the ratio between the amount of loans and the value

Bank loans to agriculture, December 2015

	Agriculture[1] (million euro)	% on total loans	% on agricultural production[2]
North-West	12,415	4.0	104.6
North-East	14,894	6.3	95.9
Centre	8,586	4.3	98.1
South	5,259	5.6	37.4
Islands	3,207	7.8	43.1
Total	44,358	5.0	76.9

[1]Including forestry and fishing.

[2]Production, at basic prices, for agriculture, forestry and fishing, at current values.

Source: Bank of Italy and ISTAT

Lending to agriculture beyond the short term, December 2015*

Type	(million euro)	% change 2015/2014	East-term loans to tot (%)
Machinery and equipment	4,779	-3.0	4.2
Construction and rural buildings	5,261	-8.1	1.7
Other rural structures	2,631	1.0	5.0
Total	12,671	-4.4	3.4

* Outstanding loans with maturity of over one year

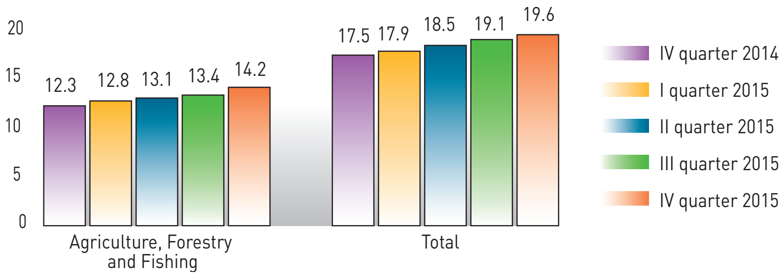
Source: Bank of Italy

of the agricultural production; while in the northern and central Italian districts the bank loans cover the value of the agricultural production with percentages well above 90%, in the southern regions the same percentage is of only 37% and for the Islands it slightly exceeds 40%.

Also for 2015 it has been observed a certain prevalence of the short-term credit compared to the long-term credit. Actually, it has been noted that only 28.6% of bank loans is addressed to investments, a percentage that is in decrease over the previous year (-1%). 38% of the annual amount for the medium and long-term credit is used for financing the construction of farm buildings; 42% is used for the purchase of machinery, equipment and means of transport; the remaining 21% is allocated to the purchase of other rural buildings. The comparison with 2014 shows even more sizeable reductions in the absolute values of the medium-term credit and long-term credit (-4.4%) and the greatest decreases have been those related to the construction of rural buildings (-8.1%).

In 2015, agricultural gross non-performing loans have increased from 5.4 million euro, in 2014, to 6.3 million euro during the year analyzed. The quality of credit points out increasing difficulties for all bank customers: the ratio between gross non-performing loans and loans is increased by almost two percentage points both in agriculture and in all other economic sectors. This ratio seems to be nonetheless structurally lower than the rest of the economy and also in 2015 it has a less unfavorable economic trend. The increase of all agricultural non-performing loans has also led to an increase of the share in the non-performing loans with real guarantees (equal to +15.3% over 2014), but also in this case the sector has shown a quality of the insolvency risk that is better than the other sectors, with a ratio between the non-performing loans backed by collateral on the gross total equal to 57%, compared to an incidence of 39% highlighted by the rest of the economy.

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



Source: Bank of Italy

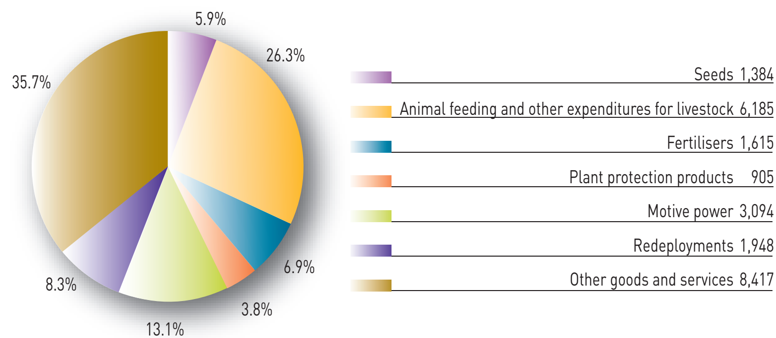
INTERMEDIATE CONSUMPTION

In the 2014-2015 period agricultural intermediate consumption experienced a sizeable decrease at current values (-3.5%), thus falling below 24 billion euro. The decline in nominal value is almost exclusively ascribable to the dynamics in prices decreased roughly by 3.2% and, in particular, to those of redeployments and of energy products. Also the prices in the animal feeding and financial and livestock services have sharply decreased contextually with the decline in quantities. The use of seeds is in a downward trend but, as a consequence of the increase in prices, the value in consumptions increases by 1.5%. Fertilizers and plant protection products highlight a positive trend both in value and in quantity. The composition of intermediate consumption did not experience substantial changes, it is nevertheless worth pointing out the increase of the expenditure item “others and goods and services”. The volatility of prices of the agricultural productive factors, which has characterized the post-crisis period, seems to have lessened during 2015, especially in the second semester. The only exception is represented by seeds whose prices have essentially had an increasing trend in the 2014-2015 period, with an upswing at the end of the latest year. More constant were the prices of the other technical means with the prices in the animal feeding that stabilize after a net decrease since the first months of 2014.

The forestry sector has experienced a decline in intermediate consumption (-1.1%) mainly due to the negative dynamics of prices rather than to the decrease in quantities. In the fishing and aquaculture sector, the decline since 2014 has been decisively more accentuated (-9.2%) and also in this case the reduction in consumption was mainly ascribable to prices.

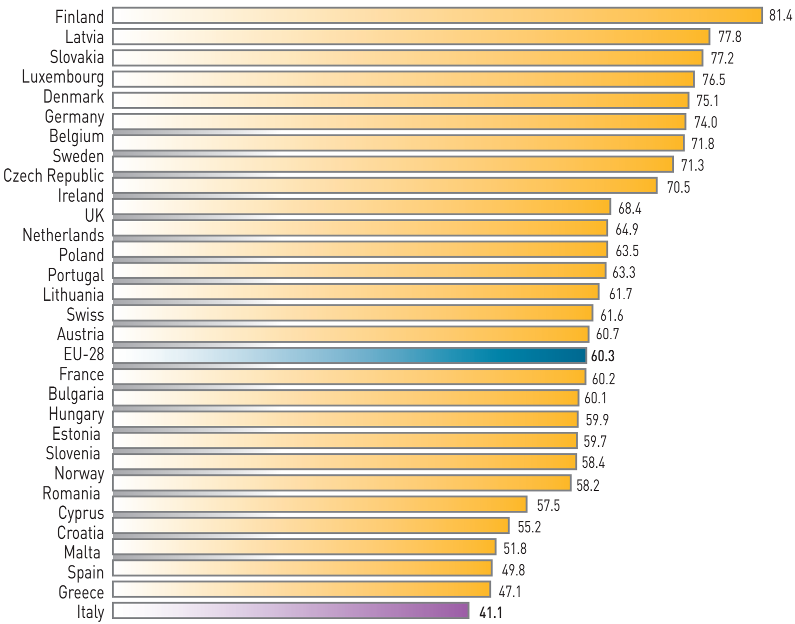
At the Community level, intermediate

Breakdown of the intermediate agricultural consumptions (mio. euro), 2015



Source: ISTAT

Intermediate consumptions on the EU-28 agricultural output (%)



* Agricultural output of goods and services at basic prices and intermediate consumption valued at current prices.

Source: Eurostat.

costs have decreased by 2.5% at current values, in the 2014-2015 period, a variation that was almost entirely ascribable to the dynamics in prices (-2.1%). The greatest decline was observed in the prices for energy and lubricants (-9.9%), followed by animal feeding stuff (-3.8%). In a slight recovery are the expenditures for veterinary care, fertilizers and soil improvers. The expenditure for the animal feeding stuff represents over one third of the total value of intermediate consumption and the last ones have an incidence of over 60% on the value of agricultural production.

The share of intermediate consumption varies considerably among the European countries, ranging from 81% of Finland to 41% of Italy. This strong variability depends on the different agricultural productive systems which are characterized by a higher intensity of workmanship in the Mediterranean countries and in the eastern Europe, whereas the Centre-North of the continent is mostly characterized by extensive agricultural productive systems.

CLIMATE AND WATER AVAILABILITY[1]

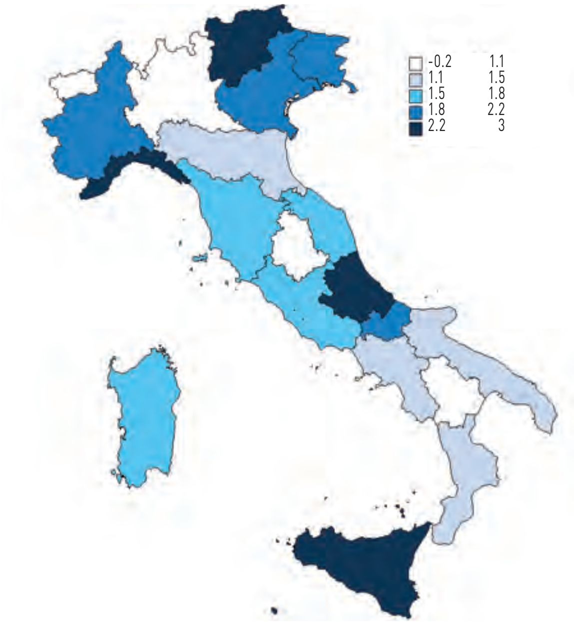
The year 2015 was another particularly hot year on all national territory, as it occurred in 2014, with temperatures above the average climate and above the absolute values of the latest two centuries. In the first part of the year, winter season has registered a thermal decrease of +0.9% over the climate average (January +1.2%°C) and a surplus of rainfalls equal to 36% (February +50%). North seemed to be more hot, whereas the Centre-South more rainy. Bad weather conditions characterized the period between the end of January and the beginning of February, with damages to the winter crops such as cabbages, chicory, artichokes, radicchio and broccoli, and difficulties in the harvesting. The bad weather damaged mostly Lombardy, Veneto, Lazio, Tuscany and Campania, with landslips and mudslides, flooding of seeded lands, destruction of harvests, the uncovering of greenhouses, interruption of the functioning of milking and refrigerators due to electric blackout, loss of fodder for feeding animals.

Spring-time was characterized by temperatures exceeding by 1.4°C the average and by a strong instability, particularly in June. April and May have experienced a particularly dry climate: the average rainfall has pointed out a general deficit of 50% (with peaks of 80% on the Islands, in Puglia, North-East and Liguria). Also May has suffered a deficit of 31% in rainfalls compared to the average, whereas June has highlighted remarkable territorial differences: the South has suffered more rainfalls and the North-West has had a negative rainfall spread. The presence of a low-pressure area, from May to June, with storms, hail and strong winds, has created many damages to the agricultural activities. The hardest hit Regions were Piedmont (damage for apples, kiwis, apricots, barley and wheat) and Emilia Romagna (damage for strawberries, cherries and apricots, radicchio and arugula). In the South, the main difficulties have been detected in Puglia, where the first harvests of cherries "Bigarreaux" have been damaged, the most precocious, and some varieties ready to go into production, such as the "Georgia" and the "Ferrovia". The bad weather conditions of June have mainly involved Lombardy (damage for maize, permanent meadows with the hay ready to be cut, vegetables and cultivation of small fruits, vineyards), Trentino (damage for pear-trees and apple-trees) and Campania (damage for tomatoes San Marzano, green string beans and peppers, fruit trees). Citrus production has proved to be negative, with shortage of product in Sicily and almost non- existent in southern Puglia.

The summer 2015 has been the third hottest summer since 1800, with +2.3°C over the average. The hottest month was July with +3.5°C, mainly in the Centre- North, thus registering up to +5°C. July has suffered an overall rain deficit of -32%, more accentuated in the North where the accumu-

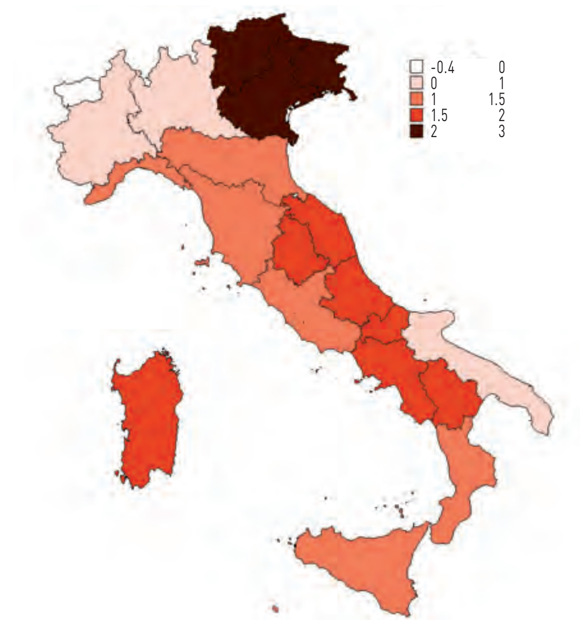
[1] *Information and data have been extracted from the quarterly reviews on meteo and climate trends and the implications in agriculture carried out by the former INEA within the project "Attività di ricerca e support tecnico in material di rischio climatico e fitosanitario in agricoltura, politiche e strumenti di gestione".*

Deviation from the climatic average of the minimum average temperatures (°C)



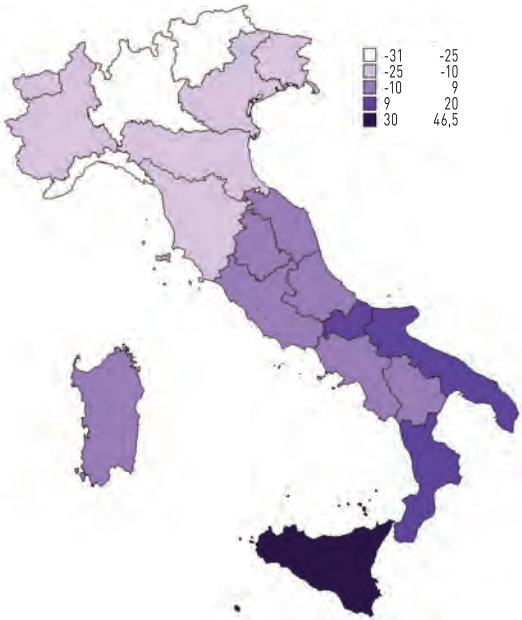
Source: CREA processing

Deviation from the climatic average of the maximum average temperatures (°C)



Source: CREA processing

Deviation from the climatic average of the average rainfalls (mm)



Source: CREA processing

lations per month were close to the zero. The month of August, also this one with temperatures above the average (+1.5°C), seemed to be more rainy, with a 33% surplus over the average, although with strong territorial differentiations: more abundant rainfalls in the Centre-South, below the average in some northern regions. September has been more hot than the seasonal average of about +0.9°C, particularly in the Centre-South (up to +2°C). In terms of rainfalls, sizeable decreases have been observed in the North-West and in Tuscany, whereas rainfalls decisively over the average have been detected in the South and on the Islands, mainly in Calabria (up to three times the average of September). Storms and hail have jeopardized Emilia Romagna (damage for fruit trees, vineyard, maize, soya) and Sicily (damage for citrus, olive-trees and artichokes).

The greatest consequences have involved the production of industrial tomatoes, conditioned by the particularly hot climate that has influenced the product yield and the quality. As far as strawberries are concerned, the drop in temperatures has led to a contraction in consumption, thus producing an overlapping of production between South, North and Spain, with a decrease in prices and an overall negative balance. Maize has pointed out a decrease in the yields, due to the water stress in the summer time, and many phyto-sanitary problems ascribable to the increase of moisture because of storms (dryness associated to strong attacks of red spider in the areas of Veneto and Lombardy). The 2015 olive-growing campaign has ranked Italy to the second place in the production of oil at the worldwide level, with a productive increase of 50% compared to the poor year 2014, although Puglia and Sardinia have suffered problems due to the exceptional rain and hail. Data about grape harvesting have placed again Italy to the world leadership among producer countries and the good year would have been facilitated by the low incidence of diseases and by the presence of a particularly favorable climate, even if supplemental irrigations have been used.

The latest months of 2015 were characterized by a phase of autumn-winter dryness: minimum temperatures above the climatic average with peaks up to +2.9°C in the North, and maximum temperatures to +3.7°C in December, alternated phases of heavy rainfall (October), mainly in the South, and shortage of rainfall (November and December). In December, it has been detected an almost total absence of rainfall in many areas, also of snowfall, and all territory has highlighted average values of rainfall equal to -90% compared to the average values. The hydro-climatic balance has pointed out deficit values of 120-130% in northern Italy. The main water basins have suffered many difficulties so much to declare a drought emergency in the main Lombard lakes, for the Po river and its tributaries as well as for the Piave basin. The few but nevertheless heavy rains of October have triggered many critical issues to the agricultural sector due to the overflow of rivers and the following flooding of fields, landslips and mudslides in Abruzzo (damage to leafy vegetables, PGI carrots of Fucino and potatoes), in Lazio (criticality with the seeding of vegetable crops), in Campania (damage in the vineyards of Aglianico and Falanghina), in Sardinia (damage for vegetables, vineyards and olive-trees, farm's equipment and machineries) and in Sicily (damage for citrus and vineyards). It has also been detected the presence of new harmful pathogenic agents for crops, due to temperatures higher than the average. The harvest of citrus started with a delay of about 10-20 days, mainly in Puglia and in Metapontino, and the market has been characterized by a limited supply, medium calibers and good quality. The market of autumn/winter products has experienced a very swinging trend, slowed down by temperatures, and after the satisfactory prices of September/October it collapsed again. Also the situation for the brassica was negative, since the increase in temperatures has led to a not particularly interesting production for the fresh market, with unsatisfactory prices.

PRODUCTION LEVELS

In 2015, production in the Italian primary sector, assessed at constant prices, has registered a recovery (+2%) over the previous year; at the same time, the downturn of the products sold, decreased by just 0.5%, has stopped. It has therefore been detected an increase of the agricultural, forestry and fishing production (+1.5% at current terms) which exceeds 57.6 billion euro. The overall result of the agricultural, forestry and fishing sectors has strongly been influenced by agricultural component, which has a remarkable incidence on the total (94.4%), though even the other components have registered positive variations both at current values and in real terms (link-chained values).

Considering only the agricultural component, the overall value of production seems to be made up for 52.1% by vegetable crops (+5% over 2014), for 29.9% by livestock breeding, remained essentially stable, and for 12% and 5.9% by support activities and secondary activities, also these ones with stationary shares compared to 2014.

A good performance has been observed for all woody crops, with positive variations in quantities mainly for olive products (+51.8%), in addition to the good results of the wine products, fruit and citrus (+9.2%, +6.2% and 15.1% respectively);

Value of output and services at basic prices by main category, 2015

	Current values		% change 2015/2014		
	million euro	%	at current values	at chained values	implicit prices
Herbaceous crops	14,043	24.4	-0.1	-2.8	2.7
Fodder crops	1,311	2.3	-17.7	-4.3	-14.0
Tree crops	13,021	22.6	15.9	12.3	3.2
Livestock	16,290	28.3	-4.1	0.8	-4.9
Support activities to agriculture[1]	6,585	11.4	2.3	0.5	1.8
Secondary activities[2]	4,144	7.2	-2.0	-0.6	-1.4
Secondary activities (-)	958	1.7	1.7	-0.6	2.3
Forestry	1,524	2.6	1.0	1.8	-0.9
Fishing	1,701	3.0	-0.8	0.4	-1.2
Total[3]	57,664	100.0	1.5	2.0	-0.5

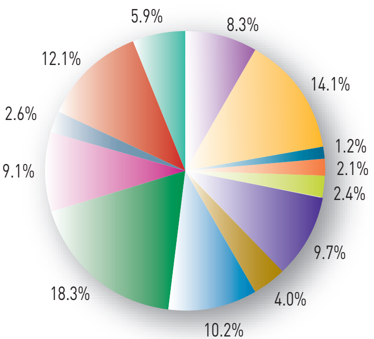
[1] Including active and passive agricultural contract work, packaging of agricultural products, maintenance of parks and gardens, services connected to livestock farming, artificial insemination, new sport facilities.

[2] Activities performed in agriculture, such as farm stays, processing of milk, fruit, meat, etc.

[3] To the net of secondary activities performed by other branches of the economy.

Source: ISTAT

Production of goods and services at basic prices of the agricultural sector - Values at current prices (million euro), 2015



Total	54,438
Cereals and dried legumes[1]	4,540
Vegetables[2]	7,700
Industrial crops[3]	657
Flowers and ornamentals	1,146
Fodder crops	1,311
Wine products	5,259
Olives	2,188
Fruit and citrus	5,575
Meat	9,968
Milk	4,929
Eggs and other[4]	1,393
Support activities to agriculture	6.585
Secondary activities (+ and -)[5]	3,186

[1] Dried legumes (96 million euro)

[2] Of which potatoes (609 million euro) and fresh beans (253 million euro)

[3] Sugar beet (97 million euro), tobacco (156 million euro) sunflower (56 million euro), soya (320 million euro).

[4] of which honey (50 million euro)

[5] Secondary activity should be thought both as the activity performed in the agricultural sector and, therefore, not separable, pointed out by the + sign, and as the activity performed by other economic activities related to crops and livestock which are indicated by the - sign

Source: ISTAT

an opposite trend has conversely been detected for fodder (-4.3%) and herbaceous sector (-2.8%), except for dried legumes.

The increase in volume of the breeding products has been low (+0.8%) – influenced by the lasting difficulties that have involved beef meat (-3.0%) – which have also suffered a decline at current values triggered by the decrease in prices (-4.9%).

It is worth pointing out the further strengthening of the support activities, whose positive variation is nevertheless moderate in real terms (+0.5%), mainly supported by the increase in subcontracting, first processing of products and maintaining of lands.

A downward trend was observed in the secondary activities carried out by farms (-0.6% in real terms), whose result has mostly suffered the decrease of the production values of renewable energy (-5%), conversely it is confirmed the increase of the agritourism, of social and recreational activities (+2.8%) and, although to a lesser extent, of direct selling activities (+2.1%).

In terms of vegetable production, a key role is played by potatoes and vegetables, as well as by the wine products (wine and grapes sold), which reaches an incidence

Main vegetable productions, 2015

	Quantity		Value[1]	
	000 t.	% change 2015/14	000 euro	% change 2015/14
Wine (000 hl)	19,415	12.5	3,458,692	8.4
Oil	387	45.8	1,888,702	91.4
Durum wheat	4,399	9.0	1,739,791	15.4
Nurseries	-	-	1,341,743	-3.0
Fodder (hay)	-	-	1,311,345	-17.7
Grapes conferred and sold	3,903	9.4	1,255,725	9.7
Flowers and ornamental plants	-	-	1,145,736	-4.7
Tomatoes	6,426	14.3	1,136,296	2.0
Hybrid maize	7,229	-21.9	1,131,217	-31.7
Apples	2,440	-1.4	762,374	-0.6
Family gardens	1,752	-1.2	707,100	6.3
Oranges	1,905	14.2	653,080	13.2
Fennels	505	-4.7	644,855	0.4
Potatoes	1,355	-0.8	608,876	-7.6
Soft wheat	2,996	-3.5	573,492	-8.0
Table wine grape	1,000	0.1	530,591	1.5
Artichokes	422	-6.6	527,129	6.5

[1] Production at basic prices expressed at current prices.

Source: ISTAT

higher than 27% and 16% on the entire component. During the year, these last ones have been supported by remarkable positive variations both in value and in quantity. The trend in the horticultural sector was more irregular, characterized by the sizeable productive increase of tomatoes (+14.3%), counterbalanced by the productive decrease registered by fennels (-4.7%), potatoes (-0.8%) and artichokes (-6.6%). Further productive decreases in the herbaceous sector have involved only the main cereals: maize (-21.9%) and common wheat (-3.5%); whereas in the fruit sector, the decrease involved apples (-1.4%). Conversely, the year 2015 has highlighted a great recovery of the olive production (+45.8%) and a good performance of citrus, mainly thanks to the sizeable increase of oranges (+14.2%).

The livestock sector, except for the difficulties of the bovine sector and the bad performance registered for rabbits and game meat, has pointed out signals of recovery in the quantities produced in rela-

Main livestock productions, 2015

	Quantity[1]		Value[2]	
	000 t.	% change 2015/14	000 euro	% change 2015/14
Beef	1,238	-3.0	3,077,445	-3.4
Pigmeat	2,086	2.9	2,808,653	-5.5
Poultry	1,807	4.1	2,897,436	0.8
Rabbits and game	373	-3.8	929,007	-6.1
Goat and sheep meat	59	1.6	169,707	-4.4
Horsemeat	40	1.5	85,399	-5.4
Cow milk and buffalo milk (000 hl)	112,174	0.3	4,360,021	-8.9
Sheep and goat milk (000 hl)	5,147	0.5	569,407	20.6
Eggs (millions of units)	13,093	2.7	1,332,661	-4.3
Honey	9	11.0	49,863	15.2

[1] Live weight for meat.
[2] Production at basic prices expressed at current prices.
Source: ISTAT

tion to the other types of meat (poultry, pigs, sheep and horses), associated to the good productive result of eggs (+2.7%) and a moderate positive trend of milk production, both bovine and sheep. Nonetheless, only the last one has been characterized by a remarkable recovery of the value produced (+20.6%), compared to sizeable decreases for almost all of the other items of the component. Lastly, it should be highlighted the recovery in the honey sector (+11%) with a more marked increase in value.

Also for the forestry production, the year 2015 has registered a positive trend, with an increase of 1.8% in real terms, consequence of a downsizing of the cuts for fire wood, which has been more than compensated by the increase of those aimed at producing working wood and by the harvesting of fruit plants from the woods (+23.6%), among which mainly chestnuts have coped with the repeated crisis related to the spread of the gall parasite. At the same time, poor rainfalls have negatively influenced the gathering of mushrooms and truffles (-9.5%).

A slight positive contribution to the increase of the sector came also from the fish sector (+0.4%), which has nevertheless suffered a further decline of production deriving from the catches (-0.5%), which has been offset by the increase in aquaculture (+1.9%). The sector has therefore continued in suffering the difficulties related to the decrease in consumption and to the restrictions to the

Support activities and secondary activities in agriculture, 2015

	Current values (million euro)					% changes (current values)	% change (chained values)
SUPPORT ACTIVITIES	2011	2012	2013	2014	2015	2015/14	2015/14
Seed processing for sowing	209.7	236.9	275.6	266.6	284.3	6.6	0.0
New crops and plantation	235.2	251.5	246.1	222.5	197.7	-11.1	-11.7
Agricultural activities (subcontracting)	2,522.3	2,706.3	2,820.8	2,934.9	2,964.3	1.0	0.7
First processing of agricultural products	2,089.3	2,149.2	2,139.6	2,097.6	2,224.9	6.1	1.8
Maintenance of land in order to keep it in good agricultural and ecological conditions	492.6	511.1	535.4	546.7	552.2	1.0	0.8
Support activity to the livestock breeding	199.8	204.4	204.8	204.1	196.2	-3.9	-2.0
Other support activities	149.9	159.5	166.9	164.4	165.6	0.7	0.3
Total	**5,898.8**	**6,218.9**	**6,389.3**	**6,436.7**	**6,585.2**	**2.3**	**0.5**
SECONDARY ACTIVITIES	2011	2012	2013	2014	2015	2015/14	2015/14
Aquaculture	7.0	7.0	7.2	7.4	7.5	1.4	0.5
Processing of vegetable products (fruit)	157.8	152.8	175.1	165.1	183.6	11.2	5.3
Milk processing	301.4	295.0	303.7	321.6	300.9	-6.4	0.3
Farm stays, including social and recreational activities, educational farms and other ancillory activities	1,164.0	1,114.1	1,138.8	1,153.6	1,188.4	3.0	2.8
Processing of animal products (meat)	317.8	315.2	323.8	314.3	296.5	-5.7	2.0
Renewable energy (photovoltaic, biogas, biomasses)	847.7	1,449.0	1,471.5	1,401.5	1,301.0	-7.2	-5.0
Handicraft (wood processing)	59.0	57.8	58.3	59.0	59.4	0.7	0.3
Production of feedingstuffs	195.9	201.0	207.1	190.3	169.4	-11.0	-1.2
maintenance of parks and gardens	328.4	340.7	356.9	350.9	343.9	-2.0	-2.5
Direct sales/marketing	265.0	266.5	280.3	266.0	293.3	10.3	2.1
Total	**3,643.9**	**4,199.1**	**4,322.8**	**4,229.7**	**4,143.9**	**-2.0**	**-0.6**

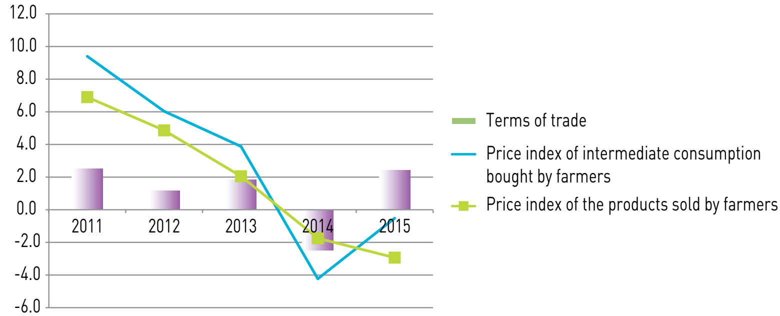
Source: ISTAT

fishing activities due to biological rest periods.

At the Community level, conversely to what observed for our Country, the agricultural year 2015 has been characterized by a negative variation of the production value in real terms (-0.9%), besides a decline in production prices and a more consistent decrease in current values (-2.4%). The loss in production has been particularly accentuated in Romania (-8.9%), Germany (-2.8%), Poland (-2.7%), Spain (-1.8%) and France (-1.4%), whereas Denmark, Italy and Netherlands have shown a countertrend. The productive decline, at current values, has mainly been ascribable to the livestock productions (-6.6%), strongly influenced by the bad performance of the dairy sector (-15.3%) and of the pig sector (-9.5%).

The vegetable sector, which has remained substantially unchanged, has experienced some decreases only in the cereal sector (-6.4%) and for sugar beet (-22.5%), compared to particularly positive trends for olive oil (+10.6%) and fruit (+8.3%).

Annual changes of price index and terms of trade



Source: ISTAT

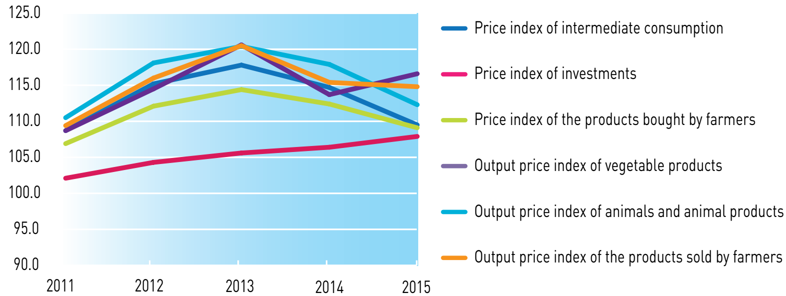
In 2015 the terms of trade of the agricultural sector, measured by the comparison between the variation of the index of production prices and the variation of the index of the prices for intermediate consumption, is improved again (+2.4%) after the negative trend of the previous year.

This result has been influenced by the remarkable decline in prices of the products purchased by farmers for carrying out their activity, thus allowing a good recovery of financial margins by agricultural producers. On the whole, the average annual variation of the price index for technical means and services of common use and investment goods has registered a yearly decrease of -2.9%. Among the products purchased, the prices of goods and intermediate services have shown an ever more sizable decline, equal to -4.5%, as a consequence of the remarkable decreases that have involved energy (-9.5%) and animal feeding (-9%), compared to the increases of all other categories of products, with the highest peaks for fertilizers and soil conditioners (+3%) and seeds (+4.8%). Conversely, investment goods have highlighted an increase of 1.4%, mainly supported by capital goods (+1.8%) and, to a lesser extent, by agricultural buildings (+0.7%).

Also the price index of the products sold to farmers has highlighted a downward trend, although more contained (-0.5%), thus fostering the recovery of the terms of trade.

In this case, it has been detected an opposite trend between the vegetable and animal productions. Vegetable productions have registered a recovery of the annual index (+2.6%), thanks mainly to the positive variation of the olive oil which is strongly increased by +32.3%, associated also to a good trend for vegetables and plants (7.1%) and, to a lesser extent, for fruit (2.5%). Conversely, it has been sharp the decrease of the index for the prices charged by farmers in the selling of livestock products, with a more accentuated decline for animal products (-6.4%) rather than for live animals (-3.6%).

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

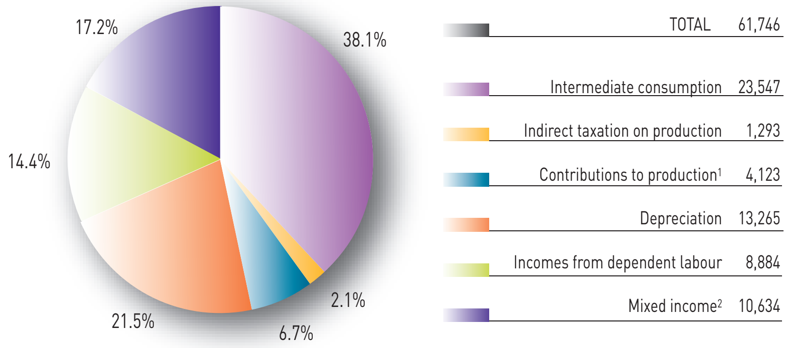


Source: ISTAT

In 2015, the agricultural, forestry and fishing sector has generated an added value little exceeding 33 billion euro (at current prices), equal to 2% of the national GDP, in increase by 4.7% over 2014. Analyzing the breakdown of the overall value of agricultural production, it has been detected a high incidence of intermediate consumption for seeds, fertilizers, animal feeding, energy, services and other means of current use which represent over 38% of the total. In terms of the value for the contributions and subsidies earmarked, it has been observed a decline compared to 2014: in percentage terms there has been a decrease from 9.4% to 6.7%. Compensation of employees have instead registered a slight increase over 2014 with values from 13.3% to 14.4%. The situation remained quite unchanged in the case of depreciation that remain at 21.5% of the total production value. The mixed income, represented by the remuneration of self-employment, of capital and of firm, to the net of depreciation and of contributions to production, represents a consistent share of the production value, equal to 17.2%, up by 17.2% over 2014. It has furthermore been observed a slight increase from 1.5% to 2.1% of the indirect taxes on production.

