



ITALIAN AGRICULTURE IN FIGURES 2017





ITALIAN AGRICULTURE IN FIGURES 2017

ROME, 2018

Editing Staff

Francesca Marras (responsabile), Simonetta De Leo, Sabrina Giuca,
Maria Carmela Macri, Mafalda Monda, Roberta Sardone, Laura Viganò

Contributors

Andrea Arzeni, Lucia Briamonte, Felicetta Carillo, Concetta Cardillo, Tatiana Castellotti, Federica Cisilino, Simonetta De Leo,
Stefano Fabiani, Luca Frascchetti, Sabrina Giuca, Simona Romeo Lironcurti, Davide Longhitano, Flavio Lupia, Maria Carmela Macri,
Saverio Maluccio, Sonia Marongiu, Francesca Marras, Mafalda Monda, Barbara Parisse, Nino Pasquale, Maria Rosaria Pupo d'Andrea,
Manuela Scornaienghi, Roberta Sardone, Roberto Solazzo, Aida Turrini, Laura Viganò, Annalisa Zezza, Greta Zilli

Processing

Fabio Iacobini

Graphic Design

Ufficio grafico CREA (Jacopo Barone, Piero Cesarini, Fabio Lapiana, Sofia Mannozi)

Co-ordinating Editor

Benedetto Venuto

English Translation

Barbara Perna

The publication is available on the website: <http://www.crea.gov.it/pubblicazioni-scientifiche/>
Copying is allowed only by quoting the source

Photos by Giuseppe Argiolas, Francesca Marras, archive CREA

The Italian agricultural and food experience can be considered as a metaphor of a possible change in our country. We are leader in Europe in terms of certified quality products (295), the export is increased from 33 to 41 billion euro from 2013 to present and there are ever more young people approaching this sector, investing in a perspective of future (over 9,000 new companies in one year managed by people aged less than 40). These are remarkable numbers, also reported in this volume, which are the result of a serious and engaged work that we have carried out, safeguarding producers' income, ensuring to consumers transparency and traceability through mandatory label with the indication of the origin of the raw material used for milk, pasta, rice, derivatives and tomatoes, and by investing in employment and research.

It is just for this reason that we have earmarked 31 million euro for financing the most important public project carried out in

our Country regarding a pivotal matter such as the genetic improvement by means of sustainable bio-technologies and the agricultural big data. Future is now and we have to write it right from now.

Important challenges concern in fact agriculture and food. The entity of the matter we are tackling will re-define fundamental concepts of our development, such as the idea of safety, international relationships, what kind of strategic perspectives to be determined in relation to the international trade, what kind of economic policy choices to be taken within our own borders. Therefore Italy, already protagonist of the international debate on the global food issue with Expo Milan 2015, can play once again a leader role.

We are called to re-think the centrality of our agricultural, food and environmental patterns and to invest on them to launch not only a new economy but also a new citizenship.

"Agricoltura, Alimentazione e Ambiente" have to be our triple A, by representing at each latitude of our Country the perfect merge between local communities, territorial economies, know-how and human capital, landscape, social networks. Only by doing so it will be possible to shift from an agricultural policy to a food policy. We have already a well established pattern and we are watched carefully worldwide. Let's continue therefore to invest in generational replacement and innovation. Supporting these projects was one of our priority in these latest years, with concrete choices such as the increase of the European funds in favour of people under 40, the simplification for the purchase of lands or the access to credit with loans with no interest rates. An effort in this direction that now requires a further step forward.

The goal is to raise a new generation who has feet rooted in the land and the mind opened to the world.

The Minister for agricultural,
food and forestry policies
Maurizio Martina



INDEX

ECONOMY AND AGRICULTURE

Land and Population	page 10
Gross Domestic Product	page 13
Value Added	page 16
Employment	page 18
Productivity	page 20
Bio Economy	page 22

RECENT TRENDS IN THE SECTOR

Land market	page 26
Investments	page 29
Credit	page 32
Intermediate consumption	page 34
Climate and Water availability	page 36
Production levels	page 40
Prices and Costs	page 46
Agricultural Income	page 48

FISHERIES

Italy in the European context	page 52
National fishing fleet	page 55
Catches and fishing systems	page 57
Production and Economic Value	page 59

AGRO-INDUSTRIAL SYSTEM

Components of the system	page 62
Food industry	page 64
Distribution	page 69
Food consumption	page 73
Foreign trade	page 75

FOOD AND EATING HABITS

Italian eating habits	page 84
Food waste	page 95
Traditional agro-food products	page 97
Catering service	page 98

FARM STRUCTURE

Livestock holdings	page 102
Cattle farming	page 106
Pig farming	page 107
Poultry farming	page 108
Goat and sheep farming	page 109

ECONOMIC RESULTS OF FARMS

Output and Income	page 112
Trends in the vegetable production	page 115
Zootechnical type of farming	page 118
Italian professional agriculture in the European context	page 121

ENVIRONMENT AND NATURAL RESOURCES

Soil consumption	page 130
Protected areas	page 132
Use of chemicals	page 134
Forests	page 137

DIVERSIFICATION

Renewable energies	page 140
Farm stays	page 144
Educational farms	page 146

QUALITY PRODUCTS

Products of designated origin	page 150
Organic farming	page 154
Certification systems	page 159

AGRICULTURAL POLICY

CAP in Italy: I Pillar	page 164
CAP in Italy: II Pillar	page 168
Regional spending	page 172
National Laws	page 175





ECONOMY AND AGRICULTURE

LAND AND POPULATION

The overall Italian surface area extends for 302,073 square kilometers (Republic of San Marino and the Vatican City State excluded), with a maximum extension 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 area (equal to 41.6% of the overall surface area), then followed by mountains (35.2%) and plains (23.2%).

A remarkable share of the national territory is covered by protected areas, taking into account both national and regional Parks, as well as sites included in Natura 2000 Network, all accounting for 19.3% of the national surface area (in 2014), thus placing Italy above the EU-28 average (18.1% in 2013). The protected land surface amounts to almost 3.2 million hectares, while the area covered by Natura 2000 network sites to little less

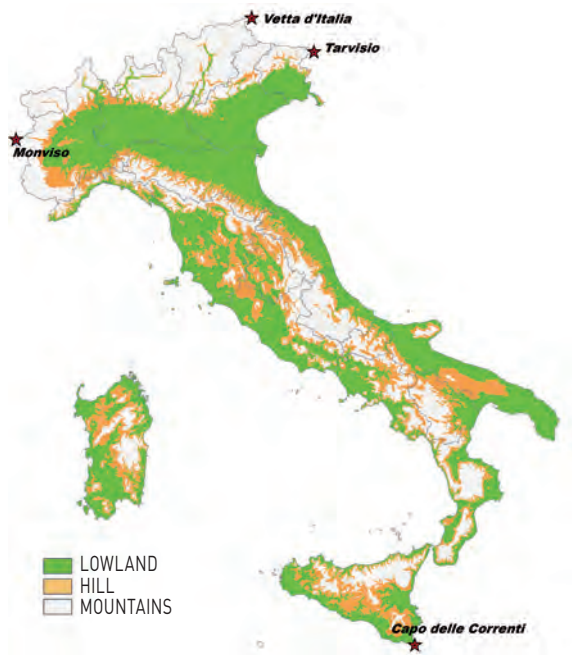
than 6.4 million hectares. The maritime protected areas constitute 3.7% of the surface of territorial waters.

In terms of land cover, the Italian territory is characterized by a high incidence of agricultural lands used (51% of total surface area) and of wooded lands and semi-natural environments (41%), whilst artificial surfaces do represent 5%, with a very irregular distribution over the national territory mainly due to the orographic features and the different level of urbanization. In Italy, 67.9% of municipalities fall within the class of low urbanization, a mainly rural area, where on a surface area equal to 72.5% is located a population amounting to 24.3%. In the municipalities with a high urbanization rate, which represent only 3.3% of the national total and with an overall territorial surface of 4.8%, is located 33.3% of the Italian population. In the remaining 28.7% of the municipalities with a medium urbanization rate, on a territorial

extension of 22.7%, is located 42.4% of the overall population, thus leading the average population density among the highest in Europe (200 inhabitants per square kilometer compared to a UE average of 112.7).

As at 1st January 2017 in Italy do reside 60,589,445 people, more than 5 million of whom are foreigners, equal to 8.3% of residents. The overall balance is negative for 76,106 units, ascribable to a drop in the population of Italian citizenship (96,981 residents less), whilst the foreign population increases by 20,875 units. The natural trend of the population (births minus deaths) has registered a negative balance of almost 142,000 units. The low birth rate has been continuing since 2008: the newborns do account for less than half million (12 million less over 2015), more than 69,000 of whom are foreigners (14.7% of the total), even these ones in a downward trend. It continues the ageing trend of the population resident in Italy,

Territorial extension and orographic features of Italy

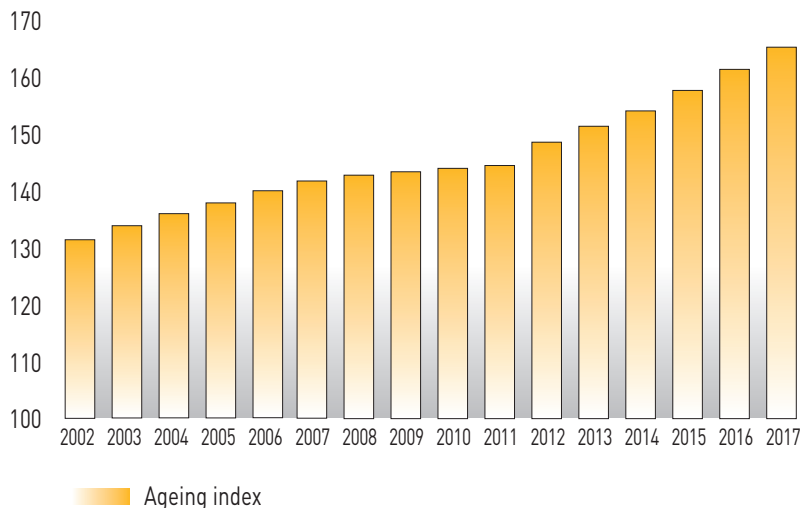


Land cover of the Italian territory



Source: SINAnet - ISPRA

Trend in the ageing index*



* It represents the ageing rate of a population. It is the % ratio between the number of people aged over 65 and the number of young people aged up to 14 years. For example, in 2017, the ageing index for Italy asserts that there are 165,3 elder people each 100 young people

Source: ISTAT

as pointed out by the trend of the old-age index that has amounted to 165.3 elderly people each 100 in 2017.

The migratory movement, both inside the country and from abroad, is mainly addressed towards the northern and central regions. Our country hosts about 200 different nationalities. More than 50% (over 2.6 million inhabitants) are European citizens. The largest foreign community is the one coming from Romania (23.2%), followed by Albania (8.9%) and Morocco (8.3%).

GROSS DOMESTIC PRODUCT

In 2016 the GDP has increased by 0.9%, confirming the upward trend envisaged at the beginning of the year (chain-linked values). The positive trend was mainly determined by some factors: a positive domestic demand, some monetary policy measures capable to support the products of the euro area, mainly in the second half of the year, besides an affordable price for oil. Despite the positive sign, the Italian economy stands nevertheless below the pre-crisis levels by about seven

percentage points. When observing the trend of the main aggregates of the domestic demand for the year 2016 over the previous year, rather homogeneous trends are detected: national final consumptions have increased by 1.3%, gross

fixed investments have grown by 2.8%. Imports have increased by 3.1%, whilst exports have grown by 2.4%. The trend for national demand highlights an increase of the household consumption equal to 1.5% and a propensity to save

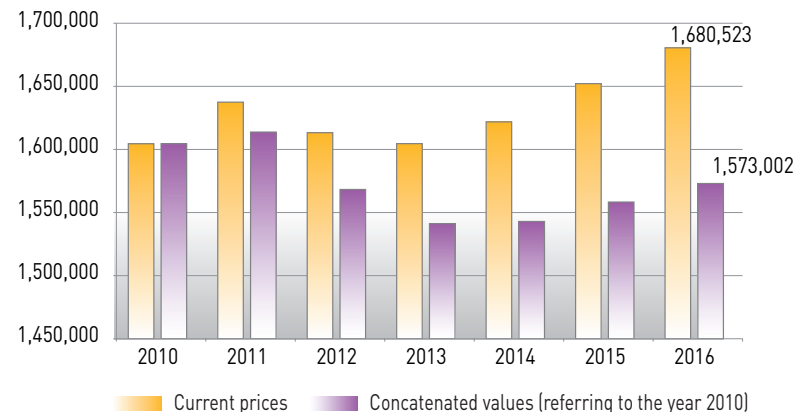
Trend in the overall GDP in Italy (million euro)

	Current prices	Concatenated values ¹
2010	1,604,515	1,604,515
2011	1,637,463	1,613,767
2012	1,613,265	1,568,274
2013	1,604,599	1,541,172
2014	1,621,827	1,542,924
2015	1,652,153	1,558,317
2016	1,680,523	1,573,002

¹ Concatenated values referring to the year 2010

Source: ISTAT

Trend in the overall GDP in Italy (million euro)



Source: ISTAT

of 8.6. This last one has increased in the private sector, both for families and companies, whereas the trend has experienced negative sign for public administrations that have undergone a higher net debt in relation to the GDP (-2.5%), worsened by one tenth percentage point compared to the previous estimate. The GDP trend in the main industrialized countries has registered lower val-

Trend in the GDP per inhabitant (euro)

Years	GDP/inhabitant	
	Values at current prices	Concatenated values ¹
2010	26,818	26,818
2011	27,264	26,869
2012	26,737	25,991
2013	26,458	25,412
2014	26,680	25,382
2015	27,205	25,660
2016	27,719	25,945

¹ Concatenated values referring to the year 2010

Source: ISTAT, National Accounting

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

Countries	Incidence on the world GDP in 2016 ¹	2010	2011	2012	2013	2014	2015	2016
Industrialised countries								
United States	15.5	2.5	1.6	2.2	1.7	2.4	2.6	1.6
Japan	4.4	4.2	-0.1	1.5	2.0	0.2	1.2	1.0
Eurozone ²	11.8	2.0	1.6	-0.9	-0.2	1.2	1.9	1.7
UK	2.3	1.9	1.5	1.3	1.9	3.1	2.2	1.8
Canada	1.4	3.5	3.3	1.9	2.5	2.6	0.9	1.3
Emerging and developing countries								
Brazil	2.6	7.5	4	1.9	3.0	0.5	-3.8	-3.6
Mexico	1.9	5.1	4.0	4.0	1.4	2.3	2.6	2.3
Asia								
China	17.8	10.6	9.5	7.9	7.8	7.3	6.9	6.7
South Korea	1.6	6.5	3.7	2.3	2.9	3.3	2.8	2.8
India	7.2	10.3	6.6	5.5	6.5	7.2	7.9	6.8
Europe								
Poland	0.9	3.7	5.0	1.6	1.4	3.3	3.9	2.8
Czech Rep.	0.3	2.3	2.0	-0.8	-0.5	2.7	4.5	2.4
Russia	3.2	4.5	4.0	3.5	1.3	0.7	-2.8	-0.2
Turkey	1.7	8.5	11.1	4.8	8.5	5.2	6.1	2.9

¹ Measured in purchasing power parties, in %

² Eurozone with 19 countries

Source: Bank of Italy

ues than in 2015, mainly in the US, UK and Japan. On the whole, the Eurozone countries point out a condition of stationarity (1.7%, slightly lower than 1.9% recorded in 2015). The GDP, in Europe, marks a variation rate decisively lower

than what emerged in 2015, mainly in Turkey, Czech Republic and Poland. Asia substantially confirms the 2015 trend. China, capable to trigger economic and financial dynamics on a worldwide level, does confirm a slowdown, already evident

in 2014 with a variation equal to 6.7% (in 2010 this value was 10.6%). Also for 2016, the emerging countries do suffer the collapse of Brazil (-3.6%), whilst Russia contains the negative variation to around -0.2%.

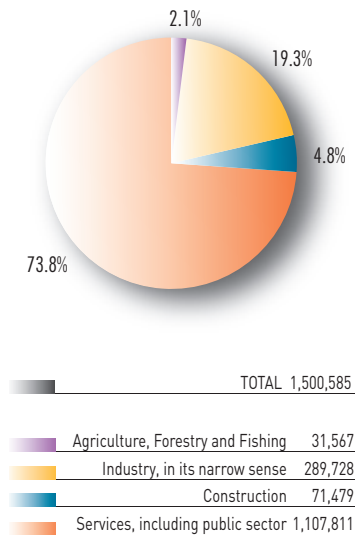
VALUE ADDED

In 2016, the total value added, at basic prices, increased by 0.7% over 2015. The industry and the services sectors experience an increase by respectively +1.3% and +0.6%, whilst the construction sector shows a negative variation (-0.2%), it is nevertheless the value added of the agricultural sector to pointing out the most negative change of 2016 in volume terms (-0.7%), namely 5.4% less at current prices. The agricultural value added accounts for 31.5 billion euros, thus representing 2.1% of the national value added. The agri-food sector (food industry included) increases by 0.4% in current terms and by 0.1% in volume. In 2016, woody crops suffer a sizeable drop in the production volume (-8.1%), whereas the other components are in increase, in particular, the livestock sector (+1.9%), the herbaceous crops (+2.3%), fodder (+1.0%), secondary and ancillary activities (+1.5% and +1.4% respectively).

It should also be stressed a remarkable decrease in terms of prices of the agricultural products sold (-3.4%). Conversely, the prices of the products bought suffer a lower decrease (-1.5%). In 2016, the trend in prices has therefore marked a strong reduction of the margins over 2015, thus leading to a sizeable contraction of the added value at current prices (-5.4%), as already noticed. When observing the trend at the territorial level, an increase in the agricultural production is experienced only in the North (+3.4% North-East and +1.4% North-West). The South registers the highest contraction (-4.6%), followed by the Islands (-3.2%) and the Centre (-1.3%).

In 2016, the value added of the EU agricultural sector accounts for 197.5 million euros, down by 1.9% over the previous year. The countries that suffer the most negative signs are Estonia and the UK, followed by the countries of the former

% breakdown of the value added at basic prices by sector, 2016 - Values at current prices (million euro)



Source: ISTAT

% share of the agricultural* value added on the total value added of each EU country, 2016

Countries	%	Countries	%
Luxembourg	0.2	Poland	2.4
Germany	0.6	Czech Rep.	2.5
UK	0.6	Estonia	2.6
Belgium	0.7	Finland	2.7
Ireland	1.0	Spain	2.8
Denmark	1.1	Latvia	3.2
Austria	1.3	Lithuania	3.3
Sweden	1.3	Slovakia	3.8
Malta	1.4	Greece	4.0
France	1.6	Croatia	4.1
Netherlands	1.8	Romania	4.3
Italy	2.1	Bulgaria	4.4
Portugal	2.2	Hungary	4.5
Slovenia	2.2	Eurozone (19 countries)	1.5
Cyprus	2.3	EU-28	1.5

* Value added at basic prices - current values in million euro

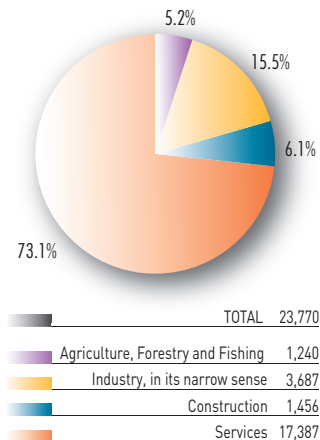
Source: Eurostat

Yugoslavia, whilst in an upward trend are the data from Hungary and Malta (+13.4%), followed by Ireland (+8.9%) and Slovakia (+6.1%).

EMPLOYMENT

In 2016, the number of the UE workers (224.3 million) has finally exceeded the pre-crisis level and the employment rate (66.6%) has reached a higher level of 0.9 percentage points than in 2008.

Total work units (000)



Source: ISTAT, National accounting

The increase in the number of workers continues also in Italy, even at a faster pace than in the previous year, 293,000 units (+1.3%), thus involving to a greater extent women (+1.5%). The overall employment

(22,758 thousands) remains nevertheless lower than 333,000 people over 2008.

People employed in agriculture have increased by 4.9%, accounting for 884,000 units (644,000 men and 240,000 women).

Foreigners employed in agriculture by geographical area (000)

		2014	2015	2016
North-West	Male	20	17	16
	Female	3	3	2
	Total	23	20	18
North-East	Male	11	18	25
	Female	6	7	6
	Total	17	25	31
Centre	Male	25	27	32
	Female	5	6	9
	Total	30	33	41
South	Male	34	42	43
	Female	11	13	14
	Total	45	55	57

Foreigners employed in agriculture (%)

Italy	Male	15.4	16.9	18.0
	Female	11.1	12.6	12.9
	Total	14.2	15.8	16.6

Source: ISTAT, Survey on the workforce

The increase has involved men and women in the same proportion, more intensely the employees (+6.9%) than the self-employed (+2.8%), as it occurs from many years on. It should be noticed that the sector has overcome the long-lasting economic crisis with a higher number of workers than in 2008 (+30,000, 3.5%).

From the territorial point of view, the number of workers increases in all districts, particularly in the North-east (+13.2%), followed by the Centre (+9.2%) and then by the South of Italy (+5.5%), except in the North-west where the decrease (-9.2%) reabsorbs the strong increase of the past year.

Also in 2016, the employment growth rate in the age group ranging between 15 and 34 years (+7.6%) has exceeded that one in the age group between 35 and 64 years (+4.5%). The incidence of foreign workers in agriculture (16.6%) continues growing and it is particularly high in the Centre (31.4%).

People employed in agriculture (15 years and over), in the EU (%), 2016

People employed in agriculture / Total people employed	Female incidence ¹	People employed in agriculture / Total people employed	Female incidence ¹
Austria	4.3	Luxembourg	0.9
Belgium	1.3	Malta	1.4
Bulgaria	6.8	Netherlands	2.1
Cyprus	3.6	Poland	10.5
Croatia	7.6	Portugal	6.9
Denmark	2.5	UK	1.1
Estonia	3.9	Czech Rep.	2.9
Finland	3.9	Romania	23.1
France	2.8	Slovakia	2.9
Germany	1.3	Slovenia	5.0
Greece	12.4	Spain	4.2
Ireland	5.6	Sweden	1.9
Italy	3.9	Hungary	5.0
Latvia	7.7	EU 28	4.3
Lithuania	8.0	Eurozone	3.2

¹ on the total people employed in agriculture

(-) unavailable datum

Source: Eurostat

PRODUCTIVITY

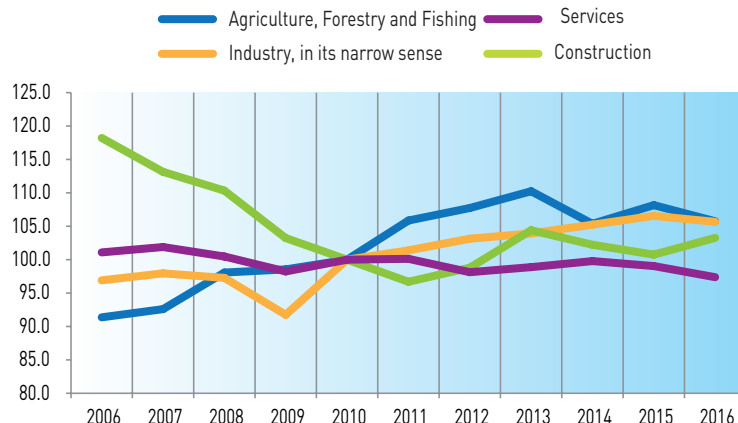
In 2016, labor productivity, measured in terms of added value per hour worked, does not manage to experience an upward trend. The highest decrease in productivity is witnessed by agriculture (-2.2%), whilst the most significant increase is ascribable to the construction sector (+2.5%). Industry, in its narrow sense, and services do suffer a slight decrease (-0.8% and -1.7% respectively). On the whole, the variation is negative (-1.1%) for the total of the economic activities.