The Eurostat figures have pointed out that

Breakdown of the value in the agricultural output (mio. euro), 2015*



* Including forestry and fishing.

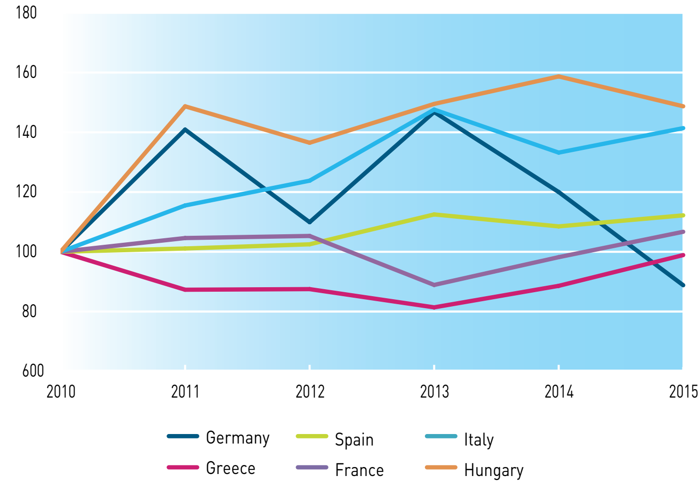
[1] New CAP aid, interest subsidies (rural development, natural disasters, etc.), aid to extra-agricultural sectors (tobacco, wine, etc.).

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

Source: ISTAT

the real agricultural income per work unit, corresponding to the real agricultural net value added, to the cost of factors per total annual work unit, has suffered a decrease by 1.8% over 2014 in the EU-28 Countries. The decrease was more accentuated in Germany (-35.1%), Denmark (-24.5%), UK (-23.9%) and Romania (-21.8%). Some increases in the real income have nevertheless been detected in Croatia (+18.2%), Latvia (+15.9%), Greece (+10.4%) and Malta (+7.5%). Also Italy has experienced a good performance with an increase of the real agricultural income of 5.8%.

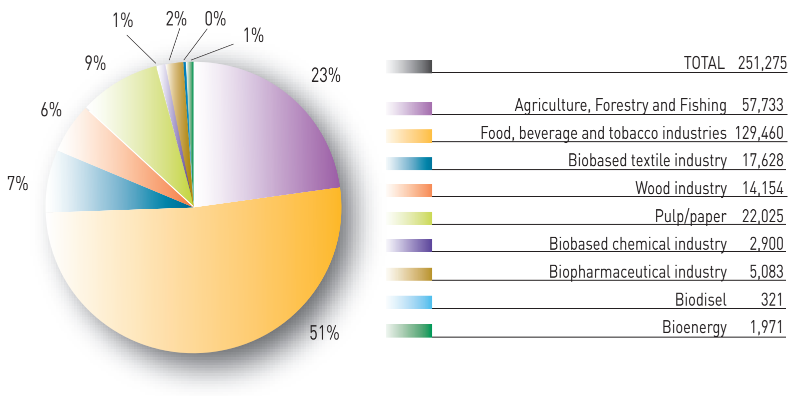
Trend in the real agricultural income per work unit in some european countries



Source: Eurostat

BIO-ECONOMY

Turnover of the bioeconomy in Italy (mio. euro), 2015



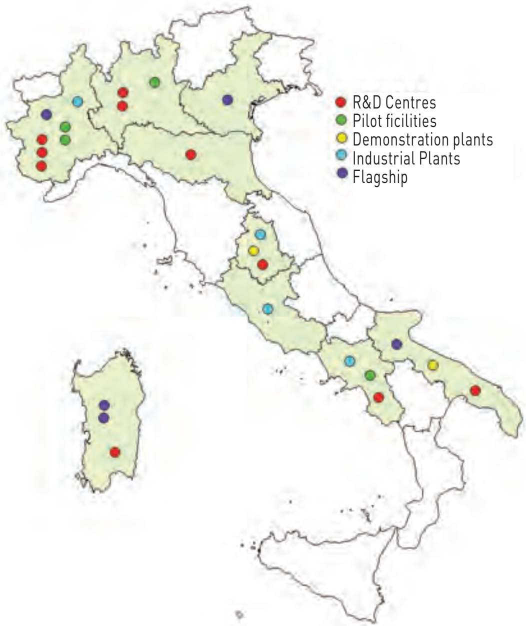
Source: Estimates of the CREA working group, Assobiotech, Intesa Sanpaolo, Cluster Spring

Bio-economy involves all of those economic sectors that make use of renewable bio-resources of the land and sea – such as crops, forests, fishes, animals and microorganisms, as well as biological residuals and waste – in order to produce goods and services in a sustainable way in terms of economic, social and environmental profile. Two key-concepts for the development of bio-economy are represented by the circular economy and the cascading approach. A circular economy is an economic model aimed at maintaining as long as possible the added value of products in the economic value chain, thus minimizing waste and residuals. This means that resources remain a longer time in the economy and when a certain product has reached the end of its life it can be productively re-used. The cascading refers to an approach according to which bio-refineries prefer to use products with a greatest added value, such as bio-products and industrial materials, besides bio-energy, by using sub-products and waste for triggering innovative productive processes and the production of energy.

In Europe, the bio-economy sector, in its widest sense (agriculture, forestry and fishing included), has an economic incidence exceeding 2,100 billion euro and little less of 20 million people employed, equal to 9% of the total European turnover and employment. The bio-based industry represents almost one third of the turnover and one fourth of the employment generated by the European bio-economy.

For Italy it has been assessed a total turn-

Places of Bioeconomy in Italy



Source: Cluster Spring

over of the bio-economy equal to 251.2 billion euro, a leading position in the EU, the second country after Germany. Currently Italy boasts in the sector 4 pilot installations, 2 demonstrative installations and 4 industrial sites, with 5 forefront industrial productions, with 1,657 researchers in dedicated research centers who are present in at least 9 regions.

In the bio-based industry, the most interesting market is that related to bioplastics, characterized by a strong diversification in the uses, ranging from beverage bottles to the packaging sector and electronic keyboards. In terms of use, roughly 8.6% of the global market involves agriculture. Among the most interesting uses there are the mulching films, drapes for the protection of crops from dust and weather conditions, vases for propagation, pheromone traps that must not be removed after use.

FISHERIES

Consistency of the fishery fleet in the EU-28, 2015

	Vessels (n°)	% change 2014-15	Tonnage (t)	% change 2014-15	Motive power (Kw)	% change 2014-15
Belgium	76	-3.8	14,072	-3.3	45,327	-2.1
Bulgaria	1,981	-1.7	6,555	-0.8	57,989	-1.3
Cyprus	832	-12.3	3,339	-9.8	37,731	-9.9
Croatia	7,727	-0.1	51,777	-3.1	419,177	-1.4
Denmark	2,369	-3.2	66,445	-4.5	220,078	-2.4
Estonia	1,538	1.5	13,471	1.0	44,308	-0.4
Finland	2,723	-14.3	15,420	-6.3	156,870	-8.9
France	6,911	-2.2	172,043	-0.8	999,549	-1.3
Germany	1,443	-3.2	63,997	7.0	141,237	2.0
Greece	15,393	-1.3	72,141	-5.9	434,583	-3.5
Ireland	2,155	-0.1	63,610	0.0	193,804	0.7
Italy	12,325	-0.9	157,819	-3.6	984,788	-2.2
Latvia	686	-2.0	24,676	26.3	43,300	15.7
Lithuania	145	2.1	44,940	-7.5	50,369	-0.8
Malta	1,005	-1.5	6,984	-1.5	72,975	-0.2
Netherlands	830	0.0	126,848	-11.1	303,747	-5.8
Poland	875	0.2	34,180	0.5	81,545	0.0
Portugal	8,054	-1.3	94,862	-3.5	357,954	-1.3
UK	6,225	-0.8	187,730	-3.0	773,290	-1.7
Romania	151	-4.4	873	10.5	6,032	-1.3
Slovenia	169	0.0	597	0.0	8,540	0.6
Spain	9,408	-2.3	342,585	-4.3	799,723	-3.0
Sweden	1,335	-1.8	29,528	-3.2	164,049	-1.9
EU 28	84,356	-1.9	1,594,492	-3.3	6,396,963	-2.1

Source: processing of Eurostat figures

Starting from 2015 the reform of the new Common Fisheries Policy (CFP) has officially entered into force in the EU, based on the concept of a sustainable fishing from the ecological, economic and social point of view. In order to achieve this result, the EU aims at observing fishing management strategies through: a. the control of inputs, or rather by drafting rules on the access of the fleets to the seas, by carrying out checks on the fishing effort and so on; b. through the check of the fishing outputs, that is by establishing maximum allowable limits for catches and quotas. Every year, according to the principle of the maximum sustainable yield, the allowable totals of catches are fixed, according to a national breakdown on the basis of allocation coefficients. The most important newness is represented by the gradual elimination of discards for commercial fisheries, consisting in the landing obligation and in the counting of catches in European waters. Starting from 2015, the Commission

has in fact proposed a multi-year plan for the catch of anchovies and sardines in northern Adriatic sea and a plan for demersal species in the northern-western Mediterranean sea. The landing obligation envisages the progressive elimination of discards in a diversified period of time, as follows: since 1st January 2015 for pelagic species; since 1st January 2017 for demersal species; since 1st January 2019 for all other species.
The previous measures for containing the overfishing in the Mediterranean sea did not achieve great results, the situation is very worrying and needs an immediate intervention. Overfishing in our seas represents, in fact, the norm: out of the 97 stocks, 91% is overexploited well beyond the permitted thresholds, among the worst affected species there are the hake, mullet, rose shrimp, sardine and anchovy. It has been estimated that the overexploiting of fish stocks exceeds up to nine times the maximum sustainable yield, this is a signal that the survival of the species involved is facing a serious threat.
Fisheries in Italy, with its 12,325 active fishing vessels, assumes a particular relevance in the European context, second only to Greece in terms of number of vessels, and it represents for the Country a resource and an opportunity thanks to the social and cultural role that it plays in the Italian marine communities. The fleet is nonetheless gradually undergoing a reduction by a percentage point every year. The situation of stagnant overexploitation of the sector, the high dependence from foreign exports and the progressive impoverishment of marine areas have led to a situation of little self-sufficiency in the sector. Over 60% of the fish we eat is imported (New Economics Foundation). This has made it necessary to impose a summer suspension, also in 2016, for fisheries along many Italian coasts, that is a temporary stop of the fishing activity for the vessels using the trawling system that makes use of demersal otter trawls, steel twin-rigger.

THE FLEET FISHING AND THE MAIN FISHING SYSTEMS

Italy extends on a territory exceeding 300,000 square kilometers and fisheries is carried out on about 12 miles of territorial waters, shortly before of the international waters, along the 8,000 kilometers of coast. The maritime fisheries is very heterogeneous according to the region and the coastline, although it seems to be essentially an artisanal fisheries made up of a modest fleet. In Marches, Veneto and Molise, the incidence of the artisanal fisheries is equal to almost 45% of the overall fleet; in the Tyrrhenian regions it represents over 65% of the entire fleet; whereas 44% of the total tonnage comes from the South (Sicily and Puglia). In the South and on the Islands are concentrated both the fleet, meant as number of active vessels, and the capacity and engine power.

On the whole, the Italian fishing activity is characterized by vessels for artisanal fisheries, or rather vessels no longer than 12 meters, which use fixed equipment and a crew made up of one or two fishermen who go fishing for only one day long. The small fisheries with passive polyvalent represents the main share of the Italian fleet, with 7,469 vessels, about 66% of total vessels.

The tools used the most are the purse seiners for the catch of small or big pelagic fishes, mainly tuna, even by big-sized vessels; bottom trawls of different size, used all along the Italian coast; pelagic trawls used for the catch of small pelagic, mainly along the Adriatic fishing areas; dredges, the best known of which is the hydraulic dredge, used only for the catch of bivalves; trammels, traps and long-liners mainly used for small-scale fisheries which allow to get limited catches of high-value fish.

Consistency of the Italian fishery fleet by geographical areas, 2015

	N. of vessels	% on total	Capacity in gross tonnage	% on total	Motive power KW	% on total
North	2.154	17,5	23.838	15,1	196.345	19,8
Centre	2.608	21,2	40.549	25,7	238.181	24,0
South and Islands	7.554	61,3	87.198	55,2	544.292	54,9
Italy [1]	12.325	-	157.830	-	991.883	-

[1] Total Italy includes a residual item not geographically classifiable

Source: Processing of MIPAAF figures - National Fisheries Data Collection Programme

The trawling represents the main fishing system carried out in Italy with passive polyvalent, along with trawling for the catch of pelagic stocks. The quantity of catches associated to these systems exceeds 50% of the total, moreover, the fishing system that uses bottom trawls and the passive polyvalent system represent the most profitable source even in economic terms.

In terms of catches, the main targets of the Italian fleet are the pelagic species, mainly anchovy as dominant species with the highest value (52 million euro), equal to 6% of the overall value and to 18% of the total incidence of landings. Seven are the species representing roughly 60% of the total volume of the landings in the Italian fisheries: sardines (25,700 tons), clams (14,000 tons), hake (87,000 tons), rose shrimp (76,000 tons), mullets (6,000 tons), cuttlefishes (6,000 tons), mantis (5,000 tons).

Trawling represents the most profitable fishing activity, with a percentage close to the half of the overall Italian value. It is then followed by the fishing activity with passive polyvalent, with a percentage of 28% over the total. Trawling is mainly concentrated in the southern regions: in

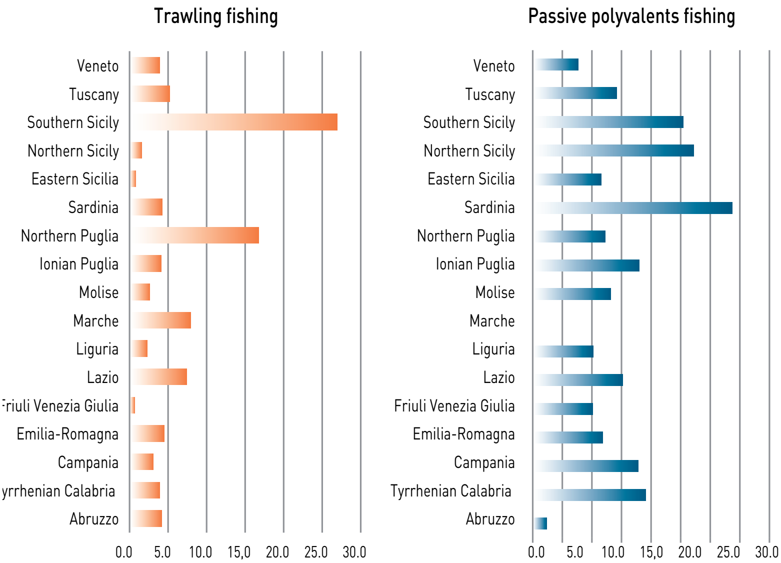
Fishing systems in Italy by volume of catches and value, 2015

	Fishing volume t	Fishing value 000 euro	% volume to total	% value to total
Hydraulic dredges	16,135	40,486.7	9	5
Trawling	59,750	440,112.0	32	49
Fishing hooks	4,005	24,557.9	2	3
Passive polyvalent	32,947	248,103.0	17	28
Active and passive polyvalent	690	4,697.8	0	1
Purse seine fishing	21,910	56,246.0	12	6
Demersal trawlers	3,773	21,112.3	2	2
Pelagic trawlers	49,541	54,617.8	26	6
Total	188,752	889,933.3	100	100

NB: The fishing systems are classified on the basis of the main equipment used by vessels and/or by the type of vessel

Source: Processing of MIPAAF figures - National Fisheries Data Collection Programme

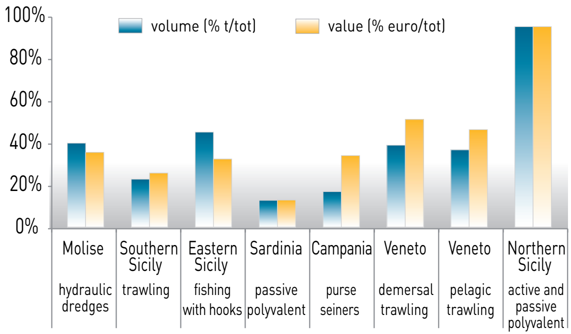
The economic value of the trawling fishing and of the passive polyvalents in Italy, 2015



Source: Processing of MIPAAF figures - National Fisheries Data Collection Programme

Sicily, the catches obtained by using this system have amounted to 129,180,051 euro, that is almost 30% of the total amount of the Italian fishing activity, in Puglia this value reaches 91,733,018 euro, these two regions represent half of the total revenues of the Italian sector. The breakdown of the revenues arising from the fishing activity with passive polyvalent appears to be more equitable, except for Marches where such activity is not practiced. In the North it prevails the trawling system (demersal and pelagic). In the Centre, thanks to Molise, it has been detected the presence of vessels using hydraulic dredges. The fishing activity with active and passive polyvalent is nevertheless performed only in Sicily.

Territorial breakdown of the main fishing system, 2015



Source: Processing of MIPAAF figures - National Fisheries Data Collection Programme

Trend in production by fishing systems, 2015

	Volume of catches (t)	Volume of catches (milion euro)	Price euro / kg
Trawling fishing	63,523	461.22	7.26
Floating fishing	49,541	54.62	1.10
Purse seine fishing	21,910	56.25	2.57
Hydraulic dredges	16,135	40.49	2.51
Small fishery	27,284	212.23	7.78
Passive polyvalent	6,354	40.57	6.39
Longliners	4,005	24.56	6.13
Total	188,752	889.94	-

Source: Itafishstat processing on Mipaaf figures - National Fisheries Data Collection Programme

Profit and Loss account for fishing and aquaculture (.000 euro)

	2013	2014	2015	% change 2015/2014
Production	1,714,556	1,714,766	1,701,395	-0.8%
Intermediate consumption at the purchase prices	779,307	806,130	732,124	-9.2%
Added value	935,249	908,636	969,271	6.7%

Source: ISTAT

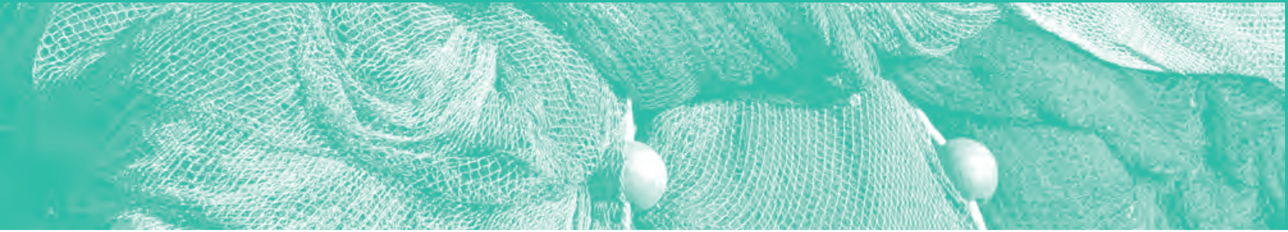
PRODUCTION AND ECONOMIC VALUE

The fishing sector occupies a relatively marginal position in the Italian economy, corresponding to roughly 0.1% of the GDP and to 5.7% of the agricultural added value in 2015. Nevertheless, Italy has always played a leader role in the Mediterranean area in terms of incidence and value of the catches, with a percentage of 48% of the total EU weight, followed by Spain (23%) and Croatia (21%). Even in terms of turnover, Italy remains the first country with a value equal to 62%, followed by Spain (22%), France (8%) and Croatia (6%).

The negative trend in the economic performance of the sector, registered between 2014 and 2013, mainly due to the overexploitation of stocks in the Mediterranean Sea, to the decrease of the average prices of seafood and to the high price of fuel, undergoes a turnaround in 2015 with a slight improvement: the added value registers an increase of roughly 6.7% over 2014, also thanks to a sizeable decrease in intermediate consumption.

At a regional level, Sicily boasts the first position with a value of landings equal to 231 million euro (25% of the total Italian overall), followed by Puglia with a value of 145 million euro (16% of the total).

The production trend of the fishing systems has nonetheless experienced the primacy of the trawling fishing, with a value equal to the half of the overall value of the national landings. The small-scale fisheries stands at about 212 million euro, equal to 27,284 tons. In Italy, the small-scale fisheries represents the most important segment in social and environmental terms.

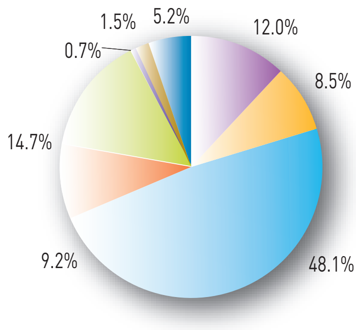


AGRO-INDUSTRIAL SYSTEM

The agri-food system is made up of a series of activities interrelated that contribute in creating the value of the national food product. The added value of the agricultural, forestry and fishing sectors amounts to roughly 33.1 billion euro, in an upward trend compared to the previous year, whereas the agro-food industry registers an added value of 25.4 billion euro, also in this case in increase over 2014. The agri-food sector, consisting of the agricultural sector and food industry, confirms its incidence of 4% on the total added value and 3.6% on the national GDP.

A considerable part of the added value of the system is nonetheless represented by the tertiary sector, more specifically in terms of the distribution and marketing of raw materials and processed products, as well as in the catering services. This is shown by the fact that the marketing and distribution sector itself exceeds 48% of the added value of the system, with over 133 billion euro, besides the other 40.7 billion euro of the catering sector. Lastly, among the components of the agri-food system it should also be mentioned the subsidies received, equal to 4.3 billion euro, indirect taxes, for an amount of over 2 billion euro and also the investments realized for an amount of 14.4 billion euro. The entire agri-food system brings a value of 276.7 billion euro, in increase in absolute terms over the previous year, but essentially stable in percentage terms, thus representing 17% of the national GDP.

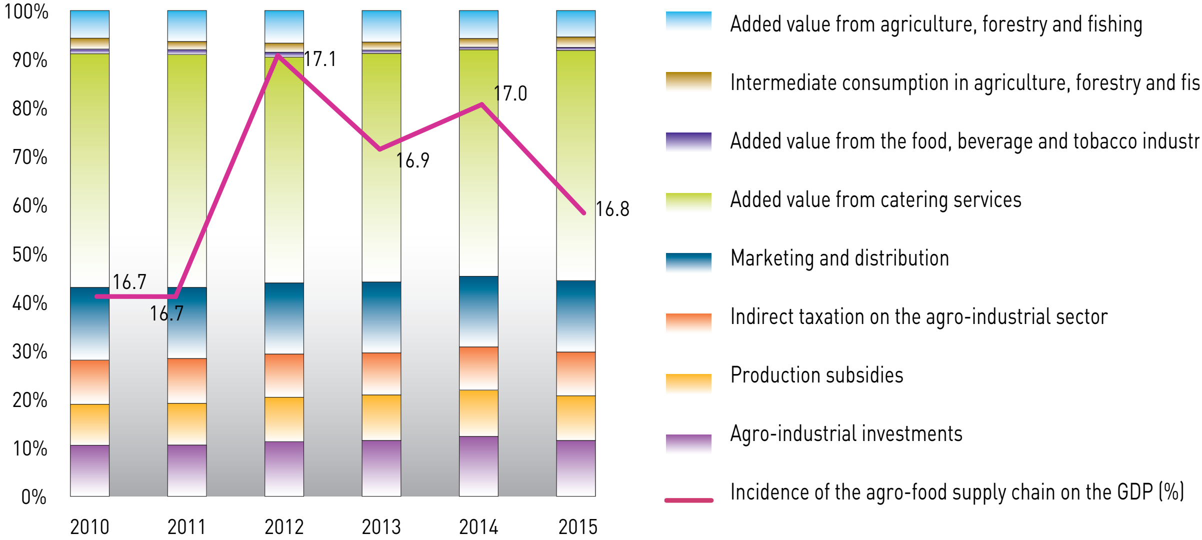
Main components of the agro-food sector at basic prices (million euro), 2015



Added value from agriculture, forestry and fishing	33.095
Intermediate consumption in agriculture, forestry and fishing	23.547
Marketing and distribution	133.231
Added value from the food, beverage and tobacco industries	25.396
Added value from catering services	40.692
Indirect taxation on the agro-industrial sector	2.054
Production subsidies	4.286

Source: ISTAT

Trend of the main components of the agro-food supply chain and incidence on the national GDP

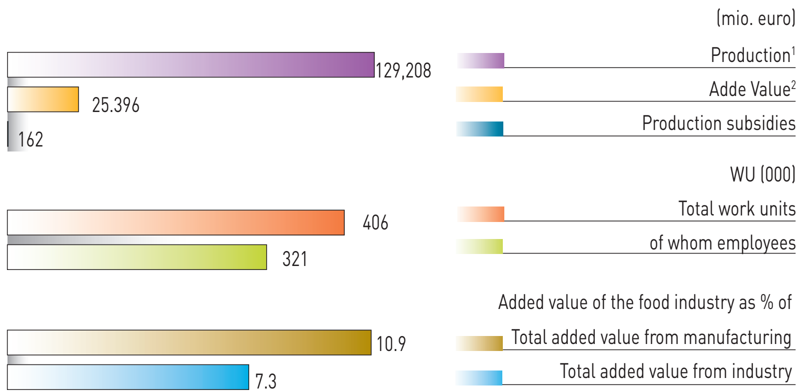


Source: ISTAT

FOOD INDUSTRY

The food and beverage industry, as well as the tobacco industry, play a very important role in the national manufacturing sector. In 2015, the sector has represented 11% of firms and 11.7% of employees. Compared to 2014, the added value, at current values, has increased by 2.6% whereas employment has increased by just 0.2%. In 2015, the production sold of foodstuffs has reached little less than 90 billion euro, thus marking an increase of almost 6% over 2014. This performance is ascribable to the positive results of all sectors, except for animal feed (-17%). Among the sectors that have highlighted increasing values, it's worth pointing out the increase of 16.5% of the value of production of oils and vegetable fats, and the good trend of the processing and storage of fish, shellfish and molluscs (+13.4%), as well as the production of grains, flours and groats (+13.1%).
The value of the production sold for beverage has reached roughly 15 billion euro. The increase of 6.1% over the previous year is ascribable to the good performances of the most important products of the sector; worthy of note is the increase of 19% in the value of the production sold for sparkling wines and of about 11% for mineral waters.
In terms of regional breakdown for the

Food industry*: main macroeconomic aggregates, 2015



*Including drinks and tobacco
[1]Value of production at basic prices, 2014
[2] Added value at basic prices, at current values
Source: ISTAT

Value of the production sold for the food products, 2015

	Production sold (thousand euro)		% change 2015/14	Incidence to total (%)
	2014	2015		
Food products	84,823,631	89,778,154	5.8	
Processing and preservation of meat (birds excluded)	8,845,234	9,278,728	4.9	10.3
Processing and preservation of birds	2,938,813	3,181,018	8.2	3.5
Production of meat-based products	8,311,313	9,025,625	8.6	10.1
Processing and preservation of fish, shellfish and molluscs	1,218,472	1,381,827	13.4	1.5
Processing and preservation of fruit and vegetables	8,298,306	8,877,636	7.0	9.9
Production of vegetable and animal oils and fats	3,458,906	4,030,122	16.5	4.5
Dairy industry	11,530,719	12,260,705	6.3	13.7
Processing of grains, production of starch and production of starch products	5,454,946	6,169,955	13.1	6.9
Bakery products	13,276,461	14,076,833	6.0	15.7
Other foodstuffs	15,712,003	16,920,203	7.7	18.8
Animal feeding	5,162,984	4,279,346	-17.1	4.8

Source: ISTAT

food industry, the latest available ISTAT data on firms' structure related to 2013 have pointed out that 44% of the turnover and 41% of the added value are produced in two regions, Lombardy and Emilia Romagna. In particular, Lombardy produces 22.5% of the turnover and 22.1% of the added value; Emilia Romagna 21.6% of the turnover and 19.7% of the added

Value of the production sold for beverages, 2015 (thousand euro)

	000 euro			
	2014	2015	% change 2015/14	Incidence to total (%)
Beverages	13.917.306	14.765.623		
of which:				
- mineral and sparkling waters, with no added sugar or other sweeteners	2,307,333	2,556,089	10.8	17.3
- beer made from malt	1,803,535	1,878,949	4.2	12.7
- other wines produced in specific regions, white wines excluded	1,611,439	1,680,104	4.3	11.4
- other wines and grape-must	1,552,818	1,643,864	5.9	11.1
- sparkling wines	1,062,877	1,262,714	18.8	8.6
-liqueurs and other drinks containing alcohol from distillation	1,106,749	1,140,017	3.0	7.7

Source: ISTAT

value. They are then followed by Veneto (11.3% of turnover and 9.2% of the added value) and Piedmont (9.4% of turnover and 10.3% of the added value). The firms in Lombardy and Emilia Romagna absorb 30% of employees (respectively 16.3% and 14.2%); they are followed by Veneto (9%), Campania (8.1%) and Piedmont (8%). In terms of relevance of each single region for what concerns the local units, Sicily is the region with the highest incidence, equal to 12%, followed by Lombardy with 10.8%, Campania with 10.2%, Emilia Romagna with 8.9% and Piedmont with 7.1%. By comparing Italy with the other EU-28 Countries, it has been observed how, on the basis of the latest available 2014 data, our Country represents roughly 11% of the added value of the Community food industry and 9.6% of employees. Italy with its 21% of firms ranks after France for the highest number of firms and at third place for turnover size (data referred to 2013). In the ranking of the added value, turnover and number of employees are nevertheless Germany and France the countries that totalize the highest results.

The added value and employees in the food, beverage and tobacco industries by main sectors in the EU-28, 2014

	Added value* (million euro)		Employees (000 units)	
	Italy	% Italy /EU **	Italy	% Italy /EU **
Food industry production	19,735.2	11.1	388,864	9.6
Processing and preservation of meat and meat-based products	2,849.5	8.9	57,364	6.2
Processing and preservation of fish, shellfish and molluscs	355.9	8.2	5,423	4.6
Processing and preservation of fruit and vegetables	1,689.3	11.8	29,603	11.2
Production of vegetable and animal oils and fats	613.1	15.4	10,300	16.5
Dairy sector	2,749.0	13.4	43,055	11.7
Processing of grains, production of starch and production of starch products	828.5	10.5	9,595	8.9
Bread, cookies and pasta	5,348.2	13.2	168,051	11.3
Other foodstuffs	4,677.0	10.6	58,150	9.5
Animal feeding	624.8	5.9	7,323	5.8
Beverage	3,445.3	8.7	37,869	8.5
Tobacco	49.5	0.8	594**	0.0

*at factor costs.
** 2013.
Source: Eurostat

In more detail, it can be asserted that in the beverage sector Italy represents 11.4% of turnover, 7.5% of employees and 11.4% of the EU-28 firms. France, with an incidence of 18.5% in the EU-28, is the first Country in terms of turnover, followed by Germany (13.7%), whereas Spain absorbs the highest share of employees in the sector (18.9%).