When observing the values of the indices in the latest years, it can be observed that labor productivity in agriculture has had a very swinging trend: the index does increase in the three-year period 2011-2013 and then suffers a strong decrease in 2014. In 2015, it continues to increase but, in 2016, it reaches again the values of 2014 (105.8). Agriculture, starting from the last census (2010), has been characterized by many transformations that over time have led to a progressive drop of holdings and workers. The trend of the

index clearly highlights the structural difficulties of the sector with consequences in the agricultural employment, whereas industry shows a trend in constant rise from 2011 to 2015, in a slight decrease only during the last year. According to

Eurostat figures, labor productivity, in 2016, has ranked Spain and Germany as leaders with a value of 106.4 of the index, followed by France (105.1). These countries highlight an ever growing trend in the 2011-2016 period. Italy maintains a

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

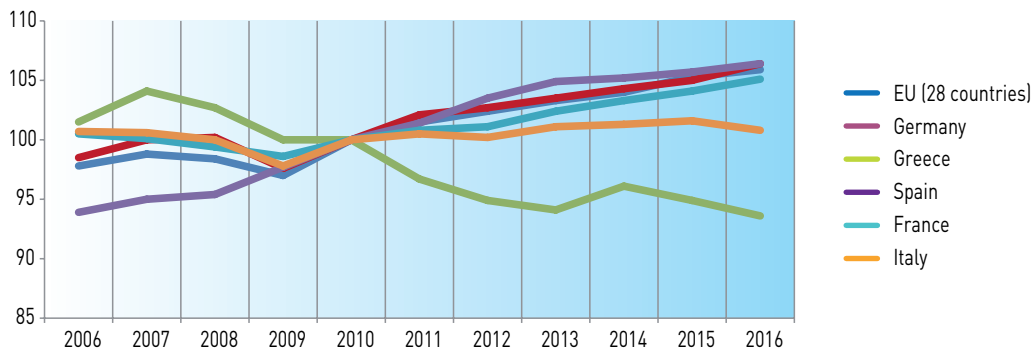


Source: ISTAT

rather constant trend, albeit with more modest values of the index compared to the other countries taken into account. Greece, after an increase in the period

between 2013-2014, suffers nevertheless a drop in the last two-year period, with a value of the index in the labor productivity equal to 93.6, in 2016.

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



Source: Eurostat

Bio economy involves all those economic activities using renewable bio resources of soil and sea – such as agricultural crops, forests, animals and terrestrial and sea microorganisms – in order to produce food, materials and energy.

In 2017, Italy launched its strategy for bio economy aimed at providing a joint vision on the opportunities and on the economic, social and environmental challenges, and at strengthening the competitiveness of the country and its role in promoting a sustainable growth by means of actions aimed at:

- a) Improving the sustainable and quality production of the products of each sector, by exploiting efficiently the sectorial interconnections;
- b) Fostering the bio diversity of land and sea, of ecosystem services and circularity, through the creation of new value chains, more long and more deeply rooted, where public and private

actions integrate themselves along the different regional, national and EU levels;

- c) Regenerating abandoned industrial sites and marginal areas;
- d) Creating higher investments in R&I, spin off / start-up, education, training and communication;
- e) Improving coordination between stakeholders and policies at regional, national and EU level;
- f) Implementing targeted actions for the development of the market.

Bio economy involves the sector of the primary production – agriculture, forests, fishing and aquaculture – and the industrial sectors using or transforming bio resources, such as the agro-food sector and the sector of cellulose and paper, and part of the chemical industry, of bio technologies and of energy. The bio economy sector, in its widest meaning (including agriculture, forestry and fishing) accounts

for over 2,100 billion euros in Europe and for little less than 20 million employed people, equal to 9% of turnover and of the overall EU employment. The bio-based industry represents almost one third of the turn-over and one fourth of the employment generated by the EU bio economy.

Italy has a total turnover for the bio economy amounting to over 300 billion euro. Our country, along with Germany and France, has a position of leadership in all bio-economy sectors and it is the first European country, in terms of number of plants for the production of bio-materials, chemical products and biological medicinal products. Most installations are commercial, but there are also demonstrative and pilot plants. The main products are, in order, bio-polymers, biological paints, bio-lubricants, glues, bio-plastics and bio-solvents. In this sector, roughly 60% of total turnover is concentrated in four countries: Germany, Italy, France and UK.

EU countries with the highest turn over in the bio economy sectors

	Countries	2015	2016
Total	Germany*	409.1	410.7
	France	349.3	345.7
	Italy	308.5	309.4
Agriculture, Forestry and Fishing	France	87.7	83.2
	Italy	57.7	56.0
	Germany	51.9	51.2
Food, beverage and tobacco industries	Germany	205.7	208.0
	France	184.5	185.4
	Italy	131.7	132.9
Manufacturing of bio textiles	Italy	49.3	50.2
	France	11.5	11.6
	Germany	10.6	10.7
Manufacturing of wood-based products	Germany	40.4	41.8
	Italy	27.8	28.2
	France	17.7	18.0

* the datum related to the bio-based electricity in Germany is not available

Source: CREA PB processing on Eurostat and JRC data

	Countries	2015	2016
Paper and pulp	Germany	40.4	40.2
	Italy	22.3	22.2
	Finland	19.2	19.9
Chemical products and bio-based pharmaceutical products	Germany	51.5	50.2
	France	24.2	23.8
	Italy	16.3	16.4
Liquid bio-fuels	Germany	8.6	8.6
	France	3.3	3.3
	Italy	2.3	2.3
Production of bio-based electricity	France	2.3	2.3
	Italy	1.2	1.2
	Spain	1.1	1.1





RECENT TRENDS IN THE SECTOR

The Italian land market remains essentially stagnant also in 2016, with a trading activity rather modest and a level of prices that remains averagely constant, reaching little less than 20,000 euro per hectare and with a negative variation of -0.1% over 2015. The most remarkable decreases have been detected on the inland mountains, in the lowland and in the districts of North-East and Centre Italy. The average values show a slight upward trend on the hills and, to some extent, in the North-west and on the greater Islands, probably ascribable to the interest for vineyards that characterizes for over a decade now some areas of value, thanks to the favorable trends of the wine market. ISTAT data on notarial activity have instead highlighted a positive trend reversal with an increase of 9% in the number of sales of agricultural lands, with the most sizeable increase in the regions of North-West (11%) and South (10%). This increase of the activity might be

Average land values (thousand euro/UAA), 2016

	Altitude zone					% change 2016/15	
	Inland mountain	Coastal mountain	Inland hill	Coastal hill	Lowland		
North-West	5.8	17.2	25.0	98.5	33.2	26.2	0.2
North-East	29.9	-	44.0	30.8	43.7	40.5	-0.3
Centre	9.2	24.3	14.8	16.6	22.4	14.8	-0.9
South	6.4	9.8	12.1	17.1	17.7	12.9	0.1
Islands	5.7	7.2	7.5	8.9	14.2	8.5	0.3
Total	11.7	8.9	15.7	14.8	31.3	19.8	-0.1

Source: CREA - Centre of Policies and Bio-economy

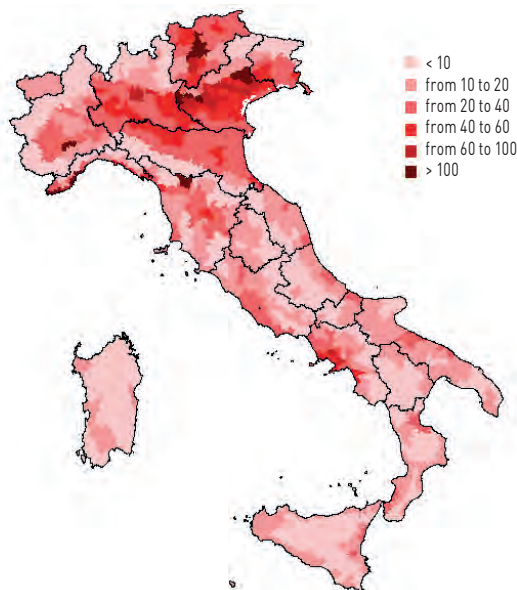
correlated to the simultaneous increase of mortgages for the purchase of rural properties which according to Bank of Italy have reached a value equal to 491 million euro in 2016 (+14% over 2015), besides the low interest rates and the possibilities offered by the bank system for obtaining loans.

On the whole, the land factor remains the main growth target of the more dynamic companies, but considering the high values – mainly if compared to the profit-

ability of open-field crops and of animal husbandry – the operators choose to opt for rental solutions, whilst the purchase of land also related to the families' saving strategies is postponed waiting for less uncertain development perspectives. The application for rented lands has registered an increase mainly from young entrepreneurs, incentivized by the premium for the first settlement provided by Rural Development Programmes, whilst the interest from subcontractors has slightly

decreased over the past years, although they still remain important stakeholders in the composition of demand. The northern regions do confirm the traditional dynamism of the market with a demand substantially higher than the supply, mainly for land cultivated with high value crops. In the central regions the market is stable and operators do point out the increase in the number of contracts legally registered, and also in the South of Italy the regularization process of rental agreements goes on, mainly thanks to the laws envisaged for the participation to the CAP tenders. In these regions the market is nonetheless characterized by an offer substantially higher than the demand, mainly in the marginal areas where the slow and constant leaving of small-sized companies from the sector is not offset by a likewise turn-over by more structured companies. Future perspectives remain still uncertain, with some areas slightly increasing, driven by special quality productions and

Average land value by agricultural region (000 euro/hectares), 2016



Source: CREA - Centre of Policies and Bio-economy

by less dynamic areas where supply does prevail on demand. The realignment of land prices might enhance a further increase of trading activity, mainly if boosted by an improved access to credit and by a less wait-and-see attitude by potential sellers. Conversely, in terms of rent,

the main expectations about the market evolution are linked to the implementation of RDP measures, as in the already mentioned case of premiums for the first settlement of young farmers, whilst the trend of rental fees remains subjected to the different agricultural reference sec-

tors. Lastly, it should be pointed out the approval of measure by some Regions for fostering land mobility by means of rental markets ("Banca della terra"), mainly for what concerns the lands uncultivated or scarcely used for which the first results are expected for the next future.

INVESTMENTS

In 2016, after the serious decline registered in the previous years (particularly from 2012 to 2014), the investments in the agricultural sector experience picked up, showing recoveries both in current values (+2.5%) and in constant ones (+3%). More specifically, the amounts at current values have increased from 8,977 million euros in 2015 to 9,206 million euros in 2016.

The ratio of agricultural investments on total value, related to all production sectors, remains nevertheless constant during the latest years: in 2016 it little exceeded three percentage points. Taking into account the annual variations of some characteristic ratios, a positive scenario for agricultural investments is confirmed, thus highlighting improvements of their incidence on some economic measures of the sector. The ratio of investments on added value has increased from 28.9% to 30.7% during 2016, an improvement given by both greater investments and by the worsening of the agricultural added value that, expressed in chained linked values,

decreases by 0.7%.

Also the intensive measure determined by the ratio between the amount of investments and the work units engaged in the sector has pointed out a positive variation in 2016 (+2.1%), although there has been a contextual increase of work units (+0.9%). More specifically, the value of

the ratio shifts from 7,013 euro in 2015 to 7,191 euro in 2016. Positive signals are witnessed also by the comparison of the same index between sectors, which shows an increase of value in some cases higher than other production sectors.

In terms of capital stock, expressed at constant values and to the net of depre-

Trend of gross fixed investments for agriculture, forestry and fishing

Years	Current values	Variation of previous year	Chained values ,	% on ¹	
	million euro	%	million euro	tot. invest,	agricultural value added
2010	10,806	6.2	10,807	3.4	38.0
2011	12,037	11.4	11,687	3.7	40.4
2012	11,194	- 7.0	10,686	3.8	37.9
2013	9,225	- 17.6	8,869	3.3	31.0
2014	8,892	- 3.6	8,517	3.2	29.8
2015	8,977	1.0	8,667	3.2	28.9
2016	9,206	2.5	8,928	3.3	30.7

* Concatenated values, reference year 2010

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

Source: ISTAT - Accounts and annual national economic aggregates, September 2017

Gross fixed investments: characteristic ratios by main sectors, 2016 *

	Agriculture, Forestry and Fishing	Manufacturing	Construction	Services ¹	Total economic activities
Investments per work unit					
euro	7,199	16,347	4.207	10.817	11.452
% change 2016/15	2.1	1.6	11.7	0.7	1.4
Net stock of capital per work unit ²					
000 euro	150.8	128.8	44.0	258.4	229.6
% change 2016/15	-2.9	-1.9	0.8	-1.6	-1.5

* Concatenated values, reference year 2010

¹ to the gross of investments in housing

² to the net of depreciations

Source: ISTAT.

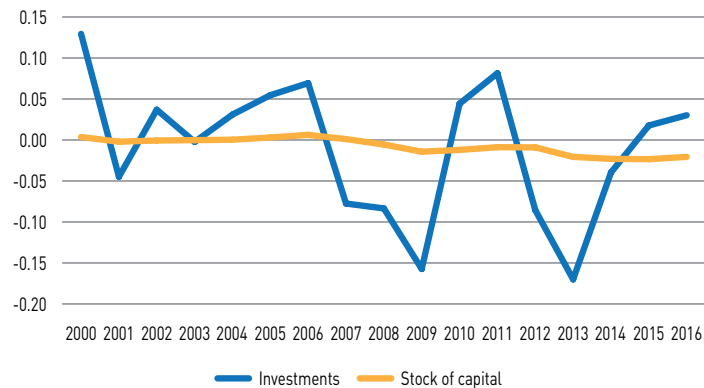
ciations, in 2016 it has been observed a negative variation, experienced by all sectors but in a more substantial way by agriculture (-2.1% compared to -0.1% of total economy). The same value compared with work units, decreases by 2.9% in agriculture, whilst the negative variation remains below two points in all other economic sectors.

These results do imply a less reassuring scenario for the agricultural production system. In substance, the decrease in capital stock shows that the new investments were insufficient for offsetting the loss of value or for determining an accumulation of fixed capital in the agricultural production system.

The trend of the latest years, related to

the variation rates of the amount of capital and of investments, do confirm this scenario. They clearly indicate how, despite a largely swinging trend of investments over the years, the capital stock has been suffering a slight but constant erosion from 2008. These tendencies highlight that the agricultural production system is experiencing a phase of saturation or of

Trend of capital and investments in agriculture: rates of annual change



Source: ISTAT

decrease, considering that the amount of capital determines the level of production that can be obtained in a particular economy and that its variations can induce or limit the growth of the sector.

The Bank of Italy data have registered, for 2016, a year-end balance of the loans granted to agriculture equal to 43,444 million euros, representing 5% of total bank lending in the overall production system. The breakdown of debt among the various Italian districts highlights that the northern regions do use most of the loans granted to agriculture. These regions receive, in fact, 62.5% of total bank loans, whilst the South and the Islands do intercept only 18.5%.

The trend, on an annual basis, of the uses in agriculture, taken in their value to the gross of non-performing loans, highlights a decrease over the previous year of the total credit granted to the sector. This decrease, equal to 2.1%, accelerates the negative trend already detected in 2015 (-0.1%). The comparison with other sectors highlights nonetheless a more reassuring trend for agriculture. The annual change registered by the manufacturing industry accounted for -3.5% and the one

Bank loans to agriculture, December 2016

	Agriculture ¹ (million euro)	% change previous year	% on total economy financing	% on agricultural production ²
North-West	12.203	-1.7	4.0	103.5
North-East	14.956	0.4	6.6	94.6
Centre	8.230	-4.1	4.2	97.8
South	5.029	-4.4	5.5	38.3
Islands	3.027	-5.6	7.7	44.1
Total	43.444	-2.1	5.0	77.6

¹Forestry and fishing included.

²Production, at agricultural basic prices, forestry and fishing expressed in current values.

Source: Bank of Italy and ISTAT.

Lending to agriculture beyond the short term, December 2016*

Type	(million euro)	% change 2015/14	subsidized credit on total (%)
Machineries and Equipment	4,405	-3.0	-7.8
Constructions and Rural buildings	4,855	-8.1	-7.7
Other rural structures	2,627	1.0	-0.2
Total	11,887	-4.4	-6.2

*Consistency of loans with duration of transaction of over one year.

Source: Bank of Italy.

for the entire economy for -2.3%.

At a territorial level, the regions showing the most significant reductions in the consistency of credit are those located in the Centre, South and Islands. More specifically, in these areas the bank uses are decreased respectively by 4.1, 4.5 and 5.6% over 2015, conversely they remain positive in the regions of North-East.

Despite the containments in the credit earmarked to the sector, the bank contribution to the formation of the added value appears substantially stable, due to the contextual reduction of the agricultural production during the same year (The added value at current values decreases by 5.4%). The incidence of bank uses on added value, expressed in current values, accounted for 1.38% in 2016 (1.34% in 2015).

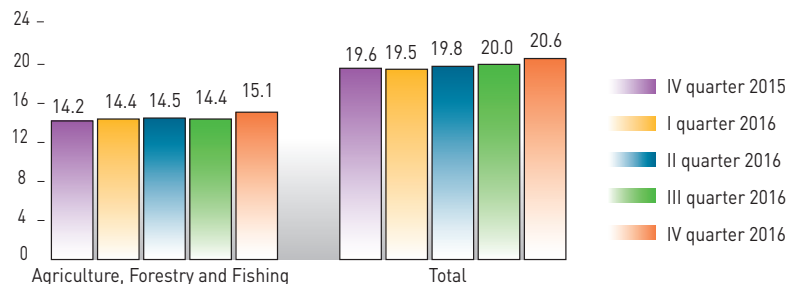
The reduction of medium and long-term grants continues to decrease in 2016, as already highlighted in the previous years. The related amounts granted to agriculture decrease from 12,671 million

euros of 2015 to 11,887 million euros in 2016, with a decrease of over 6%. This decrease has also exacerbated the recent negative trends, given that in 2015 it was detected a decrease of such loans equal to 4.4%. The types of investments most penalized by the economic situation are those allocated for the construction of rural buildings, which suffer a decrease equal to 7.8%, and those for the purchase

of machineries, equipment and means of transport (-7.7%).

In terms of debt quality it is confirmed the negative variation showed by the 2016 data. It has in fact been highlighted that agriculture exacerbates the ratio between the gross non-performing loans and the total bank uses, which shifts from 14.2% to 15.1% in 2016, with clear worsening in terms of debt riskiness.

Ratio of gross non-performing loans on grants for the agricultural sector and total economy production sector (%)



Source: Bank of Italy.x

INTERMEDIATE CONSUMPTION

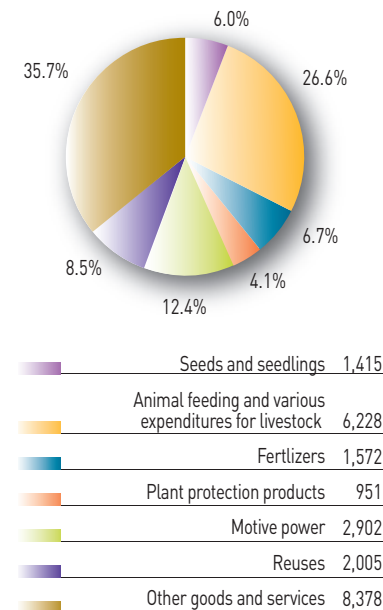
Agricultural intermediate consumption continues decreasing at current value in the two-year period 2015-2016 (-1.6%). It is the trend of prices to determine almost entirely this decrease, since the quantities consumed have reduced only by 0.3%.

The cost items that suffered the most this decrease are energy (-7.1%) and fertilizers (-3.1%), mainly due to the decline of oil prices, whilst the quantities consumed do slightly increase. The overall costs for plant protection products (+2.7%) and for seeds and seedlings (+1.6%) have instead increased, ascribable also in this case to the increase of prices whilst quantities remain stable or in slight decrease.

Observing the trend of prices of the products bought by farmers during 2016, it has been detected an essentially constant evolution, the few indices that vary are those for fertilizers and soil improvers, which are in a downward trend, whilst those for energy and lubricants are instead increasing. On the whole, the composition of intermediate consumption remains unchanged

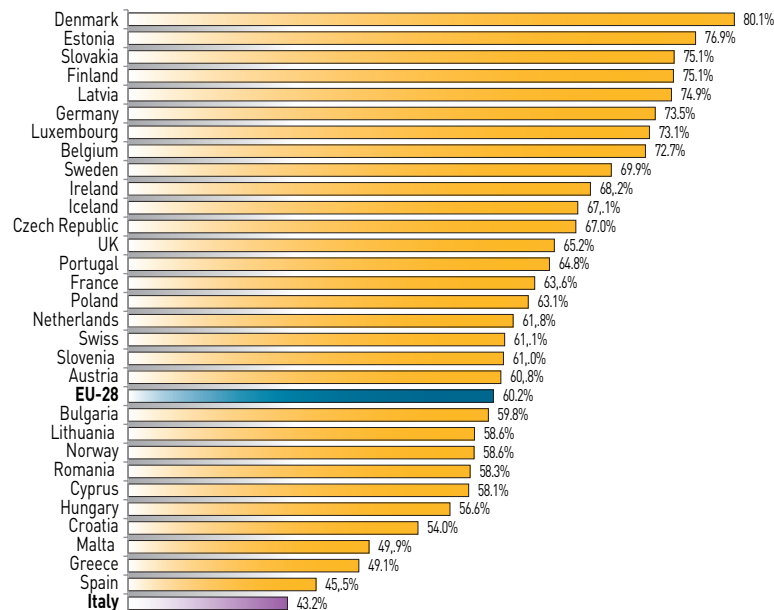
during the latest years, a sign that there has not been a substantial change in the use of production factors in agriculture. It is hereby confirmed the increasing role of prices in determining the dynamic of costs that, on the one side, follows the decreasing trend of prices for energy products and, on the other side, it is influenced by a general increase of the demand for specialized products as certified seeds and plant protection products with specific uses. In the other sectors of the primary sector the reduction of value of intermediate consumption was more pronounced. In the forestry sector the decrease was of 5.8%, in the fishing and aquaculture sectors it accounted for 6.8%. This wide decline has always been determined by prices, although the fish sector has also suffered the decrease of the quantities consumed (-1.4%). Total intermediate consumption of the primary sector decreased by 1.8% and reached little more than 22 billion euro in 2016, 95% of which are attributable to the agricultural sector. Intermediate consumption represents

Breakdown of agricultural intermediate consumption (million euro), 2016



Source: ISTAT

Intermediate consumption on agricultural production in the EU-28* (%)



* Agricultural production of goods and services at basic prices and intermediate consumption both valued at current prices

Source: Eurostat

43.2% of the value of the national agricultural production, a share that places Italy at the bottom of the EU list, together with other Mediterranean countries with agricultural production systems more diversified than the Centre-North Europe where the pronounced specialization increases the incidence of consumption factors.

In the period between 2016 and 2016 also the EU suffered a decrease of intermediate consumption in current values which almost achieved 3%, although with wider variations, compared to the Italian values, for fertilizers and soil improvers (-10.3%) and for energy and lubricants (-8.8%). It should be pointed out that all annual variations of current values of average EU-28 consumption have highlighted negative signs, a trend that associated to the decline of the corresponding indices of prices seems to outline a market in which supply does prevail on demand. Actually, the indices of the quantities consumed are mainly negative or neutral, only feedstuffs have experienced an increase higher than 1%.