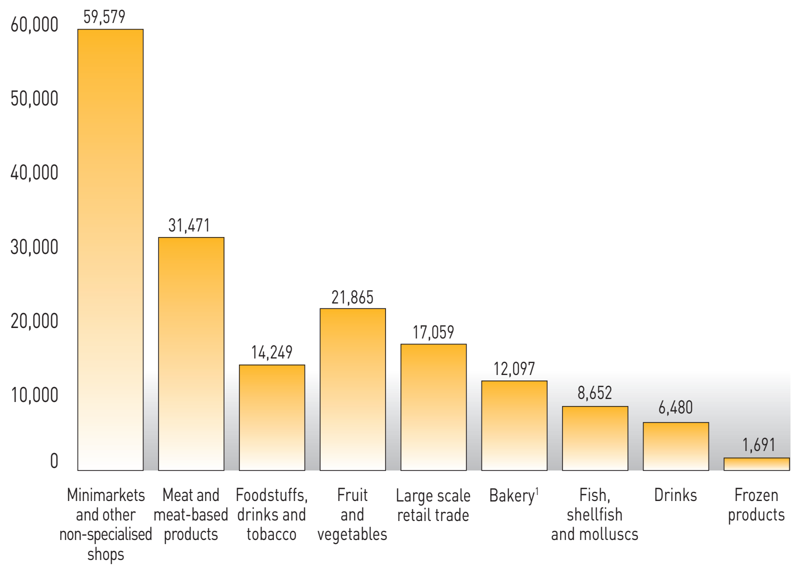
Main indicators of the food industry in the EU-28 countries, 2014

	N. firms	Employees	Production	Added value*	Turnover
	(000 units)		(mio. euro)		
Austria	3.5	70.8	14,934.8	3,878	16,647.9
Belgium	7.0	77.4	37,822.8	6,256	40,628.4
Bulgaria	5.1	77.7	3,638.8	705	4,057.4
Cyprus	0.8	10.3	1,122.0	288	1,298.4
Croatia	2.7	52.5	3,542.4	876	4,310.5
Denmark	1.5	55.9	20,239.5	3,841	24,349.2
Estonia	0.5	13.4	1,448.1	314	1,597.0
Finland	1.6	35.3	9,632.1	2,172	10,021.9
France	59.2	543.4	144,849.7	30,147	156,836.6
Germany	27.6	768.6	151,896.3	30,701	165,637.3
Greece	14.7	69.3	10,396.2	2,615	11,816.6
Ireland	0.6	35.4	20,804.0	6,114	23,288
Italy	54.691*	309.545*	110,656.6	19,233.9*	112,101.8
Latvia	0.9	23.3	1,486.2	324	1,595.4
Lithuania	1.5	38.5	3,454.1	573	3,680.3
Luxembourg	0.1	4.9	611.2	217	800.5
Malta	0.4	2.4	:	:	:
Netherlands	5.3	115.4	57,237.1	9,610	63,932.9
Poland	12.6	371.9	43,388.5	8,159	48,124.5
Portugal	9.3	85.6	10,736.7	2,028	12,039.2
UK	7.1	367.4	89,810.1	24,987	97,058.3
Czech Republic	7.3	88.4	9,307.2	1,844	10,876.9
Romania	8.1	161.9	7,975.3	1,600	9,030.7
Slovakia	2.4	31.6	2,830.0	577	3,556.6
Slovenia	2.0	13.0	1,597.4	395	1,881.7
Spain	22.4	292.6	85,003.4	15,711	89,515.5
Sweden	3.6	50.1	14,686.9	3,519	16,660.8
Hungary	4.5	88.0	8,283.6	1,607	9,332.2
EU-28	263.6	3,822.4*	859,418	174,000*	939,232.6

*at factor costs
** 2013
Source: Eurostat

In 2015, it seems there were 173,143 specialized and not-specialized shops in the food sector with fixed establishment, net of retail shops for monopoly products (tobacco shops), with a decline of 7.5% over the previous year. In terms of specialized retail shops, the number of shops selling foodstuff, beverages and tobacco has halved (-49.3% compared to 2014), while slight decreases have been detected in the shops specialized in the sale of meat and meat-based products (-1%), which nevertheless represent the most numerous and rooted category in the national distribution system (31,471 shops) and in the fruit and vegetable shops (21,865 units, -0.2%). In an upward trend are the shops specialized in the sale of frozen products (+1.4%) beverages (+1.2%), fishmongers (+0.5%) and the shops selling bread, sweets and confectionery (+0.4%).
The not-specialized retail shops have experienced only slight decreases, both in the number of minimarkets and of the other not-specialized types of sales with

Food retail shops in fixed location, 2015



[1] 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, 2015

	Supermarkets		Hypermarkets		Superette		Discount		Total	
	(mq)	%	(mq)	%	(mq)	%	(mq)	%	(mq)	%
North-West	1,709,756	23.7	1,845,551	43.9	367,342	19.1	690,224	24.2	4,612,873	28.5
North-East	1,665,787	23.0	946,027	22.5	289,106	15.0	617,751	21.7	3,518,671	21.7
Centre	1,773,915	24.5	704,129	16.7	427,278	22.2	705,717	24.8	3,611,039	22.3
South and Islands	2,078,621	28.8	709,370	16.9	841,776	43.7	833,213	29.3	4,462,980	27.5
Italy	7,228,079	100.0	4,205,077	100.0	1,925,502	100.0	2,846,905	100	16,205,563	100.0

Source: The agro-food system in Emilia-Romagna. Survey, 2015 - based on Nielsen figures

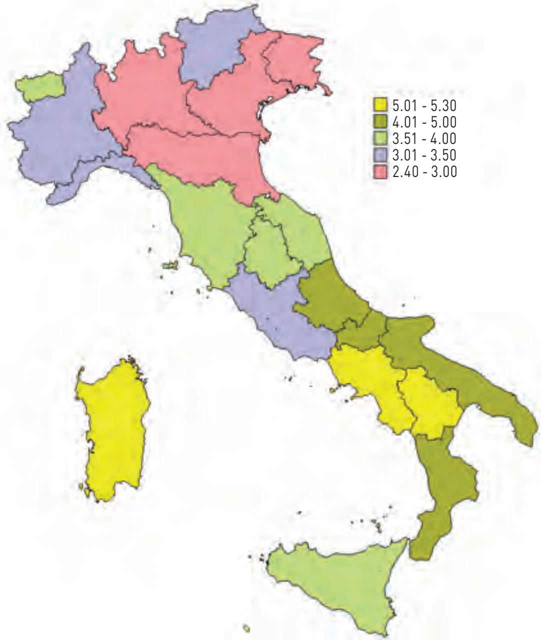
prevalence of food products and beverages (-0.8%), and in the consistency of the sale points of the large-scale distribution (-0.1%). Among the structures of modern distribution, after years of positive trend, discounts are nonetheless reducing (-1.4%), which are actually widely spread on the territory (47 square meters per 1,000 inhabitant); also hypermarkets are in a downward trend (-0.6%), whereas superette (shops smaller than 400 sqm, mostly located in small towns and on the hilly and mountainous areas) and supermarkets are experiencing an upward trend of respectively 2.5% and 1.1%.

At a territorial level, the high density of commercial districts is traditionally higher in the South, with almost 5 activities in fixed place per 1,000 inhabitants; this ratio falls to 4 in the Centre and 3 in the North. The type of commercial activities in the South is represented by neighborhood shops, partially regarding self-service products, and by supermarkets and discounts. Conversely, in the North there's a greater presence of big-sized commercial activities (hypermarkets and superstores). On the whole, the trend of modern distribution activities remains stable or in a downward trend in the northern regions (-1.4%) and in the Centre (-0.4%); in the South this trend is experiencing nonetheless a growth (+1.6% over 2014), boosted by the increase in supermarkets (+3.4%).

According to the ISTAT data, the value of sales in the retail trade of foodstuffs and products other than foodstuff has highlighted, in 2015, an increase of 0.7% over 2014, after 4 years in a row of decreases; in particular, it has been detected a positive variation for the large retail sector

(+1.5%), which is more marked for the food sector (+1.9%), with a maximum value of 3.4% in the third quarter of 2015. On the contrary, the companies operating in small stores have highlighted an annual negative variation for foodstuffs (-0.4%) and a positive variation for non-food products (+0.2%). In the not specialized large-scale distribution, mainly for food, the sales are furthermore increased on a trend basis over 2014, to a significant extent in discounts (+3.4%) and supermarkets (+1.2%), and less pronounced in the hypermarkets (+0.3%).

Food shops in fixed location per 1,000 inhabitants, 2015



Source: ISTAT

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

Period	Indices						% changes					
	Food		Non-food		Total		Food		Non-food		Total	
	large-scale distribution	small areas	large-scale distribution	small areas	large-scale distribution	small areas	large-scale distribution	small areas	large-scale distribution	small areas	large-scale distribution	small areas
2015	103.5	90.6	96.1	91.1	100.2	91.0	1.9	-0.4	1.3	0.2	1.5	0.1
I Quarter	96.8	82.6	85.5	81.5	91.9	81.7	2.0	-1.2	1.3	-0.7	1.8	-0.8
II Quarter	102.9	88.4	91.9	90.3	98.1	89.9	0.9	-0.5	1.0	0.3	0.9	0.2
III Quarter	104.2	94.1	95.8	88.0	100.5	89.1	3.4	-0.1	2.2	0.3	2.9	0.2
IV Quarter	109.9	97.3	111.0	104.6	110.4	103.3	1.1	0.1	0.5	1.0	0.8	0.8

Source: ISTAT

Purchase of foodstuffs by type of shop (%)

Type of shop	2013	2014	2015*
Traditional shop	22	22	22
Market	5	5	4
Discount	13	13	12
Hypermarket/Supermarket	58	57	59
Warehouse and chain stores	1	1	1
Azienda agricola	1	2	2

* Provisional data.

Source: ISTAT, Situation of the country. Annual survey, 2016.

The year 2015 confirms the slight increase in the household consumption, already started in 2014, as consequence of the shy recovery signals of the macro-economic framework. The average monthly household expenditure, at current values, has amounted to 2,499.37 euro (+0.4% over 2014, +1.1% compared to 2013) with remarkable differences at the territorial level: 2,836.32 euro in the North-West and 1,891.78 euro on the Islands.

Also food expenditure has experienced an increase, thus amounting to 441.50 euro per month (+1.2% over 2014), with an incidence of 17.7% on total expenditure. This incidence varies from North to South: from 16% in the North to 22.1% in the South.

The main expenditure item in the household consumption, in 2015, is mostly represented by meat (+1%), thus inverting the decline lasted until 2011, followed by bread and cereals, whose values remain quite constant, as well as vegetables. The most sizeable variations have involved fruit (+4.5%), mineral waters, soft drinks and

Average monthly household expenditure per region (euro), 2015

	Average monthly expenditure current prices		% change 2015/2014	Foodstuffs and soft drinks (%)		Difference 2015/2014
	2014	2015		2014	2015	
Piedmont	2,657	2,622	-1.3	17.2	17.6	0.5
Valle d'Aosta	2,683	2,777	3.5	16.7	16.9	0.3
Liguria	2,323	2,295	-1.2	18.2	18.1	-0.1
Lombardy	2,950	3,031	2.7	14.7	14.7	0.0
Trentino-Alto Adige	3,074	3,022	-1.7	14.7	15.1	0.3
- Bolzano	3,384	3,379	-0.2	14.8	14.9	0.1
- Trento	2,787	2,692	-3.4	14.7	15.2	0.5
Veneto	2,677	2,629	-1.8	15.9	16.8	0.9
Friuli-Venezia Giulia	2,526	2,498	-1.1	17.5	17.3	-0.2
Emilia-Romagna	2,883	2,904	0.7	14.7	14.5	-0.3
Tuscany	2,661	2,753	3.5	16.9	17.3	0.4
Umbria	2,367	2,336	-1.3	19.0	18.7	-0.3
Marche	2,427	2,306	-5.0	18.2	18.9	0.7
Lazio	2,655	2,614	-1.5	17.0	17.2	0.2
Abruzzo	2,130	2,156	1.2	18.6	18.6	0.0
Molise	2,048	2,092	2.1	20.6	21.1	0.4
Campania	2,028	2,028	0.0	22.2	22.6	0.4
Puglia	2,061	2,114	2.6	21.7	21.7	0.1
Basilicata	1,879	1,923	2.3	23.0	23.1	0.1
Calabria	1,758	1,729	-1.6	24.3	24.3	-0.1
Sicily	1,779	1,824	2.6	22.9	22.3	-0.7
Sardinia	2,135	2,084	-2.4	19.5	19.8	0.3
Italy	2,489	2,499	0.4	17.52	17.66	0.1

Source: ISTAT

Average monthly household expenditure, by main category 2015 (values in euro)

Expenditure item	2014	2015	% change 2015/14
Average monthly expenditure	2,488.5	2,499.37	0.4
Foodstuffs and soft drinks	436.06	441.5	1.2
Meat	97.2	98.25	1.1
Bread and cereals	73.4	73.75	0.5
Vengetables	58.69	58.81	0.2
Milk, cheese and eggs	58.79	58.11	-1.2
Fruit	38.71	40.45	4.5
Fish and fish products	35.42	36.38	2.7
Mineral waters, soft drinks, fruit juices and vegetables	19.66	20.48	4.2
Sugar, jam, honey, chocolate and pastries	18.26	18.68	2.3
Oils and fats	13.79	14.31	3.8
Coffee, tea and cocoa	12.07	12.22	1.2
Cooked meals and other prepared foodstuffs (foodstuffs not elsewhere classified*)	10.05	10.07	0.2
Not food	2,052.44	2,057.87	0.3

*Foodstuffs not elsewhere classified include salt, spices, seasonings and children's food

Source: ISTAT

fruit juices (+4.2%), oils and fats (+3.8%), fish and fish products (+2.7%). In a downward trend is, instead, the expenditure for milk, cheese and eggs.

In 2015, the inflation in our Country slows down for the third year in a row, from +0.2% in 2014 to 0.1%. The prices of food products (+1.1%) and those for soft drinks and tobacco (+2.7%) are among the few goods that have registered an increase, along with the prices for instruction and housing and catering services. It is worth pointing out the different trend registered by the prices for unprocessed foodstuffs (+2.2%) compared to the processed ones, which with a slight +0.4% have highlighted a slowdown compared to +0.9% of 2014. On the whole, the recovery in consumptions seems to be more ascribable to the increase of prices rather than to the quantities bought.

According to a recent survey carried out by Censis, the economic crisis would have led to a worrying inequality in the eating habits (Food social gap), which diversifies the possibility in accessing to basic products of the Italian diet, mainly for the bovine meat, fruit and vegetables, according to the economic and professional condition of families. In 2015, 45.8% of low-income families have reduced the consumption of meat, compared to 32% of the wealthy families; in terms of fish consumption, 35.8% of less affluent families compared to 12.6% of the wealthiest families; almost 16% of the less affluent families compared to 4.4% of the wealthy families, for vegetables; 16.3% of the less affluent families compared to 2.6% of the wealthy families, for fruit.

In 2015, the commercial flows of agro-food products have registered positive variations over 2014, with an increase in the value of export (+7.4%) which exceeds the increase in imports (+2%). This trend has led to a reduction of the agri-food balance deficit which has fallen down below the threshold of 5 billion euro (-4,783 millions). Unlike the latest four years, when the increase of the overall Italian trade balance has been mainly boosted by the exchange of non agri-food products, the agri-food sector plays a more relevant role in the 2015 improvement. The agri-food trade balance, although still negative in 2015, has improved by 1.73 billion euro over 2014, whereas the increase of the trade balance for non agri-food products (+1.5 billion euro) has been more contained compared to the growth rates registered in the latest five-year period. In particular, thanks to a sizeable increase in the volumes exported (+9.3%) compared to a decrease of the unitary average values (-1.8%), in 2015 the agri-food exports have increased at higher rates compared to total exports (+7.4% compared to +3.8% of total exports in value). The incidence of the ag-

The agro-industrial balance and the agro-industrial system*

MACROECONOMIC AGGREGATES		2000	2014	2015
Total agro-industrial output[1]	(P)	67,899	83,884	81,420
Imports	(I)	25,358	41,172	41,991
Exports	(E)	16,867	34,660	37,208
Balance	(E-I)	-8,491	-6,512	-4,783
Trade volume[2]	(E+I)	42,225	75,832	79,199
Apparent consumption[3]	(C = P+I-E)	76,390	90,396	86,203
INDICATORS (%)				
Degree of self-sufficiency[4]	(P/C)	88.9	92.8	94.5
Propensity to import[5]	(I/C)	33.2	45.5	48.7
Propensity to export[6]	(E/P)	24.8	41.3	45.7
Degree of trade-cover[7]	(E/I)	66.5	84.2	88.6

*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 added value of the food industry at basic prices (see glossary)

2 Sum of exports and imports

3 Agro-industrial production plus imports and minus exports

4 Production-Consumption ratio

5 Import-consumption ratio

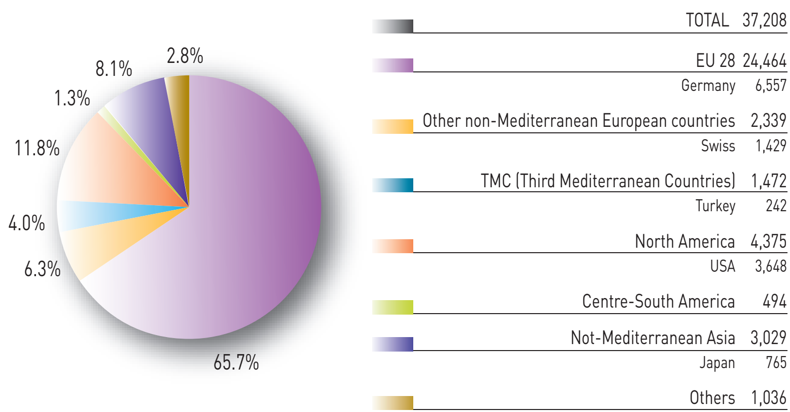
6 Export-production ratio

7 Export-import ratio

Source: CREA processing of ISTAT figures

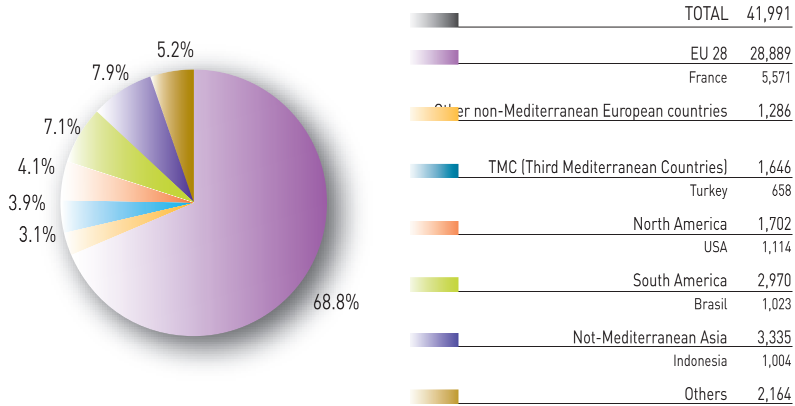
ri-food sector on the total export of goods of our Country has therefore reached 9% in 2015. The agri-food imports have nevertheless experienced a more contained increase (+2% over 2014) compared to total import (+3.3%). The increase in the agri-food imports has mainly involved the first semester of the year, with increases exceeding 3% compared to the same period of the previous year. The increase in the agri-food exports, like the overall exports, has nonetheless been more remarkable during the second quarter of the year, with increases of about 10% compared to the same period of the previous year.
In 2015, the EU-28 area has represented little less than 69% of our purchases abroad and about 65.7% of sales, both values in a downward trend over 2014. Conversely, the North America has strengthened its role of non-EU main target market for the Italian agri-food sector, thus increasing by one percentage point its incidence (equal to 11.8% in 2015). In a slight increase is also the incidence of Asia as partner who, with an incidence of about 8% both in terms of import and in terms of agri-food export, represents the second most important destination area and the main market of supply of Italy at non-EU level. In terms of agri-food imports, it should be mentioned the decrease of the incidence of the Mediterranean third Countries as suppliers, whereas in terms of exports is the South America who reduces his incidence as customer over 2014 (below 1% in 2015).
In terms of exports, the first four custom-

Destination of the Italian agro-food exports (mio. euro at current values), 2015



Source: CREA processing of ISTAT figures

Origin of the Italian agro-food imports (mio. euro at current values), 2015



Source: CREA processing of ISTAT figures.

er countries (Germany, France, USA and UK) absorb over 47% of the value of the sales abroad of agri-food products. This share is increasing compared to 2014, with increases of the exports' value towards all countries, often related to the increases in the volumes exported. In particular, it is worth noting the increase of about 20% of the agri-food export towards the United States, with increases in value for all main products, many of which arising from the "made in Italy". In terms of imports, the incidence of the first four supplier of agri-food products for Italy (France, Germany, Spain and Netherlands) has decreased by two percentage points over 2014, amounting to 44.8% in 2015.

In terms of the product sector, the incidence of the sector of the processed products (drinks excluded) has reduced, both in terms of exports (from 62.1% in 2014, to 61.6% in 2015) and in terms of imports (down from 63.6% in 2014, to 62.3% in 2015). These decreases have been offset by an increase of the incidence of the primary sector, while the incidence of beverages on the agro-food exchanges has remained essentially stable over 2014. The sector that most influenced these trends, within the processed sector, has been the dairy sector, with a decrease of its own incidence by over 1.5 percentage points in the agri-food import and by about 0.5 percentage points in the export. Conversely, in the primary sector, the incidence of the exports of cocoa, coffee, tea and spices has increased by roughly one percentage point, while in terms of exports the incidence of cereals has shifted from 0.4% (in 2014) to 0.7%

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

	2015 (million euro)			(%) change 2015/2014	
	Import	Export	Sn (%)	Import	Export
Cereals	0.6	5.9	81.5	23.4	15.7
Fresh fruit	592.2	2,619.8	63.1	8.5	10.8
Fresh vegetables	361.3	1,015.0	47.5	23.3	9.5
Flowers and plants	149.1	530.0	56.1	6.6	5.0
AGRICULTURAL "MADE IN ITALY"	1,103.2	4,170.8	58.2	12.7	9.7
Rice	105.0	547.0	67.8	-6.0	2.0
Processed tomatoes	180.5	1,710.5	80.9	18.9	3.2
Fruit juices and cider	235.7	520.4	37.7	3.2	-4.0
Other vegetables and prepared or preserved fruit	563.0	1,107.5	32.6	7.5	13.3
Cured meats	272.9	1,412.8	67.6	0.5	6.6
Cheese	203.1	1,587.9	77.3	5.1	2.3
Olive oil	1,684.5	1,503.5	-5.7	23.4	11.8
Bottled wine	64.9	5,032.3	97.5	10.4	6.1
Bulk wine	67.0	355.2	68.3	7.6	-9.7
Vinegar	16.9	245.1	87.1	8.2	1.1
Mineral waters	8.1	479.1	96.7	15.2	21.2
Essences	47.2	114.5	41.6	4.6	8.5
Other processed products	307.9	903.2	49.2	8.2	8.8
PROCESSED "MADE IN ITALY"	3,756.8	15,518.9	61.0	13.2	6.0
Pasta	78.5	2,344.2	93.5	0.5	6.1
Bakery products	879.5	1,760.2	33.4	6.0	9.3
Other derivatives from cereals	13.6	166.9	84.9	-18.3	22.9
Cocoa-based sweets	816.5	1,477.0	28.8	10.1	9.8
Ice creams	120.6	213.3	27.8	-0.7	-4.3
Coffee	170.1	1,189.8	75.0	9.7	11.1
Spirit and liqueurs	195.0	599.9	50.9	7.0	3.0
MADE IN ITALY OF THE FOOD INDUSTRY	2,273.8	7,751.3	54.6	7.0	8.0
TOTAL "MADE IN ITALY"	7,133.8	27,441.0	58.7	11.1	7.1

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

Source: CREA processing of ISTAT figures

Foreign trade by main agro-food sectors (million euro), 2015

	Import	Export	Sn (%)
Seeds	478	279	-26.2
Cereals	2,582	245	-82.7
Fresh legumes and vegetables	757	1,169	21.4
Dried legumes and vegetables	259	47	-69.4
Citrus	376	195	-31.7
Tropical fruit	625	54	-84.1
Other fresh fruit	633	2,585	60.7
Dried fruit	1,364	482	-47.8
Filamentary crude vegetables	79	7	-84.1
Seeds and oleaginous fruits	604	30	-90.5
Cocoa, coffee, tea and spices	1,798	86	-90.9
Flowers and plants	493	682	16.1
Raw tobacco	38	232	72.1
Alive animals	1,324	67	-90.3
of whom for reproduction	177	30	-71.0
of whom for breeding and slaughtering	1,123	22	-96.1
Other breeding products	482	86	-69.7
Forestry	647	133	-65.8
Fishing	1,171	246	-65.3
Hunting	93	11	-78.3
TOTAL PRIMARY SECTOR	13,800	6,636	-35.1
Rice	105	547	67.8
Cereal derivatives	1,277	4,453	55.4
of which pasta	79	2,344	93.5
of which bakery products	880	1,760	33.4

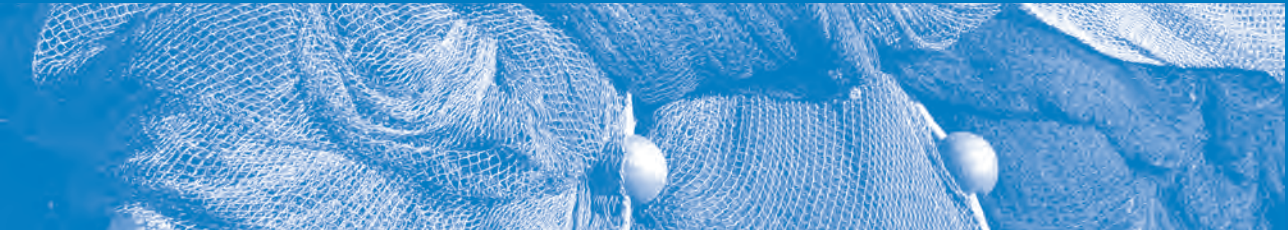
	Import	Export	Sn (%)
Sugar	706	136	-67.7
Sweets	961	1,660	26.7
Fresh and frozen meat	4,377	1,191	-57.2
Prepared meat	385	1,498	59.1
Fish products	3,758	408	-80.4
Processed vegetables	1,078	2,388	37.8
Processed fruit	614	1,075	27.3
Dairy products	3,548	2,774	-12.2
of which milk	665	33	-90.7
of which cheese	1,604	2,262	17.0
Oils and fats	3,874	2,023	-31.4
of which oilve oil	1,852	1,528	-9.6
Animal feeding	2,136	990	-36.7
Other products of the food industry	1,910	3,420	28.3
Other foodstuffs	1,418	376	-58.1
TOTAL FOOD INDUSTRY (drinks excluded)	26,146	22,939	-6.5
Wine	319	5,501	89.0
of which quality sparkling wines	134	845	72.7
of which liqueurs and aromatized wines	6	205	94.5
of which bottled quality wines	42	3,418	97.6
of which quality bulk wines	58	198	54.9
Other alcoholics	975	941	-1.8
Soft drinks	235	860	57.1
TOTAL FOOD AND BEVERAGE INDUSTRIES	**27,683**	**30,278**	**4.5**
TOTAL AGRO-FOOD BALANCE	**41,991**	**37,209**	**-6.0**

Source: CREA processing of ISTAT figures

(in 2015). In terms of dynamics of current values, the growth of the agri-food exports has involved both the primary and the industrial sectors. In the specific, the increase of exports in the primary sector has exceeded 10% and has essentially involved all of sectors. It should also be pointed out the excellent performance in the exports of fresh fruit (+10%) and cereals, whose export value has doubled compared to the previous year. In 2015, also the exports of the food and beverage industry have substantially increased, although to a lesser extent than the primary sector. The increase in the value of the sales abroad for the processed products has involved almost all sectors, with especially remarkable dynamics for bakery products (+9.3%), olive oil (+11.4%) and sweets (+9.7%). In terms of beverages, the export of wine has exceeded 5.5 billion euro in 2015, thanks to an increase in value of 4.8% compared to 2014. It is an outstanding result, mainly linked to the increase of the volumes exported and boosted by the increase in the sales of high-quality wines. As far as the imports are concerned, the overall growth of 2% is mainly ascribable to the primary sector (+6.1%) and to the beverage sector (+10.5%), while the import for the processed products (drinks excluded) has remained essentially stable compared to 2014. For the primary sector, it is particularly remarkable the increase in value of the purchases of dried fruit (+21.6%), cocoa, coffee, tea and spices (+27.3%) and of fish products (+13.1%). These trends are mainly linked to the average unitary values of imports, rather than to the increase of the volumes purchased. Such dynamic is detectable in the beverage sector for the wine sector, whose increase in the value of import (+9.4%) hides a decrease of the volumes imported (-5.8%). The greater volumes purchased and the higher unitary average values have contributed to the increase in the value of import for the other alcoholic drinks and soft drinks. The substantial stability in the imports of the other processed products is the consequence of differentiated trends of each single sector. This is clear by analyzing the trend of the four main import sectors, which concentrate nearly 60% of the purchases from abroad of the sector: fresh and frozen meats, oils and fats, fish products and dairy products. Dairy products and fresh and frozen meats have highlighted similar dynamics, with a reduction in the value of imports due mainly to the decrease of the unitary average values, as consequence of an increase of the volumes imported. The imports in the value of oils and fats, as well as of fish products, are nonetheless increased to a greater extent: it is the increase in the unitary average values of imports to determine the increase in value for oils and fats, despite a decrease of nearly 10% in the quantities imported; conversely, it has been detected an increase in terms of both unitary average values (+4.5%) and of imported volumes (+2.7%) for the import of fish products.

In 2015, our “made in Italy”, that is all the agri-food products with a stable positive balance which refer to our country from an imaginative point of view, represents 73.7% of the national agri-food export. It is a slightly decreasing share compared to 2014, considering the slightly lower increase in the value of the “made in Italy” exports (+7.1%) compared to the overall agri-food export (+7.4%). It does represent nevertheless an excellent performance for the “made in Italy” that has involved both the primary sector (+9.7%) and the products of primary (+6%) and secondary (+8%) processing. The highest share of the “made in Italy” agro-food involves the first-stage processing products (processed made in Italy), with an incidence of 56%. The main export products of this aggregate are packaged wines, processed tomatoes, cheeses, cured meats and olive oil; all products that, in 2015, have experienced an increase in the value of exports.

The exports of the second-stage processing (made in Italy of the food industry) represent roughly 28% of the overall “made in Italy” exports and 20.8% of the total agro-food exports. One of the main items of the aggregate is represented by pasta, with a value of exports that reached 2.34 billion in euro in 2015, up by 6.1% compared to 2014. Cocoa-based confectionery products represent another important item of the “made in Italy” food industry, with a value in exports equal to 1.48 billion euro (in 2015) and an increase near to 10% compared to 2014. In 2015, thanks to such dynamic, the exports in value of these products have exceeded those of the red and rosè PDO wines, thus representing the third main export item of the Italian agro-food sector, after pasta and tinned tomatoes.



FOOD AND THE EATING HABITS OF ITALIANS

In Italy, in the period 2013-2015[1], the main meal is still represented by lunch (68%), in most of cases eaten at home (74%), although with a little decrease (-1%), whereas dinner is considered the main meal in 23% of cases. The non-domestic catering at lunchtime has increased in terms of “workplace canteens” (+5.3%) or “lunch at work” (+1%), but it decreases as “lunch at bar” (-15%).

Diet has changed and it is no longer cereal-based since a long time, considering that it still persists the primacy of fruit and vegetable products, although their daily percentage contribution is dropped from 38.6% of the 60s, to 37.7% in the years 2000. In the same period of time, all percentages of animal products have increased – meat from 5.1% to 9.5%, fish from 1.5% to 2.5%, eggs from 1.2% to 1.3%, with the greatest increase for milk and dairy products (from 9.5% to 14.5%). This confirms that Italians are no longer following the “Mediterranean Diet” model, although in the most recent years (2010-2016) the average daily consumption of meat is decreased (-13%) and that one for fruit and vegetable products increased (+10%), as a result of the information spread by bodies like WHO (World Health Organization) but also as a consequence of the dissemination of food models with a strong or exclusive vegetable component (vegetarians, vegans, etc.).