CLIMATE AND WATER AVAILABILITY

The year 2016 was characterized by minimum temperatures higher than the average by almost 1°C and by maximum values more in line with the average of 1991-2015 period. Rainfalls resulted, on the whole, lower than the average, with a difference of about 6%. Despite the persistence of drought conditions, only partially mitigated by the Spring rains, the 2016 agricultural season has suffered the greatest damage and inconveniences due to floods. Many extreme rain phenomena have in fact occurred during the year, accompanied by local hailstorms and strong winds, thus causing inconveniences to the agricultural practices and direct damage to productions and farm structures.

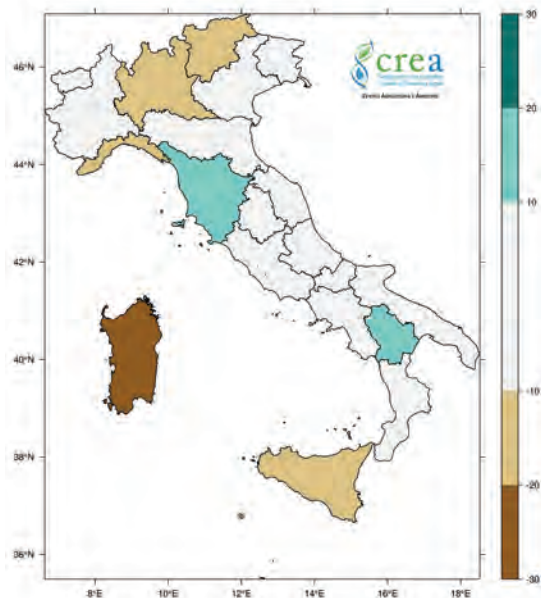
The winter season has registered a thermal difference of the minimum temperatures of $+1.2^{\circ}\text{C}$ and a rain surplus equal to 29%. The Centre-South and the North-East of the country resulted to be more hot and rainy. Torrential rains have affected Basilicata during the second decade of March with a rain surplus higher than

100% over the climate average; particularly affected was the area of Metapontino where have been detected flooded crops, damaged structures, high quality productions destroyed and extensive damage to the road system. In the North, water availabilities have instead further decreased so much so that a crisis unit was convened for the Po basin. The winter climatic trend has also enhanced an intense vegetative activity which is typical of the spring-summer period; in particular, it has been observed the presence of gems on apricot trees and cherry trees during the winter season, and it has been detected the reappearance of some harmful pathogens, ascribable to temperatures higher than the average.

The spring season was characterized by temperatures slightly higher than the climate average ($+0.5\%$) and by rainfalls in the norm, except for April, during which the rainfall datum has highlighted a general deficit of 46.5% (with peaks of 70% on the Islands and to a lesser extent in the

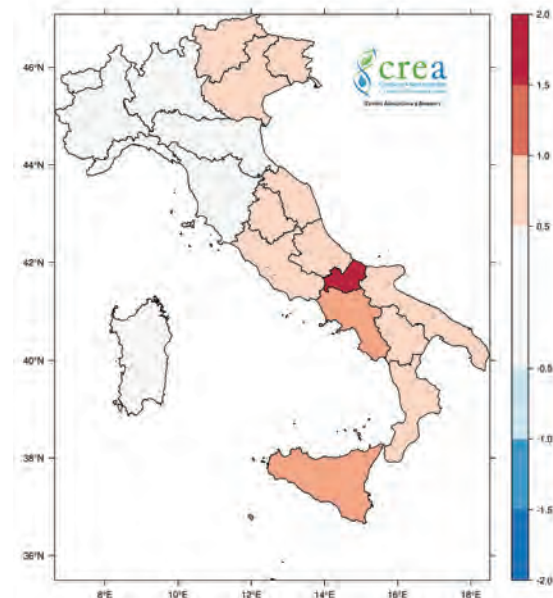
North-West of the country). May and June were more rainy than the period average ($+35\%$ and $+13\%$ respectively) almost everywhere, except for Sardinia with a general deficit of 43.5%, and to a lesser extent Liguria and Piedmont. Bad weather conditions of May and June, with storms, hail and strong winds, have caused serious damage to agricultural activities. In the second decade of May the territory of the Province of Matera has again suffered intense rainfalls, agricultural farmers have therefore undergone enormous damage to farm structures and stocks. Strong hailstorms have affected also Puglia. Particularly affected was Tuscany between the last decade of May and the first decade of June: 150 mm of rain fell in a few hours in Versilia, in the area between the municipalities of Livorno and Massarosa (Lucca). In the Marche region, the storms have affected particularly the province of Ascoli Piceno, causing landslides and mudflows. In the second decade of June, torrential rains have affected the provinces of Peru-

Regional average difference of annual rainfalls 2016 (%) compared to the climatic reference 1991-2015



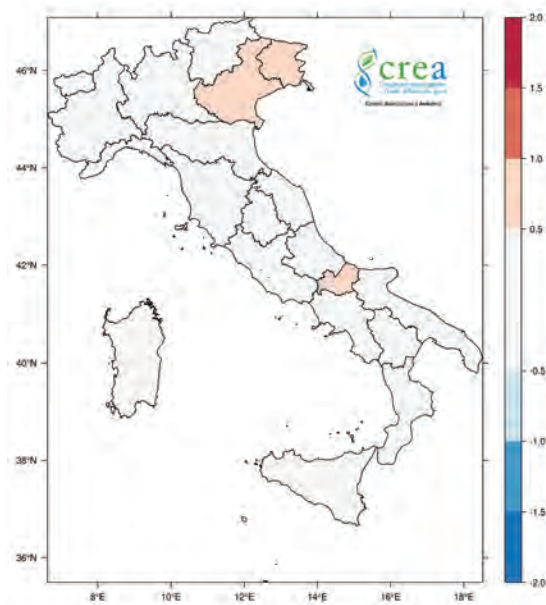
Source: Processing by CREA – Centre for Agriculture and Environment on the national agro-meteorological databank - BDAN (SIAN-MIPAAF)

Regional average difference of annual minimum 2016 temperatures (°C) compared to the climatic reference 1991-2015



Source: Processing by CREA – Centre for Agriculture and Environment on the national agro-meteorological databank - BDAN (SIAN-MIPAAF)

Regional average difference of annual maximum 2016 temperatures (°C) compared to the climatic reference 1991-2015



Source: Processing by CREA – Centre for Agriculture and Environment on the national agro-meteorological databank - BDAN (SIAN-MIPAAF)

gia in Umbria and Bergamo in Lombardy. The 2016 summer season was characterized by positive thermal differences in July (+0.75° C) for the Centre-South regions and in September for the northern ones (+1.0° C); August reverses the trend with rather negative thermal differences (-0.7° C), with peaks of -1.9° C for the maximum temperatures in Basilicata and Sardinia. The rainfall datum, for the summer quarter, has pointed out a general deficit equal to 6.3%, with a clear differentiation from the geographical point of view: a particularly dry climate in the North, with higher deficit for the eastern areas (up to 63%), is in opposition with a rain surplus registered in the Centre-South which varies from 36% of Campania to 64% of Puglia and Basilicata, mostly concentrated in the months of August and September. Torrential rains have affected the province of Campobasso, in Molise, on 8th / 11th September, damaging agricultural infrastructures, even acknowledged by MIPAAF.

This natural disaster has also involved the provinces of Foggia and Brindisi in Puglia. The latest months of 2016 are characterized by temperatures generally above the average (maximum differences up to $+4.8^{\circ}\text{C}$) mainly in the North, and by a drought with an overall deficit of 37%. This deficit was mainly due to the anomalous value, equal to 84.8%; reached in December, which has registered an almost total absence of rainfalls. October has registered negative thermal differences up to -1.5°C in the central-northern regions. In the southern regions the minimum temperatures have instead remained roughly $+1^{\circ}\text{C}$ above the average. Rainfalls have remained near the climatic average for almost all regions,

except for Sardinia (deficit 76%) and, to a lesser extent, for the north-east area of the country. Positive thermal differences (with peaks of $+1.2^{\circ}\text{C}$ in the South) and many heavy disturbances have characterized November: strong and persistent rainfalls have affected Tuscany and Friuli Venezia Giulia during the first decade; storms have affected the area around Agrigento and also Sardinia on 19th and 21st November with cumulative values above 400 mm; during the last decade, abundant rainfalls have instead affected the northern-western regions (Liguria and Piedmont) and the South (Sicily and Calabria). MIFAAF has also declared the exceptionality of the storms in Piedmont between 21st and 26th

November, with acknowledged damage for over 47 million euro on the whole regional territory, mainly near Cuneo and Alesandria, 16 million of which concerning the inter-company infrastructures (water infrastructures and roads connecting agricultural holdings) and 31 million of which concerning farm structures. Lastly, the bad weather conditions have affected Sicily on the first days of December, particularly Catania, with exceptional daily rainfall data, up to values of 240 mm in Canalicchio and San Gregorio, thus triggering many critical situations and floods. Also the area of Agrigento was strongly affected at the end of December, the areas that suffered the most were Ribera and Sciacca on the coast.

PRODUCTION LEVELS

In 2016, the production of the primary sector in Italy (agriculture, forestry and fishing), in current values, has registered a substantial drop (-3.9%) over the previ-

ous year, thus accounting for little below 56 billion euro. The trend was strongly influenced by the reduction of the prices for the products sold, whilst the produc-

tion in quantity remained relatively more stable (-0.5%). The trends of forestry and fishing represent an exception within the sector, characterized by a positive result supported by the increase of prices. With reference to the agricultural component, the decreases were rather consistent for almost all the main productions, with quite wide negative variations only partially offset by the increase of support activities and by the maintenance of secondary activities.

The total value of agricultural production is still largely based on the component of the vegetable production, which despite the reduction in value (-6.4%), mainly ascribable to adverse weather conditions, do maintain an incidence equal to over the half of the total; whilst the livestock sector, also this one in down (-4.7%), accounted for a share slightly above 29% during the year. Conversely, the support activities and the secondary activities, in progressive strengthening from some years now (+2.4% and +0.3% respectively), have

Value of productions and services at basic prices by main sectors, 2016

	Basic prices		% changes 2016/15		
	million euro	%	at current values	at concatenated values	implicit prices
Herbaceous crops	13,562	24.2	-4.0	2.3	-6.2
Fodder crops	1,355	2.4	2.5	1.0	1.6
Tree crops	12,142	21.7	-9.7	-8.1	-1.7
Livestock	15,461	27.6	-4.7	1.9	-6.6
Support activities to agriculture ¹	6,735	12.0	2.4	1.5	0.8
Secondary activities (+) ²	4,253	7.6	0.3	1.4	-1.1
Secondary activities (-) ³	933	1.7	-6.2	-2.0	-4.2
Forestry	1,578	2.8	5.1	1.0	4.2
Fishing	1,842	3.3	2.1	-2.8	4.8
Total	55,995	100.0	-3.9	-0.5	-3.3

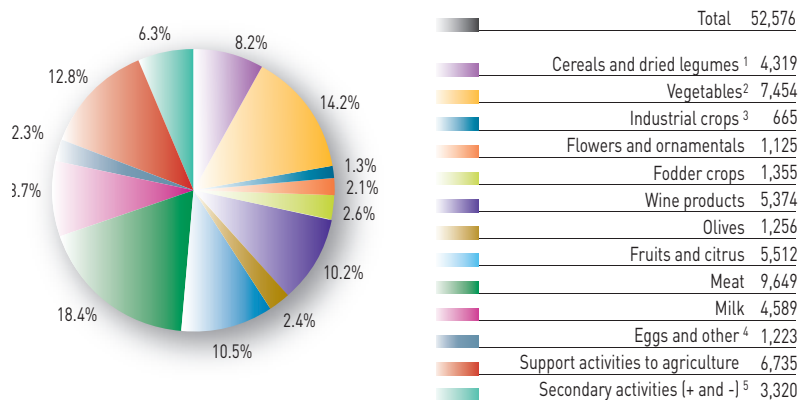
¹ Including active and passive subcontracting, packaging of agricultural products, services connected to livestock farming, artificial insemination, new sport facilities

² Activities performed in agriculture, like farm stays, processing of milk, fruit, meat, etc.

³ Activities carried out in agriculture by other economic sectors

Source: ISTAT

Production of goods and services at basic prices of the agricultural sector - Values at current prices (million euro), 2016



¹ Dried legumes (129 million euro)

² of which potatoes (766 million euro) and fresh beans (246 million euro)

³ Sugar beet (96 million euro), tobacco (173 million euro), sunflower (60 million euro), soya (306 million euro)

⁴ of which honey (47 million euro)

Source: ISTAT

⁵ Secondary activity should be thought 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

jointly exceeded 19% of total production value, thus highlighting a path of gradual thinning of the importance of the other traditional agricultural activities, understood in the narrow sense.

In the detail for the cultivation of vegetables, the collapse of the woody crops has particularly suffered from the strong production drop of the olive tree (roughly -50%, in value), which in the latest years has had to cope with repeated production crises, conditioned by both adverse climate trends and by the spread of pathogens. The bad production result was also ascribable to other important woody products, although to a lesser extent, among which wine products (-2.3%) and citrus (-6.2%), with a real decrease of oranges; the result of the apple production was nevertheless moderately positive. Among the herbaceous crops, worthy of note are cereals whose production decreased in value but increased in quantity (+5%), mainly due to the remarkable increase of the durum wheat, compared to a reduc-

Main vegetable productions, 2016

	Quantity		Value ¹	
	000 t.	% change 2016/15	000 euro	% change 2016/15
Wine (000 hl)	20,974	-0.6	3,591,910	-1.7
Durum wheat	5,049	14.8	1,484,450	-14.7
Fodder (hay)	-	-	1,355,370	2.5
Nurseries	-	-	1,325,301	-1.2
Hybrid corn (maize)	6,914	-4.4	1,261,715	11.5
Grape conferred and sold	3,887	-0.5	1,206,075	-5.6
Flowers and ornamental plants	-	-	1,124,586	-1.8
Olive oil	251	-44.5	1,075,084	-49.7
Tomatoes	6,430	-2.5	956,868	-16.7
Honey	2,548	2.4	822,869	5.8
Potatoes	1,407	3.8	766,196	25.8
Kitchen gardens	1,768	0.9	661,595	-6.4
Fennels	552	5.3	654,379	-2.2
Table grape	1,032	-1.1	562,305	1.6
Lettuce	483	1.3	560,504	0.4
Pears	738	-6.5	535,473	-2.8
Fruento tenero	2,989	-0.3	523,633	-8.7
Zucchini	549	4.8	460,105	-1.6
Oranges	1,622	-2.8	447,636	-21.7
Artichokes	402	0.3	441,173	-12.1

¹ Production at basic prices expressed at current values

Source: ISTAT

tion of maize and to a lesser extent also of common wheat. Similar was the trend of potatoes and vegetables, whose production increase has been sizeable mainly for the first ones and for some specific products (fennels, zucchini, lettuce, artichokes), whilst tomatoes suffered a decrease.

Also the husbandry products did suffer mainly from the bad trend of prices, with strong decreases in relation to all types of milk, eggs and, in particular, to poultry meats. Vice-versa, all main livestock products have showed an increase in quantities, or at least a substantial maintenance of production levels, except for a slight decline of bovine meat, which are experiencing once again difficulties, of meat from rabbits and game, as well as honey that suffered from a strong decrease due to both quantities and average values.

Another different dynamic has instead characterized the two components of the support activities and of the secondary activities. Both of them do increase both in volume and in value, thus witnessing

Main livestock productions, 2016

	Quantity ¹		Value ²	
	000 t,	% change 2016/15	000 euro	% change 2016/15
Beef	1,185	-0.7	2,913,637	-1.8
Pigs	2,102	0.7	2,863,622	2.0
Poultry	1,954	6.8	2,710,293	-7.7
Rabbits and game	359	-2.7	902,801	-2.0
Goat and sheep meat	60	2.2	169,659	0.0
Horsemeat	40	1.5	89,199	4.5
Cow milk and buffalo milk (000 hl)	114,525	2.3	4,085,907	-6.1
Sheep and goat milk (000 hl)	5,446	2.5	503,123	-14.4
Eggs (millions of units)	13,300	1.6	1,165,522	-12.5
Honey	8	-13.2	46,750	-6.2

¹ Live weight for meat

² Production at basic prices expressed at current values

Source: ISTAT

the crucial role they are playing within the Italian agricultural production from some years now. The only negative exception is represented by the secondary activities carried out in agriculture by holdings belonging to other production sectors. The positive dynamic of the support activities was supported by all related items, except

for new cultivations and plantations, and mainly by the increase of subcontracting and first processing of products, which jointly do represent 79% of the value of this agglomerate.

The trend of the secondary activities carried out by agricultural holdings was instead less linear and its final result rep-

resents the aggregated effect of internal dynamics of opposite sign. More specifically, a decrease (in volume and in value) has been registered by the production of energy from renewable sources that had experienced a great expansion up to 2014, as well as the maintenance activities for parks and gardens. Conversely, it has been detected a net strengthening of agri-tourism, social and recreational activities and of those activities related to direct sale.

The dynamics of the forestry sector are instead more complex; in 2016, the sector did maintain a substantially linear trend, both in value and in volume, although with some remarkable negative signals of the production activity. More specifically, the woody cuts result once again in a downward trend and it has been observed a sizeable decline in the gathering of fruits from trees, especially for chestnuts. Vice-versa, the collection of mushrooms and truffles experienced a positive trend.

Even more diversified are the dynamics for the fishing sector, whose production

Support activities and secondary activities in agriculture

	Current values (million euro)					% changes (current values)	% changes (chained values) ref. year 2010
	2010	2013	2014	2015	2016	2016/15	2016/15
SUPPORT ACTIVITIES							
Seed processing for sowing	248.6	275.6	266.6	285.3	290.9	2.0	1.7
New crops and plantations	231.4	246.1	222.5	191.2	190.8	-0.2	-1.6
Agricultural activities (subcontracting)	2,408.1	2,820.8	2,934.9	2,964.3	3,047.9	2.8	1.2
First processing of agricultural products	2,029.5	2,140.6	2,184.9	2,224.9	2,264.8	1.8	2.1
Maintenance of land for keeping it in good agric. and ecological conditions	464.6	535.4	546.7	552.2	563.9	2.1	1.1
Support activities to the livestock breeding	196.9	204.8	204.1	196.2	202.9	3.4	2.0
Other support activities	155.0	166.9	164.4	165.6	173.5	4.7	3.1
Total	5,734.1	6,390.3	6,524.0	6,579.6	6,734.6	2.4	1.5
SECONDARY ACTIVITIES							
Aquaculture	7.0	7.2	7.4	7.5	7.7	2.5	2.0
Processing of vegetable products (fruit)	141.0	175.1	165.1	183.6	190.1	3.5	2.1
Milk processing	287.3	303.7	321.6	300.9	269.3	-10.5	2.3
Farm stays, including social and recreational activities, educational farms and other ancillary activities	1,108.0	1,138.8	1,153.6	1,188.4	1,250.4	5.2	4.8
Processing of animal products (meat)	294.0	323.8	314.3	296.5	302.2	1.9	0.7
Renewable energy (photovoltaic, biogas, biomasses)	231.9	1,471.5	1,401.5	1,397.1	1,359.4	-2.7	-1.7
Handicraft (wood processing)	53.0	58.3	59.0	59.4	59.7	0.5	1.0
Production of feedingstuffs	177.0	207.1	190.3	169.4	166.4	-1.8	-0.8
Maintenance of parks and gardens	309.8	356.9	350.9	343.9	342.5	-0.4	-0.5
Direct sales/marketing	252.0	280.3	266.0	293.3	305.2	4.0	5.1
Total	2,860.9	4,322.8	4,229.7	4,240.0	4,252.9	0.3	1.4

Source: ISTAT

result is positive in value, but negative in quantity. Furthermore, within this component, a positive contribution arose from aquaculture and from support services; whilst catches have further strengthened the drop in volume of fishes, molluscs and shellfishes (-4.8%).

As it occurred for our country, also at the EU level the 2016 agricultural year was characterized by a negative variation of the production value in real terms (-0.5%), to which contributed, besides Italy, also the

remarkable decreases suffered by France, UK, Germany and Greece, only partially offset by the increase of other important producer Countries. At the same time, also the trend in prices has suffered a decline with effects that affected the index of average agricultural income (-0.4%), characterized by very wide variations and by opposite signs among Countries. The production decrease has suffered the negative influence of the bad harvesting of almost all vegetable products, like cereals, indus-

trial plants, fruit, citruses, wine; whilst olive oil and potatoes have registered an increase, as consequence of divergent trends among the producer countries. On the whole, Italy places at first places among the EU partners in terms of value of the agricultural production, ranking third place after France and Germany, particularly thanks to the high incidence reached within the fruit and vegetable production, wine and olive oil, keeping the positioning as first producer of durum wheat and rice.

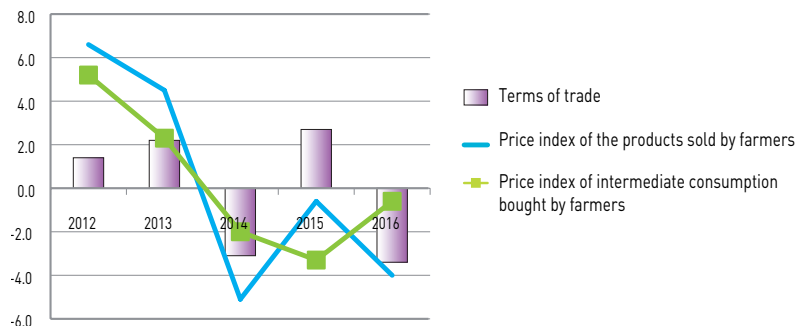
PRICES AND COSTS

In 2016, the terms of trade in the agricultural sector, measured by comparing the variation between the production prices index and the intermediate consumption price index, worsened again (-3.4%). The latest year follows the long-term period trend (2000–2016) detected by ISTAT, during which production prices have increased at a decisively more modest pace than those of the products bought for the management of the productive activity and investments, characterized by an increase more than double than the first ones. This has led to a strong gap between the growth rate of the input prices and of the agricultural outputs, which accounts for about 20 percentage points at the end of the period.

In strictly structural terms, in 2016 it has been registered a drastic decline of the price index of the products sold by farmers (-4%); of similar sign, but a decisively more modest, was the variation of the prices of the products bought (-0.6%).

More specifically, the intermediate con-

Annual change of price indices and terms of trade



Source: ISTAT

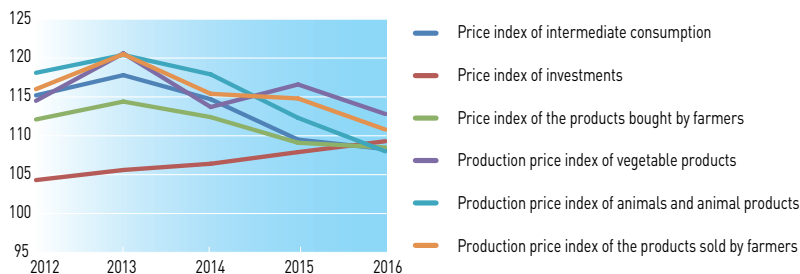
sumption index has decreased by 1.2%, mainly due to the decrease of the cost of energy and fuels, as well as of the various categories of fertilizers, all cost items that have exerted an influence of opposite direction during most of the latest years; at the same time, seeds, plant protection products and veterinary expenses have represented the only items which experi-

enced some important increases. Vice-versa, the index related to investments has increased (+1.4%) and the most remarkable increase is ascribable to the prices of capital goods.