The frequencies in the consumption of the main food groups provide an approximate idea of the quality of diet compared to the nutritional recommendations (LARN)[1], edited by experts of the Italian Society of Human Nutrition. The data about the frequencies of consumption at a regional level have highlighted a tendency towards a certain uniformity of nutrition styles , even if some differences still persist. The decreasing trend in the daily consumption of “bread, pasta, rice” (-1.8%) is fairly generalized, it is nevertheless higher in the central-southern regions like Lazio and Sardinia, compared to the northern regions where the consumption is well consolidated on low values. It has been observed a general higher frequency in the consumption of vegetables in the northern regions compared to the central-southern regions. It has been detected a slight improvement in the desirable daily consumption of five and more portions of different varieties of fruit and vegetables, to which the Guidelines for a healthy diet assigns a central role of nutritional policy: the consumers of fruit and vegetable products are increased from 2013 to 2015 (+1.1%) and, among them, those who eat five or more portions per day (+12.5%), thus reaching 5% of the population aged over three years. Data have highlighted that the fruit

[1] *Italian Society of Human Nutrition. 1996. Recommended intakes of energy and nutrients for the Italian population (LARN)*

Percentage of consumers* by food groups, with a frequency of at least once a day, 2013-2015

	Bread, pasta		Milk		Cheese		Greens	
	average	variation	average	variation	average	variation	average	variation
Piedmont	79.7	-4.1	54.8	-4.1	30.5	-2.6	61.2	-1.8
Valle d'Aosta	79.8	-3.4	51.9	-3.2	32.1	11.2	58.9	2.3
Liguria	77.4	0.4	59.6	-12.8	22.8	8.5	48.3	5.3
Lombardy	77.1	-0.8	54.8	-12.3	27.1	-7.9	53.8	0.9
Bolzano	68.4	-5.7	57.3	-8.3	38.7	-4.5	51.8	-8.2
Trento	77.2	-0.5	55.9	-13.4	34.9	-1.4	64.1	12.7
Veneto	79.8	-3.9	54.4	-10.1	26.8	-1.4	58.4	1.9
Friuli-Venezia Giulia	77.2	-0.5	57.9	0.2	30.5	0.0	61.5	0.7
Emilia-Romagna	82.9	2.7	51.6	-7.1	19.2	-2.1	58.8	3.0
Tuscany	84.3	0.1	62.5	-4.1	19.6	13.7	53.1	14.4
Umbria	85.5	1.5	62.5	-6.1	18.1	3.9	57.2	-0.8
Marche	85.9	-0.8	58.0	-3.4	14.4	3.6	57.5	7.9
Lazio	80.2	-0.7	64.6	-10.4	14.9	-3.2	60.7	5.2
Abruzzo	85.4	-3.0	58.4	-8.2	16.6	-9.3	44.5	-10.3
Molise	84.9	-5.8	59.3	-15.8	16.0	-1.3	39.3	-10.6
Campania	82.5	-5.9	56.7	-8.8	9.4	-14.6	45.5	1.8
Puglia	82.6	-5.1	67.4	-9.2	14.0	6.8	36.2	-11.2
Basilicata	85.4	-8.6	54.2	-0.9	15.4	-27.6	33.8	14.9
Calabria	88.1	3.4	54.4	-3.2	24.1	36.9	40.3	3.0
Sicily	89.4	0.3	54.0	-0.4	20.4	-10.0	43.8	3.6
Sardinia	79.2	-5.7	59.0	-11.7	29.3	-3.5	49.2	14.9
Italy	**81.6**	**-1.8**	**57.5**	**-7.9**	**21.1**	**-2.3**	**52.0**	**2.3**

* People aged over 3 years and more per 100 people with the same characteristics
Source: Indagini Multiscopo "Aspetti della Vita Quotidiana" ISTAT

continue

LEGEND OF AVERAGE VALUE
above the national average
below the national average
equal to the national average

LEGEND OF % CHANGES
in increase
in decrease
constant

***(continue)* Percentage of consumers by food groups, with a frequency of at least once a day, 2013-2015**

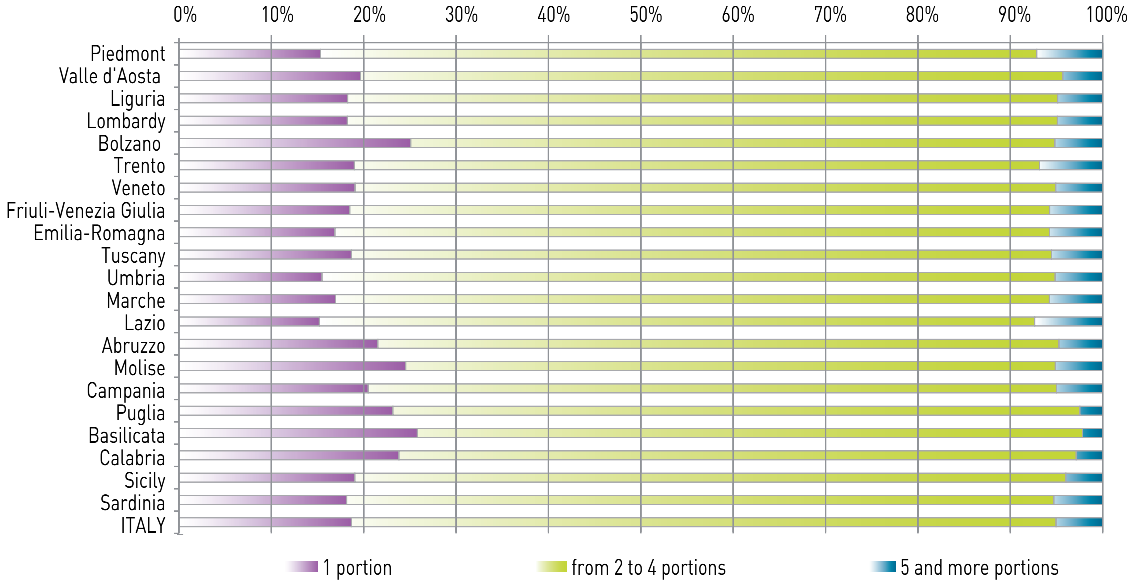
	Vegetables		Fruit		Greens, vegetables or fruit	
	average	variation	average	variation	average	variation
Piedmont	54.8	-2.5	77.0	-5.2	87.3	-2.8
Valle d'Aosta	51.2	0.6	68.9	2.8	82.9	3.3
Liguria	42.6	16.2	74.8	3.7	82.2	5.7
Lombardy	45.6	-1.1	72.4	-1.4	83.5	-0.5
Bolzano	42.7	2.1	62.6	-5.1	75.7	-2.2
Trento	51.3	15.7	69.9	14.2	81.5	11.6
Veneto	49.9	2.0	70.2	-0.4	83.1	-1.1
Friuli-Venezia Giulia	46.4	6.2	70.2	2.6	84.3	4.1
Emilia-Romagna	52.8	10.0	73.5	6.3	84.1	5.7
Tuscany	48.3	14.4	74.8	3.9	84.0	2.8
Umbria	50.5	0.0	78.7	4.8	86.6	2.0
Marche	47.0	9.8	74.9	3.8	85.2	2.3
Lazio	51.7	7.9	74.6	4.6	84.2	2.0
Abruzzo	39.9	-7.5	76.6	1.2	84.3	1.2
Molise	33.5	23.0	74.8	0.4	82.5	4.0
Campania	38.6	-1.3	75.5	2.5	81.9	2.0
Puglia	32.1	-8.6	78.8	-3.9	84.2	-3.1
Basilicata	29.6	16.6	73.6	1.4	78.9	1.3
Calabria	35.4	7.8	75.3	4.4	81.5	2.1
Sicily	37.6	-2.4	77.6	1.0	82.6	1.9
Sardinia	46.6	17.4	76.0	5.8	83.3	2.8
Italy	**45.0**	**3.2**	**74.5**	**1.2**	**83.6**	**1.1**

* People aged over 3 years and more per 100 people with the same characteristics
Source: Indagini Multiscopo "Aspetti della Vita Quotidiana" ISTAT

LEGEND OF AVERAGE VALUE
above the national average
below the national average
equal to the national average

LEGEND OF % CHANGES
in increase
in decrease
constant

Regional breakdown of the consumers of "fruit and vegetables" per number of portions eaten daily, (%) average in the three-year period 2013-2015



Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

Percentage of consumers per food groups with a frequency of several times per week, 2013-2015

	legumes		snack		sweets		cured meats	
	average	variation	average	variation	average	variation	average	variation
Piedmont	30.5	13.7	23.9	2.1	51.9	-0.4	53.8	8.9
Valle d'Aosta	32.1	-16.7	21.1	-24.8	46.4	-7.1	58.8	-6.9
Liguria	22.8	9.4	21.9	-7.3	49.3	7.3	60.1	-6.5
Lombardy	27.1	1.5	31.0	4.7	54.5	-3.3	63.0	3.8
Bolzano	38.7	4.0	17.4	6.5	47.4	3.0	60.5	-9.7
Trento	34.9	8.1	21.2	8.8	45.4	11.4	62.4	8.3
Veneto	26.8	-1.1	28.9	6.0	56.7	-0.2	57.1	-0.7
Friuli Venezia Giulia	30.5	10.5	23.9	7.4	52.7	10.8	59.2	4.9
Emilia-Romagna	19.2	6.4	23.2	-6.9	53.3	2.9	63.3	-3.9
Tuscany	19.6	13.8	21.5	4.2	49.2	-4.3	56.0	8.0
Umbria	18.1	7.4	19.9	-1.0	51.4	-4.1	65.4	-0.8
Marche	14.4	15.4	21.1	8.9	51.2	4.2	64.4	-0.8
Lazio	14.9	2.0	24.5	-2.3	44.7	-6.5	49.7	-6.4
Abruzzo	16.6	-0.5	25.3	14.7	49.9	6.8	61.6	2.1
Molise	16.0	7.6	29.4	-5.6	49.5	-2.6	68.9	-3.5
Campania	9.4	-0.9	32.4	-2.9	42.4	-0.2	61.1	-5.4
Puglia	14.0	3.9	25.5	3.2	43.8	5.2	57.5	2.7
Basilicata	15.4	-5.7	29.7	-13.1	42.2	-8.6	63.8	-15.1
Calabria	24.1	-2.0	32.4	-0.6	46.6	3.1	63.7	5.0
Sicily	20.4	18.1	28.0	7.4	41.8	1.7	58.9	2.4
Sardinia	29.3	21.7	25.9	3.4	50.0	-1.9	55.7	-3.5
Italy	**21.1**	**5.5**	**26.8**	**1.9**	**49.1**	**-0.4**	**58.9**	**0.3**

* People aged over 3 years and more per 100 people with the same characteristics
Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

LEGEND OF AVERAGE VALUES
above the national average
below the national average
equal to the national average

LEGEND OF % CHANGES
in increase
in decrease
constant

continue

(*continue*) Percentage of consumers per food groups with a frequency of several times per week, 2013-2015

	white meat		bovine meat		pork meat (cured meats excluded)		eggs		fish	
	average	variation	average	variation	average	variation	average	variation	average	variation
Piedmont	83.5	1.3	65.7	-6.7	37.2	-3.1	60.8	-2.9	54.2	7.2
Valle d'Aosta	85.1	-3.7	71.5	-6.7	40.7	-19.3	59.6	3.1	52.0	7.2
Liguria	82.1	-4.0	65.5	-9.3	35.2	0.3	62.2	-5.9	57.9	-1.2
Lombardy	83.2	-1.6	62.8	-3.6	39.7	0.0	54.1	2.5	56.8	0.4
Bolzano	52.2	-10.4	42.7	-5.6	28.2	-6.6	56.3	6.8	32.2	-22.0
Trento	75.9	5.4	53.7	1.3	44.3	-0.9	50.8	10.5	49.4	27.8
Veneto	80.5	-1.5	61.2	-3.2	42.0	6.4	52.9	2.8	50.3	1.5
Friuli Venezia Giulia	80.3	0.4	60.9	5.0	45.6	-6.1	57.5	3.5	50.3	12.6
Emilia-Romagna	81.5	-0.5	60.6	-5.0	46.3	-1.5	52.6	4.0	53.1	0.8
Tuscany	84.1	4.5	66.3	-0.6	48.5	10.2	56.4	15.5	56.8	10.8
Umbria	84.0	-0.1	69.0	-3.1	58.6	-5.6	60.4	2.0	56.6	5.8
Marche	85.5	-0.6	67.6	-5.9	50.3	-16.6	59.0	2.8	65.8	11.8
Lazio	82.8	-3.2	70.2	-7.6	42.5	-8.8	63.4	-2.4	63.4	2.7
Abruzzo	83.4	1.6	64.5	-2.3	50.5	-3.7	64.2	-2.8	59.8	-2.3
Molise	82.9	-4.4	67.5	-11.2	54.3	2.2	66.3	-4.8	59.5	-7.3
Campania	83.3	-3.8	68.0	-7.7	52.0	-12.5	62.6	-7.5	68.4	2.2
Puglia	77.7	0.0	63.1	-1.2	42.0	-2.3	57.5	0.2	56.5	0.5
Basilicata	78.1	-8.0	62.9	-9.6	49.8	-14.1	64.1	-0.6	58.7	-2.0
Calabria	82.1	5.2	71.3	0.4	50.4	2.4	69.3	7.5	64.6	4.0
Sicily	82.8	2.0	71.4	-1.4	45.0	4.7	67.0	3.4	63.3	5.4
Sardinia	78.1	-1.8	64.7	-6.0	55.8	-8.2	56.6	-10.7	50.8	-4.1
Italy	**81.9**	**-0.7**	**65.3**	**-4.2**	**44.4**	**-2.4**	**58.9**	**0.8**	**58.1**	**2.9**

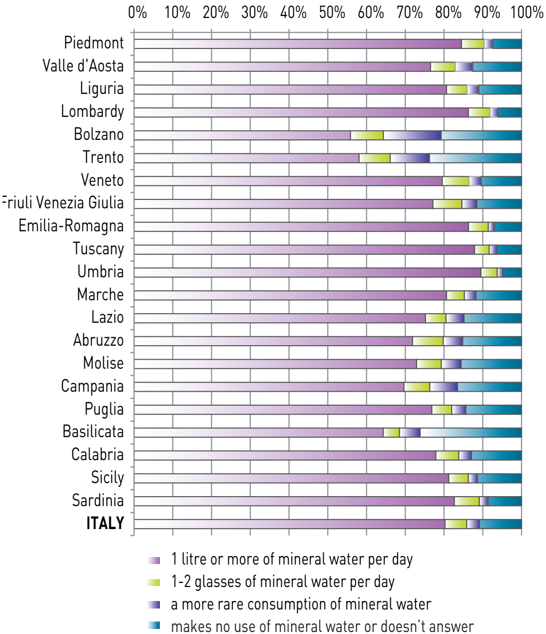
* People aged over 3 years and more per 100 people with the same characteristics

Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

LEGEND OF AVERAGE VALUE
above the national average
below the national average
equal to the national average

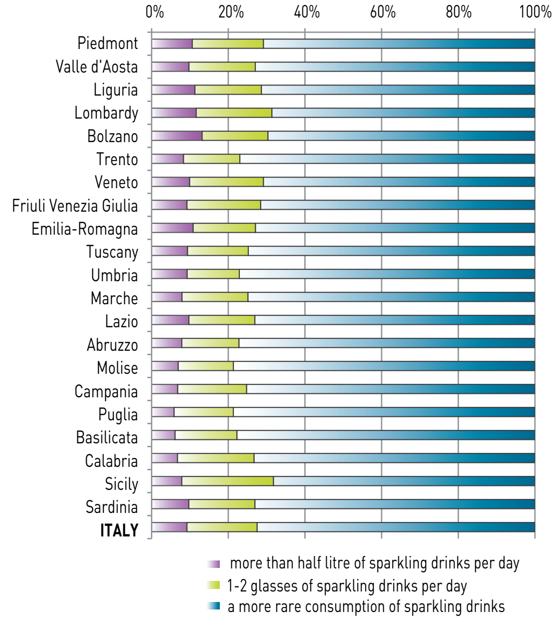
LEGEND OF % CHANGES
in increase
in decrease
constant

Regional breakdown of the consumers of mineral waters aged over 11 years, per quantity and frequency (%), average in the three-year period 2013-2015



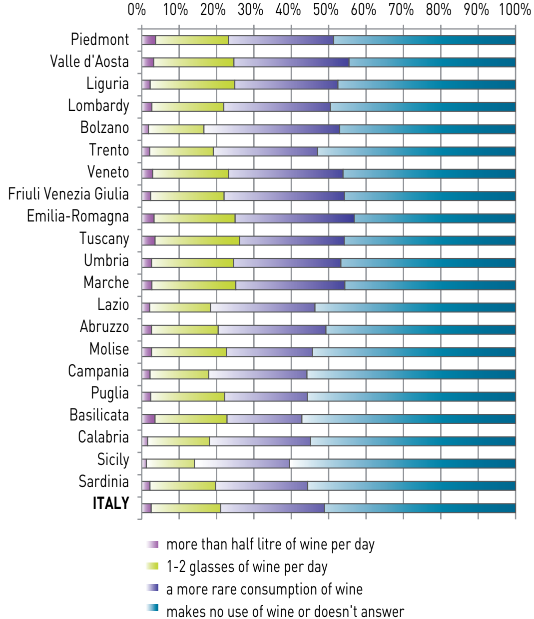
Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

Regional breakdown of the consumers of sparkling drinks, aged over 11 years, per quantity and frequency (%), average in the three-year period 2013-2015



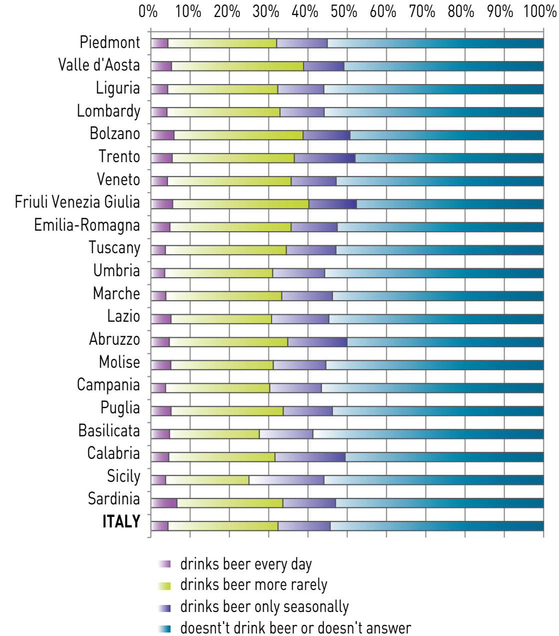
Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

Regional breakdown of the consumers of wine per quantity and frequency (%), average in the three-year period 2013-2015



Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

Regional breakdown of the consumers of beer per quantity and frequency (%), average of the three-year period 2013-2015



Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

% of consumers by use of vegetable oils and fats, attention to the use of salt and iodised salt, 2013-2015

	% of consumers in the three-year period 2013-2015				relative % variation 2015/2013			
	cooked with olive oil or vegetable fats	raw seasoning with olive oil or vegetable fats	pays attention to salt intake	uses iodised salt	cooked with olive oil or vegetable fats	raw seasoning with olive oil or vegetable fats	pays attention to salt intake	uses iodised salt
Piedmont					-0,5	0,3	3,8	27,8
Valle d'Aosta	90.1	95.7	69.6	66.9	-0.4	0.5	9.7	0.0
Liguria	96.1	97.3	69.5	39.3	0.4	0.2	11.6	25.8
Lombardy	91.1	96.0	70.5	46.7	0.1	1.5	4.9	5.0
Bolzano	90.5	90.6	62.6	72.5	7.6	6.1	0.0	-5.6
Trento	94.0	98.5	70.7	63.1	0.7	-0.4	6.1	0.8
Veneto	94.7	97.6	73.3	54.0	-0.3	0.0	2.8	3.1
Friuli Venezia Giulia	93.0	96.6	72.2	50.0	0.5	0.8	3.1	19.6
Emilia-Romagna	95.6	97.5	71.2	52.6	1.3	0.0	2.8	6.3
Tuscany	97.2	97.5	67.6	48.8	-0.4	-0.3	-2.6	7.6
Umbria	97.6	98.1	70.5	60.7	-0.3	0.1	5.1	13.6
Marche	96.9	97.7	71.3	43.4	0.0	-0.2	-5.1	24.3
Lazio	97.4	97.6	64.0	35.3	-0.8	-1.6	-5.0	6.6
Abruzzo	96.9	97.4	67.8	35.2	1.1	0.8	6.0	11.7
Molise	97.8	98.1	65.0	48.1	-0.5	-0.4	-4.8	9.8
Campania	97.7	98.1	64.5	39.4	-1.2	-1.2	2.4	-12.8
Puglia	97.4	97.8	67.8	46.9	-2.1	-1.5	5.8	21.7
Basilicata	96.8	97.2	73.6	60.0	-0.2	-0.6	1.9	16.8
Calabria	96.8	97.5	66.4	47.1	0.2	0.3	1.4	6.5
Sicily	96.8	97.0	60.1	33.2	1.7	1.7	7.6	11.3
Sardinia	97.2	97.9	68.9	30.4	-1.6	-0.3	0.6	-5.9
Italy	**95.5**	**97.2**	**68.2**	**44.3**	**-0.1**	**0.1**	**2.7**	**7.7**

* People aged 3 years or more per 100 people with the same characteristics
Source: Indagini Multiscopo "Aspetti della Vita Quotidiana", ISTAT

LEGEND OF AVERAGE VALUE
above the national average
below the national average
equal to the national average

LEGEND OF % CHANGES
in increase
in decrease
constant

and vegetable consumption is represented by 2-4 portions (76.3% on a national average), with a peak in Umbria (79.8%) and a minimum share in the Autonomous Province of Bolzano (70.1%).
In terms of weekly consumptions, it increases the consumption of legumes (+5.5%) and snacks, in line with the increase in eating outside home that is experiencing the increase of "informal" occasions. Legumes have a greatest share of consumers in the northern regions (except for Emilia-Romagna) compared to the Centre-South (except for Calabria and Sardinia), whereas the consumption of fish has a higher number of consumers in the Centre-South (excluding Tuscany, Umbria, Puglia and Sardinia) and a percentage below the national average throughout the North.
In terms of water consumption, it prevails the consumption of mineral water (89% of people aged 11 years and above drink 1.5 liters and more of mineral water). The consumers of fizzy drinks, for the same segment of the population, amount to 58%, with an occasional consumption in 34% of cases. The consumers of wine and beer have an average national percentage of respectively 56% and 46%, while 27% makes use of alcoholic drinks between meals (73% less than once per week). Taking into account the trends of the period, all items are in increase, however, it has been observed an increase in the modality "more than 1.5 liters per day" (+3.8%) rather than for fizzy drinks and wine. Only beer has an upward trend on a daily basis (+7.1%).

It is already for some years now that the dietary regimes of the Mediterranean countries diverge from the Mediterranean Diet model, thus detecting an increase of the overall calorie intake, mainly due to the increase of lipids and to the decrease of carbohydrates. This has led to a worsening of the sustainability of the dietary regimes with also consequences in terms of environmental, social, sanitary and cultural aspects. In particular, the strong pressures from the agro-food market have caused the abandonment of local crops, of traditional breeding techniques, of the traditional crafts of the Mediterranean areas linked to production and processing of food as well as of the consumption habits and have imposed new networks and trading systems.

An analysis of the evolution in values of the Mediterranean Adequacy Index (MAI)[1] has been carried out, with reference to the seven countries where the Emblematic Communities of the Mediterranean Diet reside[2] – Croatia, Cyprus, Italy, Greece, Morocco, Portugal, Spain – thus providing a synthetic measure of the level of compliance to the Mediterranean Diet of a dietary regime. This index reflects the ratio between the percentage of energy arising from the consumption of foodstuffs traditionally present in the Mediterranean Diet (essentially carbohydrates and groups of protective foods) and the percentage of energy produced by non-traditional foodstuffs of such a diet (i.e. food of animal origin and sugars). The findings used are taken from FAOSTAT Food Supply, which provides the detail of the daily kilocalories available per person by type of products.

The quantification of the MAI index, for each of the seven countries examined, has pointed out a worsening of the values of this index in the period between 1990-1992 and 2009-2011. The most remarkable percentage change has involved Greece (-19%), whereas Spain has experienced a more contained variation which has nevertheless registered a value little exceeding one unit in the last three-year period. Italy, in particular, ranks after Spain in terms of negative variation of the index, although its values are still higher than the Spanish ones. This estimate clearly highlights a move away from the principles of the Mediterranean Diet and an opposite trend, targeted towards an homogenization of the dietary regimes, facilitated by an easier access to processed foodstuffs, sugars and refined fats, oils and meats, and eat-

[1] The Emblematic Communities are represented by those social groups who are territorially defined and who represent the universal values declared as Intangible Cultural heritage of Humanity and particularly responsible for the safeguarding and enhancement of the Mediterranean Diet (http://www.dietamedunesco.it/cominita/comunita-emblematiche)

[2] Alberti-Fidanza A., Fidanza F., Chiuchiù M.P., Verducci G., Fruttini D. (1999), Dietary studies on two rural italian population groups of the Seven Countries Study. 3. Trend Of food and nutrient intake from 1960 to 1991, European Journal of Clinical Nutrition, vol. 53, n.11, pp. 854-60.

Mediterranean Adequacy Index (MAI) for the Mediterranean countries with emblematic communities

		MAI
Croatia	1990-92	0.90
	2009-11	0.81
	Δ%	-10.40
Ciprus	1990-92	0.91
	2009-11	0.83
	Δ%	-8.58
Greece	1990-92	1.61
	2009-11	1.31
	Δ%	-18.91
Italy	1990-92	1.30
	2009-11	1.23
	Δ%	-5.88
Morocco	1990-92	3.14
	2009-11	2.82
	Δ%	-10.29
Portugal	1990-92	1.18
	2009-11	1.07
	Δ%	-9.81
Spain	1990-92	1.12
	2009-11	1.08
	Δ%	-3.67

Source: CREA processing on Food Supply data released by FAOSTAT

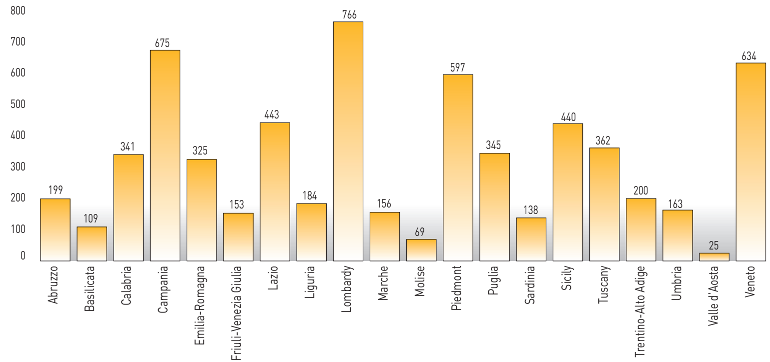
ing habits characterized by an increase of meals out of home and by the use of pre-packaged foods.

An interesting exception concerns the primacy of Morocco, the only non-European Country with the highest value of this index, suggesting therefore a greater adherence to the Mediterranean Diet regime. The worst performances are instead associated to Croatia and Cyprus, where the MAI values do not reach the unit. On the whole, the Mediterranean Countries arouse particular concern, if considering the low MAI values, both in terms of the possible negative effects on health and for the loss that it implies from an environmental, social and cultural point of view.

SCHOOL FRUIT SCHEME

In 2009, MIPAAF has launched the initiative "School Fruit Scheme"[1], in collaboration with the Regions, a food education programme aimed at increasing the consumption of fruit and vegetables by children of the primary schools (aged 6-11 years). The initiative, which involves also parents and teachers, has furthermore the aim to establish a closer relationship between producer-provider and consumer and to provide children occasions for knowing and concretely verify natural products that differ in terms of variety and typology, in order to develop a conscious choice capability and improve food habits.

Schools involved in the project "Fruit at school" academic year (n.), 2014-2015



Source: CREA.

The implementation of the programme is carried out through the following accompanying measures, managed by CREA – Food and Nutrition:

- Visits at educational farms;
- Creation of school gardens, gardening activities and establishment of sensory workshops;
- Distribution of information material at teachers;
- Training modules for teachers and professors;
- Incentives and rewards of playful nature for supporting the approach to the consumption of fruit and vegetables;
- Theme days or educational activities accompanied by practical and demonstrative activities;
- Multilingual interactive promoting system for the promotion of the territory and its typical products.

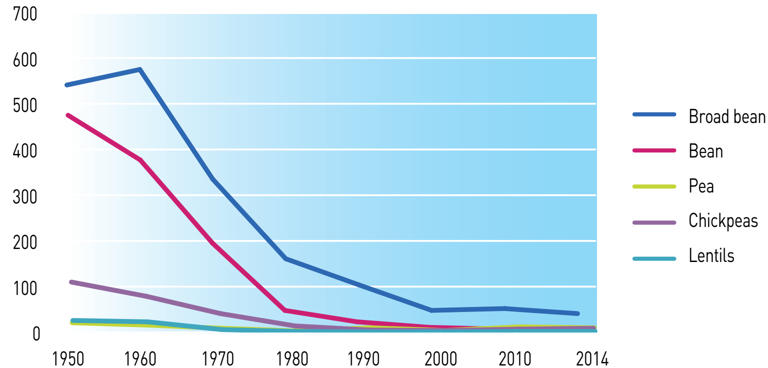
The 2014-2015 edition has involved 6,324 primary schools with over one million students.

[1] *The European Programme of Nutritional Education was introduced by the (EC) Regulation n. 1234 of the Council of 22nd October 2007 and by the (EC) Regulation n. 288 of the Commission of 7th April 2009.*

"Nourishing seeds for a sustainable future": with this slogan the General assembly of the United Nations has declared the year 2016 as the international year of legumes, with the aim of fostering production through a campaign promoted and coordinated by FAO. According to the United Nations, legumes play a crucial role for facing hunger, malnutrition, food safety, environmental challenges and human health.

Legumes are a source of plant proteins and, at the same time, they are poor in fats (-2.4%); furthermore, legumes represent both a good insoluble source of carbohydrates and fibers, able to regulate the intestinal functions, and a soluble source like the lecithin that contributes to regulate the levels of glucose and cholesterol. In addition, legumes contain iron, zinc, minerals and calcium, besides some group B vitamins (B1, B2 and niacin). They represent a worthwhile alternative to animal-based proteins.

Trend in the surface area cultivated with grain legumes (000 h)



Source: ISTAT

In Italy, the most eaten legumes are beans, peas, lentils, chickpeas and broad beans; their cultivation was very much spread up to the 50s – over one million of cultivated hectares – later on, the production of the main species has drastically reduced from the post-war period to date (-82%) with the advent of the economic wellbeing and the widespread consumption of animal-based proteins.

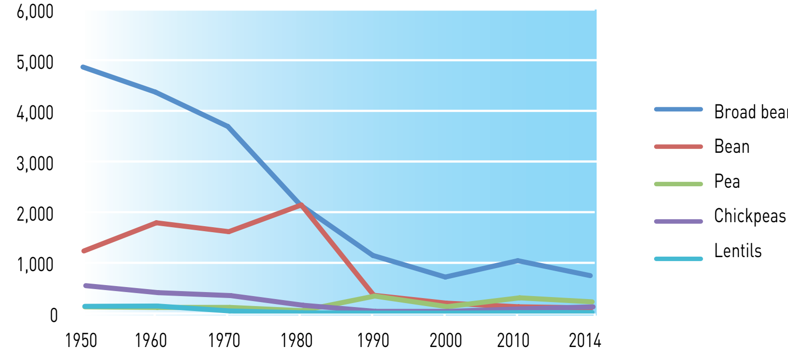
In the same period, the lands for the cultivation of legumes have suffered a decrease (-94.3%), to the benefit of an increase of grazing lands and of an increase in the production of legumes for a livestock use.

In terms of the Italian import-export of legumes, FAO's figures outline an upward trend in imports starting from 1961 up to 2011, with a peak in the quantities in 1991 (490,168 tons), with a new decrease in 2011 and 287,141 tons. In 2011, exports have almost reached 21,886 tons.

From an environmental point of view, the production of legumes shows a greater sustainability arising from the capability in fixing the atmospheric nitrogen. This characteristic brings a series of benefits such as the improvement of the soil's fertility, a lower dependence on chemical fertilizers and a reduction of greenhouse gas emissions. The varieties that are known and cultivated all around the world are numerous and represent an important source of biodiversity thanks to their genetic variability, which allows a remarkable adaptability to the widest range of soil and climate conditions. Lastly, the use of legumes as crops can reduce soil's erosion and contribute in preventing infestations and diseases.

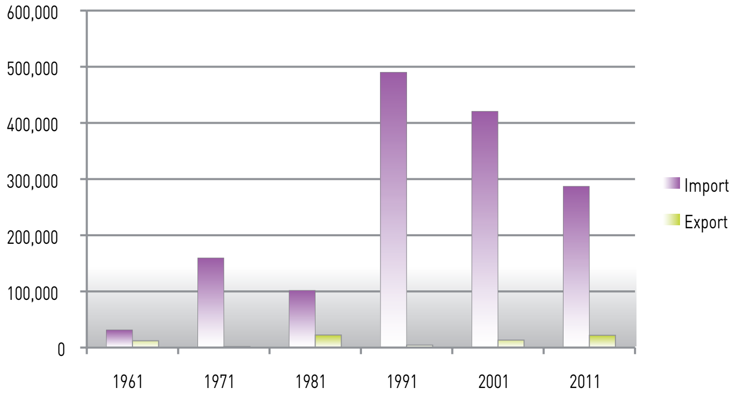
In the latest years, a greater sensibility for the safeguarding of the environment and towards a more healthy and balanced feeding – also by virtue of a rediscovery of the beneficial effects of the Mediterranean diet – as well as the spreading of vegetarian and vegan diets, have led to a return in the consumption and cultivation of legumes also through the rediscovery of typical dishes and recipes of the Italian gastronomical tradition.

Trend in the production of grain legumes (000 q)



Source: ISTAT

Trend in the import-export of legumes (t)

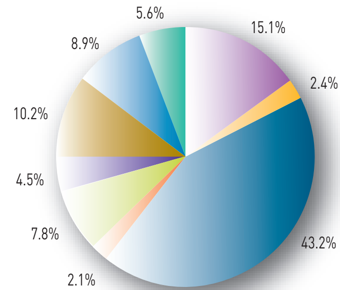


Source: FAO

Every year, in the agro-food supply chain, about one third of the edible world food production, at least 1.3 billion tons of food, suffers losses due to climatic, technical and environmental factors, but also due to the wastefulness ascribable to economic reasons or to the external appearance and to the deterioration of the product or to their proximity to the best-before deadline. In 80% of cases these are products that are still edible (more than half is represented by fruit and vegetables), equal to almost four times the quantities necessary to satisfy the needs of those who suffer hunger in the world, roughly 868 millions of people (FAO's figures, 2016). The world economic value of the losses and waste (Food Losses and Waste–FLW) amounts to roughly 1,000 billions of dollars , which increases to over 2,600 billions of dollars if considering also the "hidden" costs linked to the consumption of water and to the environmental impact. The phases of the agricultural production (510 millions of tons) and of the post harvesting and storage (355 millions of tons) have an incidence of respectively 32% and 22%; the phases of the food industry and distribution have an incidence of 11% and 13%; the final phase of consumption (domestic and catering), with 345 millions of tons, has an incidence of 22% on the total. 56% of the Food and Losses Waste takes place in the industrialized countries (more than 40% in the phases of sales and household consumption) and 44% in the developing countries where, on the contrary, more than 40% of the FLW takes place after the harvesting and during the transport of products.

Every year, in the EU, 20% of food is wasted, about 88 millions of tons (excluding agricultural losses and discards), equal to 143 billion euros in value and 173 kilos per capita in quantity (Fusions figures, 2016). The consequences are not only in economic, ethical and social terms but also for the environment if considering that the agro-food waste only in the EU exceeds 170 millions of tons of CO_2, equal to 3% of the global emissions of the Earth. 5% of the

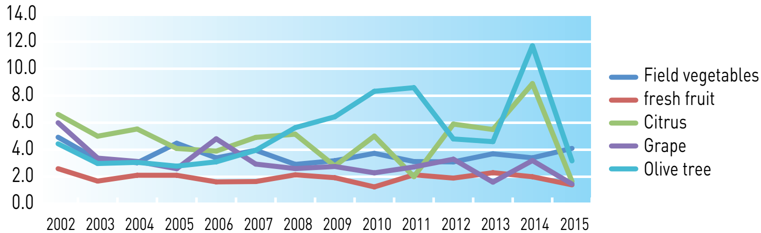
Agricultural output left on the field by sector in Italy, 2015



TOTAL	11,658,571
Cereals	1,763,812
Legumes and tuber crops	278,233
Field vegetables	5,041,878
Industrial vegetables	247,816
Fresh fruit	904,668
Citrus	529,977
Grape	1,194,988
Olive tree	1,038,924
Greenhouse vegetables	658,275

Source: processing of ISTAT figures

Trend of the agricultural leftovers in some sectors in Italy (%)



Source: processing of ISTAT figures

FLW, in the EU, takes place in the phases of distribution and sale, 14% in catering, 39% in the industrial processing and 42% in the household consumption.

In Italy, the wastefulness in the agro-food supply chain has a cost of 12.6 billion euros (Coldiretti/Ixè figures, 2016), roughly 1% of the GDP, and it occurs in the household consumption for 54% of cases and in the catering for 21% of cases, mainly in the canteens of schools where it has been estimated that 12.6% of raw materials is wasted; followed by the commercial distribution (15%), agriculture (8%) and processing (2%).

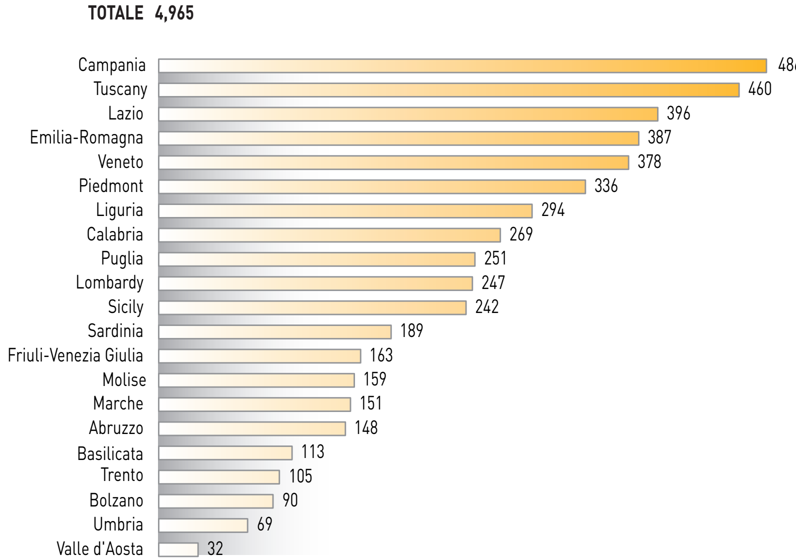
On average, every year, 17% of fruit and vegetable products are wasted in the household consumption, 15% of fish and roughly 30% of pasta, bread, eggs and dairy products, for a total of 164 kilos per capita of foodstuff (Coop figures, 2016). Nevertheless, the Waste Watcher estimates of 2016 have highlighted that Italians have showed a greater attention compared to the previous survey, thus decreasing the household waste from 650 to 600 grams per week, equal to a value of 7 euros per week.

The phases of production, harvesting and storage seem to be still little explored. In 2015, according to ISTAT figures, the leftovers on the fields, or rather the difference between total production and what has been taken away from the place of production, have amounted to about 1.2 millions of tons (2.2% of total production); the highest share is ascribable to the fresh vegetables (43%), followed by cereals (15%) and grapevine (10%). In 2015, the 21 territorial organizations of the Banco Alimentare onlus which cover all regions, have recovered 78,448 food packs from hypermarkets and food industries and 1,125,803 ready-made meals from catering, thus delivering them to the canteens of entities and charitable organizations. In order to simplify donations, the Stability law 2016 has increased the threshold of the preventive communication for donation from 5 to 15 thousand euros, whereas the Law n. 166 of 19th August 2016 has introduced the regulatory and tax simplification for those companies that decide to allocate the surpluses to the benefit of less wealthy people, thus modifying the law 155/2003, known as “Legge del buon samaritano”.

TRADITIONAL AGRO-FOOD PRODUCTS

The traditional agro-food products are represented by those niche products that have a high culinary and cultural value but which do not enjoy of the Community safeguarding as it occurs in the case of the products with designation of origin. The fundamental requirement to which they refer to is the tradition of the method of processing, conservation and seasoning which has to be well consolidated over time (for a period of at least 25 years). They have received the official recognition with the Legislative Decree n. 173/98 that has established a national list at MIPAAF, updated annually by the Regions. Since 2008 they have been defined as expression of the Italian cultural heritage, like the historical, artistic and architectural goods.
The 16th review of the list contains 4,965 traditional food specialties, 84 specialties more than in 2015. The products that prevail among the regional specialties are 1,511 bakery products, followed by 1,394 fresh and processed vegetables, 786 salami, ham, fresh meats and cured meats, 469 cheeses.

Traditional agro-food products per region (n.), 2016



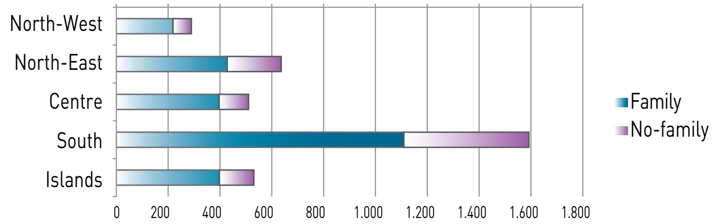
Source: 16th review of the national list of the traditional agro-food products, Ministerial Decree 21 June 2016

FARM STRUCTURE

EMPLOYMENT

According to the SPA survey 2013 concerning the farm structure and their productions, the workforce in the agricultural sector consists of about 3,560,000 workers, made up by household members for over 70%. In line with the reduction in the number of farms, labor decreases overall by 8.1% over 2010: however, while the family labor decreases by 13%, the non-family labor increases by 7.5% mainly in the North-East, Centre and South (Islands included) of the Country.

Employees by type of labour force and by district

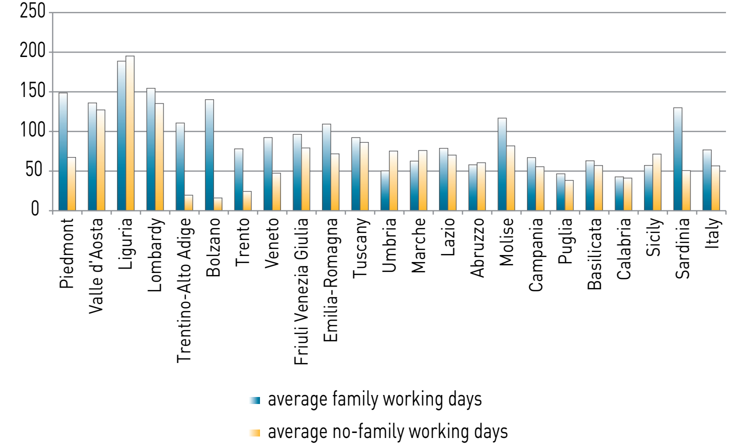


Source: ISTAT, SPA 2013

WORKING DAYS

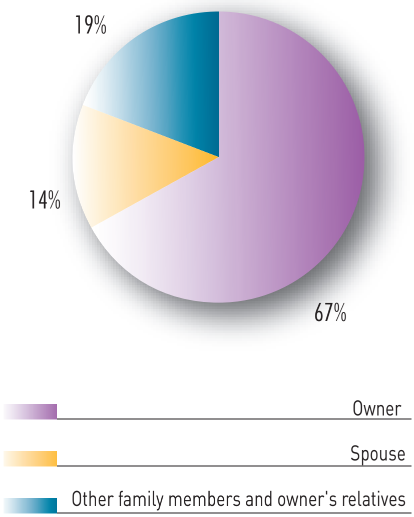
The working days remain essentially stable (+0.8% compared to 2010), highlighting nevertheless different trends between the use of family labor and the non-family labor: in a downward trend is the family labor (-2.6%), in an upward trend is the other one (+14.3%). Family labor continues nevertheless to represent the highest share (77.4% of the total) with an average of 77 working days for component per year, compared to the 57 days worked by the non-family workers.
Most of work is performed by the owner who provides more than the half (52%) of the total days worked (family and non-family) and 67% of the exclusively family working days (-0.7%). The working days of the spouse have decreased by 11.2% over 2010 and represent 14% of the family labor, whereas the working days of the other members of the family have decreased by 1.6%, although their incidence in the composition of the family labor is remained unchanged (19%).
In terms of non-family labor, the working days performed occasionally by the workers employed in the farms have showed an increase of 13%. Even the working days of the permanent workers have increased (+14%), whereas those of the temporary workers have decreased (-10.1%).

Average working days per family employees and no-family employees



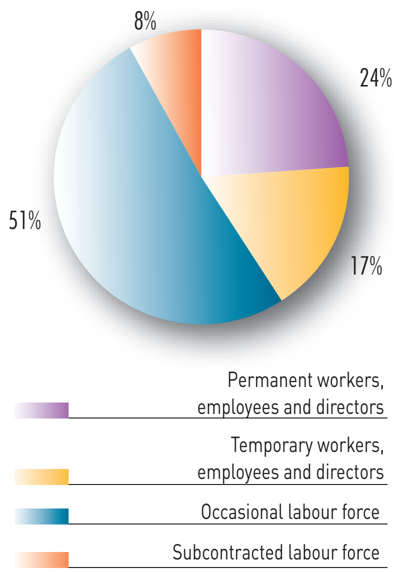
Source: ISTAT, SPA 2013

% breakdown of the working days of family labour force, 2013



Source: ISTAT, SPA 2013

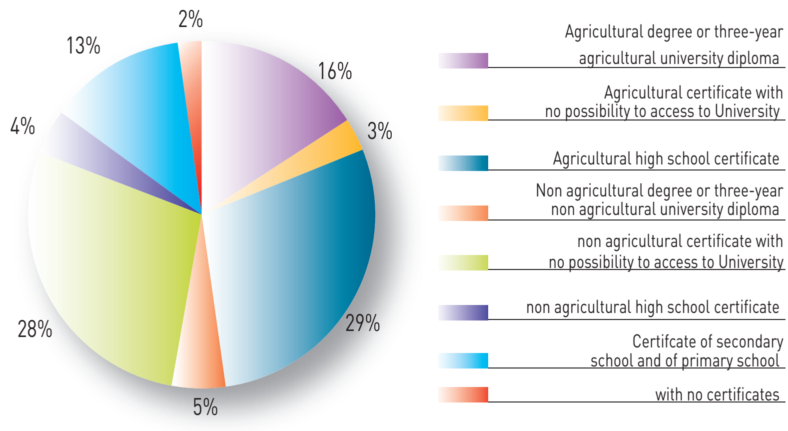
% breakdown of the working days of the no-family labour force , 2013



Source: ISTAT, SPA 2013

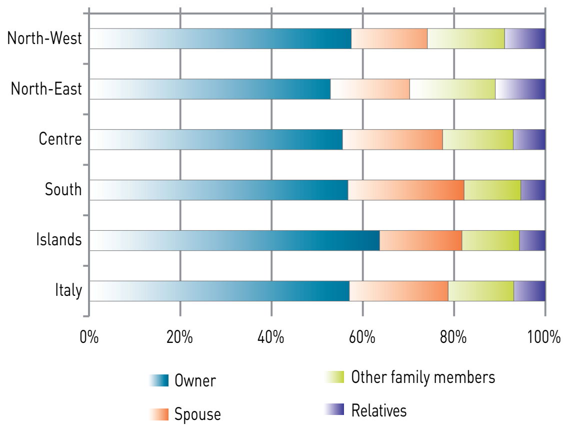
The owner is undoubtedly the main figure: he represents, in fact, 41% of total employees at the national level and 57% among the family members. The number of people who are occasionally employed in the farm represents 1/5 of total agricultural workers and as much as 71% of the non-family workers. In the southern regions, Islands included, and in the North-East, areas where there is a great request of seasonal workforce for the harvesting of fruit and vegetables, this type of contractual arrangement exceeds the ¾ of the overall non-family workers. Conversely, the number of permanent workers represents only 1.9% of the overall workforce, whereas the temporary workers represent 2.4% of the employees.
Among the owners, 48% owns an agricultural school certificate and out of these ones only 16% has a university degree or a three-year university diploma.

Qualification of the owner



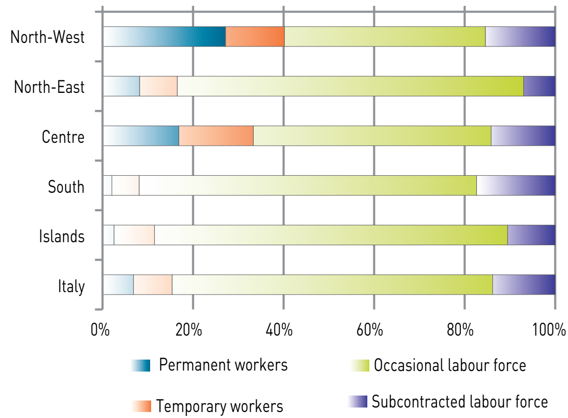
Source: ISTAT, SPA 2013

Breakdown of the family labour force by category and district



Source: ISTAT, SPA 2013

Breakdown of the no-family labour force by category and district



Source: ISTAT, SPA 2013

ECONIMIC RESULTS OF FARMS

The gross saleable production achieved by the Italian FADN farms in 2014 has amounted to 75,175 euro, 37% of which remunerates all factors provided by the entrepreneur and his family (the average net income of farms amounts to 27,579 euro).

The northern regions have registered the best productive and income values, both in absolute terms and per hectare of surface area and employee, justified by a remarkable presence of intensive farms but also by the settlement of big industrial farms of poultry and pork. The better productive results in the North-West are supported by a greater structural endowment, 24.3 hectares of average farm's UAA compared to the 19 hectares of the national average.

The farms located in the South, Islands included, have shown the lowest economic results, they are nevertheless more efficient in terms of net income on the production value: they achieve a net income equal to 42% of total farm's incomes, compared to 33% of the central regions and 34% of the northern regions. This can be ascribable to the containment of cur-

Structural and economic indicators by districts, 2014

	GSP/ha	GSP/LU	GSP/WU	NI/FWU	NI/GSP (%)	NI/ha	NI/LU
North-West	5,316	2,636	85,852	33,504	33.8	1.797	891
North-East	6,245	7,184	71,115	31,071	34.5	2.156	2.480
Centre	3,554	9,517	49,815	21,953	32.9	1.169	3.132
South-Islands	2,707	6,902	38,699	23,587	42.3	1.144	2.918
Italy	3,947	5,166	54,829	26,829	36.7	1.448	1.895

Source: Italian FADN

[1] *The gross saleable production includes, besides the revenues of the sales of products, also the revenues of the activities related to agriculture, as well as the grants of the 1st Pillar of the CAP. By subtracting the current costs (consumptions, other expenditures and services of third parties), the long-term costs (depreciations and financial provisions), the distributed incomes (wages, welfare costs and passive rents) it is obtained the operative income; by adding the extra-characteristic management (financial and extraordinary management, along with public subsidies for the rural development) it is obtained the net income.*

Structural data and main economic results by districts, farm averages, 2014

	UAA	LU	WU	FWU	GSP	Current costs	Long-term costs	Distributed incomes	Off-farm mangement	Net income
	ha	n.			euro					
North-West	24.3	48.9	1.5	1.3	129,022	61,310	7,998	13,501	-2,588	43,625
North-East	15.7	13.7	1.4	1.1	98,214	43,560	6,525	13,410	-820	33,898
Centre	21.6	8.1	1.5	1.2	76,779	31,983	8,237	12,794	1,502	25,267
South-Islands	18.3	7.2	1.3	0.9	49,635	16,772	4,114	9,073	1,310	20,987
Italy	19.0	14.6	1.4	1.0	75,175	30,995	5,761	11,164	325	27,579

Source: Italian FADN

Structural data and main economic results by type of farming, farm averages 2014

		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	30.9	0.2	1.0	0.9	57,694	26,052	4,674	7,668	-538	18,763
	Horticulture	3.8	0.1	2.5	1.4	168,747	74,429	6,782	29,966	-2,390	55,180
	Fruit	7.6	0.0	1.4	1.0	56,085	15,225	5,172	11,221	-508	23,958
	Wine	8.2	0.1	1.1	0.9	48,975	16,486	4,970	8,162	224	19,581
	Olives	14.8	0.1	1.4	0.9	53,604	14,166	4,213	12,986	2,135	24,374
Livestock type of farming	Dairy cattle	26.5	83.8	1.9	1.6	182,409	84,320	12,719	16,475	1,546	70,441
	Goats and sheep	46.1	30.7	1.2	1.1	46,560	16,386	6,091	6,198	4,303	22,188
	Mixed cattle	38.4	49.8	1.3	1.2	93,562	51,544	8,005	8,845	855	26,023
	Granivorous	23.2	360.3	2.1	1.6	464,429	274,116	16,041	24,991	-19,051	130,230
	Mixed livestock	22.6	34.5	1.5	1.4	76,854	37,440	5,712	7,718	-2,216	23,768

Source: Italian FADN

rent costs which are the main farm's expenditure item: here, in fact, the current costs have an incidence of 34% on total farm's incomes, while they exceed 41% in the other districts. Definitely lower is both the incidence of the long-term costs (amortizations and provisions) and the incidence of the distributed incomes (wages and social security charges, paid for both the employees and the family workers, and the rental expenditures), compared to the total revenues.

Structural and economic indicators by type of farming, 2014

		GSP/ha	GSP/LU	GSP/WU	NI/FWU	NI/GSP (%)	NI/HA	NI/LU
Vegetable Type of Farming	Cereals	1,870	318,811	58,382	20,599	32,5	608	103,680
	Horticulture	44,855	2,824,507	67,455	39,974	32,7	14,668	923,614
	Fruit	7,368	1,490,052	39,406	24,866	42,7	3,147	636,521
	Wine	5,984	419,629	42,612	22,518	40,0	2,392	167,776
	Olives	3,623	406,952	36,990	28,515	45,5	1,647	185,045
Livestock type of farming	Dairy cattle	6,890	2,178	95,894	44,428	38,6	2,661	841
	Goats and sheep	1,010	1,515	38,109	20,147	47,7	481	722
	Mixed cattle	2,435	1,878	72,176	22,453	27,8	677	522
	Granivorous	20,043	1,289	220,921	83,255	28,0	5,620	361
	Mixed livestock	3,405	2,229	50,179	16,486	30,9	1,053	689

Source: Italian FADN

Among the main vegetable productions, a high performance is achieved by the horticultural firms for their sizeable productive and income values that are well above the results obtained by the firms specialized in other vegetable crops. The horticulture sector, although characterized by a small-sized surface area (on average 3.8 hectares), undergoes the highest costs for carrying out its productive activities, since it is characterized by a high use of structures and by a great need of labor force for the realization of the production cycle.

The incidence of the current costs on the farms' incomes is very high (44%), thus invalidating farm's efficiency in terms of ratio between income and total revenues: the average net income represents 33% of the turnover compared to 45% of the farms of the olive sector, 43% of the fruit farms and 40% of the wine-making farms.

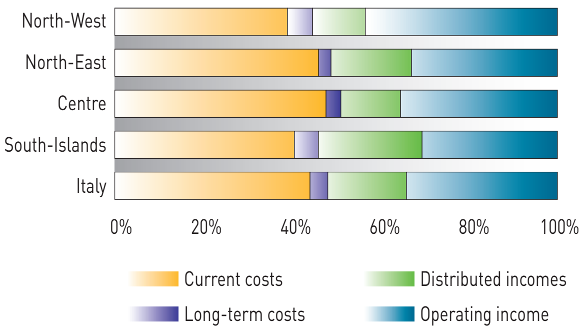
The horticulture sector in the northern-western regions and in the Centre has registered the best productive and income values, both in absolute terms and in relation to the factors of land and labor. In the North-East the results are also justified by the larger farm size, almost double than in the other districts.

In the central-northern regions, also the firms specialized in fruit growing and viticulture have highlighted economic performances over the national average. In particular, the value of fruit production in the North-East seems to double the value achieved by the southern firms. In the Centre the turnover of the wine sector is particularly high, if considering also the extension of the average surface area (15.6 hectares), which significantly exceeds the southern firms (76,000 euro compared to 29,000 euro).

Structural and economic figures by geographical area, specialist horticulture TF, 2014

	UAA	WU	GSP/HA	GSP/WU	NI/FWU
	ha	n.	euro		
North-West	2.5	1.5	31,257	51,579	26,625
North-East	7.5	4.2	56,926	101,450	70,302
Centre	3.6	2.7	64,395	85,883	52,779
South-Islands	3.4	2.4	33,129	45,714	26,300

Farms specialising in horticulture: % breakdown of the GSP, 2014

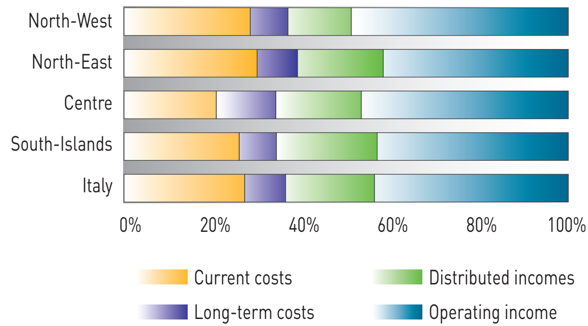


Source: Italian FADN

Structural and economic figures by geographical area, specialist fruit TF, 2014

	UAA	WU	GSP/HA	GSP/WU	NI/FWU
	ha	n.	euro		
North-West	8.6	1.5	8,397	48,864	27,601
North-East	7.3	1.6	10,761	47,657	25,470
Centre	11.4	1.6	6,622	46,927	39,027
South-Islands	7.0	1.3	5,655	31,085	21,290

Farms specialising in fruit: % breakdown of the GSP, 2014

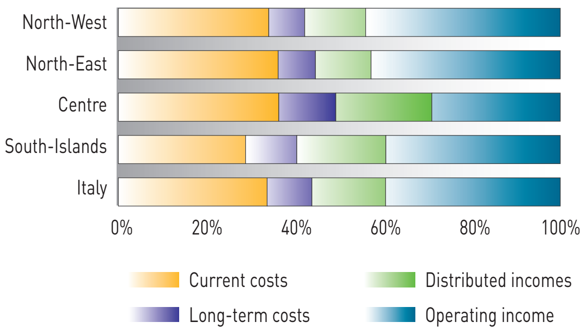


Source: Italian FADN

Structural and economic figures by geaographical area, specialist wine TF 2014

	UAA	WU	GSP/HA	GSP/WU	NI/FWU
	ha	n.		euro	
North-West	8.2	1.4	7,994	47,095	25,945
North-East	7.6	1.1	9,016	60,077	30,965
Centre	15.6	1.8	4,906	42,664	19,368
South-Islands	6.8	1.0	4,244	30,213	16,550

Farms specialising in wine: % breakdown of the GSP, 2014



Source: Italian FADN

ZOOTECHNICAL TYPE OF FARMING

The analysis of the FADN figures related to the livestock sectors has pointed out particularly high economic values for the farms specialized in the breeding of granivorous, a result that is justified by the presence of large-sized farms, with high intensive and industrial breeding.

Although with lower results, also the farms specializing in dairyng cattle have achieved good productive and income results, both in absolute terms and in relation to the factors of land and labor. These farms, compared to the farms specializing in goats and sheep, mixed cattle and different types of breeding, are characterized by an average-higher livestock consistency and by a higher average number of employees for carrying out the production activities. The livestock density, in particular, is roughly twice that one of the sector of the mixed cattle and with multiple breeding (3.2 LU/hectare compared to 1.3 mixed cattle and 1.5 with multiple breeding), and more than three times compared to the goat and sheep sector characterized by extensive breeding (0.7 LU/UAA).

The farms specialized in the goat and sheep breeding have shown also the greatest efficiency in terms of income on the production value: about the half of the gross saleable production represents the net income (48%). This excellent result is mainly ascribable to the containment of current costs that have an incidence of 35% on the production value, while in the other sectors the incidence of such costs exceeds 45%. They are particularly spread in the Centre-South and on the Islands, where they have the highest margins for the remuneration of the family labor.

The farms specialized in cattle, milk and mixed breeding, have pointed out the best performance in the northern regions where there is a high concentration of highly intensive breeding.

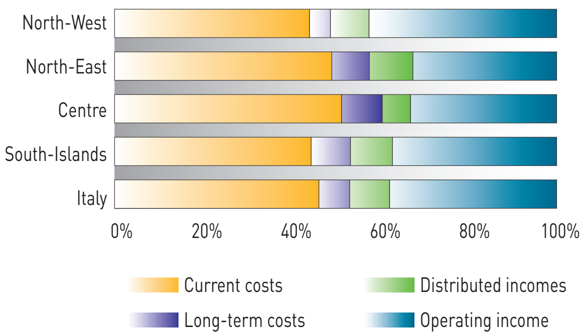
Structural and economic figures by geographical area, specialist dairying TF 2014

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	40.7	129.3	2.3	7,407	2,328	132,818	67,596
North-East	19.9	59.5	1.7	6,744	2,251	78,213	31,749
Centre	29.0	84.0	1.9	7,155	2,472	109,568	43,559
South-Islands	21.7	75.0	1.8	6,026	1,742	71,527	34,339

Structural and economic figures by geographical area, sheep specialist goats and other grazing livestock TF: 2014

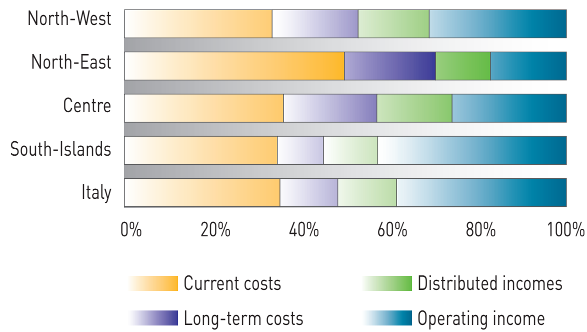
	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	68.7	35.1	1.4	657	1,284	31,942	18,098
North-East	13.4	13.6	0.9	1,519	1,499	21,606	4,372
Centre	30.8	29.5	1.4	1,688	1,759	37,958	14,581
South-Islands	50.8	32.1	1.2	935	1,481	39,658	22,781

Farms specialising in cattle dairying: % breakdown of the GSP, 2014



Source: Italian FADN

Farms specialising in goats and sheep: % breakdown of the GSP, 2014

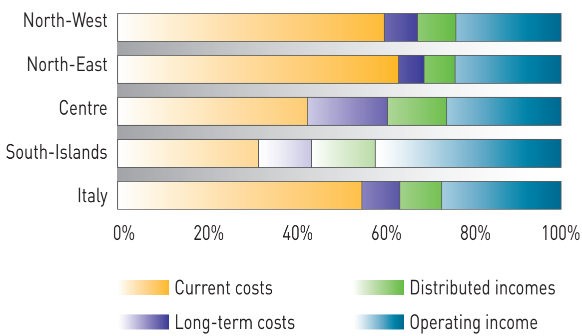


Source: Italian FADN

Structural and economic figures by geographical area, specialist mixed cattle TF: 2014

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-West	31,7	68,0	1,4	3.984	1.856	88.016	20.800
North-East	26,1	55,2	1,4	7.161	3.383	134.405	38.418
Centre	39,5	36,2	1,5	1.671	1.824	44.729	16.063
South-Islands	48,5	36,4	1,1	791	1.054	35.186	19.380

Farms specialising in mixed cattle: % breakdown of the GSP, 2014



Source: Italian FADN

The FADN survey, carried out with a shared methodology in the EU Countries, has allowed to set out a framework of the Italian farms' results in the context of the EU agriculture, despite the awareness of the high heterogeneity that characterizes the European agriculture in terms of endowment of productive factors, agri-climate contexts and market outlets linked to the domestic demand.

In particular, the FADN figures of the latest available three-year period (2011 – 2013) have highlighted an average good positioning of the Italian livestock farms, specialized in milk, mixed cattle and goats and sheep, whose three-year average of income indicators per hectare and per work family unit is well above the EU average. Also in terms of productivity, the Italian farms rank well above the threshold of the EU average, although in terms of gross production per animal unit, the distance is not so much marked.

In the dairy cattle sector, the productivity per animal unit of the Italian breeding ranks below the productivity of the Danish, Dutch, Finnish and Swedish farms; nonetheless, when comparing the income terms, Italy registers the highest average value, equal to over 1,000 euro per livestock unit. The Italian results are mostly ascribable to the intermediate consumptions and to the amortizations that have a lower incidence on the gross production: intermediate consumption in the Italian farms represents less than 50% of the gross production, compared to 57% of the EU; amortizations have an incidence of 7% on the gross production of the Italian farms compared to the 17% of the European average.

Concerning the breeding of mixed cattle, cattle and milk, it should be highlighted, in terms of production, the performance of the German, Dutch, Austrian, Slovak and Slovene farms, that along with the Italian farms have registered over 1,700 euro of production per animal unit. The productivity per work unit recognizes the primacy of Ireland, UK, France, Germany and also other countries which are characterized by a livestock with a lower use of manpower, whose result is more than double than the approximate 47,000 euro per LU of Italy.

In the goats and sheep sector, the results have highlighted a similarity among the Italian, Romanian and Greek farms where, after having subtracted all costs, about 40% of the production value becomes net family income (41% Italy, 43% Greece and Romania). In terms of profitability of the family labor, the Italian farms, with little less than 20,000 euro per family work unit (FWU), have broken away from UK and Spain that have registered respectively about 25,000 and 22,000 euro per FWU.

Focusing then on the vegetable type of farming, we have reported the average three-year results of the farms specialist wine and fruit.

In the case of viticulture, Italy ranks well above the community average in terms of productivity and of land profitability, whereas it is below in terms of indicators per work units. In particular, it is interesting the comparison with the French wine farms that have registered a production value per work unit equal to over 77,000, more than twice the Italian farms, which nevertheless partially shorten the distance thanks to the profitability of the family labor and mostly to the profitability of the land factor.

The share of net income, subtracted all explicit costs, is equal to 41% for the Italian farms, whereas it amounts to only 24% for the French farms. These so distant results are the consequence of the different incidence of the external factors, 26% of the gross production for France compared to 12% for Italy, essentially due to the different use to the paid labor.

In the fruit sector, that involves fruit trees, citrus, nuts, small fruits, excluding strawberries, and related nurseries, Italy ranks well above the EU average with a net average farm income of roughly 19,600 euro per family work unit and of 2,700 euro per hectare, although it remains very far from Netherlands and Belgium that reach higher average values.

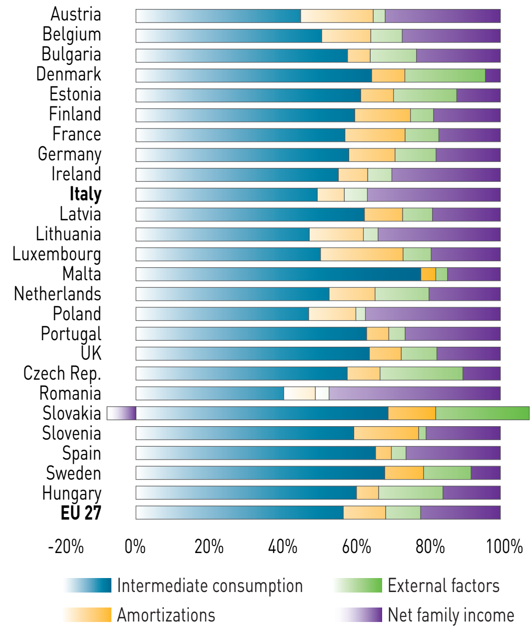
In terms of composition of the gross production, the percentage incidence of the amortizations in the Italian fruit farms exceeds the EU average by two percentage points, while the incidence of the intermediate consumption (27%) and of the external factors (15%) is below the EU average (respectively 33% and 18%).