The sharp reduction of the price index of the products sold by farmers is the consequence of a downward trend both in vegetable products and in animal ones, both

in a net decrease (-3.8% and -4.3% respectively). Among vegetables, the strongest reductions have affected wheat, and to a lesser extent other cereals, besides olive oil and vegetables. An exception is represented by potatoes that are the only vegetable product to experience a positive variation worthy of note, and fruit that has showed a slight increase of the index. In terms of livestock products, it has been detected a generalized decrease of the price index practiced by farmers, with a decisively more accentuated drop for poultry, only offset by the increase of the pig sector.

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

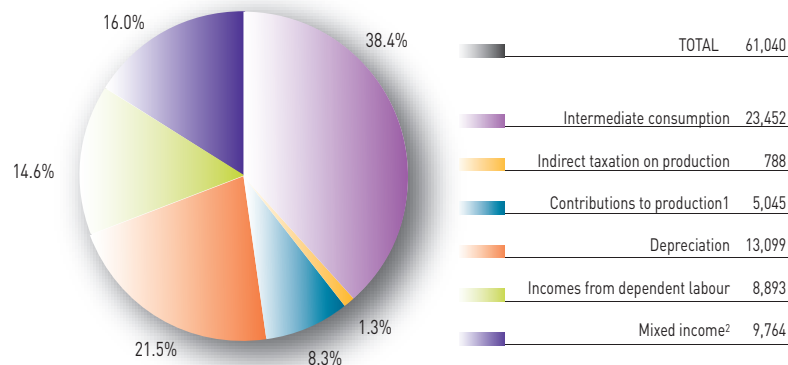


Source: ISTAT

AGRICULTURAL INCOME

The added value produced by the agricultural, forestry and fishing sectors amounts to roughly 31.5 billion euro (at current prices) in 2016, down by 5.7% over 2015, thus representing about 2% of the national GDP. The percentage breakdown of the production value does not register remarkable changes over the previous year. The more consistent share of the agricultural production, equal to 38.4%, is in fact always represented by intermediate consumption for seeds, fertilizers, animal feeding, energy, services and other means of current use. Essentially stable is also the share represented by depreciations, accounting for 21.5%, according to a constant trend from some years now. A slight increase has instead been detected in the contributions allocated to production, which shift from 6.7% of the previous year to 8.3%. Conversely, indirect taxes on production do decrease, falling down from 2.1% to 1.3%. A decrease has also been detected for the mixed income, made up by the re-

Breakdown of the agricultural production value (million euro), 2016*



**Forestry and fishing included

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

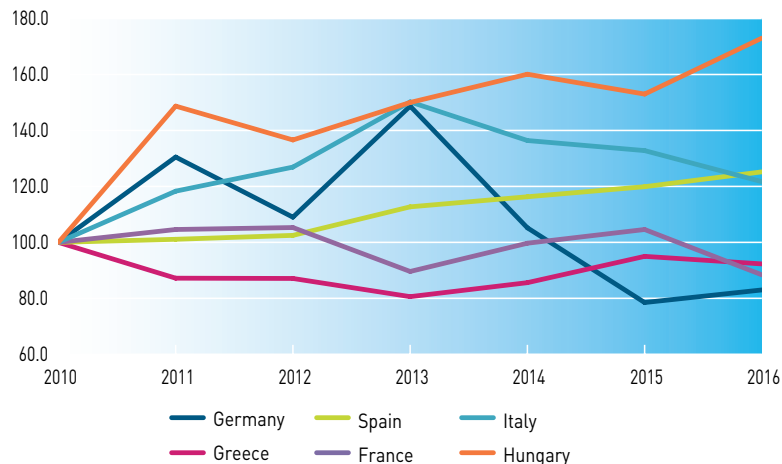
muneration of self-employment, capital and company, to the net of depreciations and of contributes to production. In fact,

despite continuing to play an important role in the formation of the production value, its incidence decreases by about one

percentage point over 2015. It is nevertheless confirmed the upward trend registered during the latest year from the earnings of employees, which do reach 14.6% of the production value in 2016.

Eurostat estimates, related to the EU-28 Countries, have highlighted, for 2016, a slight decrease (-0.4%) of the real agricultural income per work units, corresponding to real net agricultural added value, to the factor costs. Many were the countries that suffered this decrease, mainly Estonia (-44%), Denmark (-33.6%), France (-18%), Belgium (-13.8%). Conversely to what has been registered during the previous year, also Italy has suffered a decrease of the index (-9.1%). Positive results have instead been registered for Romania (+22.6%), Hungary (+11.6%) and Portugal (+11.4%).

Trend of the agricultural income by work unit in some EU countries



Source: Eurostat





FISHERIES

ITALY IN THE EUROPEAN CONTEXT

For some years now, Italy is included in the European target aimed to reduce the impact of fisheries on the marine ecosystems and to reduce the exploitation of fish stocks. The proposals of the General Fisheries Commission for the Mediterranean have integrated themselves with the eco-systemic approach launched by the Common Fisheries Policy and implemented by means of a downsizing of the fleet and strategies envisaging biological recovery periods.

A recent study (carried out by ISPRA) on the overall trend of the Italian Fisheries sector has highlighted that the fishing effort and the catches per effort units (the CPUE index measures the efficacy of the fishing activity) are in a constant downward trend during the latest eight years taken into account. This shows that, despite a decrease in the exploitation of the

resources, there is no general improvement of the fish stocks. Starting from 2013 the landing obligation in the Mediterranean sea is required, namely the progressive elimination of discards. The discard ban, or landing obligation, aims to hamper the discards of non-commercial species, or species with unwanted sizes; taking into account that most of these fishes die, causing remarkable economic and environmental damage. As from January 1st 2015, the Directive involves the pelagic species; as from January 1st 2017, the species defining the demersal fishing and lastly, as from January 1st 2019 all other species with minimum sizes will be involved.

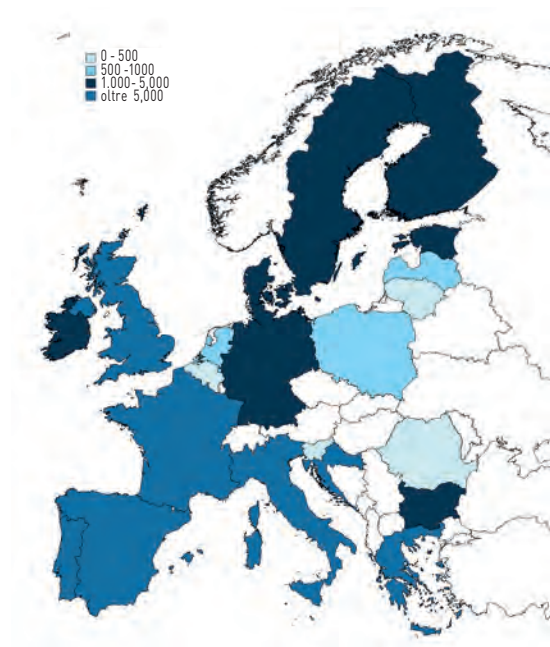
In terms of value, the EU is the leader in the world trade of fishing and aquaculture products, the sector plays therefore a strategic role and needs to be protected

and safeguarded. For this reason, considering the latest studies about the critical aspects of the fishery sector, (the percentage of the exploitation of the fish stocks in the Mediterranean Sea in 2015 accounted for 93%), it has been implemented a clear regulation of the marine areas that involves the EU countries which is aimed at fostering a sustainable management of the resources, by safeguarding future supplies. In the first four months of 2017, the European Commission has set out the principles for fishing possibilities in 2018, thus establishing the total allowable catches and the national ceilings for the EU Member States.

The importance of the Italian fishing fleet is still predominant in the European panorama: with 12,310 vessels, Italy represents 14.7% of the entire EU fishing fleet and the second country after Greece (18%).

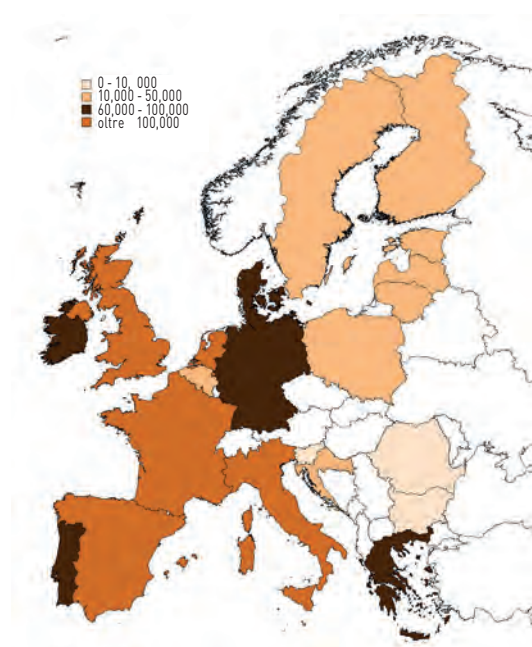
¹ The discard ban, or landing obligation, aims at hindering discards of non-commercial species, or species with undesirable sizes; bearing in mind that most of these fishes die and do cause a remarkable economic and environmental damage.

Size of the European fleet (n. of vessels), 2016



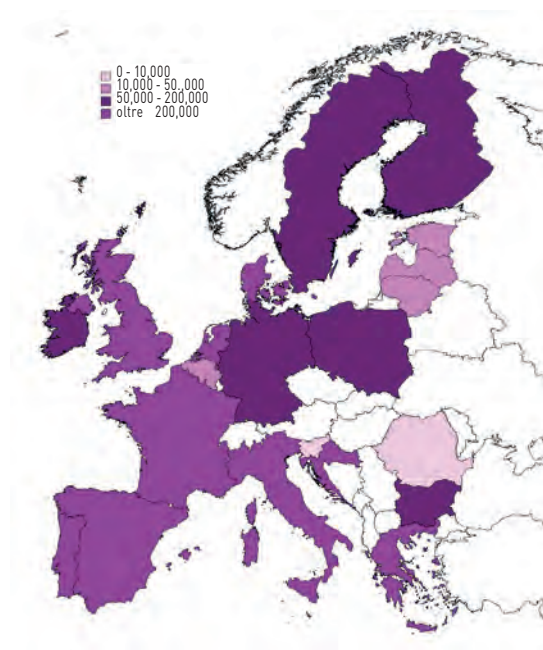
Source: Eurostat fishing fleet 2016.

Size of the European fleet (engine power), 2016



Source: Eurostat fishing fleet 2016.

Size of the European fleet (tonnage), 2016



Source: Eurostat fishing fleet 2016.

NATIONAL FISHING FLEET

The capacity of the national fleet continues to decrease at a slow but constant pace, with a percentage of inactive vessels almost equal to the half of the entire fleet. The number of the Italian vessels has decreased in line with the trend of

the overall power and tonnage. The vessels smaller than 12 meters that make use of passive polyvalent gears do represent still the fulcrum of the fleet, thus involving over 60% of the total, in 2016. The highest percentage of the fleets has

been detected in Sicily and Puglia which have an incidence on the national fishing fleet capacity equal to over 35%. The Italian fleet, Sicily excluded, is distributed in a homogeneous way along all the coastline and it is characterized by a low

Size of the Italian fleet by region, 2016

Region	Vessels n.	Tonnage Gt	Gross tonnage Kw	Catches Kg	Production value euro
Liguria	512	3,517	34,061	3,674,024	23,273,043
Veneto	660	11,168	76,817	29,388,498	71,997,029
Friuli Venezia Giulia	361	1,676	23,532	3,173,694	18,503,742
Emilia-Romagna	612	7,497	64,068	19,737,160	46,259,431
Tuscany	594	5,238	41,354	7,747,932	43,072,121
Marche	789	15,918	86,863	24,946,578	81,635,440
Lazio	587	7,062	52,145	6,028,843	46,273,800
Abruzzo	537	9,654	46,542	9,845,416	37,517,364
Molise	90	2,335	9,624	1,569,456	12,304,606
Campania	1,090	9,209	64,998	9,187,169	58,464,153
Puglia	1,553	18,074	127,770	25,275,647	138,206,459
Calabria	813	5,712	44,742	5,558,999	32,676,945
Sicily	2,778	44,922	229,791	34,909,591	241,255,062
Sardinia	1,325	9,463	78,348	6,976,780	52,354,347
Total	12,310	157,690	993,719	188,019,787	903,793,542

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

Size of the Italian fleet per fishing systems, 2016

Fishing systems	Vessels n.	Vessels GT	Vessels KW	Catches kg	Value of landing euro
Purse seine fishing	321	13,019	62,773	26,024,284	72,599,426
Hydraulic dredges	697	9,183	75,541	17,772,574	46,992,872
Longliners	166	4,916	32,978	4,061,321	24,715,362
small-scale fisheries	8,251	15,635	234,820	26,780,480	213,765,540
Polyvalent	40	423	4,239	672,925	4,022,045
Passive polyvalent	401	5,232	58,684	5,122,754	30,801,058
Rapid	55	4,534	21,363	3,694,927	21,211,216
Trawling	2,240	89,691	445,424	57,951,886	443,327,719
"Fishing on the fly"	130	8,813	44,832	45,938,637	46,358,303
Total Italy	12,301	151,445	980,654	188,019,787	903,793,542

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

productivity. The most practiced fishing systems are the trawl fisheries, the small-scale coastal fisheries and the "fishing on the fly", thus confirming the typical Mediterranean tendency to privilege artisanal fisheries.

CATCHES AND FISHING SYSTEMS

The small-scale fisheries plays a significant social and economic role in Italy: it absorbs over 65% of the entire fleet, it employs 50% of the labor force engaged in the sector and a value of almost 24% of the total value of the catches.

Among the most practiced fishing systems, the most profitable is the trawl fisheries, with a volume of catches in value equal to almost the half of the total landings (49.1%).

The “fishing on the fly” does absorb almost

one fourth of the entire volume of landings, despite the relatively small number of vessels, and it is characterized by a low profitability, in monetary terms, and a remarkable lower yield than most fishing systems practiced in Italy.

In terms of value of the catches, the most profitable is the trawl fisheries, with 49% of the overall incomes coming mainly from Sicily; it is then followed by the small-scale fisheries (24%), whose yield is higher in Sicily and Sardinia; the purse seine fishing

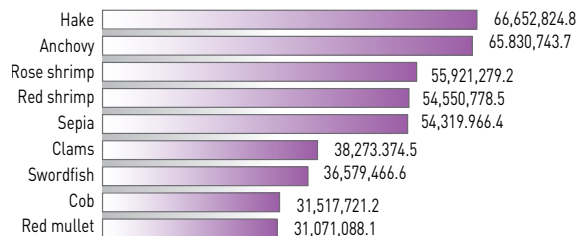
accounts for just 8% of the total production value.

In terms of catches, the dominant species are the pelagic ones, with anchovies and hake that register the highest value in 2016. Nine species do represent almost the half of the total volume of Italian landings (49.1%), listed hereafter in a descending order: hake, anchovy, rose shrimp, red shrimp, sepia, clams, swordfish, squilla mantis and mullus barbatus.

The hake is mainly fished by means of trawling fishing (68.7% of the total) and sometimes with the small-scale fisheries (20.8%); anchovies are instead fished through purse seine fishing (50.3%) and by means of “fishing on the fly”.

Cod is mainly fished in the South, sardines in Emilia Romagna (24.6%) and anchovies in Veneto (20.4%) and Puglia (14.7%); clams are bred mainly in Veneto (50.6%).

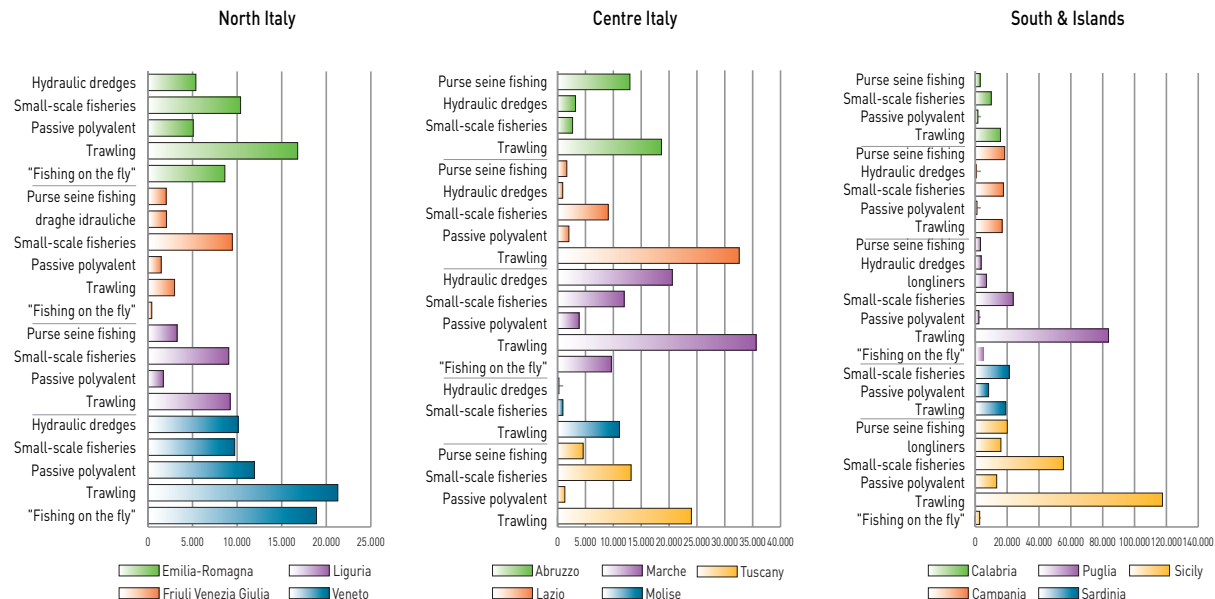
Value of the catches for some of the main* species caught in Italy in 2016



* Only catches over 30,000 euro worth have been considered

Source: processing of MiPAAF figures - Nazionale fisheries data collection programme

Production value per geographical breakdown, 2016



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

PRODUCTION AND ECONOMIC VALUE

In 2016, the Italian fleet landed more than 188 million tons of fishes (-0.4% over 2015), for a total value of nearly 904 million euro (+1.6%). Sicily was the main producing region (27% of landings in total value). The added value of fisheries does represent a modest share of the Italian GDP (0.1%); the production landed and sold in the fish markets has dropped by 0.4% in terms of weight, whilst the turnover has increased by 1.6% over 2015.

The trend highlighted by the analysis of the production and of the profit and loss account in 2016 is nevertheless positive and it registers an increase in production (+2.1%), mainly due to aquaculture, and

in the added value of the fishing and aquaculture sectors (+8.4%) over the previous year.

In terms of commercial exchanges, in 2016, the Italian imports for the fishing and aquaculture sectors amounted to over 5.5 billion euro, 13.1% of the national agro-food import, whereas exports account for 674 million euro, less than 2% of the Italian agro-food export. This has led to a permanent negative balance (-4.83 billion euro) and to a worsening over 2015, due to a net increase of imports compared to a more contained increase in exports.

The highest share of exchanges concerns the processed and stored fish products,

particularly processed fishes and frozen shellfishes and molluscs.

In terms of fish products, the main providers are represented by Spain, Sweden, Greece and France, which represent over 60% of the Italian fish imports. Spain does represent the main provider also of processed and stored fish products, with a share exceeding 20%. Other important suppliers for processed and stored products are Netherlands, Denmark and Ecuador.

Concerning the Italian exports of fish products, these latest ones are mainly intended for the markets of Germany, Spain and France, both the fishing products and the processed and stored fish products.

Profit and loss account for fisheries and aquaculture (000 euro)

	2013	2014	2015	2016	% change 2016/15
Production	1,714,569	1,714,232	1,804,378	1,841,547	2.1
Intermediate consumptions at purchase prices	779,273	800,477	748,590	697,428	-6.8
Value added	935,295	913,755	1,055,788	1,144,119	8.4

Source: ISTAT

Incidence of the Agri-Food import in Italy, 2016

Sector	Value (million euro)		% weight to Agri-Food		% change 2016/15 (current values)	
	import	export	import	export	import	export
Fish products	1,337.1	259.9	3.2	0.7	14.2	5.9
Processed and stored fished products	4,167.0	414.2	9.9	1.1	10.7	1.6
Total fisheries and aquaculture	5,504.1	674.1	13.1	1.7	11.5	3.2

Source: CREA-PB processing on ISTAT figures



AGRO-INDUSTRIAL SYSTEM

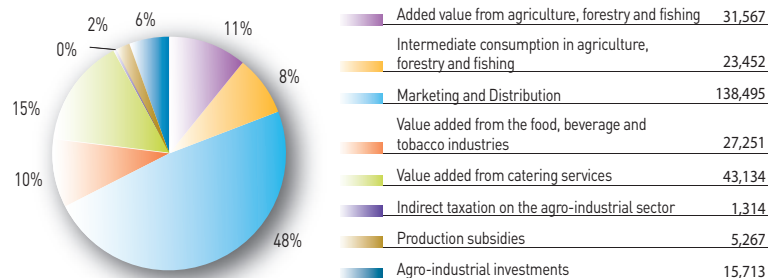
COMPONENTS OF THE SYSTEM

The components of the agri-food system are represented by a set of activities that contribute to the creation of the national food product's value and they are closely interrelated. The first component is represented by the added value that constitutes 36% of the entire system and which, in its turn, is made up of different sectors. In 2016, in terms of the added value of the agricultural, forestry and fishing sectors, it has been detected a share accounting for nearly 31.5 billion euro, down over the previous year. Conversely, the added value of the agri-food industry, equal to 27.2 billion euro, has increased over 2015. As in the previous years, it is precisely the tertiary sector, represented by the distribution and marketing of raw materials and of processed products and by catering services, which has a remarkable incidence in the formation of the system's added value. The marketing and distribution sector represents, by itself, over 48% of the added value of the system, with more than 138.5 billion euro, and it is registering an increase

over 2015. To this result it should be added the value of the catering sector, equal to over 43 billion euro, which is in increase as the other one. Also the intermediate consumption contributes to forming the agri-food system, accounting for roughly 23 billion euro. The investments made do exceed 15.7 billion euro and they are in increase; grants received and indirect taxes represent the less consistent share of the system and they amount to respectively 5.3 and 1.3 billion euro.

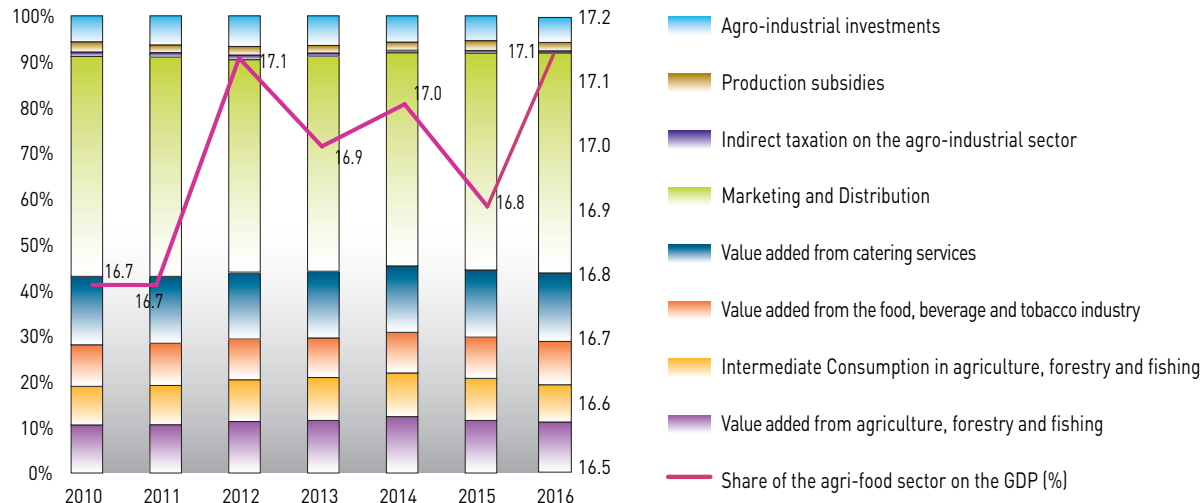
Also for 2016, the percentage weight of the agri-food sector, made up by the agricultural sector and by the food industry, to the total added value, accounts for 4% and it remains essentially stable also its incidence to the GDP, with a value equal to 3.5%. The entire agri-food system accounts for 286.2 billion euro, in an upward trend in absolute terms, but it remains nonetheless stable in percentage terms: it represents, in fact, roughly still 17% of the national GDP.

Main components of the agri-food sector at basic prices (million euro), 2016



Source: ISTAT

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



Source: ISTAT

FOOD INDUSTRY

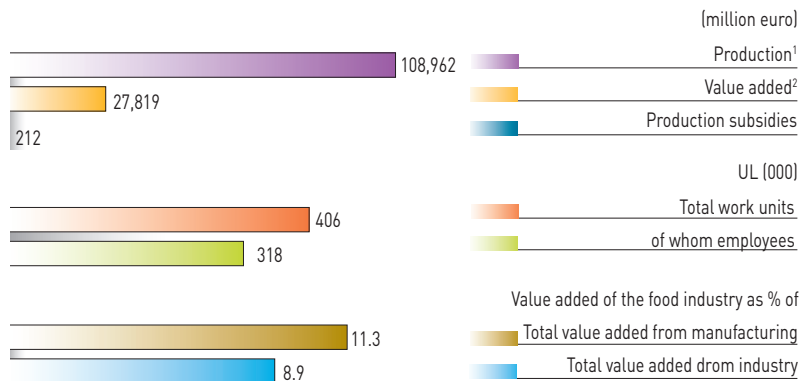
The food, beverage and tobacco industry plays an important role in the national manufacturing sector. In 2016, the sector represented 11% of the added value and 12% of workers. The added value, at current values, has increased by 5.4% over 2015, whilst employment has increased by 0.6%. In 2016, the production sold of the food products has reached nearly 93 billion euro and it has marked an increase of roughly 5% over 2015. This performance is ascribable to the positive results of all sectors, except for animal foodstuff (-2%), processing and preservation of poultry meat (-6.4%) and production of meat-based products (-2%). Among the sectors which are experiencing the highest increase, it should be noticed the increase of 16% of the production value for oils and vegetable fats, the good trend of the dairy sector (+11.7%), the processing and preservation of fish, shellfishes and molluscs (+8.2%). The value of the production sold for drinks has roughly reached 15 billion euro, with

an increase of 3.1% over 2015 thanks to the excellent performance of the value of the production sold of sparkling wines (+21.5%) and other wines produced in cer-

tain particular regions (+15.7%).

In terms of regional breakdown of the food industry, the latest figures released by ISTAT ("Struttura delle Imprese", 2014)

Food industry*: main economic aggregates, 2016



*drinks and tobacco included

¹Production value at basic prices

²Value added at basic prices, at current values

Source: ISTAT

Value of the production sold for the food products, 2016

	Production sold (thousand euro)		% change 2016/2015	Incidence to total (%)
	2015	2016		
Food products	88,757,897	93,083,333	4.9	-
Processing and preservation of meat (birds excluded)	8,592,097	9,238,060	7.5	9.9
Processing and preservation of poultry meat	3,243,492	3,035,128	-6.4	3.3
Production of meat-based products	9,325,082	9,142,335	-2.0	9.8
Processing and preservation of fish, shellfish and molluscs	1,332,099	1,441,279	8.2	1.5
Processing and preservation of fruit and vegetables	9,388,403	10,027,687	6.8	10.8
Production of vegetable and animal oils and fats	3,734,490	4,331,993	16.0	4.7
Dairy industry	11,581,678	12,938,684	11.7	13.9
Processing of grains, production of starch and starch products	5,527,741	5,745,733	3.9	6.2
Bakery products	15,640,396	16,556,529	5.9	17.8
Other foodstuffs	15,441,857	16,172,229	4.7	17.4
Animal feeding	4,405,979	4,094,657	-7.1	4.4

Source: ISTAT

point out that 42% of the turnover and 38% of the added value is produced in two regions, namely Lombardy and Emilia-Romagna. In the specific, Lombardy generates

21% of the turnover and 21% of the added value; Emilia-Romagna 20.6% of the turnover and 17.4% of the added value. They are then followed by Veneto (12.3% of the turn-

over and 10.5% of the added value) and Piedmont (8.8% of the turnover and 10.6% of the added value). Firms in Lombardy and Emilia-Romagna do absorb 29.6% of work-

Value of the production sold for beverages, 2016

	thousand euro		% change 2015/14	Incidence to total (%)
	2015	2016		
Beverages	14,300,627	14,737,059	3.1	
of which:				
- mineral and sparkling waters, with no added sugar or other sweeteners	2,317,324	2,307,364	-0.4	15.7
- beer made from malt	1,830,151	1,695,737	-7.3	11.5
- other wines produced in specific regions, white wines excluded	1,794,535	2,075,466	15.7	14.1
- other wines and grape-must	1,456,875	1,189,906	-18.3	8.1
- sparkling wines	1,249,952	1,518,267	21.5	10.3
- liqueurs and other drinks containing alcohol from distillation	855,973	915,486	7.0	6.2

Source: ISTAT

ers (respectively 16% and 13.6%); followed by Veneto (9.7%), Campania (7.9%) and Piedmont (8%). In terms of number of local units, Sicily is the region with the highest incidence (12%), followed by Lombardy (10.7%), Campania (10%), Emilia-Romagna (8.8%) and Piedmont (7%).

When comparing Italy with the other EU-28 countries, on the basis of the latest available 2015 data, it is clear that our Country represents nearly 11% of the added value of the EU food industry and absorbs 9.6% of workers. Italy, with 20% of firms, ranks after France (21.6%) and to the third place

in terms of size and turnover, with an incidence of 12% after Germany and France (respectively 17.7% and 16.3%).

In the beverage sector, Italy represents 11.8% of turnover (figure referring to 2014), 8.8% of workers and 12% of the EU-28 firms.

Value added and employees in the food, beverage and tobacco industry by main sectors in Italy and incidence in the EU-28, 2015

	Value added* (million euro)		Employees (,000 units)	
	Italy	% Italy/EU**	Italy	% Italy/EU***
Food industry production	20,450	10.9	391,423	9.6
Processing and preservation of meat and meat-based products	3,018	8.5	57,638	6.2
Processing and preservation of fish, shellfish and molluscs	366,4	7.7	5,408	4.7
Processing and preservation of fruit and vegetables	1,755	12.3	29,834	11.3
Production of vegetable and animal oils and fats	719,8	13.8	11,230	18.6
Dairy sector	2,873	13.4	42,581	11.9
Processing of grains, production of starch and starch products	827,1	10.7	9,428	8.8
Bread, cookies and pasta	5,557	12.9	169,735	11.3
Other foodstuffs	4,717	10.9	58,203	9.4
Animal feeding	617,3	3.2	7,366	5.7
Beverage	3,772	9.1	37,345	8.9
Tobacco	51.5	0.7	506	1.3

*at factor costs

** the incidence refers to 2014, for the dairy sector to 2013

***the incidence of the dairy sector refers to 2011

Source: Eurostat

Main indicators of the food industry in the EU-28 countries, 2015

	N. of firms	Employees	Production	Value added ¹	Turnover
	(000. units)		(million euro)		
Austria	3,539	74,828	15,055,3	4,082,9	16,592,8
Belgium	6,665	85,050	38,615,0	6,371,8	40,838,4
Bulgaria	5,285	82,182	3,836,9	779,6	4,274,7
Cyprus	805	10,855	1,125,0	301,2	1,314,9
Croatia	2,759	54,000	3,587,0	913,1	4,504,0
Denmark	1,458	55,909	20,198,2	4,157,6	24,615,7
Estonia	552	13,837	1,386,2	314,1	1,553,3
Finland	1,742	36,513	9,320,7	2,127,4	9,762,0
France	56,861	511,130	142,492,9	30,241,0	153,639,7
Germany	25,768	789,499	153,007,9	33,014,5	166,844,5
Greece	16,068	96,236	10,144,4	2,486,4	12,430,7
Ireland	1,637	45,249	23,770,1	8,013,3	24,471,3
Italy	53,096	391,423	111,326,0	20,449,8	113,226,8
Latvia	987	21,647	1,367,7	330,2	1,467,6
Lithuania	1,578	39,984	3,335,6	677,7	3,542,3

¹at factor costs

*2014

Source: Eurostat

	N. of firms	Employees	Production	Value added ¹	Turnover
	(000. units)		(million euro)		
Luxembourg	128	5,140	735,1	229,1	828,8
Malta	353	2,932*	:	:	:
Netherlands	5,615	121,943	59,384,1	9,936,0	65,616,7
Poland	13,938	392,721	43,176,4	8,554,2	47,954,0
Portugal	9,337	92,336	10,742,8	2,075,0	12,098,9
UK	7,502	373,983	98,253,2	28,979,4	106,103,7
Czech Rep.	7,436	101,586	9,357,0	1,929,8	10,956,9
Romania	8,149	161,945	7,988,0	1,048,9	9,582,9
Slovakia	2,390	34,504	2,775,8	587,7	3,476,2
Slovenia	2,066	14,871	1,614,7	429,7	1,936,5
Spain	22,215	316,257	88,552,9	15,199,8	92,676,6
Sweden	3,777	57,061	14,042,5	3,428,1	16,206,5
Hungary	4,525	93,256	8,515,6	1,698,4	9,566,8
EU-28	262,385	4,093,696	860,482	181,000*	942,580

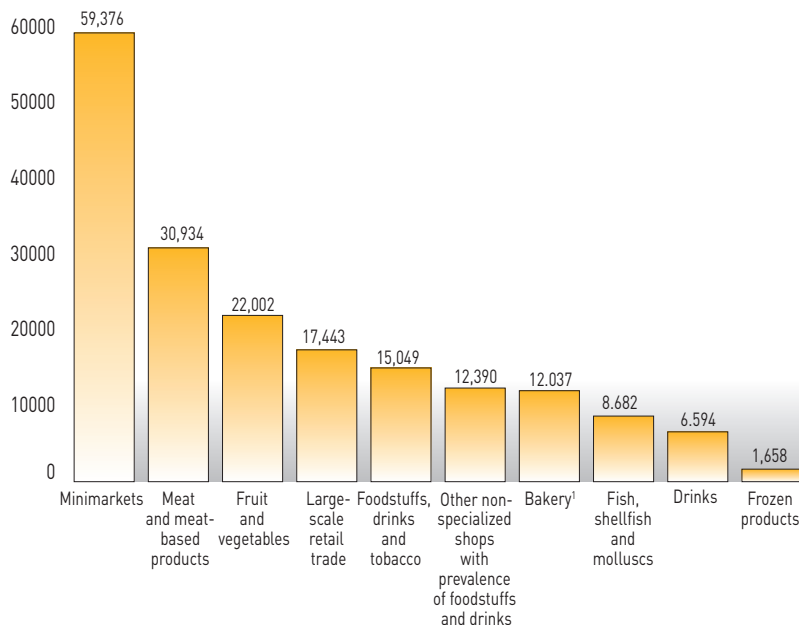
DISTRIBUTION

Commercial businesses both specialized and not in the food sector in fixed location have registered a sizeable increase in 2016 over the previous year (+7.5%), reaching 186,165 units.

In terms of incidence of the specialized retail sale, it has been detected a good recovery of shops selling food products, drinks and tobacco (+5.6% over 2015) and slight increases have been registered for beverage shops (+1.8%), fruit and vegetable shops (+0.6%) and fish shops (+0.3%). In a downward trend are instead the shops selling frozen products (-2%), butcher shops (-1.7%) and bakery shops (-0.5%).

In the non-specialized retail sale it has been noticed a certain increase of the sales points of the large-scale retail sector (+2.3%) and a slight decrease in the number of minimarkets (-0.3%), although they keep the leadership in terms of food products sold at retail level. Other types of non-specialized sale, mainly for food products and drinks, have instead

Food retail shops in fixed location, 2016



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, 2016

	Supermarkets		Hypermarkets		Supermarkets		Hypermarkets		Total	
	(sq. m.)	%	(sq. m.)	%	(sq. m.)	%	(sq. m.)	%	(sq. m.)	%
North-West	1,713,211	23.7	1,871,447	44.2	334,532	18.9	776,757	24.6	4,695,947	28.7
North-East	1,686,158	23.3	991,961	23.4	280,932	15.9	663,266	21.0	3,622,317	22.1
Centre	1,771,363	24.5	695,784	16.4	385,651	21.8	764,209	24.2	3,617,007	22.1
South and Islands	2,056,267	28.5	674,208	15.9	766,168	43.4	948,904	30.1	4,445,547	27.1
Italy	7,226,999	100.0	4,233,400	100.0	1,767,283	100.0	3,153,136	100.0	16,380,818	100.0

Source: The agri-food system in Emilia Romagna. Survey 2016 - based on Nielsen figures

experienced a strong decrease (-8.4%), partially ascribable to the evolution in the purchasing behavior of consumers, especially among young people. In particular, taking into account the disaggregated datum referring to the structures of modern distribution, the number of discounts returns to increase (+3.4%), widely spread on the territory (52 square meters each 1,000 inhabitants), whilst it continues the positive trend of supermarkets (+0.6%) and hypermarkets (+0.8%), whose spreading at a national level is respectively of 119 and 70 square meter per

1,000 inhabitants. Superettes (29 square meters/1,000 inhabitants), sales points below 400 square meters and typical of small-sized centers, do confirm their limited diffusion, mainly on the hilly and mountainous areas, whose number decreases by 3.5% in 2016, thus interrupting the growth trend of the previous year. The incidence of commercial shops selling foodstuffs and drinks in fixed location, on the territory, confirms to be very high in the southern regions, with 4 units per 1,000 inhabitants; this ratio drops to 3 in the Centre and 2 in the North. In the

South of Italy (Mezzogiorno) are traditionally more spread the small neighborhood shops, supermarkets and discounts, the distributive network highlights furthermore wide margin for growth; conversely, in the North there is a prevalence of large-sized distribution channels, as hypermarkets and superstores, with an extremely thick network like that of the most developed European areas, with margins for growth mainly for the discount segment.

According to ISTAT 2016 figures, the value of sales in the retail sale of food-

stuffs and non-food products in fixed location remains stable; in particular, large-scale retail increases by 0.5%, with a maximum value in the segment of food-stuffs and drinks in the first quarter of 2016 (+2.5%). Retail businesses operating on small-sized sale areas highlight a negative annual variation, more acute for food products (-1%). More specifically, concerning the large-scale food sector, the sales, in 2016, experienced different trends by type of exercise: sales have remarkably increased in discounts (+2%), they have remained essentially stable in the supermarkets (+0.2%) and have suffered a certain contraction in the hypermarkets (-1.5%).

2016 marks negative variations also for retailers with no fixed location, specialized in both food and non-food sector, with a decrease in their number of 0.8% for street food retailers; in a strong increase are other types of “no store” sale that include foodstuffs, among which e-commerce (+11.1%), automatic vending machines (+2.7%) and door-to-door selling (+0.5%).

Food shops in fixed location per 1,000 inhabitants, 2016



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

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

Period	Indices						% 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
2016	104.0	89.7	96.5	90.8	100.7	90.6	0.5	-1.0	0.4	-0.3	0.5	-0.4
I quarter	99.2	83.3	87.1	81.8	93.9	82.0	2.5	0.8	1.9	0.4	2.2	0.4
II quarter	102.2	86.9	91.7	90.2	97.6	89.5	-0.7	-1.7	-0.2	-0.1	-0.5	-0.4
III quarter	104.3	92.3	95.5	87.0	100.4	88.0	0.1	-1.9	-0.3	-1.1	-0.1	-1.2
IV quarter	110.3	96.5	111.7	104.4	110.9	102.9	0.4	-0.8	0.6	-0.2	0.5	-0.4

Source: ISTAT

Commercial businesses with no fixed location, 2016

Type	2016	% change 2016/2015
Street food vendors	35,713	-0.8
Street vendors - Textiles, clothing and footwear	75,048	-0.9
Street vendors - Other	83,822	2.1
E-commerce	17,265	11.1
Distance commerce (mail, phone, radio TV)	2,593	-1.1
Door-to-door selling	11,579	0.5
Vending machines	5,029	2.7
Other no-store	4,526	-7.8
Total	235,575	1.0

Source: Coop Survey 2017 - on figures released by the Ministry for the Economic Development

FOOD CONSUMPTION

In 2016, household consumption strengthens its recovery already started in 2014: the average household spending per month amounted to 2,524.28 euro at current values (+1% over 2015). The trend is confirmed also in real terms: the variation of consumer prices was in fact close to zero both in 2015 and in 2016.

Among the expenditure items even the food one, which has an incidence of nearly 18% on household spending, has registered a slight increase (+1.4%) and it is higher in the regions of South (22.5%) and on the Islands (22%). Meat, despite being the highest expenditure item, points out a decrease of almost 5% over 2015, thus confirming its decline, despite the exception of the previous year. In addition, in terms of importance of expenditure, there are products such as bread and cereals, vegetables, milk, cheese and eggs. In an upward trend is the expenditure for fish and fish products (+9.5%), oils and fats (+9.2%), coffee, tea and cocoa (+7%). In the non-food ex-

Average monthly household expenditure per region, 2016

	Average monthly expenditure, current prices (euro)					
	total			food products and soft drinks		
	2015	2016	% change 2016/15	2015	2016	% change 2016/15
Piedmont	2,622	2,608	-0.5	462.3	522.2	13.0
Valle d'Aosta	2,777	2,862	3.1	470.6	547.5	16.4
Liguria	2,295	2,289	-0.2	415.4	421.0	1.4
Lombardy	3,031	3,040	0.3	445.3	451.5	1.4
Trentino-Alto Adige	3,022	3,074	1.7	455.2	489.7	7.6
- Bolzano	3,379	3,551	5.1	504.6	563.9	11.7
- Trento	2,692	2,630	-2.3	409.5	420.7	2.7
Veneto	2,629	2,673	1.7	441.0	432.8	-1.9
Friuli Venezia Giulia	2,498	2,479	-0.7	432.1	433.8	0.4
Emilia-Romagna	2,904	2,975	2.5	420.2	420.0	-0.1
Tuscany	2,753	2,821	2.5	476.0	460.5	-3.3
Umbria	2,336	2,250	-3.7	436.9	487.8	11.7
Marche	2,306	2,264	-1.8	435.9	450.7	3.4
Lazio	2,614	2,620	0.2	448.3	400.0	-10.8
Abruzzo	2,156	2,159	0.1	400.8	396.3	-1.1
Molise	2,092	2,176	4.0	440.8	426.6	-3.2
Campania	2,028	2,065	1.8	458.2	498.5	8.8
Puglia	2,114	2,171	2.7	459.6	475.2	3.4
Basilicata	1,923	1,981	3.0	445.2	448.2	0.7
Calabria	1,729	1,701	-1.6	419.8	384.6	-8.4
Sicily	1,824	1,876	2.8	406.1	426.7	5.1
Sardinia	2,084	2,129	2.2	413.5	431.4	4.3
Italy	2,499	2,524	1.0	441.5	447.96	1.5

Source: ISTAT

Average monthly household expenditure, by category of foodstuffs and drinks, 2016 (values in euro)

	2015	2016	% change 2016/15
AVERAGE MONTHLY EXPENDITURE (=100%)	2,499.4	2,524.4	1.0
Foodstuffs and soft drinks	441.5	448.0	1.5
- Meat	98.3	93.5	-4.8
- Bread and cereals	73.8	75.1	1.8
- Vegetables	58.8	60.6	3.1
- Milk, cheese and eggs	58.1	57.6	-0.9
- Fruit	40.5	41.7	3.1
- Fish and fish products	36.4	39.8	9.5
- Mineral waters, soft drinks, fruit juice and vegetables	20.5	20.9	1.9
- Sugar, jam, honey, cocoa and sweets	18.7	19.1	2.1
- Oils and fats	14.3	15.6	9.2
- Coffee, tea and cocoa	12.2	13.1	7.0
- Precooked food and other food preparations*	10.1	11.0	8.9
Alcoholic beverages and tobacco	44.1	45.0	2.0
Non food	2,057.9	2,076.4	0.9

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

Source: ISTAT

penditure, it's worth pointing out that the expenditures for accommodation and catering services return to pre-crisis levels (+4.8%, from 122.39 to 125.25 euro).

In 2016, the inflation in the country, already slowing from some years now, drops by 0.1% on an annual basis, mainly due to the high costs of raw materials,

mainly the energetic ones. Prices for food products (+0.2%) slow down the increase registered in 2015 in the two main components: non-processed foodstuffs, due to the decrease of prices of fresh vegetables (-3.6% from +9.4% in 2015) and processed foodstuffs, with no remarkable average annual change compared to +0.4% in 2015.

FOREIGN TRADE

In 2016, the Italian exports for agri-food products, equal to 38.6 billion euro, have increased by 3.6% in value over 2015. This increase, despite being lower than what registered in 2015 (+7.4%), does confirm nonetheless the positive trend of the Italian agri-food export, with increasing values from 2009. Agri-food imports, equal to 42 billion euro, have highlighted a slight decrease (-0.5%) over 2015, after the increase of the latest three-year period.

This trend has led to a reduction of the deficit in the agri-food balance, dropped to 3.4 billion euro in 2016. For the second year in a row, it has been therefore detected a significant improvement in deficit, which in 2014 exceeded 6.5 billion euro. Unlike what occurred in 2015, in the last reference year it has been noticed a strong recovery also for the trade balance of non agri-food goods, with the consequent increase of almost 10 billion euro of the total Italian trade balance.

Agri-food exports have increased at (+3.6% compared to +1.2%), with a higher pace compared to total exports markable increase of the volumes ex-

Agro-industrial balance and agro-industrial system*

MACROECONOMIC AGGREGATES		2000	2015	2016
Total agro-industrial production ¹	(P)	67,899	81,420	83,814
Imports	(I)	25,358	42,181	41,980
Exports	(E)	16,867	37,242	38,590
Balance	(E-I)	-8,491	-4,939	-3,390
Trade volume ²	(E+I)	42,225	79,423	80,570
Apparent consumption ³	(C = P+I-E)	76,390	86,359	87,204
INDICATORS (%)				
Degree of self-sufficiency ⁴	(P/C)	88.9	94.3	96.1
Propensity to import ⁵	(I/C)	33.2	48.8	48.1
Propensity to export ⁶	(E/P)	24.8	45.7	46.0
Degree of trade-cover ⁷	(E/I)	66.5	88.3	91.9

* Millions of current euro, data related to the agro-industrial production do also include the item "processed tobacco"

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

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

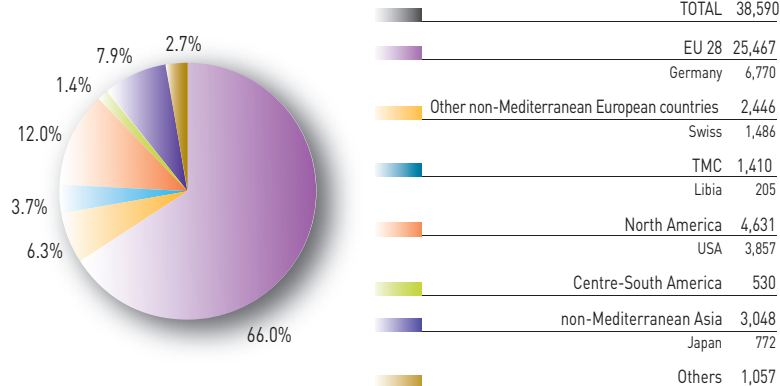
⁷ Export-Import ratio

Source: CREA - Politiche e Bioeconomia processing on ISTAT figures

ported (+7.3%), against a reduction of the average unitary values (-3.4%). The incidence of the agri-food sector on the total export of goods of our country has further increased, reaching the share of 9.3%. Agri-food imports have instead suffered a slight decrease (-0.5% over 2015), more contained than the decrease of the total import of goods (-1.3%).