Farms specialist cattle dairying: average farm results in euro (three-year period 2011-2013)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	2,311	2,502	42,839	939	1,016	17,776
Belgium	3,818	1,898	107,952	1,154	574	33,271
Bulgaria	1,737	1,022	8,740	487	287	3,784
Denmark	5,097	3,070	293,020	228	138	27,380
Estonia	1,244	2,499	57,804	180	361	34,886
Finland	2,676	3,348	74,992	711	889	23,227
France	2,112	1,947	101,218	418	385	22,116
Germany	3,175	2,345	112,585	639	472	31,342
Ireland	2,891	1,501	102,263	972	505	39,750
Italy	**7,006**	**2,635**	**98,273**	**2,734**	**1,028**	**49,432**
Latvia	745	1,593	17,965	180	385	5,802
Lithuania	927	1,839	18,086	398	788	8,696
Luxembourg	2,268	1,815	117,840	575	460	33,026
Malta	55,261	2,243	95,415	9,045	367	18,397
Netherlands	6,391	2,653	185,271	1,341	557	43,771
Poland	1,632	1,500	18,906	717	659	8,552
Portugal	3,841	1,817	44,245	1,190	563	16,197
UK	3,829	2,057	154,737	724	389	47,527
Czech Rep.	1,538	2,498	40,922	207	336	37,591
Romania	1,706	1,396	7,146	904	740	3,980
Slovakia	959	2,460	32,922	-101	-260	-140,240
Slovenia	3,036	1,972	27,507	763	496	7,000
Spain	4,501	1,987	74,264	1,298	573	24,396
Sweden	2,908	2,893	154,399	275	273	19,701
Hungary	1,744	2,372	45,012	353	480	29,464
EU 27	**2,923**	**2,156**	**61,357**	**731**	**539**	**18,343**

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

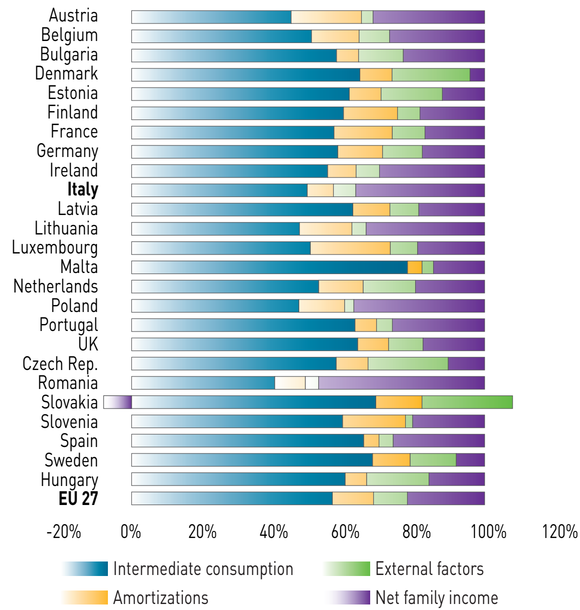
Farms specialist dairy cows: % breakdown of the GP, 2011-2013



Farms specialist mixed cattle: average farm results in euro (three-year period 2011-2013)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	1,225	2,052	32,434	502	841	13,697
Belgium	2,669	1,335	96,535	720	360	26,594
Bulgaria	1,293	742	6,013	535	307	3,318
Estonia	480	1,305	23,179	186	505	10,833
France	1,635	1,289	104,023	286	226	19,901
Germany	2,390	1,766	100,593	405	299	22,635
Ireland	1,607	1,094	73,782	562	382	27,585
Italy	**2,178**	**1,757**	**46,980**	**867**	**700**	**21,616**
Latvia	383	809	15,152	154	327	6,985
Lithuania	486	1,084	14,227	268	597	8,127
Luxembourg	1,917	1,300	111,661	405	275	26,884
Netherlands	6,013	1,926	182,023	350	112	11,883
Poland	1,055	1,161	9,700	464	511	4,364
Portugal	667	705	13,171	560	592	11,380
UK	1,536	1,177	110,181	393	301	37,931
Czech Rep.	1,008	1,629	34,722	155	251	40,281
Romania	1,379	1,139	6,663	782	646	4,061
Slovakia	583	1,722	22,620	-22	-66	-697,718
Slovenia	2,449	1,962	24,378	558	447	5,570
Spain	1,137	1,235	28,140	575	625	16,389
EU 27	**1,645**	**1,441**	**37,268**	**440**	**386**	**11,302**

Farms specialist mixed cows: % breakdown of the GP, 2011-2013

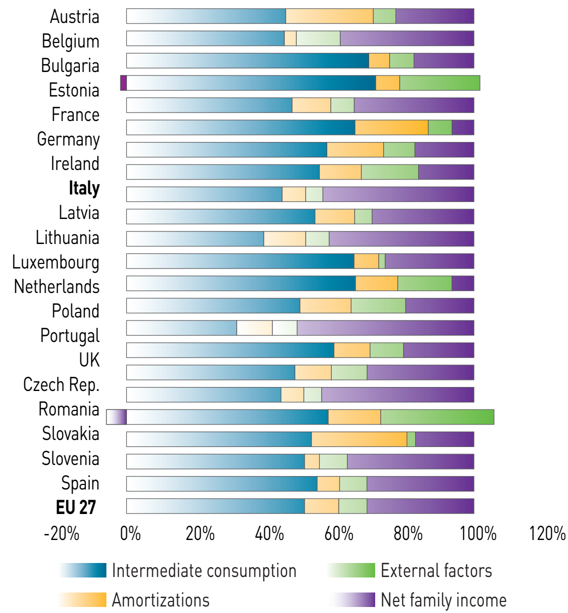


Source: processing on FADN-EU figures, European Commission, DG AGRI

Farms specialist sheep and goats:average farm results in euro (three-year period 2011-2013)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	1,823	2,583	32,505	556	787	10,905
Bulgaria	1,230	838	5,044	617	420	3,402
Cyprus	3,852	2,071	30,905	771	415	7,968
Denmark	4,274	7,070	157,921	-80	-133	-4,603
Estonia	272	1,049	11,437	176	678	8,177
Finland	984	2,585	37,678	123	323	5,159
France	1,128	1,497	57,991	263	350	15,151
Germany	1,011	2,208	52,314	240	525	17,724
Greece	2,264	1,158	22,815	1,222	625	14,404
Ireland	507	624	23,213	246	303	11,652
Italy	**1,019**	**1,484**	**34,195**	**520**	**758**	**19,849**
Malta	9,265	3,110	15,700	2,633	884	4,555
Netherlands	9,907	3,520	141,470	646	230	11,803
Poland	733	1,251	9,206	209	358	3,159
Portugal	366	702	9,969	299	573	8,986
UK	420	730	70,956	122	212	25,360
Czech Rep.	505	1,374	17,861	334	909	15,041
Romania	1,751	952	9,364	845	459	4,906
Slovakia	254	938	9,832	-36	-133	-7,930
Slovenia	1,128	1,587	11,692	266	374	2,799
Spain	943	1,284	42,161	418	569	22,662
Hungary	452	779	18,247	240	414	13,605
EU 27	**915**	**1,107**	**22,099**	**360**	**436**	**9,899**

Farms specialist sheep and goats



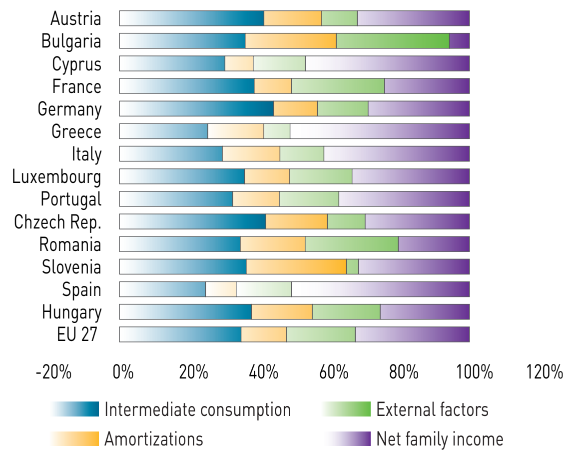
Source: processing on FADN-EU figures, European Commission, DG AGRI

Farms specialist wine-growing: average firm results in euro (three-year period 2011-2013)

	GP/ha	GP/TWU	NI/ha	NI/FWU
Austria	4,548	46,744	1,679	21,493
Bulgaria	2,457	12,591	164	6,587
Cyprus	2,630	7,773	1,913	7,029
France	8,759	77,418	2,158	39,681
Germany	11,005	58,773	3,386	26,540
Greece	4,361	18,771	2,634	14,022
Italy	**5,585**	**35,583**	**2,446**	**20,785**
Luxembourg	16,399	68,691	6,340	48,130
Portugal	3,051	16,793	1,365	11,261
Czech Rep.	6,155	29,376	2,163	14,949
Romania	2,388	9,873	514	5,140
Slovenia	6,292	17,277	2,303	6,627
Spain	1,533	24,976	888	20,148
Hungary	4,584	23,073	1,331	18,455
EU 27	**5,316**	**43,577**	**1,823**	**23,241**

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

Farms specialist wine-growing: % breakdown of the GP, 2011-2013

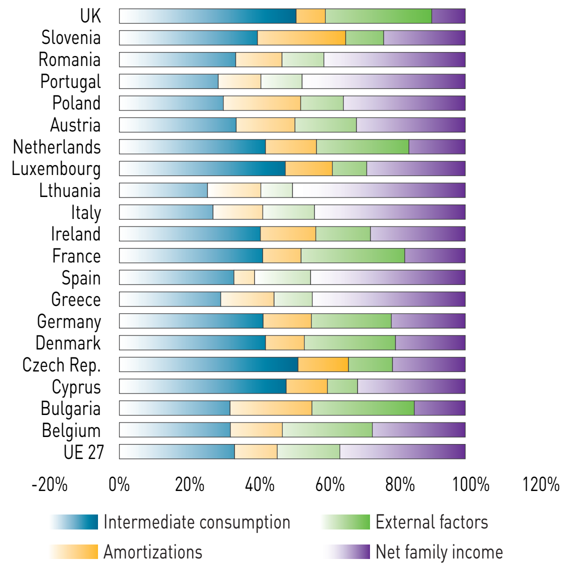


Farms specialist fruit (three-year period 2011-2013)

	GP/ha	GP/TWU	NI/ha	NI/FWU
Austria	9,698	41,628	3,371	27,476
Belgio	17,347	61,065	4,799	64,955
Bulgaria	1,395	5,700	263	3,092
Cipro	4,375	9,353	1,587	3,808
Danimarca	6,552	119,381	1,373	46,583
Francia	7,584	47,882	1,489	29,710
Germania	9,672	52,622	2,157	31,906
Italia	**5,978**	**30,414**	**2,743**	**19,601**
Lettonia	732	11,157	301	6,320
Lituania	1,976	21,204	1,154	19,063
Olanda	25,240	77,759	4,149	37,452
Polonia	3,127	12,732	1,213	7,812
Portogallo	2,823	14,775	1,513	10,431
Regno Unito	8,858	58,029	901	34,133
Repubblica Ceca	2,554	32,010	718	16,378
Romania	2,749	9,964	1,172	5,714
Slovenia	4,679	15,316	1,378	5,890
Spagna	2,352	25,970	1,220	19,829
Ungheria	2,019	18,692	720	17,741
UE 27	**4,095**	**26,383**	**1,637**	**16,686**

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

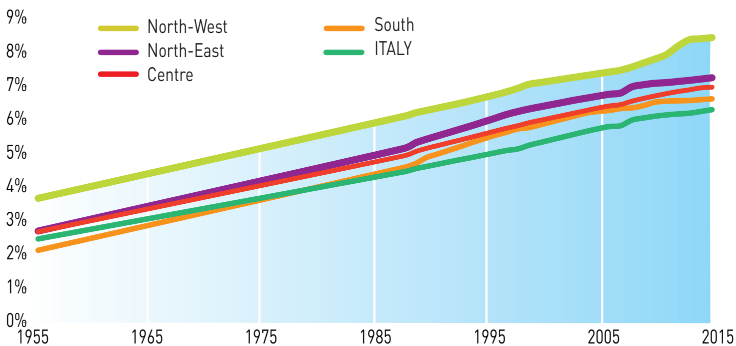
Farms specialist fruit: % breakdown of the GP, 2011-2013



ENVIRONMENT AND NATURAL RESOURCES

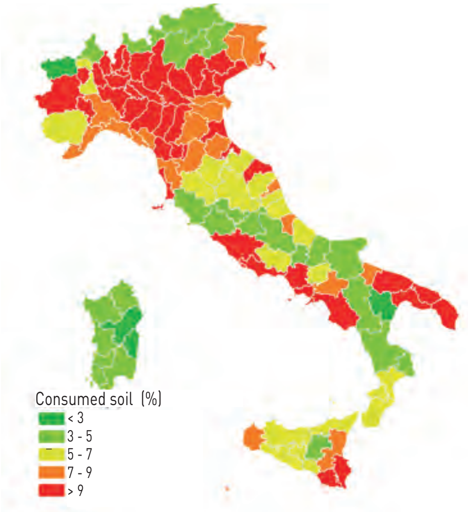
Soil consumption is the result of the expansion of artificial areas on surface areas that were originally of agricultural, natural or semi-natural kind, with irreversible consequences on a not renewable resource, among which the loss of fundamental functions for the eco-system and the society.
In Italy, such phenomenon has reached high levels, thus exceeding the European average and only recently it has been tackled at a political level through a draft law (approved by the Chamber on the 12th May 2016) which is aimed at containing it in compliance with the targets set out by the EU for 2050.
The monitoring of the soil consumption at the different geographical levels is ensured by ISPRA and ARPA of the Regions and the Autonomous Provinces through a monitoring network of the main urban centers and through the creation of cartographic products from remote sensing data.
The data of the monitoring network have allowed to detect the increase of the soil consumption, from 1950 to 2015, on the national territory, which is increased from 2.7% to 7% and that in absolute terms means a loss of surface area exceeding 21,000 square kilometers. This loss doesn't stop, although in the latest years it has been observed a slight slowing down that has led to a further loss of surface area in the 2013-2015 period, equal to roughly 25,000 hectares (35 hectares/day).
From 1950 to 2013, the per-capita consumed surface area is remarkably increased from 167 to 349 square meter/inhabitant. In terms of geographical breakdown, the highest percentages have been registered in northern Italy, with a greater speed in the North-West during the latest years, although the general trend seems to be clearly characterized by a slowing down. The Centre and the South have highlighted a similar trend up to 1989, afterwards the

Estimate of consumed soil (%) per geographical breakdown

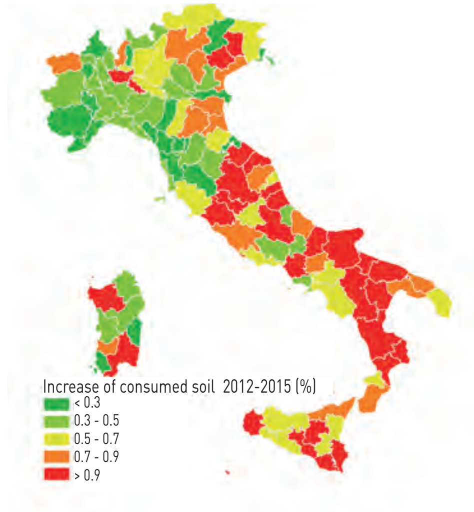


Source: processing of ISPRA figures

Percentage of consumed soil in 2015



% increase of consumed soil in the 2012-2015 period



Source: ISPRA, 2016

soil consumption in the central areas has suffered a greater acceleration.

The cartographical data, extracted at a provincial level for the year 2015 and for the period 2012-2015, have pointed out that the province of Monza and Brianza has the highest values, followed by Naples and Milan. Besides the big metropolitan areas, the phenomenon has been detected also in the provinces of the Po valley and on the coastal provinces of Tuscany, Lazio, Campania, Marche, Puglia and South Sicily. In terms of increase, the highest values have been observed in the central South in the 2012-2015 period.

The national and regional system of protected areas in Italy shows a protected land area of about 3.2 million hectares and 2.8 million hectares of marine surface. On the whole, the land areas cover 10.5% of the entire national territory. More than 1.5 million hectares of protected areas are included within the system of the 24 national Parks which, despite covering only 4.9% of the national territory, highly represent the Italian environmental heterogeneity, not only in terms of species but also in terms of habitat. Besides these areas, the biodiversity conservation in Italy is ensured by the Nature 2000 network, which extends for little less than 6.4 million hectares.

The protected areas are therefore located on a pretty extended territory in which the environmental conservation objectives have to match with the needs of economic development, linked to the presence of remarkable productive realities which sometimes benefit from the localization in a protected area. A monetary and economic estimate of the environmental value originated by such

% of agricultural holdings in the National Parks and private added value per capita

	Park	private added value per capita
Monti Sibillini	40.6	14,454
Aspromonte	35.7	5,212
Gargano	32.1	8,400
Circeo	30.9	15,282
Gran Sasso e Monti della Laga	30.0	8,850
Pollino	29.1	7,642
Stelvio	27.8	22,491
Alta Murgia	27.0	8,916
Cilento, Vallo di Diano e Alburni	26.7	9,300
Foreste Casentinesi, Monte Falterona, Campigna	24.5	13,501
Appennino Lucano-Val d'Angri-Lagonegrese	24.2	10,084
Gran Paradiso	23.0	15,099
Appennino Tosco Emiliano	21.4	12,524
Majella	19.9	10,514
Dolomiti Bellunesi	18.7	20,714
d'Abruzzo, Lazio e Molise	18.6	12,227
Sila	16.9	5,586
Val Grande	12.2	13,023
Asinara	11.9	12,855
Cinque Terre	10.3	20,918
Arcipelago Toscano	6.1	20,991
Vesuvio	4.3	5,671
Arcipelago della Maddalena	2.2	10,709
% average agricultural firms	22.5	12,390
% average agricultural firms - Italy	13.4	-

Source: processing on figures released by Unioncamere, MAATM

% of agricultural holdings in the Natura 2000 sites

	Natura 2000	private added value per capita
Molise	40,9	11.458
Emilia-Romagna	31,6	21.221
Trentino-Alto Adige	31,5	25.113
Basilicata	30,1	8.343
Marche	28,2	14.963
Calabria	27,7	6.890
Puglia	26,3	10.274
Friuli Venezia Giulia	23,5	21.174
Umbria	23,5	15.328
Abruzzo	21,9	9.368
Campania	20,5	8.948
Lazio	18,7	10.195
Piedmont	17,9	16.446
Lombardy	14,5	20.878
Sicily	14,3	9.191
Tuscany	13,2	17.440
Valle d'Aosta	11,4	22.934
Veneto	11,2	23.048
Sardinia	9,9	17.654
Liguria	9,3	16.054
% average agric. firms - Natura 2000 network	18,4	15.346
% average agricultural firms - Italy	13,4	-

Source: processing on figures released by Unioncamere, MAATM

a localization has been reported in the first edition of the Report "The real economy in the national parks and in the protected natural areas" (2014), result of the cooperation between Unioncamere and MAATM, which refers to 23 national Parks, 29 protected marine areas, 2,299 Nature 2000 sites.

The sectorial profile of the firms operating in the national Parks is strongly oriented towards the primary sector that absorbs 22.5% of total firms, compared to 13.4% of the national average.

The incidence of the agricultural farms on the total entrepreneurial activities and the per capita private added value (that is the capability to generate wealth) within the parks are very differentiated and they include positive situations (as in the case of Stelvio, Dolomites of Belluno, Cinque Terre and Tuscan archipelago) and others quite tricky with values very much lower than the average calculated for all national parks (Aspromonte, Vesuvio, Sila).

Also in the Nature 2000 areas, the percentage of the agricultural farms on the total (18.4%) exceeds the national average and the capability to generate wealth varies among regions. Worthy of note is the situation in Emilia Romagna and Trentino Alto Adige which have a high incidence of agricultural farms, but also a high added value.

The analysis carried in the Report made by Unioncamere-MATTM represents a starting point for making a reflection on the relationships between the agricultural productive sector and the environmental productive sector, especially if considering that the presence of habitat and high natural value sites depends very much on the maintenance of extensive agricultural practices and of the high natural value agricultural areas.

This is particularly true in the protected areas, where the negative impacts on the environment can be crucial for the maintenance of biodiversity, of the ecosystem functions and of the landscape. In this sense, agriculture should be able to foster the economic growth on one side and reduce, at the same time, the pressures and the impacts on the environment.

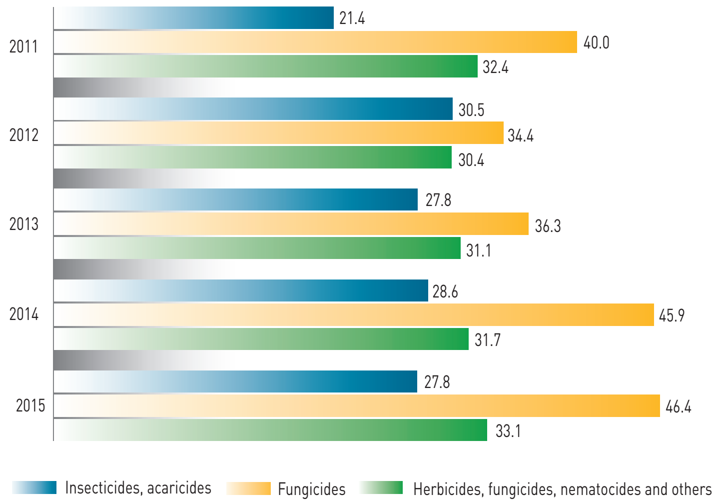
USE OF CHEMICALS

In 2015, the use of phyto-pharmaceutical products in agriculture has amounted to 107,256 tons, thus marking an increase of the quantities over the previous year of 1%.

The products that have contributed the most to this increase have been the herbicides, whose use has increased by 2.4%, a variation ascribable to the expansion of the surface areas cultivated with cereals and, among these ones, rice that has partially offset the reduction of maize. The generally positive trend of the plant protection products is proved also by the spread of other products used in a blend such as the nematicides, with an estimated growth of roughly 13%.

On the whole, the group of the plant protection products, made up by herbicides, fumigants, nematicides and others, has marked an increase in the quantities used, equal to 4.6%. The meteorological trend, characterized by a mild climate and by rainy periods in the Springtime and drought in the Summertime, has triggered the spread of mildews and fungi, requiring therefore a greater use of fungicides that have registered an increase of 1% over 2014, thus reaching the maximum levels of the latest years. The aca-

Trend in the use of the plant protection products (000 t)

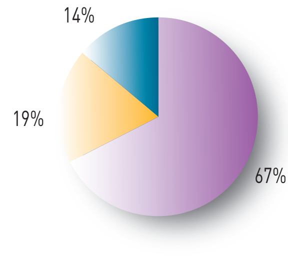


Source: Agrofarma - estimates September 2015, figures referring to the associated firms ricides and aphicides, due to the spread of parasites, are the most used products, conversely the use of insecticides is definitely decreased with a negative variation of 3% for the aggregate of insecticides and acaricides.

In 2015, the production value for the plant protection products has amounted to 969 million euro (+5%), the increase is mainly ascribable to the positive dynamics of prices that have experienced a greater increase in percentage points than the quantities. In fact, the increases in the volume of the turnover are always positive and higher than the quantities used for the different categories, particularly for insecticides, where, despite a decrease in the uses, it has been registered an increase of 5% of the market. The herbicide sector has pointed out the greatest increase of the sector, equal to 8%.

The growing attention paid by consumers towards the sustainability of the agricultural productions and the food safety

Breakdown of the fertilizers used (000 t), 2015



TOTAL	1,061.3
Nitrogen	716.7
Phosphorous	199.8
Potassium	144.8

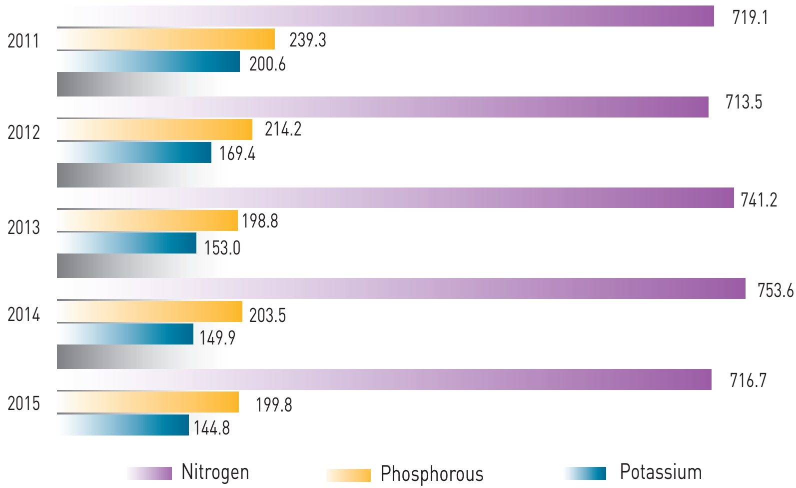
Source: Assofertilizzanti

is influencing the market and farmers' decisions. It has indeed been detected a tendency towards a combined use of agropharmaceuticals with lower active principles, for a control of the insects, weeds and diseases on the crops besides the adoption of good farming practice envisaged by the Community legislation.

The greatest application difficulties of the EC Directive 2009/128 on the sustainable use of plant protection products have been observed in some regions and have concerned the set-up of tools for the mandatory integrated defense, the measures for the safeguard of waters and of sensitive areas, the use of plant protection products outside the agricultural sector; furthermore, particular delays have been registered for the training of skilled operators, both farmers, technicians or traders. Though with some delays, the implementation of the guidelines issued by the national Action Plan goes on and in September 2015 it has been introduced the compulsory nature of the license for buying plant protection products.

Compared to the increase in the use of fertilizers registered in 2013 and in 2014, during 2015 the use has suffered a decrease of 4.1%, for a total of 1.06 tons used.

Trend in the use of fertilizers (000 t)



Source: Assofertilizzanti

In 2015, the climate variability in Italy has influenced the farming operations, due to a rainy spring followed by a summer drought, thus lowering the employment of fertilizers. The decrease has mainly involved the mineral fertilizers, while the organic fertilizers have remained stable; it continues, nonetheless, the increasing trend of the specialized products (water-soluble products, products with controlled release of the nutrients and products with a bio-stimulating effect) both on the domestic market (+4%) and on the international market (+10%).

Nitrogen has suffered the greatest decrease (-4.9) compared to the three components. The recent CAP measures concerning the crop rotation are changing the farmers' behavior, who are investing increasingly in crops that improve soil fertility, such as soya.

According to "Global Forest Resources Assessment" 2015 (FRA 2015) edited by FAO, the Italian forest area extends for 11,110,315 hectares, 9,297,078 of which are "woodlands" and 1,813,237 belonging to the category "other wooded lands". The annual rate of the increase of the forestry surface area, including both the forestry natural regeneration and afforestation through planting or sowing, has amounted to 53,788 hectares, while the average annual rate of deforestation in the period between 2005 and 2015 was of 3,695 hectares.

Uses

Despite an availability of forestry biomass for 38.37 Mm^3/year (FRA 2015), which is potentially usable, the quantity of wood used in 2015 has amounted to 5,461,155 m3 (ISTAT)[1], or rather 12% less than in 2014. In 2015, 61% of the uses has been used as firewood, whereas the remaining 39% as timber.

The state of forest health

The survey "Forest condition in Europe 2015" has analyzed the conditions of the foliage of 4,757 trees in Italy, using the defoliation rate as indicator. Among the conifers, the younger trees (less than 60 years) suffer the greatest defoliation rate; the most affected are the spruce trees, 58% of which has a defoliation rate higher than 25%.

Among the broadleaves, the specie that has suffered the greatest damages was the chestnut with 80% of the young samples and 83% of the older ones (more than 60 years) which show a defoliation rate between 25% and 75%. The variety that enjoys the best condition is the beech, with only 8% of the older trees with a defoliation rate higher than 25%.

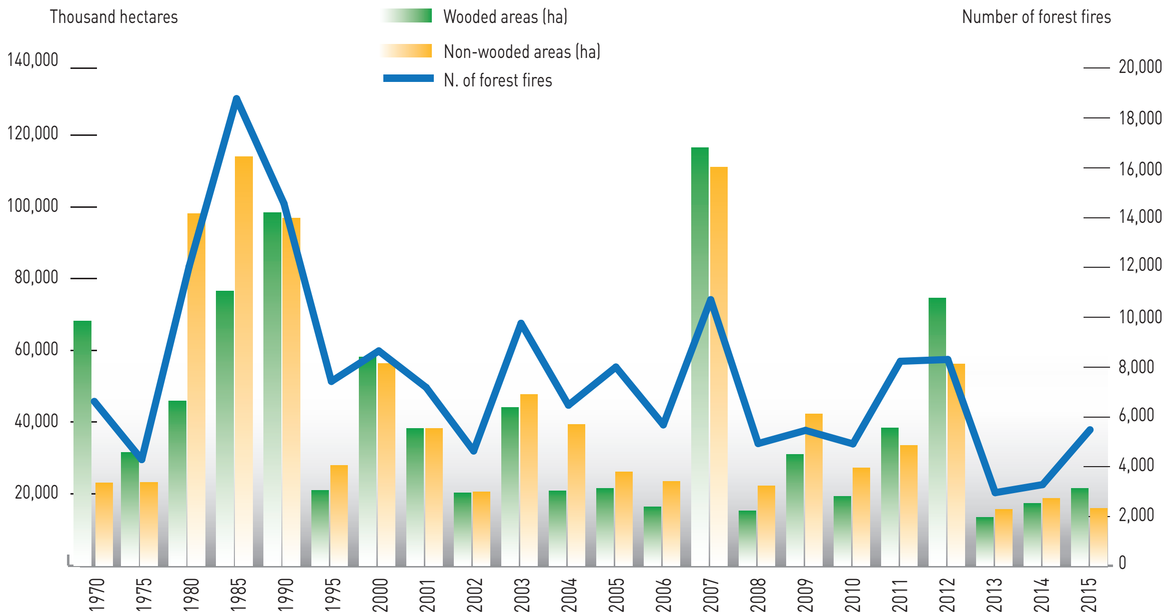
The biotic factors are the main responsible for the damages to vegetation and in particular 20.5% is ascribable to insects and 5% to fungi. The other factors leading to defoliation are represented by drought and the very high temperatures registered in summertime.

Forest fires

The figures of the Forest Corps have highlighted a recrudescence of forest fires in 2015 (+40.3% over 2014, for a total of 5,447 cases), whereas the surface area ravaged by fire doesn't vary, being as the same entity of the previous year and equal to 37,582 hectares. 21,582 hectares of this surface area are classified as wooded area and 16,000 hectares as "other wooded lands". The forest fires occurred in the South represent 66% of the total burnt area and the worst struck regions are Calabria with 6,580 hectares and Sicily with 6,392 hectares.

[1] *1These figures have to be intended as underestimated data compared to the reality since they do not take into account the illegal material: http://agru.istat.it/sag_is_pdwout/jsp/NewDownload.jsd?id=7A*

Trend in the surface area ravaged by fire and in the number of forest fires



Source: processing of data released by CFS-AIB

DIVERSIFICATION

The preliminary GSE figures of 2015, despite the adjustments and the continuous downward variations of the incentive scheme for renewable energies, have testified a general growth of the installed power in the plants, thus marking an increase of roughly 1000 MW more than in 2014, up to 51,500 MW (+2%). Conversely, in terms of overall production it has been registered a limited contraction over the previous year, due to the decrease in the hydro-electric and wind energies, ascribable to not so favorable weather conditions as in 2014.

Data clearly highlight the prominent role of the hydroelectric energy and of the photovoltaic, thanks mainly to the geographical potentialities of the Italian territory. On the whole, in 2015, the production of renewable energy has an incidence of about 33% on the Gross Domestic Consumption[1] and, although the datum is decreasing by about 5% over the previous year, the levels reached in the latest years are however extremely positive, since they have allowed to reach, already from 2014, the national objective of a ratio of 17% by 2020[2] between the gross final consumptions of renewable energy and the total national consumptions, which was set by the European Directive 2009/28/EC.

In the agricultural sector, it is extremely interesting the role played by the bio-energies, in particular by the solid bio-masses (including the biodegradable aspect of waste), biogas and bio-liquids. In the electric power sector (mainly energy produced by biogas plants), the bio-energies cover 9% of the gross consumptions by renewable energy sources, with 1.62 Mtep on 21.14, whereas in the heating sector (wood and pellet) the bio-energies cover up to 7.69 Mtep of the total 10.59, equal to 72.6%.

Therefore, despite its marginal role in the balance of the national energy consumptions with its approximately 2%, within the agriculture itself, some supply chains of excellence are gaining importance, due mainly to the potentiality of the uses of the agricultural by-products and waste for energy production. This is exactly the case of the biogas sector that after having reached extremely positive results[3] is now aimed at achieving an evolutionary upgrading path of the gas produced for the biofuels such as biodiesel, bioethanol and bio-methane, therefore no longer produced for electricity. This confirms the potential strategic role of agriculture in the achievement of the “de-carbonization” objectives set during the Conference of Paris on the climate changes and ratified in Italy in these days.

[1] *Refers to the gross domestic production to which it is added the balance of the energy imported from abroad less the production from pumping.*

[2] *Particularly for the electric power sector, the gross energy consumption from the renewable energy sources on the national total has a remarkable incidence equal to 34.5% (9.37 on 27.11 Mtep)*

[3] *Italy is the second producer of European biogas, after Germany, and the fourth worldwide producer after China, Germany and the United States.*

Renewable energies - Gross efficient power (MW)

	2010	2011	2012	2013	2014	2015
Hydraulic energy	17,876	18,092	18,232	18,366	18,418	18,531
Wind energy	5,814	6,936	8,119	8,561	8,703	9,126
Solar energy	3,470	12,773	16,690	18,185	18,609	18,910
Geothermal energy	772	772	772	773	821	824
Bio-energies	2,352	2,825	3,802	4,033	4,044	4,087
TOTAL	30,284	41,398	47,614	49,919	50,595	51,479

Source: GSE 2016

Renewable energies - Gross production (GWh)

GROSS (GWh)	2010	2011	2012	2013	2014	2015
Hydraulic energy	51,117	45,823	41,875	52,773	58,545	43,902
Wind energy	9,126	9,856	13,407	14,897	15,178	14,883
Solar energy	1,906	10,796	18,862	21,589	22,306	22,847
Geothermal energy	5,376	5,654	5,592	5,659	5,916	6,160
Bio-energies	9,440	10,832	12,487	17,090	18,732	18,894
TOTAL	76,964	82,961	92,222	112,008	120,679	106,689

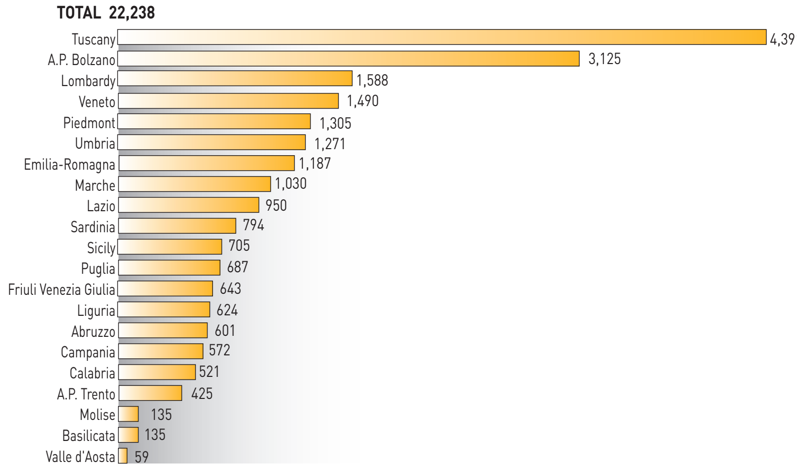
Source: GSE 2016

FARM STAYS

The positive trend of the sector (+2.3% over 2014) continues in 2015 with 22,238 enrolled farm stays. 51.9% of farms is located on the hilly areas and 32% on the mountains, thus contributing, mainly in the internal rural areas, at the maintenance of settlements and of the agricultural activity. The territorial distribution of these structures has highlighted a higher concentration in the northern regions (47% of the total) and in the central ones (34.4%); over one third of the farm stays is located in Tuscany and Alto Adige, regions where it is confirmed a strong tradition for this kind of activity. The number of farmhouses is increasing in the central regions (+5.1%) and in the northern ones (+1.7%), conversely it suffers a downward trend in the South (-1.1%), where the significant growth in Campania (+28.6%) is weakened by the heavy contraction in Abruzzo (-23.9%).

The 8,027 farm stays run by women (equal to 36.1% of the total) do confirm an ever more important role of women in the diversification of the agricultural activities; the businesses run by women are in fact increasing by 2.7% over 2014. Tuscany has the greatest concentration of farm stays run by women, as much as 1,791 structures, equal to 40.8% of the regional total. In terms of services provided, 82.3% of the structures offers accommodation (+2.8% over 2014), for a total of 238,323 beds (+2.5%), an average of 13 per farm, besides 10,660 rest stops for the agri-camping (+15.1%); 50.4% of the structures has catering services (+1.3%) and 19.3%

Farm stays per region, 2015

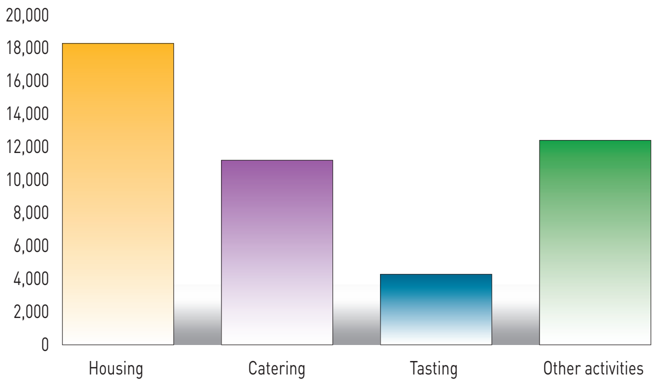


Source: ISTAT

provides the tasting of farm's products (+11.7%). It increases the tendency in diversifying services, with the offer of integrated and innovative tourism packages; 8,162 structures (one farm stay on three) provide both housing and catering service (+1.7%), while 10,440 (almost half of the farm houses), besides housing, offer other agri-farm activities (+1.4%), from the most traditional ones (horseback riding, trekking, mountain bike, sport, wildlife observation) up to the newest form of entertainment, such as the participation in the agricultural farm works, cooking courses, folklore and culture. In particular, 6% of the farm holidays carries out educational activities.

In 2015, the stays in the farm houses, equal to 11.3 million tourists (55.8% of whom foreigners), are increased by 4.9% (ISTAT) and, according to Agriturist, the turnover of the sector has accounted for 1.68 billion euro, with an average annual turnover per farm of over 52,500 euro.

Farm stays by type of service*, 2015



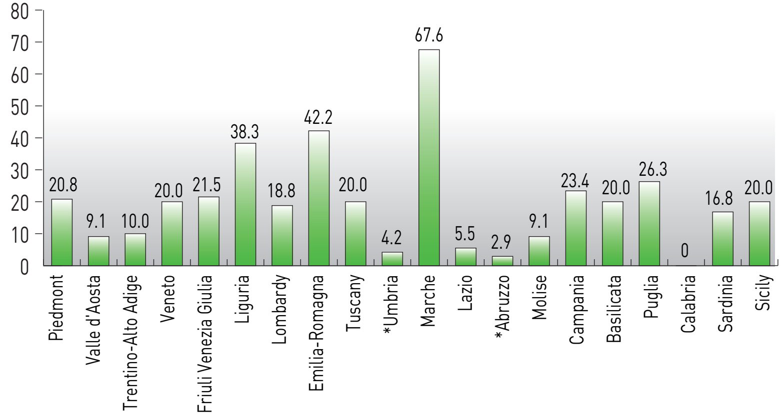
* A farm can be authorized in carrying out one or more types of activitiy

Source: ISTAT

The educational farms are the agricultural farms offering educational services to children and students of any level. Their function meets a twofold purpose: diversifying the farm activities (creation of an extra income); let the new generations know the different activities of the primary sector through a targeted experience (active approach).

The Italian legislation recognizes the disclosure and the training carried out in the educational farms as "farm activities" and they are regulated by the following rules: Leg. Decree n. 228 of May 18th, 2001 (guidance law for agriculture); Law n. 57 of 2001 (art. 7) and Law n. 96 of 2006 (framework law on farm holidays). The specific regulation concerning the educational farms is instead competence of the regional administrations that since 1998 onwards have established regional or provincial registers, as well as Quality Charters of the educational farms, by regulating both the roles of the operators involved in such activities and their training.

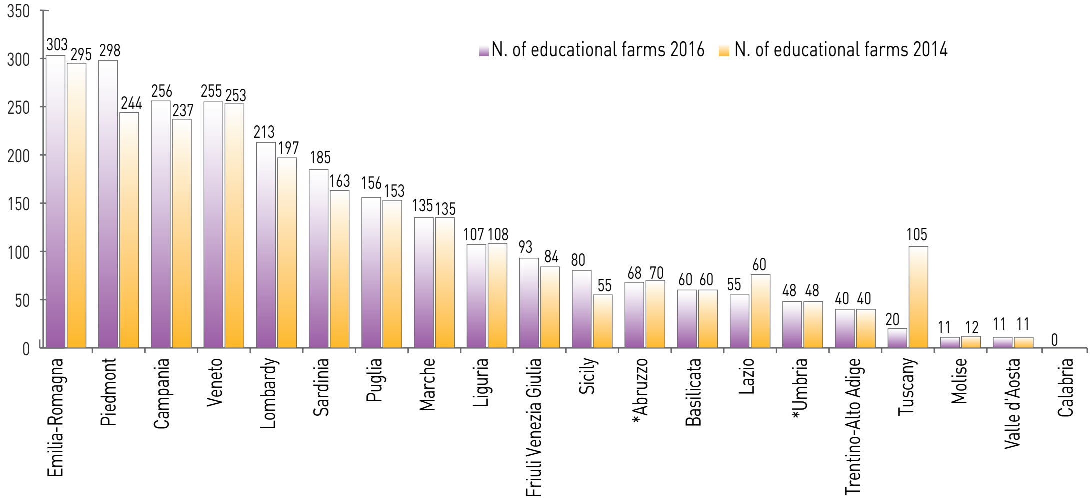
% incidence of organic educational farms to total



*regional figures before 2016.
Source: regional figures

According to the figures released by the Regions, the educational farms accredited in Italy amount to 2,394 in 2016, with an increase of 48 units over 2014. For the first time, the calculation takes into account also the official data of Tuscany

Breakdown of the educational farms per region (n)



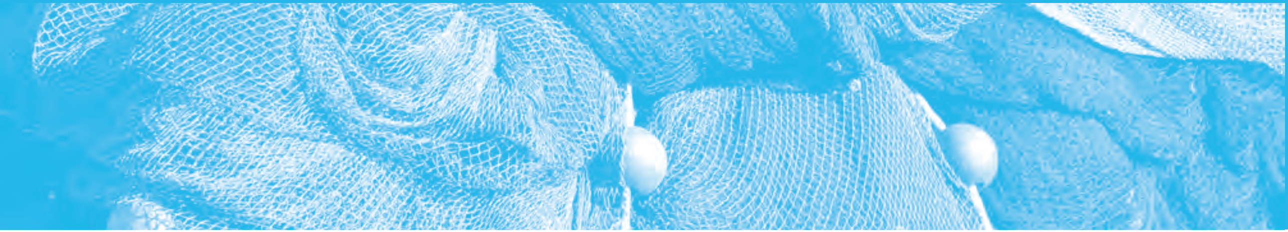
*regional figures before 2016

Source: regional figures

and Lazio, while the datum of Calabria is lacking, since not available.

Emilia Romagna ranks at first place also in 2016, followed by Piedmont and Campania. Piedmont, with Turin and Alessandria, holds the record of the Italian provinces with the highest number of operative structures (85 and 81 respectively), followed by Salerno (77), Vicenza

(71) and Caserta (65).
While in Emilia Romagna the increase of the structures is mainly ascribable to the recovery of the economic activities in the areas impacted by the earthquake of 2012, in the other regions the increase is attributable to the initiatives linked to the actions for the diversifications of rural development in the 2007-2014 programming.
In terms of training offer, the most widely activities present at the educational farms are those related to the animal care, as well as the activities related to the various phases of the food production cycle, with labs and practical activities for the processing of the agricultural products. There are also numerous educational activities concerning the environmental sustainability, the waste management cycle and the alternative energies.
25.5% of the accredited educational farms declare to carry on an organic productive regime (+1.5% over 2014). Also in this case, the figures have placed Emilia Romagna as the region with the highest number of organic educational farms (128), followed by Piedmont (64) and Campania (60), while in the Marche region it has been detected the highest incidence of organic farms (67.6%) compared to the accredited ones.

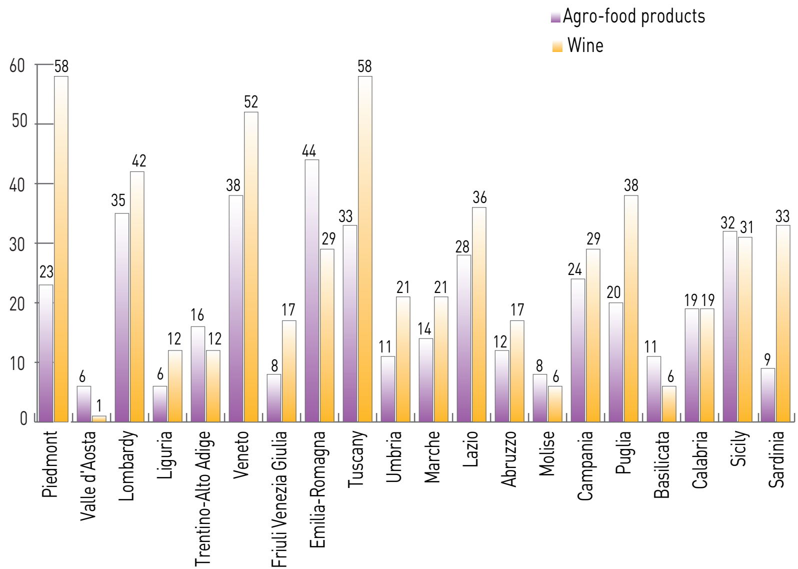


QUALITY PRODUCTS

PRODUCTS OF DESIGNATED ORIGIN

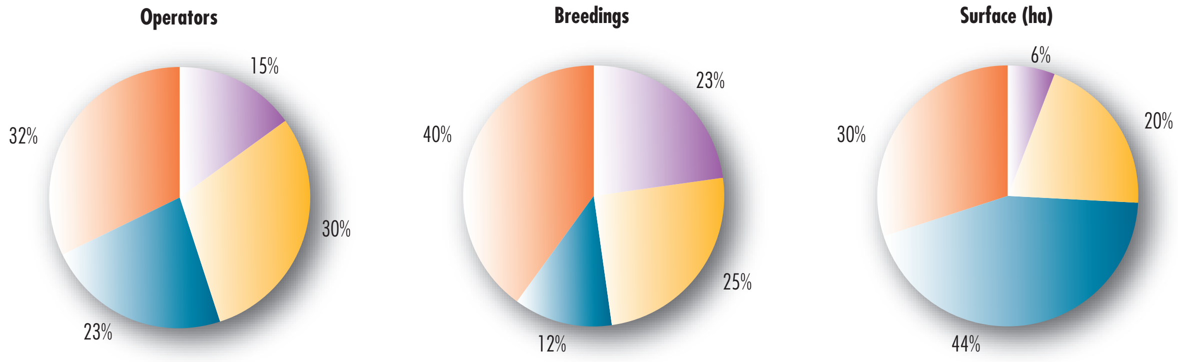
Italy is the country with the highest number of geographical indications for food and wines: 847 products, 285 of which are agro-food products, 523 wines and 39 spirits. The basket of the PDO, PGI and TSG products contains: 108 fruit and vegetable products and cereals, 51 different types of cheese, 44 extra virgin olive oil and 41 meat-based products, etc... Among the latest recognitions, there are the extra-virgin olive oil Sicily (PGI), "Patata del Fucino" (PGI), "Pane Toscano" (PDO), "Mortadella di Prato" (PGI), "Cappellacci di zucca Ferraresi (PGI) and "Cantuccini Toscani" (PGI). Also the basket of the bakery products experiences an increase of the recognized products with 14 enrollments, including the Neapolitan Pizza (TSG). Since February 2015 they have been registered 39 Italian GI spirit drinks (E-Spirit-Drinks of the EU), or rather liqueurs, grappas, distilled drinks of the various Italian traditions (from Genepì of Valle d'Aosta to the myrtle of Sardinia),

Number of PDO, PGI and TSG products by region[1]



[1] Updated at September 30th, 2016
Source: Qualigeo.EU

Operators, breedings and surface area of the PDO, PGI and TSG products, 2014



Operators

North-West	11,808
North-East	24,007
Centre	18,742
South	25,291

Breedings

North-West	9,516
North-East	10,236
Centre	4,968
South	16,692

Surface (ha)

North-West	9,454
North-East	31,937
Centre	72,457
South	48,976

Source: ISTAT

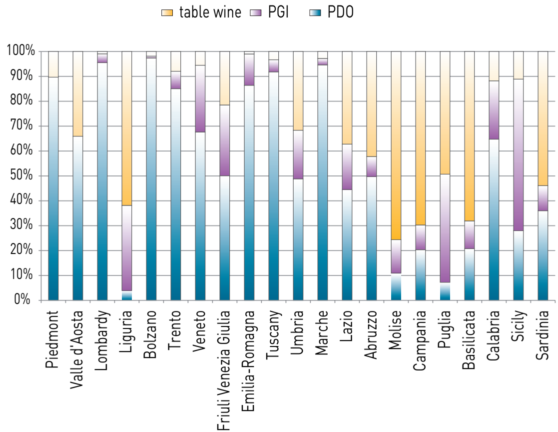
produced in compliance with article 2 of the EC Regulation n. 110/2008.
The sector of the geographical indication (GI), besides maintaining tradition, plays a very important economic role: the production value of the GI products amounts to nearly 6.4 billion euro (+2.5% over 2013), that reaches 13.2 billion if considering the consumption value (+4%). Even

more remarkable is the trend of the foreign market, where the GI products, with 2.8 billion euro, have marked an increase of about 13%. The productions that totalize the highest value, both in terms of production and consumption and export, are cheese and cured meats; at a remarkable distance, although with increasing results, there are the fruit and vegetable products with an incidence of 7% on the value of production and consumption.
The latest ISTAT survey related to 2014, highlights a slight decrease of the main components in the supply chain of the products of designated origin: the operators (-0.7%), equal to 79,848 units, are decreasing, mainly the transformers (-3.5%). Also the breeding (-1.3%) and the processing plants (-3.4%) are experiencing a downward trend. The cultivated surface area is instead experiencing a slight increase (+0.4%), equal to 162,824 hectares, thanks to the greatest investments in the fruit-vegetable and cereal sector (+5%).

Quality wines

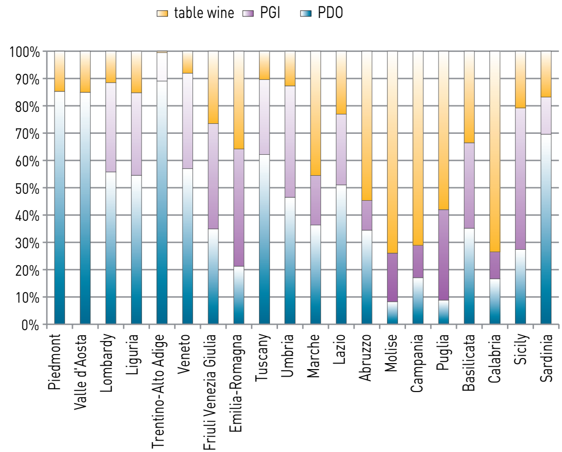
Italy boasts 523 recognitions between the PDO and PGI wines. The 405 PDOs are divided in 73 DOCG and 332 DOC. The PGIs are 118. In 2015, the Italian areas cultivated with PDO and PGI wines have exceeded 499,000 hectares, that is over 78.5% of the total Italian areas under vines.
The production of PDO wine, equal to roughly 18.8 million hectoliters in the 2015 grape harvest (ISTAT), represents an ever more remarkable share of the total wine produced in Italy (almost 39.5%); if considering also the share of the PGI wines (for an amount of 14.9 million hectoliters) the certified production reaches 70% of the total wine production. The 2015 harvesting has been excellent both in terms of quality and quantities, thanks to a good climate trend, thus marking a productive record mainly for the PDOs (+15% over 2014) but also for the PGIs (about +11%).
In 2014, the production value of the PDO-PGI wines has amounted to roughly 7 billion euro (+5%) (ISMEA). The PDO and PGI wines represent the most sold abroad agro-food products, for a total value of 5.3 billion euro, if considering the red, rosè, and white wines and the sparkling wines, with increases from 3.3% of the red and rosè wines, up to 20.5% of the sparkling wines compared to 2014.

Area cultivated with PDO and PGI wines, per regions, 2015



Source: MIPAAF

Wine production per type and quality label, per regions, 2015



Source: ISTAT

According to the FiBL-IFOAM figures, related to 2014, the organic farming involves nearly 2.3 million farmers in 172 countries where it has been recognized the certified organic farming, thus involving a worldwide surface area of 43.7 million hectares (+1.3% over 2013). In Europe, the agricultural lands under conversion and with organic farming are increased by 2.3% over 2013, thus reaching 11.6 million hectares in 2014 (equal to 26.6% of the total), of which the EU represents 88.2%.The European organic farming represents 15% of the worldwide organic farms with 339,824 units (+1.7%), on which the Community farms have an incidence for 75.8%.

Italy ranks among the ten greatest worldwide producer countries and, among the European countries, it is followed by Spain in terms of surface area under organic farming.

In 2015, according to the SINAB figures, the Italian organic sector has highlighted a further increase: the surface areas

Organic farming in the EU, 2014

	Farms n.	% change 2014/13	Surface ha	% change 2014/13
Austria	22,184	1.7	525,521	-0.2
Belgium	1,648	10.8	66,704	6.3
Bulgaria	3,893	1.0	74,351	24.3
Cyprus	743	3.3	3,887	-0.9
Croatia	2,194	36.4	50,054	23.2
Denmark	2,565	-0.9	165,773	-2.1
Estonia	1,542	-0.7	155,560	2.8
Finland	4,247	-0.9	212,653	3.1
France	26,466	3.9	1,118,845	5.5
Germany	23,398	0.5	1,047,633	-1.2
Greece	20,186	-13.9	256,131	-33.2
Ireland	1,275	1.0	51,871	-1.7
Italy	48,662	5.9	1,387,913	5.4
Latvia	3,497	0.7	203,443	1.5
Lithuania	2,445	-4.3	164,390	-1.2
Luxembourg	79	-62.7	4,490	0.9
Malta	10	-16.7	34	-8.1
Netherlands	1,706	3.6	49,159	-0.5
Poland	24,829	-4.3	657,902	-0.6
Portugal	3,029	-8.4	212,346	-21.8
UK	3,526	-10.0	521,475	-8.2
Czech Rep.	3,866	-1.1	472,663	-0.3
Romania	14,159	-7.5	289,252	0.3
Slovakia	403	10.4	180,307	8.2
Slovenia	3,293	8.0	41,237	6.7
Spain	30,602	0.3	1,710,475	6.2
Sweden	5,406	-3.2	501,831	0.2
Hungary	1,672	-0.1	124,841	-11.0
EU 28	**257,525**	**-0.5**	**10,250,741**	**0.2**

Source: FiBL

Organic UAA per region, 2015

	ha	% to total	% to total UAA	% change 2015/14
Piedmont				
Valle d'Aosta	2,977	0.2	5.6	-17.8
Lombardy	29,511	2.0	3.2	26.4
Liguria	3,834	0.3	9.1	32.1
Trentino-Alto Adige	13,546	0.9	3.7	7.6
Veneto	17,419	1.2	2.1	10.4
Friuli Venezia Giulia	5,149	0.3	2.4	39.1
Emilia-Romagna	100,011	6.7	9.6	12.5
Tuscany	131,796	8.8	18.7	11.1
Marche	63,021	4.2	14.1	10.5
Umbria	34,468	2.3	11.3	11.6
Lazio	111,244	7.5	18.7	0.9
Abruzzo	29,032	1.9	6.6	16.0
Molise	5,062	0.3	2.9	9.8
Campania	19,139	1.3	3.5	-6.9
Puglia	180,918	12.1	14.5	2.2
Basilicata	49,904	3.3	10.1	3.4
Calabria	170,290	11.4	31.5	6.3
Sicily	345,071	23.1	25.1	13.9
Sardinia	146,050	9.8	12.8	-2.6
ITALY	**1,492,579**	**100.0**	**12.0**	**7.5**

Source: SINAB

are in fact increased by 7.5% over the previous year, thus reaching 1,492,579 hectares (3.4% of the worldwide surface area).

The crops that have experienced the greatest increases are represented by the protein crops, legumes and grains (about +28%), by the industrial crops (+27.5%), followed by grapevine (+15.6%) and vegetables (+13%). The "other cultivations" that include root crops, the other arable crops and permanent crops have nonetheless suffered a strong decrease (-29.8%), while nuts have experienced a lighter contraction (-6.8%). Fodder, grassland and meadows represent 47.4% of the organic surface area, while 15.1% is allocated to the cultivation of cereals, with an increase of 11% over the previous year. They are then followed by the olive trees, with an incidence of 12.1% on the total organic UAA, and grapevine (5.6%).

Friuli Venezia Giulia, Liguria and Lombardy have highlighted the highest in-

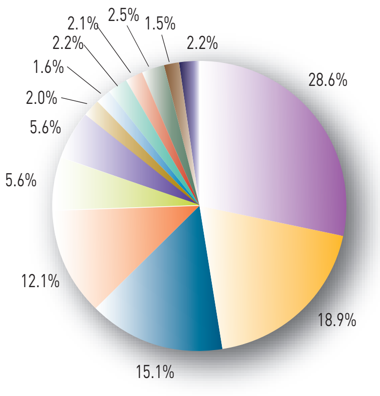
Operators of the organic sector (n.), 2015

	Exclusive producers	Producers/ preparers	Exclusive preparers	Importers	Total n.	Total % change 2015/14
Piedmont	1,374	432	458	44	2,308	8.9
Valle d'Aosta	71	11	7	0	89	-2.2
Lombardy	839	285	741	56	1,921	13.0
Liguria	221	62	125	12	420	8.0
Trentino-Alto Adige	1,320	197	368	10	1,895	8.7
Veneto	1,180	312	770	42	2,304	22.6
Friuli Venezia Giulia	305	92	131	6	534	21.1
Emilia-Romagna	2,773	303	812	51	3,939	1.6
Tuscany	3,087	1,134	528	26	4,775	14.9
Umbria	1,124	266	150	6	1,546	27.0
Marche	1,950	288	210	5	2,453	12.2
Lazio	2,682	375	383	10	3,450	6.3
Abruzzo	1,197	215	216	3	1,631	11.6
Molise	158	28	46	0	232	0.9
Campania	1,394	251	375	13	2,033	0.8
Puglia	4,815	1,234	628	8	6,685	1.3
Basilicata	1,055	102	76	0	1,233	0.7
Calabria	7,583	833	262	6	8,684	-1.2
Sicily	9,807	813	694	12	11,326	17.2
Sardinia	2,287	133	81	0	2,501	3.9
ITALY	**45,222**	**7,366**	**7,061**	**310**	**59,959**	**8.2**

Source: SINAB

creases of surface area under organic agriculture, but only Liguria outstands for its high incidence of organic UAA on the regional total (9.1%). This indicator reaches particularly high levels in Calabria (31.5% of the regional UAA) and in Sicily (25.1%), that contributes for over 23% to the development of the national organic UAA. Valle D'Aosta, Campania and Sardinia are instead the only regions to show a contraction of the surface area under organic agriculture, particularly high in the case of Valle d'Aosta (-17.8%). At the national level, the average size of the organic surface area per farm amounts to 28.4 hectares (SINAB), while among the regions worthy of note are Sardinia (60.4 hectares), Marche (45.3 hectares), Basilicata (43.1 hectares), Lazio (36.4 hectares) and Valle d'Aosta (36.3 hectares).
On the whole, also the operators of the sector are increased over 2014 (+8.2%), thus continuing in representing the highest number in Europe (59,959 units). As

Organic surface area and area in conversion by type of crop (ha), 2015



TOTAL	1,492.569
Grassland and meadows	426,202
Fodder	281,907
Cereals	226,042
Olive	179,886
Grapevine	83,642
Fallow field	83,400
Vegetables	29,494
Fruit	23,630
Nuts	32,746
Citrus	31,869
Protein crops, legumes, grains	37,379
Industrial crops	22,809
Other crops	33,563

Source: SINAB

in the past years, they are concentrated in the southern regions (57%), with Sicily, Calabria and Puglia at first places. Among these regions, only Sicily highlights nevertheless a double-digit growth over the previous year, along with Umbria, Veneto, Friuli Venezia Giulia, Tuscany, Lombardy, Marche and Abruzzo. Operators are instead decreasing only in Valle d'Aosta (-2.2%) and Calabria (-1.2%). Unlike the past, during which the transformers were more numerous in the North, in 2015, the highest number of transformers (exclusive and mixed transformers) work in the South (41.5%), with a higher incidence of Puglia, Sicily and Calabria. Nonetheless, if the number is compared to the territorial surface area, the organic processing firms are mainly located in the Centre, followed by the South and North.

In 2015, there is a more sizeable increase of the categories "other animals" (+86.3%), cattle (+19.6), poultry (+18.2%) and horses (+10.6%). Also the number of beehives grows significantly (+33%). None of the categories highlights a decrease, whereas only the number of pigs remain essentially unchanged.

Market

According to the Organic Monitor estimates, in 2014, the value of the worldwide organic market accounts for 80 billion US dollars (+11% over 2013). North America represents 48.1%, whereas, already since 2013, the United States surpass Europe in terms of turnover related to the organic products and foodstuffs (44.9% compared to 43.8% of Europe).

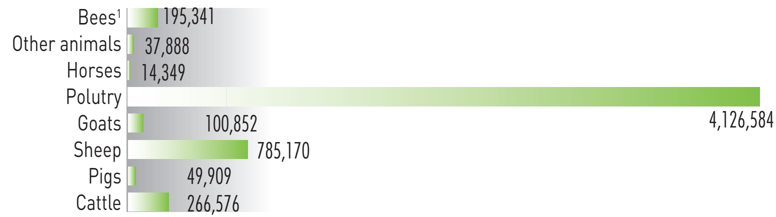
The European market is increased by almost 8% over 2013, reaching 26.2 billion euro (FiBL-AMI figures). In the EU, the turnover reaches 23.9 billion euro, 7.9 of which ascribable to Germany (33% of the community organic turnover), followed by France (4.8 billion euro) and the UK (2.3 billion euro). The European countries with the highest consumption per capita/year of organic products are Switzerland (221 euro), Luxembourg (164), Denmark (162), while in Italy such indicator accounts for 35 euro.

On the whole, the value of the Italian market in 2014 has exceeded 2 billion euro which amounts to 3.4 billion euro if including also the value of exports, thus ranking 4th place among the EU countries, with an incidence of 9% on the community turnover (FiBL-AMI), in terms of organic products and foodstuffs.

In 2015, it continues the positive dynamic in the household purchases of organic products packaged by the large-scale retail. According to the Nielsen figures processed by ISMEA, the related turnover increases by 20.1% over 2014, with an increase, in particular, of the purchases of wines and sparkling wines (+93.2%), vegetable oils and fats (+42.4%), fresh and processed meats (+37.8%), soft drinks and spirits (+28.8%), cereal derivatives (+27.2%), vegetables (+17.6%) and fruit (+15.8%).

A lower incidence has been played by the increase of milk and milk derivatives (+7.2%), eggs (+5.7%) and honey (+2.7%). The channel of the large-scale retail where the turnover related to the packaged organic products is increased is that of the supermarkets (+22.2%), followed by free services (+19.6%), hypermarkets (+17.9%) and discount (+12.8%).

Animals reared with organic method (n.), 2015



[1] Number of hives.

Source: SINAB.

The improvement of the environmental performance by companies, despite the negative economic situation, continues in representing a central objective. The on-going challenge to the energetic, environmental and financial crisis is now targeted to review the economic model and aims at increasing the efficiency in the use of the productive resources. In this sense, the quality certifications based on voluntary schemes continue to be important tools, besides representing an opportunity for the commercial differentiation of the products. In particular, among the main regulations taken as reference at the international lev-

N. of production sites with quality and environmental management systems in Italy, 2015

	ISO 9001			ISO 14001		
	n.	% to total	% change 2015/14	n.	% to total	% change 2015/14
Comparto agricolo (coltivazione, allevamento)[1]	254	0.2	7.2	64	0.3	-12.3
Comparto alimentare	3.306	2.6	-6.1	680	3.3	-1.0
Totale	126,865	-	-0.3	20,339	-	3.1

[1] Includes nurseries and firms that operate in the field of planning, implementation, maintenance and management of agricultural and forestry green areas.

Source: Accredia

Number and forestry areas per type of certification, 2015

	FSC			PEFC		
	n. of certificates	total certified hectares	% change 2015/14	n. of certificates	total certified hectares	% change 2015/14
Forestry certification	-	51,482	0.0	-	829,436	1.3
Certification CoC	1,914	-	0.03	893	-	4.8

Source: FSC Italy and PEFC Italy.

% change of the production sites with ISO 9001 and ISO 14001 certifications by region, 2015

Source: Accredia

el, we point out the standards of the series UNI-EN-ISO, along with the EU regulations EMAS (EC Regulation n. 1221/2009) and Ecolabel EU (EC Regulation n. 66/2010).

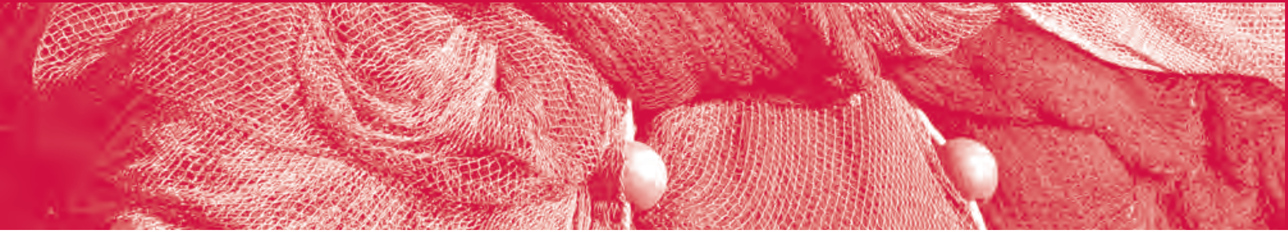
For the firms of the agricultural and agro-food sector, the most used certification systems are those based on the standards of quality management ISO 9001 and the environmental process certifications complying with the standards ISO 14001. In Italy, according to the Accredia figures, it has been detected an increase of the agricultural farms adhering to the ISO 9001 norms (+7%) during the latest year, conversely the number of the agro-food firms is decreasing (-6%), considering the slight downturn that is affecting all sectors (-0.3%). Concerning the ISO 14001 standards, there has been a decrease both for the agricultural farms (-12%) and for the food firms (-1%), although on the whole the certified firms are in an upward trend (+3%). The most sizeable increases of the certifications ISO 9001 and ISO 14001 have been observed in Calabria (+7%), followed by Emilia Romagna (+3%), Veneto (+1%) and Molise (+1%). Lombardy and Veneto remain the regions with the highest number of certifications, respectively with 21% and 11% of the total certified firms.

The adhesion to EMAS, which implies a commitment in improving the environmental performances, has experienced a growth of the total number of certified firms in 2015, although of only few units, even if it decreases the adhesion of the firms in the agro-food sector. The Ecolabel can be requested only for some categories of product/service and now it is also considering the inclusion of social aspects. On the whole, the label is expanding rapidly: the number of licenses is in fact increasing, mainly those related to tourist accommodation services (+4%) which represent over 55% of the total licenses granted in Italy every year, with a greater spread in Puglia and Trentino Alto Adige.

The forestry sector has witnessed a

strengthening of the initiatives aimed at promoting a responsible management, at enhancing the development of practices characterized by the corporate social responsibility and the fight against illegal processes through the forestry certification systems (FSC and PEFC). This occurs in relation to both the management of forests on a national scale and in terms of the chains of custody by the processing firms of the sector. In particular, in 2015, the certified forestry surface has remained essentially stable, while the number of the certificates of the chain of custody has increased.

It continues the positive trend of the certifications on the corporate social responsibility, with a sharp increase of the number of firms of the agro-food and agro-industrial sector which adhere to the standard SA8000, now increased from 84 to 129 units.



AGRICULTURAL POLICY

The year 2015 launches the implementation of the new direct aid system of the CAP 2014-2020. Following the decisions taken by Italy, starting from this year the single payment scheme and its related aid have been substituted by a new system of direct aid that are aimed at: supporting the farmers' income through a basic payment to which 58% of the total available resources has been allocated; adopting beneficial practices for climate and the environment through the disbursement of the green payment (30%); supporting young farmers (1%); maintaining the productive levels of a certain number of products/sectors through the coupled support (11%). Furthermore, Italy applies a simplified regime for the small farmers with the twofold purpose of reducing the administrative burden for the public administration in handling the aid application of small entity and of ensuring a flat-rate amount to small farmers (equal to a maximum threshold of 1,250 euro) in exchange of a simplification of their obligations.