In 2016, the EU-28 area has represented 69.5% of our purchases abroad and 66% of our sales. These values are in slight increase over 2015, in a counter trend with the decline registered during the latest years. North America has strengthened its role of main extra EU market for the Italian agri-food sector, thus further increasing its own weight that has reached 12% in 2016. Conversely, the incidence of North America as supplier of agri-food products has decreased, dropping from 4% to 3.5%. It has instead further increased the share of the agri-food imports coming from Centre-South America, equal

Destination of the agro-food exports (million euro at current values), 2016



Source: CREA - Politiche e Bioeconomia processing on ISTAT figures

to 8.8%, up by 0.5%.

In terms of exports, the first four customer countries (Germany, France, US and UK) do absorb 47% of the values of the sales abroad of the agri-food products. This is a stable share compared to 2015, with increases of the export value

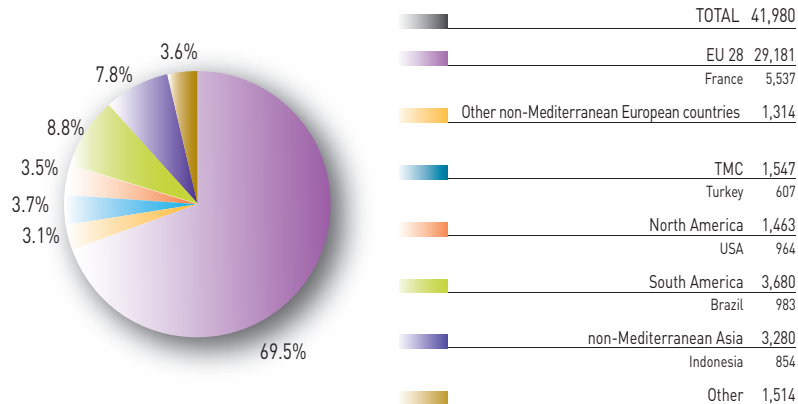
mainly linked to increases of the volumes exported. In particular, it's worth pointing out the increase in value of the agri-food export to the United States (+5.8%), which is significant and higher than the increase of the Italian agri-food export on its whole, although to a lesser extent

than in the previous year. Conversely, the incidence of the first four agri-food suppliers for Italy (France, Germany, Spain and Netherlands) has further decreased, after the drop in 2015, falling down to 44.6% in 2016. Some new markets, both of the EU and extra-EU, do gain instead greater importance as providers, like Poland (with an incidence of nearly 3%) and Argentina (2.1%).

In terms of goods, the incidence of the agri-food sector has remained essentially stable in 2016. The sector of processed products (beverage excluded) represents little more than 62% of the outflows and 61.7% of the inflows. The incidence of the primary sector amounts to little less than 18% of exports and to one third of imports, whilst beverages do represent nearly 20% of the Italian agri-food export.

In terms of dynamics of current values, the increase of the agri-food exports in 2016 has involved, as in 2015, both the primary component and the industrial

Origin of the Italian agro-food imports (million euro at current values), 2016



Source: CREA - Politiche e Bioeconomia processing on ISTAT figures.

one. In the specific, the increase in the export of the primary sector amounted to 3% and it has involved almost all its sectors, with few exceptions which have nonetheless little incidence on the export of the sector. Worthy of note is furthermore the excellent performance of the

exports of legumes and fresh vegetables (+7.4%) and of the flower-growing products, with an increase of nearly 9% and a value of exports exceeding 745 million euro. In 2016, also the exports of the food and beverage sectors have increased at a greater extent (+3.8%). Concerning

Foreign trade by main agro-food sectors (million euro), 2016

	Import	Export	Nb (%)		Import	Export	Nb (%)
Seeds	535	310	-26.6	Sugar	856	162	-68.2
Cereals	2,465	144	-88.9	Sweets	1,004	1,709	26.0
Legumes and fresh vegetables	737	1,264	26.4	Fresh and frozen meat	4,192	1,253	-54.0
Legumes and dried vegetables	259	49	-68.1	Prepared meat	378	1,564	61.1
Citruses	345	249	-16.3	Fish products	4,167	414	-81.9
Tropical fruit	654	64	-82.3	Processed vegetables	1,125	2,421	36.5
Other fresh fruit	602	2,609	62.5	Processed fruit	584	1,092	30.3
Dried fruit	1,327	515	-44.1	Dairy products	3,344	2,936	-6.5
Filamentary crude vegetables	60	7	-80.0	of which milk	552	38	-87.0
Seeds and oleaginous fruits	759	38	-90.4	of which cheese	1,552	2,419	21.8
Cocoa, coffee, tea and spices	1,697	93	-89.6	Oils and Fats	3,747	2,170	-26.7
Flowers and plants	497	745	20.0	of which olive oil	1,792	1,617	-5.1
Raw tobacco	66	255	59.1	Animal feeding	1,902	962	-32.8
Alive animals	1,371	56	-92.1	Other food-industry products	2,000	3,719	30.0
of whom for reproduction	176	23	-77.1	Other non-food products	1,342	355	-58.2
of whom for breeding and slaughtering	1,174	17	-97.1	TOTAL FOOD INDUSTRY (beverage excluded)	26,079	23,814	-4.5
Other breeding products	428	75	-70.3	Wine	307	5,737	89.8
Forestry products	627	120	-67.9	of which quality sparkling wines	146	1,056	75.7
Fish products	1,337	260	-67.5	of which liqueurs and aromatized wines	8	212	92.4
Hunting	77	6	-86.6	of which bottled quality wines	42	3,396	97.6
TOTAL PRIMARY SECTOR	13,842	6,858	-33.7	of which quality bulk wines	53	213	60.5
Rice	104	527	67.1	Other alcoholics	1,009	961	-2.4
Cereal derivatives	1,335	4,533	54.5	Soft drinks	233	881	58.3
of which pasta	79	2,311	93.4	TOTAL FOOD AND BEVERAGE INDUSTRY	27,631	31,434	6.4
of which bakery products	941	1,820	31.9	TOTAL AGRO-FOOD BALANCE	41,980	38,590	-4.2

Source: CREA-PB processing on ISTAT figures

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

	2016 (million euro)			Change (%) 2016/2015	
	Import	Export	Nb (%)	Import	Export
Cereals	0.9	6.1	73.5	56.6	4.3
Fresh fruit	565.5	2,648.7	64.8	-4.6	1.0
Fresh vegetables	303.6	1,074.7	55.9	-15.9	5.1
Flowers and plants	158.7	581.1	57.1	6.5	9.6
AGRICULTURAL "MADE IN ITALY"	1,028.8	4,310.6	61.5	-6.8	3.1
Rice	103.6	526.7	67.1	-1.4	-3.6
Processed tomato	179.3	1,721.9	81.1	-0.8	0.6
Fruit juices and cider	207.0	540.0	44.6	-12.5	4.1
Other vegetables or prepared and preserved fruit	571.5	1,120.3	32.4	0.7	1.1
Cured meats	275.4	1,479.1	68.6	0.3	4.8
Cheese	157.8	1,669.6	82.7	-22.3	5.3
Olive oil	1,700.7	1,584.3	-3.5	0.6	5.2
Bottled wine	67.2	5,316.0	97.5	3.5	5.6
Bulk wine	45.4	380.8	78.7	-32.3	7.2
Vinegar	19.5	252.1	85.6	15.4	2.7
Mineral waters	8.0	480.1	96.7	-6.5	0.4
Essences	48.4	120.0	42.5	2.3	4.9
Other processed products	221.2	436.0	32.7	1.0	-12.0
PROCESSED "MADE IN ITALY"	3,675.3	16,138.9	62.9	-2.6	4.0
Pasta	79.1	2,311.0	93.4	0.7	-1.9
Bakery products	940.8	1,820.2	31.9	6.9	3.4
Other cereal derivatives	14.1	173.0	84.9	4.0	3.6
Cocoa-based sweets	856.4	1,531.8	28.3	4.7	3.7
Ice cream	123.7	223.5	28.8	2.6	4.6
Coffee	184.2	1,309.7	75.3	8.3	10.1
Spirit and liqueurs	210.6	627.9	49.8	8.0	4.1
MADE IN ITALY OF THE FOOD-INDUSTRY	2,408.9	7,997.1	53.7	5.9	3.0
TOTAL MADE IN ITALY	7,113.0	28,446.7	60.0	-0.5	3.6

*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 - Politiche e Bioeconomia processing on ISTAT figures

the processed products, the increase has involved almost all sectors, with particularly significant dynamics for dairy products (+5.9%) and olive oil (+5.7%). For both products it was the increase in the quantities exported to drive the increase in value, despite the drop of the export's unitary average values. Concerning the beverage sector, the export of wine in 2016, as already occurred in 2015, has highlighted an increase in value higher than 4%, ascribable to both the increase of the volumes exported and of the export's unitary average values. In particular, it is worth noting the increase of the sales abroad of quality sparkling wines, with an increase of 25% mainly ascribable to the higher quantities exported. In terms of imports, the slight reduction (-0.5%) hides strongly differentiated trends at sectors levels. For the primary sector, particularly relevant was the drop in value of the purchases of cereals (-5.1%) linked to the reduction of the

unitary average values if compared to the higher quantities imported. Within the sector, the reduction in value of the import of durum wheat has exceeded 20%, with somehow lower inflows from Canada and US, whilst the share of imports from Mexico (8%) and Russia (2.5%) has increased. Among the processed products, a significant reduction has involved the imports of dairy products, both in the value and in the volumes imported, mainly of milk coming from our main providers, such as Germany, France, Slovenia and Austria. The purchases from abroad of fish products have nevertheless increased by 10%, thus representing one of the main agri-food import sector with a value higher than 4 billion euro. Among these products, worthy of note is the increase in value of 15% for frozen shellfishes and molluscs, which in 2016 do represent the second main import agri-food entry for Italy, after processed fish. In 2016, "Made in Italy" does represent

73.8% of the agri-food export of our country. This share has remained essentially stable over 2015, considering the increase in value of the "made in Italy" exports (+3.6%), in line with that one of the agri-food export on the whole. It is an excellent performance that has involved both the primary component (+3.1%) and the products of first-stage (+4%) and second-stage (+3%) processing. The highest share of "made in Italy" exports is ascribable to the products of first-stage processing, with an incidence equal to 56.7% in 2016. All main sectors, like wines, cheese and cured meats, highlight an increase in value of exports, except for rice (-3.6%). The exports of products of second-stage processing ("made in Italy" of the food industry) do represent roughly 28% of total exports of the aggregate and 21% of the total agri-food exports. It's worth pointing out the increase of 10% of the value of the sales abroad of coffee in all main markets, particularly in the European market (which

absorbs more than 2/3 of the Italian export of coffee) and in the North American market (with an incidence of 7.3%); for both of these the increase exceeds 11%. Within the “made in Italy” of the food in-

dustry, the unique sector that shows a decrease in value of the exports is that of pasta (-1.9%); this decrease is nevertheless mainly linked to the lower unitary average values, whilst the volumes of pasta

exported are in an upward trend (+3.7%). Nonetheless, pasta represents the main product of the Italian agri-food export, followed by tomato paste, cocoa-based sweets and red and rosè PDO wines.





FOOD AND EATING HABITS

ITALIAN EATING HABITS

In the three-year period 2014-2016¹, the main Italian meal is still represented by lunch (87%), eaten at home (73%) in most cases and particularly in the South, although with a slight decrease (-2%), whilst dinner is considered the main meal in 23% of cases. Insofar as the away-from-home meals, the percentage of people eating at a canteen remains constant whilst lunch at a restaurant (+4%) or at a bar (+5%) is in increase. The highest increase in the three-year period observed has been detected for those people who eat at workplace (+17%).

The frequency of consumption of the main food groups do provide an indicator on the quality of diet compared to the nutritional recommendations elaborated by the Italian Society of Human Nutrition and CREA-Alimenti e Nutrizione. The figures on the frequency of consumption at a regional level highlight a certain tendency to harmonize

of the dietary habits, although traditional differences still persist if comparing the frequencies of consumption in terms of the different food groups.

The tendency to reduce the daily consumption of "bread, pasta, rice", accounting for -1.8% at a national level in the three-year period observed, is higher in the southern regions (-3.1% for the whole South and Islands). However, the consumption values of these regions remain traditionally higher than those in the northern regions. A slight improvement does continue in terms of the desirable daily consumption of 5 and more portions of different varieties of vegetables and fruit, considered so much important by the guidelines for a healthy diet: both ordinary consumers of fruit and vegetables (+1.1%) and those eating 5 and more portions per day (+14.3%) do increase, and this value accounts for 5% in the population aged more

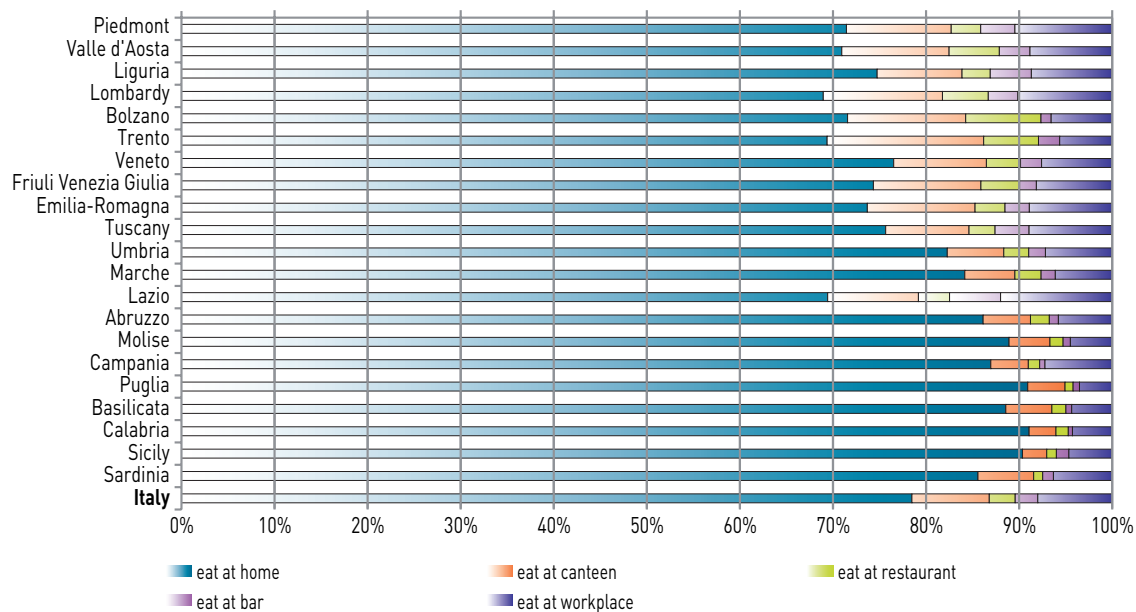
than 3 years. Data show how the consumption of fruit and vegetables reach in most cases 2-4 portions (76.3% on a national average), with a peak in Umbria (80.3%) and a minimum level in the Autonomous Province of Bolzano (68.7%). There is a general tendency in eating fruit and vegetables more frequently in the northern regions than in the southern ones.

In terms of consumption with a weekly frequency, it has been observed a decrease for all products, except for eggs, whose consumption remains rather constant (0.2%), and for fish that registers an increase of 6.3%. The regions that have experienced the highest increase were Veneto (20.6%), Sardinia (18.3%) and Puglia (10.5%). More generally, the frequency in the consumption of fish is higher in the South than in the North and Centre.

In terms of beverages, it has been detected a slight increase of consumers associated

¹ Processing (calculation of the average in the three-year period and of the variation related to the percentage of consumption 2014/2016) on data of the "Indagini Multiscopo - Aspetti della Vita Quotidiana", released by ISTAT, accessible at the internet address <http://dati.istat.it/>

% breakdown of consumers* per place where eat meal, average 2014-2016



* People aged 3 years and more per 100 people with the same characteristics
Source: processing on data of the survey "Aspetti della Vita Quotidiana" ISTAT

Percentage of consumers* by food groups, with a consumption frequency of at least once a day, 2014-2016

	Bread, pasta		Milk		Cheese		Greens	
	average	variation	average	variation	average	variation	average	variation
Piedmont	77.9	-0.4	52.7	-7.2	29.4	-6.1	60.2	2.2
Valle d'Aosta	79.1	0.8	49.4	-2.4	34.0	9.2	59.1	-5.4
Liguria	76.6	2.0	55.7	1.8	23.0	5.5	49.8	6.0
Lombardy	76.6	-4.2	51.3	-2.7	26.9	-2.5	53.8	1.7
Bolzano	66.8	4.3	55.7	8.3	38.3	5.9	51.5	-0.8
Trento	78.0	1.7	52.0	-0.9	33.0	-1.6	65.7	1.2
Veneto	78.1	-3.2	51.5	-4.0	25.8	-2.4	58.8	1.9
Friuli Venezia Giulia	76.8	0.7	55.7	-6.9	29.5	-18.4	62.2	2.8
Emilia-Romagna	83.9	0.0	50.7	-5.0	19.6	2.5	61.2	3.4
Tuscany	83.8	1.8	59.4	-7.1	19.7	-4.6	55.1	4.1
Umbria	86.2	3.4	60.8	-11.4	18.3	2.8	56.7	9.9
Marche	85.6	0.7	54.1	-9.9	15.1	5.3	58.4	-3.7
Lazio	79.9	-1.2	62.4	-7.9	14.6	10.3	61.2	3.4
Abruzzo	85.0	2.9	53.8	-2.4	15.6	-32.6	43.2	-3.6
Molise	83.0	-5.6	55.4	-1.1	15.9	-3.7	40.7	-9.8
Campania	80.2	-5.0	53.0	-6.1	8.7	-9.9	44.9	-13.3
Puglia	81.8	-1.4	62.1	-7.4	14.2	-2.8	35.6	3.7
Basilicata	85.3	2.6	52.2	-3.9	13.9	5.0	37.0	12.0
Calabria	87.9	-4.2	54.4	-8.7	23.6	-28.1	41.4	3.9
Sicily	88.5	-2.9	51.9	-0.2	19.4	-1.5	43.7	4.1
Sardinia	77.5	-4.6	54.6	-5.2	28.0	1.1	51.5	0.4
Italy	80.8	-1.8	54.6	-5.0	20.7	-3.3	52.4	1.2

* People aged 3 years and more per 100 people with the same characteristics
Source: processing on data of the survey "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* by food groups, with a consumption frequency of at least once a day, 2014-2016

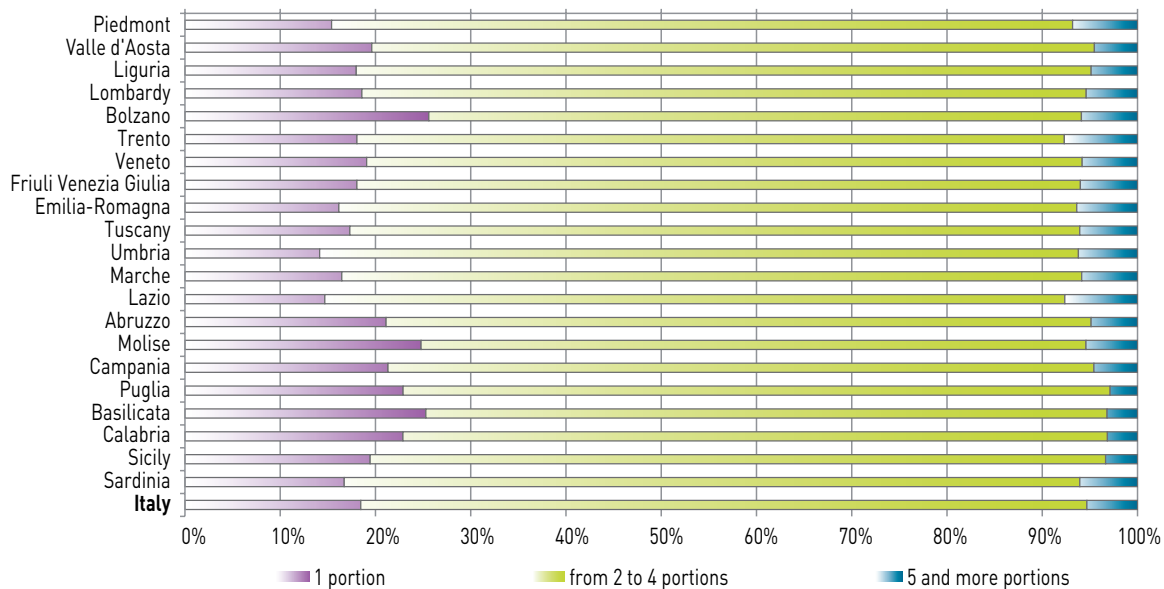
	Vegetables		Fruit		Green vegetables and fruit	
	average	variation	average	variation	average	variation
Piedmont	53.8	-0.9	76.0	0.5	86.1	0.2
Valle d'Aosta	52.7	1.1	69.1	0.6	83.8	0.4
Liguria	45.4	10.4	75.5	2.8	83.4	3.8
Lombardy	45.5	4.3	71.7	-1.1	83.0	0.9
Bolzano	44.1	8.0	61.9	2.1	76.4	4.5
Trento	52.6	4.8	71.2	0.7	83.1	0.0
Veneto	50.2	2.2	69.5	3.0	82.9	2.8
Friuli Venezia Giulia	46.7	2.9	71.6	4.6	85.3	-0.2
Emilia-Romagna	55.9	5.0	75.4	6.0	86.5	4.4
Tuscany	50.3	2.6	75.0	3.2	84.3	0.8
Umbria	50.3	5.2	79.5	3.1	87.0	3.5
Marche	48.7	-8.5	75.6	-0.1	86.0	-1.3
Lazio	52.8	1.0	75.5	-1.2	85.1	1.7
Abruzzo	39.2	-3.0	76.5	-0.4	84.2	0.2
Molise	36.1	-7.2	74.4	-2.1	82.4	-3.7
Campania	37.9	-9.6	74.3	-4.7	80.9	-3.8
Puglia	32.4	9.5	77.4	-0.1	83.1	-1.2
Basilicata	30.9	5.0	73.6	2.8	79.0	1.7
Calabria	37.2	5.1	75.6	2.0	81.6	1.5
Sicily	37.3	-3.9	78.5	5.1	83.8	4.3
Sardinia	47.8	-9.6	77.8	7.7	84.3	3.4
Italy	45.6	0.9	74.5	1.2	83.7	1.1

* People aged 3 years and more per 100 people with the same characteristics
Source: processing on data of the survey "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

% regional breakdown of the consumers of “greens, fruit and vegetables” by number of portions eaten daily, average 2014-2016



*People aged 3 or more who eat “greens, vegetables and fruit” at least once a day per 100 people with the same characteristics

Source: processing on data of the survey “Aspetti della Vita Quotidiana” ISTAT

% of consumers* by food group with a frequency of sometimes per week, 2014-2016

	legumes		snack		sweets		cured meats	
	average	variation	average	variation	average	variation	average	variation
Piedmont	43.2	-0.4	24.5	-7.2	51.2	-6.1	55.1	3.4
Valle d'Aosta	37.6	0.8	20.1	-2.4	46.0	9.2	57.2	-2.8
Liguria	41.5	2.0	21.3	1.8	50.4	5.5	57.6	-5.8
Lombardy	40.9	-4.2	31.3	-2.7	54.4	-2.5	62.5	-10.4
Bolzano	23.9	4.3	18.7	8.3	47.3	5.9	60.0	0.8
Trento	44.0	1.7	21.9	-0.9	46.6	-1.6	61.9	-2.5
Veneto	37.0	-3.2	29.0	-4.0	55.6	-2.4	55.2	-8.2
Friuli Venezia Giulia	39.0	0.7	24.2	-6.9	54.0	-18.4	58.7	-5.1
Emilia-Romagna	46.0	0.0	24.7	-5.0	55.3	2.5	62.4	-4.5
Tuscany	52.1	1.8	21.6	-7.1	47.8	-4.6	57.4	3.2
Umbria	56.7	3.4	20.3	-11.4	49.5	2.8	64.5	-2.0
Marche	49.7	0.7	21.9	-9.9	51.1	5.3	64.2	-9.4
Lazio	53.2	-1.2	23.4	-7.9	42.5	10.3	48.1	-3.1
Abruzzo	60.4	2.9	26.2	-2.4	50.1	-32.6	62.5	1.3
Molise	67.6	-5.6	29.2	-1.1	49.0	-3.7	67.7	0.7
Campania	72.9	-5.0	31.4	-6.1	41.4	-9.9	58.5	-6.5
Puglia	59.9	-1.4	25.9	-7.4	44.1	-2.8	57.4	-3.8
Basilicata	69.3	2.6	28.6	-3.9	40.8	5.0	62.5	0.9
Calabria	68.2	-4.2	30.5	-8.7	44.9	-28.1	62.2	-9.8
Sicily	56.5	-2.9	28.7	-0.2	41.9	-1.5	58.5	-4.2
Sardinia	43.6	-4.6	25.6	-5.2	50.1	1.1	53.9	-4.2
Italy	50.8	-1.8	26.8	-5.0	48.6	-3.3	58.2	-4.9

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

Source: processing on data of the survey "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) % of consumers* by food group with a frequency of sometimes per week, 2014-2016

	white meat		bovine meat		pork meat (cured meats excl.)		eggs		fish	
	average	variation	average	variation	average	variation	average	variation	average	variation
Piedmont	82,9	1,0	64,0	0,5	37,1	4,7	61,4	4,3	55,2	3,5
Valle d'Aosta	82,7	-4,4	67,0	-12,8	36,9	-12,9	61,3	3,1	52,2	5,5
Liguria	80,6	-6,9	61,0	-16,3	35,5	-11,4	61,3	3,1	57,8	0,2
Lombardy	81,6	-5,3	60,8	-10,2	38,5	-14,0	54,8	-2,7	57,2	2,3
Bolzano	51,4	-5,2	41,5	-1,4	27,8	10,7	57,7	10,6	30,9	-5,7
Trento	76,0	-1,7	52,9	-7,0	43,3	-7,2	52,7	1,9	51,1	5,3
Veneto	79,7	0,3	59,9	-4,6	41,7	-4,8	53,4	6,5	51,8	20,6
Friuli Venezia Giulia	80,0	-1,2	58,8	-8,2	43,2	-8,0	57,0	-3,3	52,5	9,7
Emilia-Romagna	81,4	-0,5	59,5	-5,5	47,3	3,2	54,7	3,6	54,5	7,3
Tuscany	84,6	0,5	65,3	-0,2	48,8	-3,3	57,5	3,7	57,8	4,3
Umbria	84,6	4,0	67,9	2,9	57,0	8,6	60,1	2,9	58,2	17,7
Marche	84,3	-5,9	65,6	-11,9	48,2	-17,2	58,6	-11,9	66,9	-0,8
Lazio	80,7	-4,9	67,0	-7,4	40,6	-2,5	61,6	0,5	64,1	6,5
Abruzzo	83,8	1,9	62,7	-4,9	48,5	-9,4	63,8	1,7	59,5	7,0
Molise	82,8	5,6	66,4	1,6	55,6	7,2	66,0	6,2	61,1	4,2
Campania	81,7	-2,8	65,7	-2,0	49,4	-0,2	60,4	1,0	69,1	5,5
Puglia	76,1	-0,4	61,0	-0,7	39,8	-7,1	55,8	-4,5	57,9	10,5
Basilicata	79,1	0,2	62,9	-1,1	49,4	4,4	64,8	-1,7	58,3	8,7
Calabria	81,0	-4,3	67,7	-15,1	48,8	-8,9	68,4	-7,8	66,4	5,2
Sicily	82,1	-4,2	70,9	-5,2	45,5	5,3	67,4	-1,8	62,9	3,2
Sardinia	77,6	3,2	62,8	1,3	53,1	-0,4	54,5	3,0	52,2	18,3
Italy	80,9	-2,3	63,4	-5,4	43,4	-3,6	58,8	0,2	58,9	6,3

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

Source: processing on data of the survey "Aspetti della Vita Quotidiana" ISTAT

LEGEND OF AVERAGE VALUES

above the national average

below the national average

equal to the national average

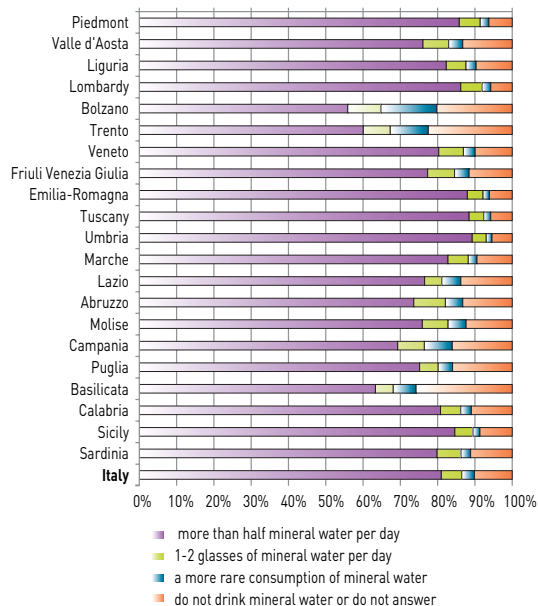
LEGEND OF % CHANGES

in increase

in decrease

constant

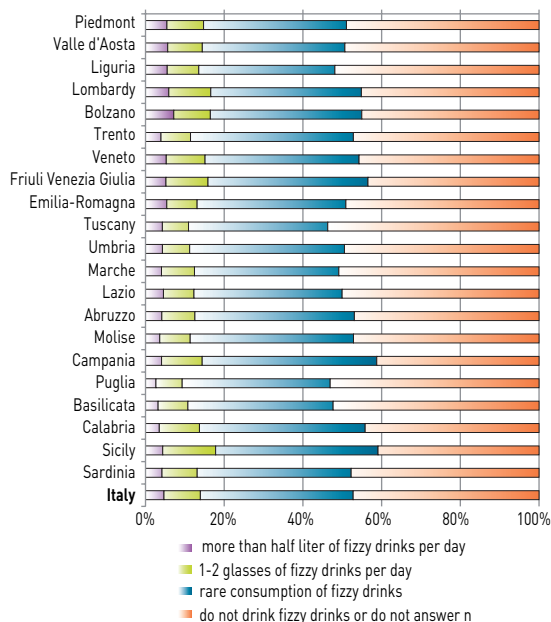
% regional breakdown of consumers* of mineral water, per quantity and frequency, average 2014-2016



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

Source: processing of figures of the survey "Aspetti della Vita Quotidiana" ISTAT

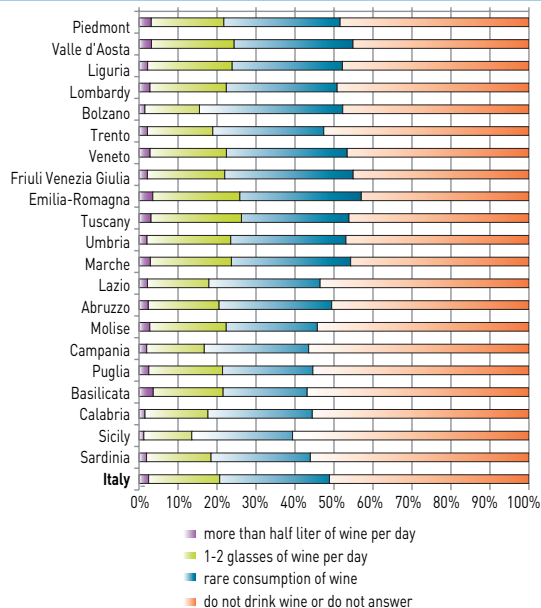
Regional breakdown of consumers* of fizzy drinks per quantity and frequency (%), average 2014-2016



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

Source: processing of figures of the survey "Aspetti della Vita Quotidiana" ISTAT

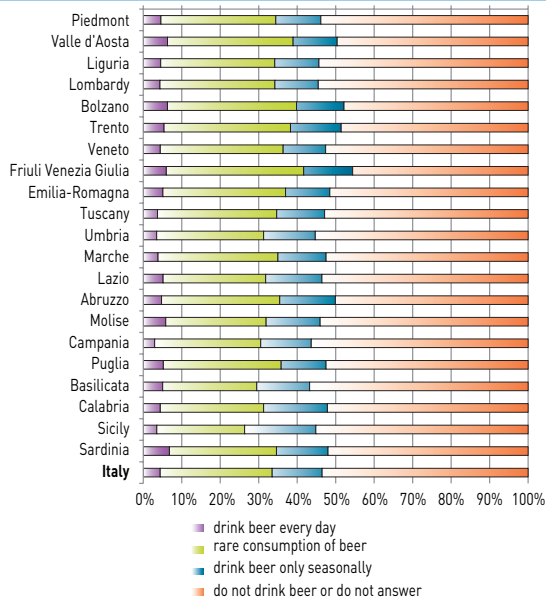
Regional breakdown of consumers* of wine per quantity and frequency (%), average 2014-2016



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

Source: processing of figures of the survey "Aspetti della Vita Quotidiana" ISTAT

Regional breakdown of consumers* of beer per quantity and frequency (%), average 2014-2016



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

Source: processing of figures of the survey "Aspetti della Vita Quotidiana" ISTAT

% of consumers* by use of vegetable oils and fats, attention to the use of salt and consumption of iodized salt, 2014-2016

	% of consumers in the three-year period 2014-2016				% relative variation 2014/2016			
	cooked with olive oil or vegetable fats	raw seasoning with olive oil or vegetable fats	attention to salt intake	use of iodized salt	cooked with olive oil or vegetable fats	raw seasoning with olive oil or vegetable fats	attention to salt intake	use of iodized salt
Piedmont								
Valle d'Aosta	89.0	95.7	71.2	67.1	0.9	3.1	2.7	6.3
Liguria	96.2	97.3	71.0	41.0	-0.3	0.2	1.3	3.8
Lombardy	90.9	96.5	70.8	47.5	0.2	0.6	-0.4	9.4
Bolzano	92.1	92.4	62.0	71.3	-2.3	1.3	-5.9	-5.7
Trento	94.4	98.7	72.0	61.6	1.2	-0.4	4.9	-6.1
Veneto	94.4	97.2	73.8	54.1	0.2	-0.3	0.5	5.8
Friuli Venezia Giulia	92.7	96.4	72.8	50.7	-0.8	0.5	1.7	0.4
Emilia-Romagna	96.1	97.8	71.3	53.2	0.3	0.4	0.6	-1.7
Tuscany	96.8	97.3	67.6	49.4	0.4	0.7	0.0	2.7
Umbria	96.9	97.6	69.8	62.4	-0.4	-0.7	0.6	5.2
Marche	96.7	97.5	71.1	45.5	0.6	0.1	-0.3	-0.2
Lazio	97.2	97.5	63.8	37.5	-0.4	-0.1	1.2	18.3
Abruzzo	97.1	97.6	69.5	38.6	0.7	0.9	3.2	22.3
Molise	97.8	98.0	68.5	51.5	1.2	0.6	9.3	10.4
Campania	97.7	98.1	66.5	39.4	0.4	0.1	1.3	-1.4
Puglia	96.8	97.4	69.6	49.1	0.4	0.4	-1.4	-0.2
Basilicata	97.0	97.6	71.5	59.0	2.0	2.8	-4.4	-16.4
Calabria	97.1	97.7	67.8	48.1	1.7	1.9	4.3	6.5
Sicily	96.9	96.9	61.8	33.9	-0.5	-1.0	4.3	-1.2
Sardinia	96.6	97.4	70.8	31.1	1.3	1.0	3.5	0.9
Italy	95.4	97.2	68.9	45.5	0.1	0.3	0.9	4.5

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

Source: processing of figures of the survey "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

to a certain tendency to decrease consumption.

Water represents an exception, since it registers an increase of all modalities: more than half liter per day (+0.1%); 1-2 glasses per day with an even larger increase (+3.8%). The consumption of fizzy drinks is nevertheless suffering a strong decrease. Also in terms of wine it has been noticed

a slight increase of consumers aged more than 11 (+2.4%), but a decrease in the daily consumption (-4.2% "more than half liter per day"; -1.2% "1-2 glasses per day") in favor of a less frequent consumption (+5%). Beer experiences instead an increase of consumers (+5.8%) and of the moderate consumption of "1-2 glasses per day" (+10.9%). In an upward trend are

also people who drink alcoholic drinks out of meal (+8.6%).

In terms of good behavior, in an upward trend is the use of olive oil (+0.1%) both for cooking and for seasoning (+0.3%), a balanced use of salt (+0.9%) and a greater use of iodized salt (+4.5%).

Every year, about one third of the food produced at worldwide level, equal to 1.3 billion tons, is lost or wasted along all the agri-food supply chain. This is due not only to climate, technical and environmental factors, but also to economic and organizational reasons, as well as to irresponsible consumers' behavior. In 80% of cases they are food products still edible (half of which is fruit and vegetables), equal to four times the quantity of food necessary to feed the 815 million people suffering from hunger worldwide (FAO figures, 2017). If considering also the costs linked to water consumption and to environmental impact, the world economic value of losses and waste (FLW) does exceed 2,600 billion dollars. The stage of agricultural production, with 510 million tons of foodstuffs, has an incidence of 32% on the total of the FLW, whilst the phase of post harvesting and storage (355 million tons) and that one of the domestic consumption and catering service (345 million tons), have both an incidence of roughly 22% on the total. Distribution with 13%

and industry with 11% have significant incidence in the supply chain, although to a lesser extent than in the other phases.

In the UE, the overall food waste amounts to nearly 88 million tons (equal to 20% of the food produced), quantified approximately in 173 kilos per capita (Fusions data, 2016); 42% of waste takes place in the domestic consumption, 39% during the industrial processing, 14% in the catering services, 5% in the distribution and marketing phases. The economic value of the FLW in the EU is estimated in 143 billion euro (98 billion of which exclusively ascribable to domestic waste), whilst the social and environmental value is of over 170 million tons of CO₂, equal to 3% of the total global emissions.

In Italy, the waste along the agri-food supply chain does represent 0.94% of the GDP, with a value of one third of the food produced, a cost of 15.5 billion euro, thus releasing in the environment 24.5 million tons of CO₂ (data released by Coldiretti and Waste Watcher Observatory, 2017). In terms of quantities, 54% of the FLW occurs

in the household consumption and 21% in the catering services, mainly in the school canteens; followed by commercial distribution (15%), agriculture (8%) and processing (2%).

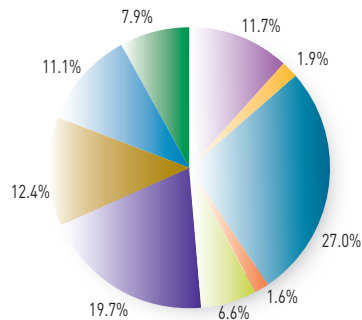
In monetary terms, as much as 12 billion euros are wasted in the final phase of consumption (data of project Reduce, 2017) and 3.5 billion euros in the leftovers on the fields (more than 946 millions), in industrial production (1.1 billions) and in distribution (nearly 1.5 billions).

It seems that, in 2016, 17% of fruit and vegetable products, 15% of fish and roughly 30% of pasta, bread, eggs and dairy products have been wasted in the domestic consumption, for a total of 164 kilos per capita of foodstuffs (Coop figures).

In 2016, according to ISTAT figures, the agricultural production left on the field, or rather the difference between total production and the one effectively harvested, exceeded 1.5 million tons, equal to 2.8% of total production.

The Law n. 166 of 19 August 2016 ("Legge

Agricultural production left on the field by sector in Italy (tonnes), 2016



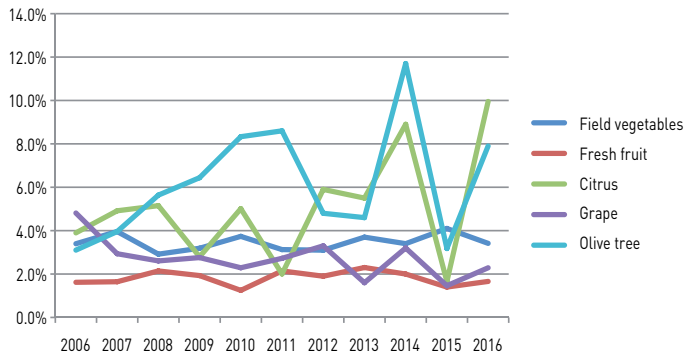
Total	15,539,335
Cereals	1,820,017
Legumes and Tuber crops	300,693
Field vegetables	4,199,458
Industrial vegetables	254,940
Fresh fruit	1,032,197
Citrus	3,057,340
Grape	1,920,043
Olive tree	1,729,067

Source: processing on ISTAT figures

Gadda”) has simplified the bureaucratic measures and introduced tax benefits for the free assignment and distribution of food surpluses for charitable purposes, thus modifying the Law n. 155/2003, known as “Legge del buon samaritano”. As a consequence of these amendments, from September 2016 to September 2017, according to the estimates of the foundation

“Banco Alimentare”, it has been detected an increase of 20% in the recovery of the surplus from the large-scale retail, thanks to an increase in both volumes of donations and in the sales points involved; in 12 months 4,103 tons of foodstuffs have been collected compared to 3,147 tons of the previous ones.

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



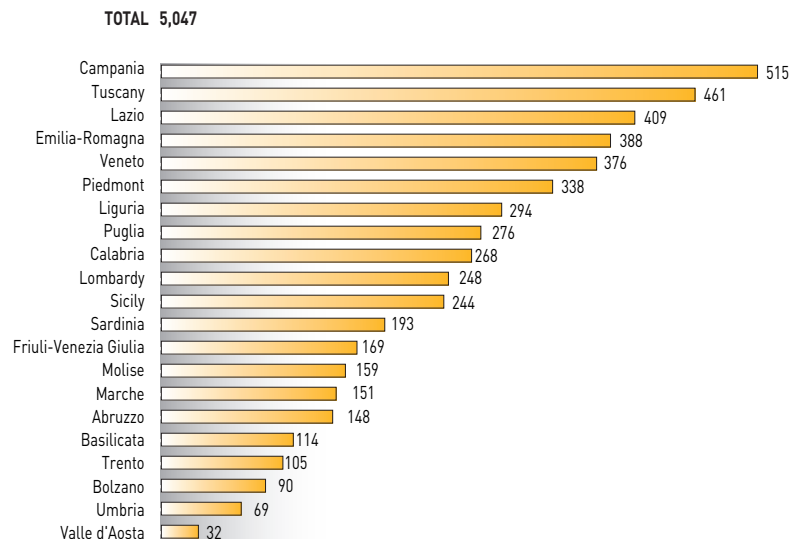
Source: processing on ISTAT figures

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 EU 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, preservation 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 Regions. As from 2008, they have been defined as expression of the Italian cultural heritage, in the same way as the historical, artistic and architectural goods.

The 17th review of the list contains 5,047 traditional food specialties, 82 specialties more than in 2016. The trend is in a constant increase and the most representative categories are: bakery products and pastries (1,521), fresh and processed vegetables (1,424), fresh or prepared meat (791).

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



Source: 17th review of the national list of the agro-food products, Ministerial Decree 14 July 2017

According to FIPE, the away-from-home food consumption accounts for 35% of the total family's food consumption and, unlike the consumption at home, it has not suffered the economic crisis: in the 2007-2015 period it has decreased by 0.5% compared to -12.2% of house consumption. As from 2014, the trend is in a slight but constant increase: in 2015, household spending in catering services amounted to 76,401 million euro, with an increase of 0.9% over the previous year. Italy is the third market for catering services in Europe, after UK and Spain.

The Italian catering sector offers wide variety, from more traditional services to the most innovative ones, besides providing a widespread presence throughout the territory: 440 firms each 100,000 inhabitants.

According to the latest available data released by FIPE, there are 325,110 active firms at the end of 2015, considering both commercial catering services (bar, restaurants, pizzerias, pastry shops and ice-cream shops) and collective catering services (ca-

tering, canteens). The network of public catering services is broad and well-structured on the entire national territory, with an higher incidence in Lombardy (15.4%), Lazio (10.9%) and Campania (9.4%). Bar represents one of the strongest and more dynamic segment of the public services' network (45.9% of total services). In the latest years, the category of restaurants (53.1% of the total) has overtaken bar, due to both the evolution of firms, which in quality of bar have preferred to broaden their offering, and to the inclusion in this category of pastry shops and ice-cream shops as well (11% of the total category). Companies that provide pre-cooked meals to canteens and catering services amount to little less than 3,000, only 0.9% of the total.

The business turn over in the catering services is very high: the year 2016 marks a negative balance for nearly 11,000 firms, thus affecting mainly bar to the benefit of the new take-away shops.

The economic performance of catering

companies is recovering the positions of the pre-crisis period: according to FIPE, the turnover is in increase in the period of January-September 2016, with a nominal increase of 2.1% over the same period of 2015. The added value, equal to 36 billion euro, has been regaining positive margins from 2014, after the strong decrease of 2013 (-5% over 2011).

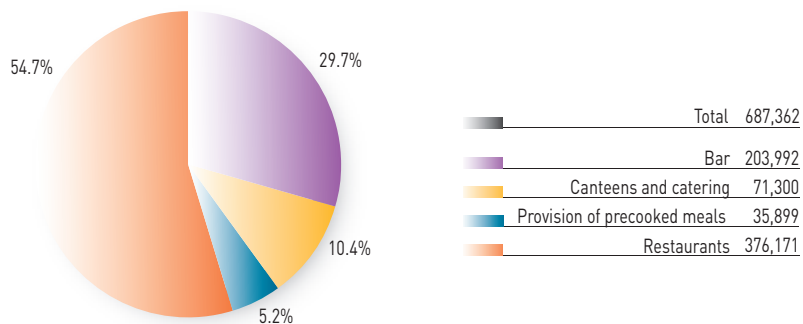
The impact of the crisis influenced also the employment in the sector and, in particular, the incidence of the component of the self-employment to the total, which, starting from 2008, has dropped from 37.1% to 33.5% in 2015. The dynamic of the hours worked shows instead a higher reduction in the contribution of the salaried workers. In 2015, according to INPS figures, employees accounted for 687,362 (+1.5% over 2008), 86% of whom are blue-collar workers, mainly employed with a permanent contract (76.4%). Six workers out of ten are women, one out of four is a foreigner, 72% are "under 40".