Budgetary ceilings within the direct payment scheme in Italy (000 euro), 2015

- Ceilings for the base payment (58%)	2,263,183
- Ceilings for the green payment (30%)	1,170,612
- Ceilings for the payment of young farmers (1%)	39,020
- Ceilings for the support to the voluntary coupled support (11%)	429,224
National ceiling (II reg. 1307/2013)	**3,902,039**
- Overbooking (increase of 3% of the basic payment)	81,943

Source: Regulations (EU) n. 1089/2015 and 1307/2013

The reduction of the national financial endowment for the direct payment has continued also in 2015, as a consequence of the so called "external convergence", namely the decision of making more balanced the level of unitary payments per hectare among Member States. During the year, the available resources for financing the new system of direct payments in Italy have little exceeded 3,900 million euro (-1.3% over 2014). The 2014-2020 CAP reform has also introduced further novelties, among which the most relevant involve the active farmer, the internal convergence, degressivity. Starting from 2015, the direct payments are earmarked only to those who prove to be "farmers in activity". In Italy, in order to be considered as active farmer it is necessary to be enrolled in the INPS register as a direct farmer, professional agricultural entrepreneur, colonist or sharecropper, or to own an active VAT number in the agricultural sector. The active farmers are by definition those who have received direct aid in the

Application of the coupled support (art. 52 reg. (EU) n. 1307/2013) in Italy, 2015

Products	Quantities eligible for aid (hectares or heads)	Unitary amount of the aid	Plafond (euro)	% on the plafond
Soya	178,931 ha	55,17 €/ha	9,872,159	2.30
Protein crops	263,852 ha	53,68 €/ha	14,164,402	3.30
Durum wheat	893,933 ha	66,98 €/ha	59,876,788	13.95
Grain legumes and annual leguminous meadows	527,524 ha	22,38 €/ha	11,803,668	2.75
Rice	227,833 ha	99,85 €/ha	22,748,887	5.30
Sugar beet	37,806 ha	455,27 €/ha	17,211,894	4.01
Industrial tomatoes	68,441 ha	164,94 €/ha	11,288,599	2.63
Olive tree				
- Olive areas	475,318 ha	93,01 €/ha	44,210,102	10.30
- Olive areas and areas charactyerized by an average slope above 7,5%	110,447 ha	120,47 €/ha	13,305,953	3.10
- Olive areas adhering to quality systems	62,820 ha	204,98 €/ha	12,876,729	3.00
Milk				
- Dairy cows	860,281 heads	87,3136 €/head	75,114,251	17.50
- Dairy cows in mountainous areas	218,788 heads	45,122 €/head	9,872,159	2.30
- Dairy buffaloes	49,976 heads	82,4506 €/head	4,120,553	0.96
Animal husbandry: cattle				
- Suckler cows for meat and with a twofold aptitude, enrolled in the Registry	186,025 heads	206,0023 €/head	40,776,308	9.50
- Cows with a twofold aptitude, enrolled in the Registry and included in selective plans or of breed management	9,930 heads	247,2028 €/head		
- Slughtered animals aged between 12 and 24 months, reared for at least 6 months	62,059 heads	53,535 €/head	66,958,989	15.60
- Slughtered animals aged between 12 and 24 months, reared for at least 12 months	172,426 heads	69,5955 €/head	-	-
- Slughtered animals aged between 12 and 24 months, reared for at least 6 months, adhering to quality systems	26,515 heads	69,5955 €/head	-	-
- Slughtered animals, reared for at least 6 months, adhering to labelling systems	698,106 heads	69,5955 €/head	-	-
- Slughtered animals aged between 12 and 24 months, reared for at least 6 months, with PDO or PGI certifications	15,021 heads	80,3025 €/head	-	-
Animal husbandry: goats and sheep				
- ewe lambsput to the ram	180,818 heads	52,4608 €/head	9,485,857	2.21
- slughtered animals	876,181 heads	6,3195 €/head	5,536,993	1.29

Source: AGEA

previous year, for an amount not exceeding 5,000 euro, in the case of firms located in the mountainous and/or disadvantaged areas, or an amount not exceeding 1,250 euro in the other cases. Those who manage airports, rail services, water systems, real estate services, sport or recreational grounds, or also those who carry out bank brokerage, financial or commercial brokerage and the public administrations are considered non active farmers by definition, and they are therefore excluded from the benefit of direct payments. Another important novelty of the new CAP is represented by the process of "internal convergence" which aims at standardizing, within 2019, the unitary payments per hectare received by the farmers within a country. Italy has decided to apply a partial convergence of aid, or rather try to standardize the payments on the national average value, without getting a uniform unitary payment. This allows to partially safeguard the unitary payments with a high cost (historically linked to those productions more supported during the past, as olive oil, durum wheat, rice, tobacco, intensive livestock), which will be gradually decreased, remaining nonetheless above the national average value, and increase the unitary levels of aid in favor of those productions very little supported by the CAP in the past, which will progressively get closer to the national average value. The reform has also compulsorily introduced the digressivity, namely the reduction of aid for those amounts exceeding 150,000 euro. Italy has opted for cutting by 50% the part of the aid exceeding 150,000 euro (only for the basic payment).

If the reduced amount exceeds 500,000 euro, the exceeding part is reduced by 100%.

With the reform, the specific support to the article 68 has been substituted, as from 2015, by the voluntary coupled support regulated by article 52 of the Reg. 1307/2013. In Italy the amount of the total resources available for this kind of aid accounts for little below 430 million euro. The products receiving this type of aid are numerous and ascribable to three macro-sectors: animal husbandry, arable crops and permanent crops. The most consistent plafond is allocated to the livestock productions (49.4%), followed by arable crops (34.2%) and by permanent crops, mainly the olive growing (16.4%).

In order to optimally allocate the support, the aid for soya, protein crops, durum wheat, grain legumes and olive oil are territorially confined and limited to specific Italian regions. In addition, in the case of beef breeding, some additional aid are envisaged for the heads having specific requirements.

In terms of market measures, the National Plan for the support to the wine sector, related to the five-year period 2014-2018, has confirmed again the measures of the previous national development programme. The annual endowment for the six envisaged measures amounts to roughly 337 million euro. 277.2 millions of these are distributed among the regions, the remaining 59.8

million euro are represented by the funds managed at a national level and related to the insurances on harvest (20 million euro), to the distillation of the by-products (13 million euro) and to the national funds that integrate the promotion measure on third-country markets (about 27 million euro). It remains essentially unchanged also the breakdown of the funds among the measures. 45% of the total national endowment has been allocated to the reconversion and restructuring vineyards measure, about 28% to the promotion on third-country markets, 17% to investments, 6% to insurances and 4% to the distillation of by-products. Most of the regional funds (20%) is allocated to Sicily, followed by Veneto (13%), Tuscany and Puglia (both with 10%). The resources for the promotion on third-country markets are mainly earmarked to Veneto (19%), those for the restructuring and reconversion of the vineyards to Sicily (16%); it is nevertheless Puglia the region that receives over half of the resources (56%) for the green harvesting, while in terms of investments is once again Sicily that receives most of the funds (40%).

EAGF expenditure per country, 2015*

	million euro	%	% change 2015/14		million euro	%	% change 2015/14
Austria	727.8	1.6	1.0	Luxembourg	33.7	0.1	0.6
Belgium	625.4	1.4	2.1	Malta	5.7	0.0	2.3
Bulgaria	674.2	1.5	12.0	Netherlands	883.9	2.0	3.7
Cyprus	59.1	0.1	3.7	Poland	3,572.7	8.0	11.1
Croatia	165.5	0.4	71.6	Portugal	754.7	1.7	2.5
Denmark	936.5	2.1	-0.1	UK	3,150.4	7.0	-2.8
Estonia	119.4	0.3	19.0	Czech Rep,	898.4	2.0	0.5
Finland	542.7	1.2	3.4	Romania	1,461.0	3.3	9.5
France	8,165.1	18.2	-2.4	Slovakia	439.6	1.0	15.4
Germany	5,250.4	11.7	1.0	Slovenia	143.0	0.3	-2.4
Greece	2,229.4	5.0	-2.8	Spain	5,640.2	12.6	1.0
Ireland	1,231.8	2.7	-0.3	Sweden	701.3	1.6	1.1
Italy	4,555.9	10.1	0.9	Hungary	1,334.0	3.0	-0.2
Latvia	167.7	0.4	13.5	EU	55.9	0.1	23.8
Lithuania	414.0	0.9	7.8	**TOTAL EAGF**	**44,939.3**	**100.0**	**1.5**

*2015 provisional
Source: EU Commission

EAGF

In 2015, the Community expenditure disbursed by the EAGF in Italy has amounted

EAGF expenditure by type of intervention, 2015*

	Italy		EU		Ita/EU
	mio. euro	%	mio. euro	%	%
Interventions on agricultural markets	630.2	13.8	2,665.7	5.9	23.6
- Export refunds	0.0	0.0	0.3	0.0	0.0
- Storage	2.9	0.1	6.9	0.0	41.9
- Food programmes	-3.1	-0.1	-3.2	0.0	96.1
- Fruit and vegetables	228.6	5.0	813.1	1.8	28.1
- National support programmes to the wine sector	324.6	7.1	1,030.8	2.3	31.5
- Other	77.2	1.7	817.9	1.8	9.4
Direct aid	3,920.2	86.0	42,168.0	93.8	9.3
- Decoupled direct aid	3,708.5	81.4	38,293.5	85.2	9.7
- Other direct aid	143.6	3.2	3,020.5	6.7	4.8
Other measures	5.5	0.1	105.6	0.2	5.2
TOTAL EAGF[1]	**4,555.9**	**100.0**	**44,939.3**	**100.0**	**10.1**

*2015 provisional
[1] administrative expenditures included
Source: EU Commission

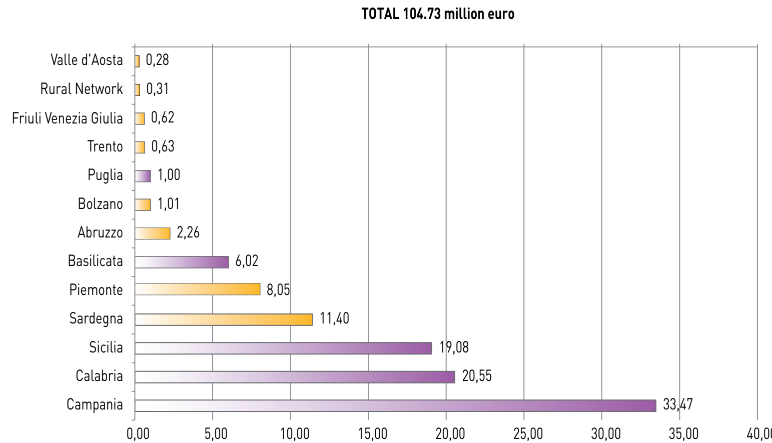
to roughly 4,555.9 million euro, 10.1% of the community total, thus marking an increase of about 1% over 2014.
Italy ranks fourth place among the beneficiaries of the agricultural spending, after France, Spain and Germany. The direct payments cover 86% of the total, and they are represented for 90% by the payments carried out within the single payment scheme. It is worth pointing out that the 2015 balance doesn't still register the novelties introduced by the 2014-2020 CAP reform, which will nonetheless be reported in the balance from 2016.
The expenditure for the interventions on the agricultural markets covers the remaining 14% of the agricultural spending, a higher incidence than that at the community level (6%), so much so that it represents by itself 24% of what totally spent by the EU for this type of interventions. The greatest incidence is represented by the financing to the support programme to the wine sector that covers nearly 52% of the expenditure for interventions and which represents about 32% of the EU spending for this expenditure item, along with the financing to the operational programmes in the fruit and vegetable sectors (36% of the total for interventions and 28% of the same expenditure item at the Community level).

In 2015, the volume of payments allocated through the 21 regional RDPs, in terms of public expenditure, has amounted to 3,110 million euro, with a contribution of 1,609 million euro from the community balance.

The year 2015 marks the end of the 2007/2013 programming period, during which Italy registers an overall spending capacity for the rural development of roughly 17.3 billion euro, corresponding to 98.8% of the total available resources for the Italian programmes.

This result highlights nevertheless the persistence of some critical management issues at the level of single RDP, as shown by the distribution of the amount of the automatic decommitment with which the programming period ends: 104.73 million euro of Community share, 76.5% of which is ascribable to the Regions of the convergence area, with particular reference to Campania (33.5 million euro), Calabria (20.55 million euro) and Sicily (19.08 million euro). Among the Regions belonging to the competitiveness area, it should be pointed out the decommitment of Sardinia for an amount of 11.40 million euro and of Piedmont for 8.05 million euro.

EAFRD decommitment 2007/2013



Source: MIPAAF

Among the measures financed during the entire 2007/2013 period, it emerges that 38.8% of the total public expenditure is concentrated in Axis 1 – increase the competitiveness of the forestry and agricultural sector, with a volume of payments of 6.7 billion euro which reflects a capacity to absorb the funds equal to

RDP Italy 2007/2013 - Public expenditure planned and paid per Axis, million euros

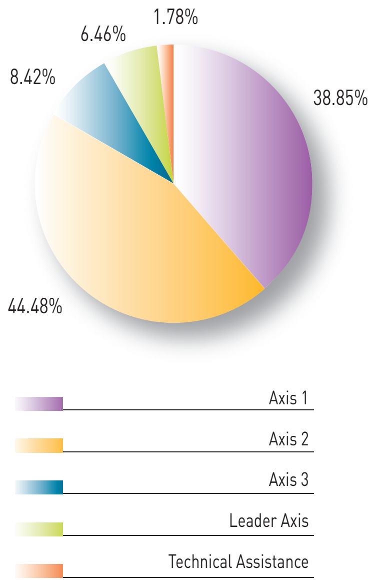
Axis	Public expenditure planned	Public expenditure paid	% use of the planned resources	Breakdown of the public expenditure paid per Axis
Axis 1	6,804	6,749	99.19	38.85
Axis 2	7,789	7,730	99.24	44.49
Axis 3	1,508	1,463	97.00	8.42
Leader Axis	1,170	1,122	95.89	6.46
Technical Assistance	314	309	98.27	1.78
	17,585	**17,372**	**98.79**	**100.00**

Source: MIPAAF

99.19% compared to the initial allocations. Within this Axis, the measures aimed at restructuring and developing the physical capital and at promoting innovation reach almost 83% of the total, with a clear prevalence of investments in the agricultural farms (about 3.2 billion euro), of the investments for the processing and marketing of the agricultural and forestry products (about 1.14 billion euro) and those for the infrastructures related to the development and adaptation of agriculture and forestry (822 million euro). More contained is the public expenditure carried out through the measures aimed at promoting the knowledge and the development of human capital, with roughly 982 million euro disbursed (14.6% of the total Axis), most of which represented by the premiums for the settlement of young farmers (700 million euro). Lastly, even more contained are the payments made through the measures aimed at improving the quality of production and of the agricultural products (little exceeding 151 million euro), thus highlighting the high incidence of the costs for participating to the respective regulations and, however, too high for offsetting the correlated benefits.

As for the Axis II – enhancing the environment and the natural space, the total public aid earmarked during the entire phase has exceeded 7.7 billion euro, with an incidence of 44.5% on the total national public expenditure, and an incidence of use of the initial allocations equal to 99.2%. In this Axis, 83.5% of the grants involve the measures aimed at promoting the sustainable use of the agricultural lands, where the agro-environmental measures represent about 53% of the payments for the entire Axis, with an amount of payments exceeding 4 billion euro. The remaining 16.5% is instead represented by the measures for the sustainable use of the forestry surface areas that, in general, did not comply with the programming expectations; among these, the measures for the strengthening of the forestry potential and the preventive measures have found

RDP Italy 2007/2013: breakdown of the public expenditure paid per Axis



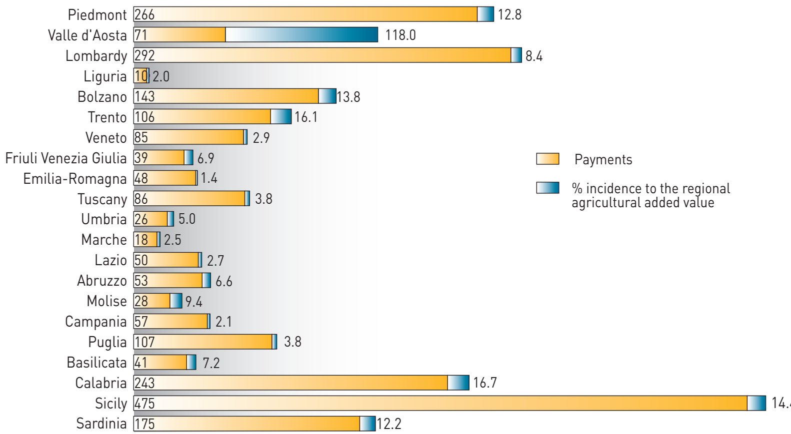
Source: MIPAAF

the favor of the operators, thus marking an expenditure of about 531 million euro; followed by the measures of first afforestation on the agricultural lands with a volume of interventions equal to roughly 460 million euro.

As for the Axis 3 – improving life quality in rural areas, the total public expenditure carried out in 2007/2013 has amounted to roughly 8.5% of the total, with a volume of payments equal to 1.4 billion euro, that is 97% of the allocated amounts. Among these, worthy of note are the measures aimed at diversifying the non-agricultural activities, with an amount of 586 million euro besides the essential services for the economy and the rural population with 381 million euro; they both represent 2/3 of the total expenditure of the Axis.

Lastly, it is worth pointing out the financial performance carried out through the measures of the Leader Axis with 1.12 billion of euro of payments, almost 96% of the amounts initially allocated to the local programming.

Payments to the agricultural sector (million euro) and % incidence to the regional agricultural added value, 2013



Source: processing of regional budgets, CREA Centre of Bio-economy

The analysis of the figures on the expenditure related to the regional budgets has pointed out, for 2013, a total amount of payments for the agricultural sector in a slight downward trend over the previous year, equal to roughly 2.4 billion euro, thus highlighting, in line with the figures of the national finance, the containment trend of the public spending. Regions have in fact put in place many measures for reducing the spending as consequence of the restraints deriving from the observance of the European obligations and from the achievement of a balanced budget in structural terms, as well as from the non-implementation of the expected fiscal autonomy. It has therefore been reduced the percentage incidence of the payments to the sector on the national added value, little above 7%, compared to 8.1% in 2012 and 10.6% in 2011. In this way, the sectorial support, through the regional budgets, has been reduced by about one fourth in the last three-year period.

The total amount of the agricultural spending appears to suffer a downward trend in most Regions, except for Piedmont, Valle d'Aosta, Lombardy, Liguria, A.P. of Trento, Tuscany, Molise and Sardinia.

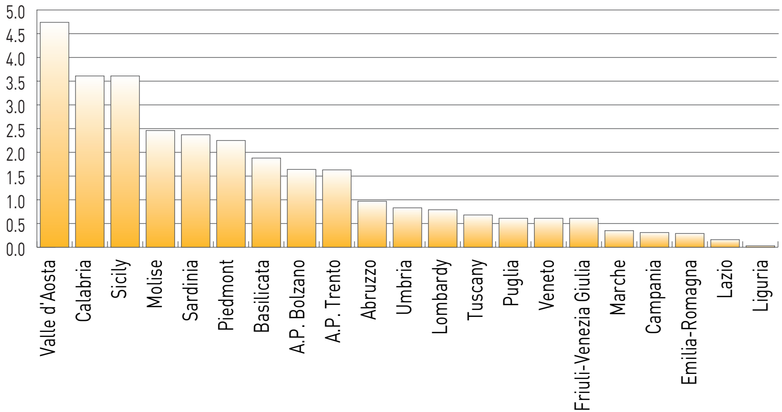
If we analyze the spending by type of interventions in the agricultural policy, by relying on the traditional classification adopted by INEA, it can be observed that most of payments is addressed to technical assistance and research, to forestry activities

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

Source: processing of regional budgets, CREA Centre of Bio-economy

and to the support of the business management, with values ranging between about 590 and 402 million euro, in a downward trend compared to 2012. The technical assistance and research cover about 21% of the total spending, followed by the forestry activities (18.6%) and by the support to the business management (16.6%), with different characteristics among the vari-

% incidence of the regional agricultural payments to the value of the total regional payments, 2013



Source: processing of regional budgets, CREA Centre of Bio-economy

ous Regions.

The incidence of payments for the agricultural sector on the total budget payments of each Region has highlighted that the agricultural spending is quite modest and never exceeds the threshold of 5% for 2013. In 2013, Valle d'Aosta shows the highest incidence (4.7%), although to a lesser extent compared to 2012, followed by Calabria and Sicily (3.6%), Molise (2.4%), Sardinia (2.3%) and Piedmont (2.2%). Conversely, many regions that play a remarkable role in the national agricultural sector are characterized by a decisively lower incidence of the regional agricultural spending (Lombardy, Emilia-Romagna, Tuscany, Campania, Puglia).

In the 2015-2016 period the measures launched by the Government in the agro-food sector have involved the following issues:

A. Safeguard of the farmers' income and the risk management in agriculture;
B. Reduction in the tax burden on the agricultural holdings;
C. Promotion of some productive sectors with particular attention to those in difficult situation;
D. Promotion of the innovation and safety in agriculture;
E. Simplification, control and competitiveness of the agricultural sector;
F. Promotion of the employment and of the generational turnover in the sector;
G. Protection of the landscape and biodiversity;
H. Rationalization of the entities operating in the agricultural sector and the improvement of the spending of the European funds.

A) Measures on the safeguard of the farmers' income and the risk management in agriculture

The Law n. 208 of December 28, 2015 (Stability Law 2016) has envisaged: measures for the insurance facilities in agriculture. 140 million euro have been allocated for the programme of insurance facilities in agriculture for natural disasters in order to ensure the safeguard of the farmers' income who have been damaged by phenomena of exceptional adverse weather events.

The Law n. 154 of July 28, 2016 has established: measures for the risk management in agriculture. It is expected a reorganization of the management tools of the risk and for the regulation of the markets, thus enhancing the development of insurance tools to cover damage to productions and to the agricultural structures and by regulating the "Mutuality Funds" to cover the storm damage, the animal and plant diseases caused by protected wildlife.

B) Measures aimed at reducing the tax burden on farms

The Law n. 208 of December 28, 2015, Stability Law 2016, has envisaged:

1- Elimination of the IRAP tax for the agricultural holdings. The tax exemption has been established for those operating in the agricultural sector, for the small fishing cooperatives and their consortia and for the firms that essentially provide, also in the interest of third parties, services in the silviculture sector.
2- Elimination of the IMU tax on agricultural lands. The exemption from the IMU tax concerns the agricultural lands in the mountainous or hilly areas; the lands owned and managed by direct farmers and by professional agricultural entrepreneurs with an agricultural social security; the agricultural lands located in the municipalities of small islands and those with agro-forestry-

pastoral activities with indivisible joint proprietorship.

3- Tax benefits for the small farm owners. The tax benefits in favor of the small farm owners include also the spouse and the relatives in the direct line, provided that they are already owners of agricultural lands and cohabitants. These benefits consist in a fixed payment for the Land Register fee and the mortgage registration fee; furthermore, the cadastral taxes have been fixed at 1% for the transfers of lands and pertinences in favor of direct farmers and agricultural entrepreneurs. These benefits for the small farm owners are applied also to the transfer acts of agricultural lands and related appliances, put in place in favor of the owners of closed farms usually cultivated.

4- Benefits in favor of the agro-energies. The regulation establishes that all agro-energy productions are considered as related activities pursuant to the art. 2135, clause 3, c.c. and therefore generate agricultural income. These include also the production and sale of electricity and thermal energy from agro-forestry renewable sources, up to 2,400,000 Kwh/year, from photovoltaic sources, up to 260,000 Kwh/year, as well as fuels and chemical products of agro-forestry origin. For the energy production exceeding the above-mentioned limits, the income concerning the natural persons, the companies and the other subjects referred as to art. 1, clause 1093, Law n. 296/2006, is determined, for income taxes purposes, applying to the amount of the fees of the operations subjected to VAT registration, in terms of the component that is ascribable to the valorization of the energy sold, financial incentive excluded, the profitability coefficient of 25%, except for the option for determining the income according to the ordinary ways.

5- The increase of the VAT countervailing rate in the dairy sector (art. 1, clause 908). New compensation percentages, fixed by the Inter-ministerial Decree - January 26, 2016 - and published in the Official Gazette n. 39 of February 17 2016, have been applied by the agricultural producers with special VAT Scheme to the transfers of milk, cattle and pigs, starting from January 1st 2016. The compensation percentages applied for the forfeited deduction of the VAT, pursuant the art. 34 of the Presidential Decree n. 633/72, have increased from 8.8% to 10% for the dairy products, from 7% to 7.65% for the live bovine animals, buffalo included, from 7.3% to 7.95% for pigs.

C) Measures aimed at fostering some productive sectors with particular attention to those in difficult situation

The Law n. 154 of July 28, 2016 has established:

1- Measures in the fishery sector. The

2013-2015 three-year national Programme of fishery and aquaculture has been extended with a refinancing of 3 million euro for the year 2016. In addition, the interventions delegated to ISMEA for ensuring the bank loans are now extended also to the firms of the fishery and aquaculture sectors, with resources of the European Fund for the maritime affairs and for fishery (EMFF). Lastly, it has been integrated the financial endowment of the social Fund for the employment and training so that a share not exceeding 18 million euro is allocated to the recognition of the redundancy fund system by way of derogation in the fishery sector.

2- Measures for the promotion of beer. In order to foster the development of the hop sector in Italy, it has been introduced the definition of "craft beer produced by small independent breweries and not subjected, during the production phase, to processes of pasteurization and microfiltration".

3- Measures for the promotion of tomatoes. Some specific disposals have been envisaged about the definition of the products derived from the processing of tomatoes, about the related requirements, the labelling and packaging, as well as the sanctions in order to safeguard and promote the quality of productions.

4- Measures for the promotion of rice. It has been introduced a support to the sector through the safeguard of the Italian typical varieties and the genetic improvement of the new ones, the valorization of production, consumer protection, establishment of a register for the classification of the new varieties; the discipline of the sanctionary system and the identification of the competent Authority. New voluntary systems of rice traceability are promoted through innovative tools that can provide additional information to consumers about the origin of the product.

5- Measures for the promotion of the equestrian sector. It has been established an entity under the surveillance of the MIPAAF to which delegate competences in the equestrian sector, in order to relaunch the sector and reorder its institutional competences.

The Stability Law 2016 has introduced:

1- The tax credit for the purchase of capital goods. The Law envisages the possibility by the companies with productive structures located in Abruzzo, Calabria, Campania, Puglia, Sicily, Molise and Sardinia to benefit from a tax credit for new investments carried out from January 1st 2016 to December 31st 2019.

D) Measures aimed at promoting innovation and safety in agriculture

The Stability Law 2016 has established: measures for fostering the investments in agricultural and forestry equipment. It has been established a Fund at INAIL, aimed at financing the investments for the purchase or lease-purchase of machineries or innovative agricultural and forestry tractors, with the purpose of raising the safety standards in favor of the workers, reducing pollutant emissions and increasing the performance efficiency. The firms of the agricultural and fishery sectors can enjoy of a tax credit, within the limits prescribed by the EU regulation in terms of State aid, for the purchase of new capital goods for the productive structures in the assisted areas located in the southern regions (Campania, Puglia, Basilicata, Calabria, Sicily, Molise, Sardinia and Abruzzo).

E) Measures aimed at simplifying and monitoring the agricultural sector

The Law n. 154 of July 28, 2016 has envisaged:

1- Simplification actions. The timeframe for opening a company has been reduced from 180 to 60 days and the terms of the silent approval within which the public administration has to adopt the final provision from the receipt of the request submitted by the Centre of agricultural assistance have been reduced. The company's file for the producers of oil with a production below 350 Kg has been eliminated. Sanctions have been introduced in the case of non-registration in the bee-register. Lastly, it has been introduced the simplification of information technology with the creation of the information system for the organic products.
2- Control actions. The sanctions in the fishery and aquaculture sectors have been strengthened, with the introduction of important depenalizations, taking also into account the most recent European regulations, and some sanctions have been established for fighting the fish poaching in the inland waters.

F) Measures aimed at fostering the employment and the generation-turnover in the sector

The Law n. 154 of July 28, 2016 has envisaged:

1- Measures for the generation-turnover. It has been established the delegation to the Government in order to regulate the various forms of coaching between over 65 farmers, or retired people, and young people aged between 18 and 40 who are not owners of agricultural lands.
2- Measures for fostering agricultural employment. For the joint hiring of employed workers in the agricultural holdings linked by a network contract, it has been reduced from 50% to 40% the percentage required of presence of agricultural farms in the contractual type.
3- Tax benefits for the permanent employments. It has been extended the tax exemption related to the permanent employments with the following limits: up to 1.1 million euro for 2016, 2.8 million euro for 2017, 1.8 million euro for 2018, 0.1 million euro for 2019 for the workers with a qualification of workers

Main legislative measures of 2015/2016

Legislative measure	Content
Law n. 194 - December 1st 2015	Measures for the safeguard and the enhancement of the agricultural and food biodiversity
Law n. 208 - December 28, 2015 (the so-called Stability law 2016)	Measures for the preparation of the annual and multi-year State financial statement
Law n. 154 – July 28 2016 (the so-called "Collegato Agricoltura")	Mandate to the Government and further disposals in terms of simplification, rationalization and competitiveness of the agricultural and agro-food sector, as well as sanctions concerning illegal fishing activity.

and managers; up to 1.6 million euro for 2016, 8.8 million euro for 2017, 7.2 million euro for 2018, 0.8 million euro for 2019, with reference to the new employments with a permanent contract.

4- Establishment of the Bank of lands. At ISMEA it has been established the Bank of the agricultural lands with the aim of creating an inventory of the available agricultural lands due to the abandon of the agricultural activity or because of early retirements.

G) Measures to safeguard landscape and biodiversity

The Law n. 194 of December 1st 2016 has established:

1- Measures for the safeguard and enhancement of the biodiversity of agricultural and food interest. The regulation envisages the establishment of a national System of the agricultural and food biodiversity with four operational tools: 1. The register of biodiversity, in which to indicate the genetic resources at risk of extinction; 2. The permanent Committee aimed at ensuring the coordination of the actions between the different levels of government; 3. The National Network aimed at safeguarding the local genetic resources; 4. The national portal, made up by a system of databanks containing the genetic resources present on the whole Italian territory. The Law also envisages the launch of a national Plan on the biodiversity of agricultural interest and the establishment of a fund for supporting the actions of farmers and breeders. In addition, the new reform envisages the inclusion of CREA in the three-year plan activity, of interventions for the research on the agricultural and food biodiversity, on the necessary techniques for enhancing it, safeguarding and developing it.

H) Measures aimed at rationalizing the entities operating in the agricultural sector and at improving the expenditure of the EU funds

The Stability Law 2016 has envisaged:

1- Rationalization of the entities linked to MIPAAF. The Institute for the Agrofood Development (ISA) and the Society for the Management of the agrofood Funds (SGFA) have been merged with ISMEA.

The Law n. 154 of July 28, 2016 has established:

1- The reorganization and the reduction of the entities supervised by MIPAAF. AGEA and the system of controls have been reorganized with the rationalization of the society Agecontrol. A new obligation has been introduced, envisaging the yearly publication of the economic, financial and capital data which are carried out by each institution.
2- Measures for improving the expenditure of the EU funds. The Public Administrations will provide for free the assistance and the necessary information for those who will require it, in order to better structure their investment projects. Furthermore, specific procedures will be elaborated in order to handle new applications, thus facilitating the access to financing. In order to simplify the procedure and optimize the times of the administrations, the exclusive mean for acquiring data by the public administrations is now represented by the electronic sending.

NOTE

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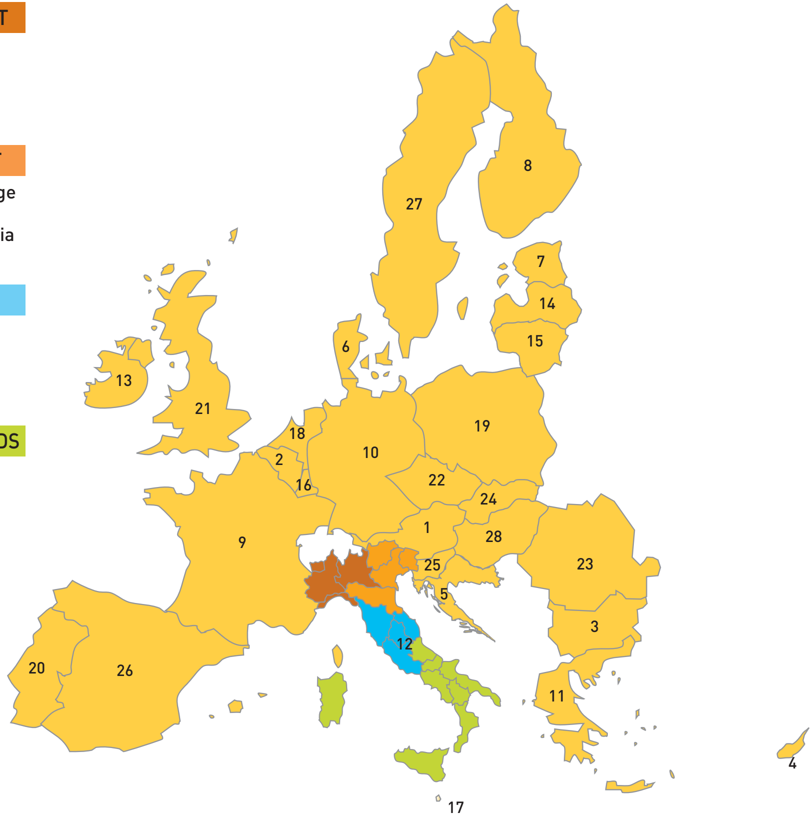

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