Companies operating in the catering services, 2015

	Catering services			Total
	Restaurants and mobile food service activities	Bar and other similar services with no kitchen	Canteens and catering	
Piedmont	12,526	11,018	181	23,725
Valle d'Aosta	597	507	5	1,109
Lombardy	24,059	25,448	601	50,108
Trentino-Alto Adige	3,018	2,730	65	5,813
Veneto	13,115	12,610	154	25,879
Friuli Venezia Giulia	3,614	3,525	32	7,171
Liguria	6,402	5,576	70	12,048
Emilia-Romagna	13,021	11,837	139	24,997
Tuscany	12,613	8,920	225	21,758
Umbria	2,518	2,084	52	4,654
Marche	4,910	3,470	58	8,438
Lazio	19,465	15,426	435	35,326
Abruzzo	4,765	3,640	83	8,488
Molise	980	879	26	1,885
Campania	16,133	14,150	357	30,640
Puglia	10,437	8,380	116	18,933
Basilicata	1,236	1,369	30	2,635
Calabria	5,806	4,439	108	10,353
Sicily	12,115	8,279	218	20,612
Sardinia	5,358	5,069	111	10,538
Italy	172,688	149,356	3,066	325,110

Source: FIPE Report on catering services

Public utilities - Employees by sector, 2015



Source: FIPE Report on catering services 2016 - on INPS figures

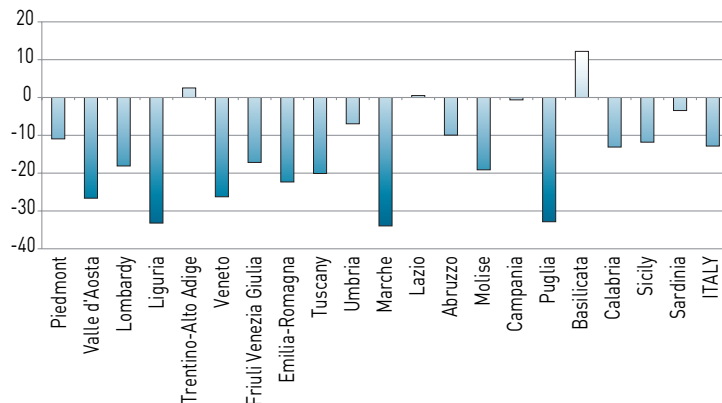


FARM STRUCTURES

LIVESTOCK HOLDINGS

The livestock sector has undergone a restructuring over the years, as occurred for the vegetable one: the number of livestock holdings has strongly decreased, from 2000 to 2010 the decrease amounted to as much as 41%, higher than that one suffered by all agricultural companies (-32%). Even the number of the animals reared has decreased, although to a lesser extent, in terms of LU (livestock unit) the reduction accounted for 6%. This phenomenon seems to continue according also to the SPA 2013 figures: livestock holdings decreased by 13% over 2010 on all national territory. In particular, the holdings suffering the most this decrease are those ones breeding bovines, horses, rabbits and poultry. In these sectors it has also been detected a decrease in the number of heads, although to a lesser extent, a dynamic that has led to an increase of the company's size in terms of the livestock's consistency.

(%) Variation of the farms with breedings, 2013/2010



Source: ISTAT, SPA 2013 and Census 2010

Conversely, in the goat and sheep sector, as well as in the pork sector, it has been observed an increase of companies

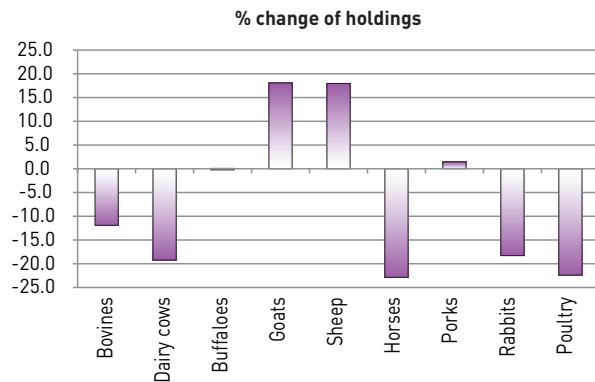
together with the decrease of the respective livestock heritages, thus leading to a downsizing of the farm's herd.

Farms, heads and consistency of the herd, by type of breeding

	Farms with breedings (n.)		Heads (n.)		Average number of heads per farm	
	2013	2010	2013	2010	2013	2010
Bovines	109,417	124,210	5,342,035	5,592,700	49	45
Dairy cows	40,664	50,337	1,520,639	1,599,442	37	32
Buffaloes	2,437	2,435	385,051	360,291	158	148
Goats	60,328	51,096	6,736,445	6,782,179	112	133
Sheep	26,849	22,759	946,575	861,942	35	38
Horses	34,996	45,363	187,588	219,159	5	5
Porks	26,582	26,197	8,607,093	9,331,314	324	356
Rabbits	7,636	9,346	6,888,782	7,194,099	902	770
Poultry	18,588	23,953	165,026,943	167,512,019	8,878	6,993

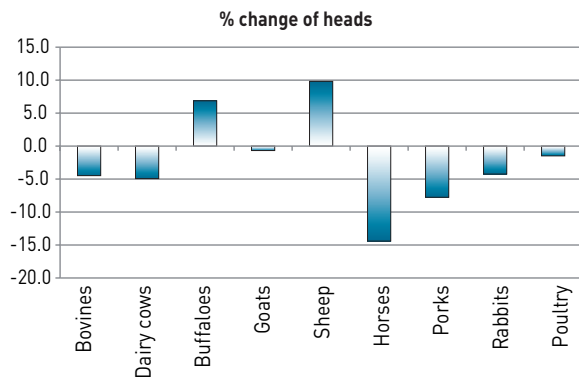
Source: ISTAT, SPA 2013 and Census 2010

Livestock holdings by type of breeding: % change 2010/2013



Source: ISTAT, SPA 2013 and Census 2010

N. of heads by type of breeding: % change 2010/2013



Source: ISTAT, SPA 2013 and Census 2010

Livestock consistency of the holding: average number of heads per farm

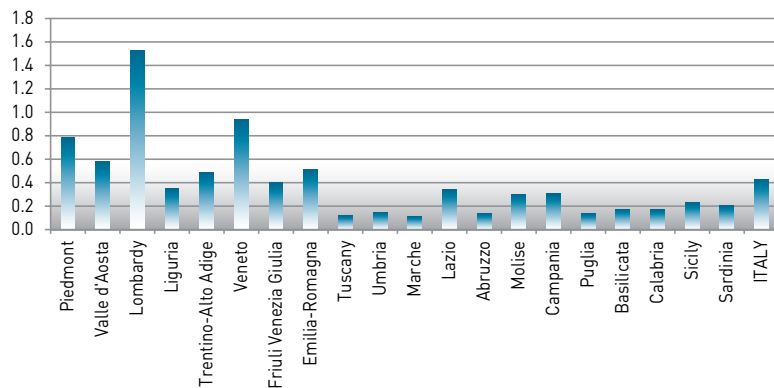
	Bovines		Porks		Poultry		Goats and sheep	
	average n. of heads 2013	% change 2013/2010	average n. of heads 2013	% change 2013/2010	average n. of heads 2013	% change 2013/2010	average n. of heads 2013	% change 2013/2010
Piedmont	59	-3.5	1,321	42.1	13,487	116.0	34	-9.1
Valle d'Aosta	36	27.2	5	-39.2	25	-23.0	14	-16.2
Lombardy	127	25.9	1,814	0.7	18,816	70.0	53	24.5
Liguria	19	47.3	7	-7.5	152	-9.0	23	1.0
Trentino-Alto Adige	18	-3.1	14	-23.6	1,175	-22.0	19	-19.0
Veneto	79	35.1	308	-30.8	15,276	-3.0	34	-44.4
Friuli Venezia Giulia	44	1.4	347	-6.0	16,514	-7.0	43	-19.6
Emilia-Romagna	88	15.6	981	-7.3	39,281	36.0	51	10.3
Tuscany	32	29.3	163	76.8	2,458	104.0	122	-21.2
Umbria	22	-0.2	199	-20.6	10,933	5.0	47	-26.4
Marche	20	9.8	100	-12.9	35,694	541.0	98	-19.1
Lazio	20	-21.0	52	-39.4	2,664	-16.0	128	-20.2
Abruzzo	20	-0.9	43	-12.2	5,299	18.0	49	-17.2
Molise	28	50.3	84	94.8	13,881	32.0	33	-38.6
Campania	22	13.0	30	-35.8	873	-65.0	39	-17.1
Puglia	50	13.4	57	2.1	6,034	186.0	90	-12.0
Basilicata	35	4.1	148	-16.4	2,028	146.0	47	-19.4
Calabria	24	17.1	45	93.8	1,046	97.0	50	-10.0
Sicily	38	2.3	51	-18.5	7,913	2.0	110	0.0
Sardinia	29	-8.3	21	-39.8	1,004	-36.0	211	-1.2
ITALY	49	8.4	324	-9.1	8,878	27.0	88	-14.9

Source: ISTAT, SPA 2013 and Census 2010

CATTLE FARMING

According to SPA 2013, roughly 60% of the national livestock holdings do practice the farming of bovines (37% of which specialized in dairy cows). Although the holdings are spread on all national territory, two third of bovines are mainly located in four regions: Piedmont, Lombardy, Veneto and Emilia-Romagna. Lombardy does rear, by itself, 27% of the national bovine heritage and 36% of the Italian dairy cows, thus standing out for its big firm size in terms of bovines reared (on average 127 heads per firm, compared to 49 of the national average) and of number of heads per hectare of UAA (on average 1.5 heads per hectare of UAA, compared to 0.4 at the national level).

Number of bovines per region: n. of heads/UAA

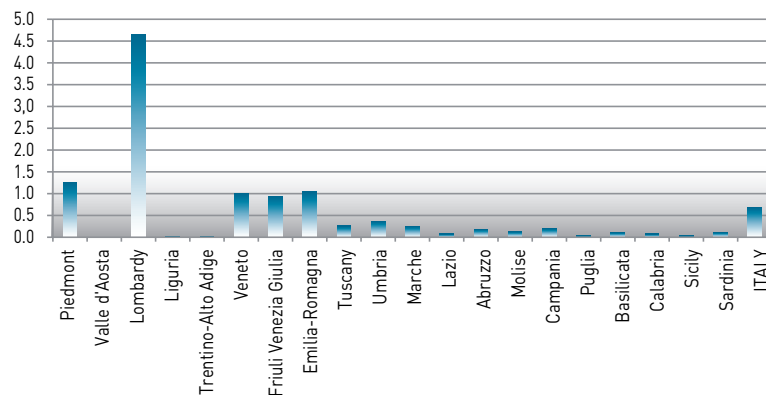


Source: ISTAT, SPA 2013

PIG FARMING

Pig holdings amount to about 26,600 and they are mainly located in Sardinia, Campania, Veneto and Lombardy, although the livestock heritage is concentrated in the northern Italy: more than 80% of heads are reared in Piedmont, Lombardy, Emilia-Romagna and Veneto. In particular, half of the national heads are reared in Lombardy according to intensive breeding systems; livestock density is instead of 4.6 heads per hectare of UAA and the size of the herd does roughly exceed 1,800 heads per holding compared to 324 of the Italian average.

Number of porks per region: n. of heads/UAA



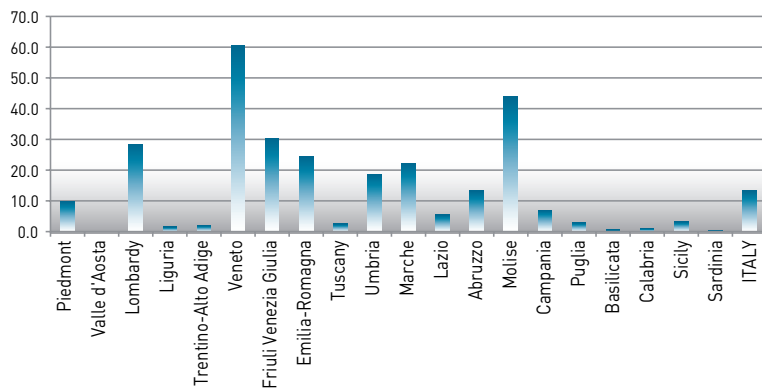
Source: ISTAT, SPA 2013

POULTRY FARMING

There are over 18,500 holdings rearing 165 millions of poultry heads. The region with the highest number of companies is Campania (23% of the total), but it rears only 2% of heads. More than 60% of heads is concentrated in three regions: Lombardy, Veneto and Emilia-Romagna; in this last one are located the greatest company realities, with an average of over 39,000 heads per holding.

The poultry incidence of broilers, despite being predominant in the northern area, is well represented also in the South, where are reared 21% of total heads. The South does rear 10% of the total laying hens compared to 80% of the North. The systems of poultry production, both in terms of meat and in terms of eggs, are generally very intensive and they are mainly farmed in a battery way.

Number of poultry per region: n. of heads/UAA

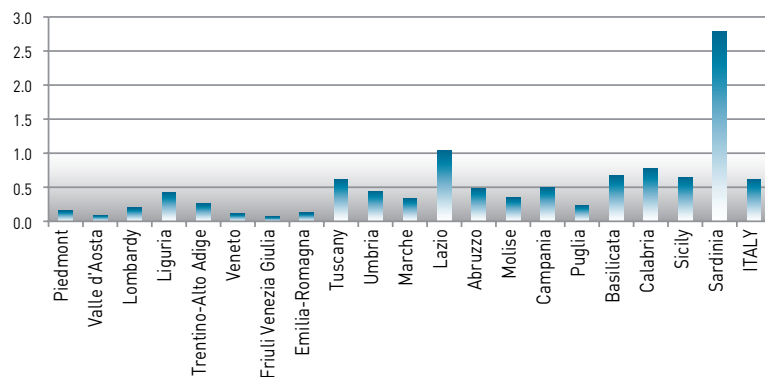


Source: ISTAT, SPA 2013

GOAT AND SHEEP FARMING

The goat and sheep sector is instead characterized by extensive livestock farming. Sardinia, by itself, does rear 42% of the national number of heads, with 17% of the total Italian goat and sheep holdings. This segment is well represented also in Sicily and Lazio (11% and 9% respectively of the national figures). Ovine animals do constitute 80% of the total goat and sheep and they are mainly located on the Islands, whilst the incidence of the goat livestock has a remarkable presence also in Calabria (15% of total sheep) and in Lombardy (11%). In the period between 2010 and 2013 the goat and sheep sector experiences an increase in the number of holdings and a decrease of the average number of the farm's animals (-15% at national level).

Number of goats and sheep per region: n. of heads/UA



Source: ISTAT, SPA 2013





ECONOMIC RESULTS OF FARMS

OUTPUT AND INCOME

In 2015, the gross saleable¹ production of the Italian farms accounted for roughly 76,049 euro, according to FADN figures, whilst the net income – or rather the share of the revenues remaining at disposal of the entrepreneur and his family once explicit costs have been deducted, equal to 28,487 euro – does represent 37% of the turnover. The best economic performance

was achieved by the northern holdings, thanks to a higher presence of intensive production systems. In the North-west the high productive and income values do derive from a greater availability of the average company's UAA, whereas in the North-east a great incidence is played by the great concentration of poultry holdings. Conversely, the southern holdings, islands

included, are more efficient in terms of production income, although highlighting at a national level the lowest productive and income values: the net income represents 43% of the company's incomes compared to an Italian average of 37%, thanks to a lower incidence of current costs on the turnover (33% compared to the national average of 41%).

Structural and economic indicators by districts, 2015

	GSP/ha	GSP/LU	GSP/WU	NI/FWU	NI/GSP (%)	NI/ha	NI/LU
North-west	5,256	2,781	85,145	34,750	35	1,848	978
North-east	5,847	7,108	69,677	31,229	35	2,058	2,502
Centre	3,648	9,862	51,515	23,267	34	1,235	3,338
South-Islands	2,681	7,221	39,039	23,503	43	1,148	3,092
Italy	3,910	5,330	55,305	27,331	37	1,465	1,997

Source: 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 average 2015

	UAA	LU	WU	FWU	GSP	Current costs	multi-year costs	distributed incomes	Off-farm management	net income
	ha	n.				euro				
North-west	25.1	47.4	1.5	1.3	131,900	61,571	7,833	14,104	-2,014	46,378
North-east	17.0	14.0	1.4	1.1	99,626	43,716	6,653	14,197	6	35,066
Centre	21.6	8.0	1.5	1.1	78,773	33,192	7,613	13,240	1,936	26,664
South-Islands	18.3	6.8	1.3	0.9	49,160	16,336	4,249	8,768	1,246	21,052
Italy	19.4	14.3	1.4	1.0	76,049	31,082	5,750	11,338	609	28,487

Source: FADN

Structural data and main economic results by type of farming, farm average 2015

	UAA	LU	WU	FWU	GSP	current costs	multi-year costs	distributed incomes	Off-farm management	Net income
	ha	n.				euro				
vegetable type of farming	Cereals	31.0	0.1	1.0	58,374	26,670	4,682	7,820	-607	18,595
	Horticulture	3.4	0.0	2.3	133,716	59,763	5,947	26,317	-1,877	39,813
	Fruit	8.1	0.1	1.4	58,108	16,276	4,893	11,761	-265	24,913
	Wine	7.9	0.1	1.2	49,551	15,884	4,732	7,982	483	21,436
	Olives	14.8	0.1	1.6	64,029	15,382	4,236	15,640	2,228	31,000
Livestock type of farming	dairy cattle	31.4	79.7	2.0	206,954	96,104	14,159	20,207	1,015	77,499
	Goats and sheep	45.9	29.1	1.2	50,370	16,525	6,219	6,034	4,736	26,329
	Mixed cattle	39.8	52.0	1.4	105,298	55,950	7,659	10,045	507	32,150
	Granivorous	23.9	372.0	2.1	437,948	257,997	17,573	25,366	-12,626	124,385
	Mixed livestock	25.9	45.4	1.5	114,559	44,539	6,848	9,566	-1,021	52,585

Source: FADN

Structural and economic indicators by type of farming, 2015

		GSP/ha	GSP/LU	GSP/WU	NI/FWU	NI/GSP (%)	NI/HA	NI/LU
vegetable type of farming	Cereals	1,882	793,458	56,040	19,285	31.9	600	252.761
	Horticulture	39,312	3,084,872	57,630	29,855	29.8	11.705	918.491
	Fruit	7,171	576,053	41,964	26,188	42.9	3.074	246.975
	Wine	6,296	362,797	41,986	23,240	43.3	2.724	156.946
	Olives	4,322	759,284	41,051	38,264	48.4	2.092	367.613
Livestock type of farming	dairy cattle	6,584	2,596	102,733	48,661	37.4	2.466	972
	Goats and sheep	1,098	1,729	40,893	23,609	52.3	574	904
	Mixed cattle	2,645	2,025	75,484	26,079	30.5	808	618
	Granivorous	18,298	1,177	207,569	79,023	28.4	5.197	334
	Mixed livestock	4,423	2,521	76,694	41,791	45.9	2.030	1.157

Source: FADN

TRENDS IN THE VEGETABLE PRODUCTION

Among the vegetable productions worthy of note is the horticulture sector thanks to its high productivity gained by the companies despite the small sizes. Nonetheless, due to the high costs paid for the entire productive cycle, only 29% of revenues became a real net income. Cereal crops, characterized by a wide agricultural surface area, do enjoy of the widest UAA in the North-west and therefore the higher

productive values. Current expenditures, in relation to the turnover, are very high (at a national level do represent 46% of revenues and increase to 50% in the North-east), thus reducing farm's incomes. Farms specializing in fruit farming register the best productive values in the central regions of Italy, thanks to greater sizes, but also the best income values due to the lower incidence of current costs on

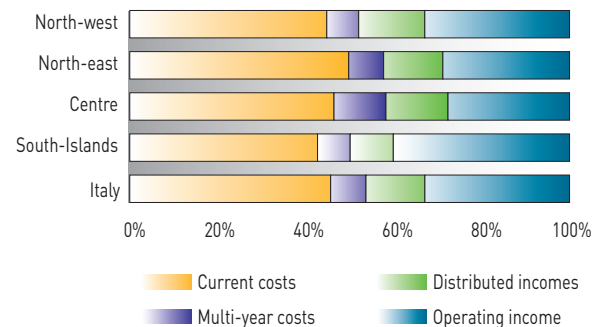
turnover (19% compared to 28% of the national average).

Also in the wine sector, the wineries with a greater availability of UAA are located in the Centre and reach the highest production value but not the greatest efficiency in terms of labor productivity and family earning, in favor of the northern farms and in particular of the North-east.

Structural and economic figures by geographical area, specialist cereals: 2015

	UAA	WU	GSP/HA	GSP/WU	NI/FWU
	ha	n.	euro		
North-west	38.1	1.4	2,484	66,055	21,348
North-east	22.6	0.8	1,988	54,323	15,899
Centre	32.1	1.0	1,413	43,591	13,381
South-Islands	32.8	0.9	1,417	51,216	23,771

Farms specialising in cereals: % breakdown of the GSP, 2015

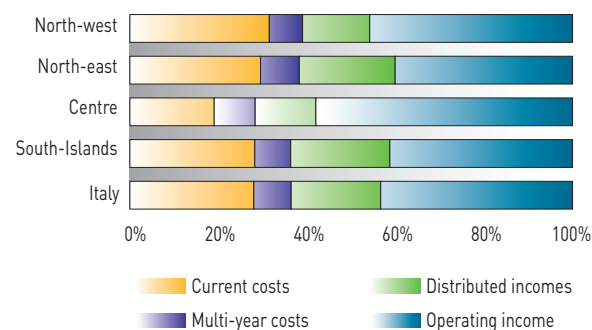


Source: FADN

Structural and economic figures by geographical area, specialist fruit: 2015

	UAA	WU	GSP/HA	GSP/WU	NI/FWU
	ha	n.	euro		
North-west	9.3	1.4	7,813	51,468	29,765
North-east	7.6	1.7	10,374	47,549	25,664
Centre	15.7	1.5	5,822	62,655	53,229
South-Islands	7.1	1.2	5,704	32,971	21,061

Farms specialising in fruit: % breakdown of the GSP, 2015

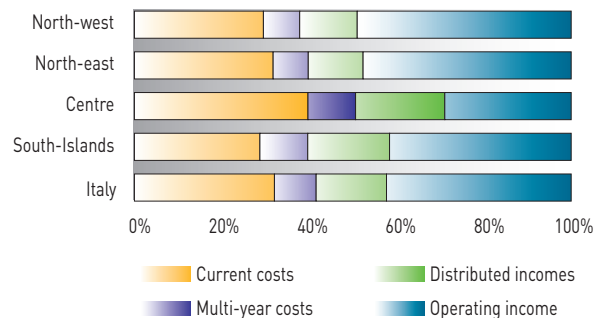


Source: FADN

Structural and economic figures by geographical area, specialist wine: 2015

	UAA	WU	GSP/HA	GSP/WU	NI/FWU
	ha	n.	euro		
North-west	7.5	1.4	8,037	44,011	27,375
North-east	7.1	1.2	9,210	54,662	31,096
Centre	13.8	1.8	6,287	48,095	21,809
South-Islands	7.1	1.0	4,346	30,842	16,864

Farms specialising in wine: % breakdown of the GSP, 2015



Source: FADN

ZOOTECHNICAL TYPE OF FARMING

Among the zootechnical companies, those ones specialized in granivorous are characterized by the high economic values achieved. The sector is in fact characterized by the presence of industrial holdings with big-sized breeding, on average higher than 370 LU, almost five times the zootechnical consistency of the dairy cattle sector, seven times that one of the mixed cattle and twelve times that one of the goats and sheep.

The breeding of granivorous and bovines is mainly concentrated in the northern regions where it registers the best economic performance. In particular, the companies specializing in granivorous and dairy cattle highlight the highest

production values in the North-west, thanks to a greater average consistency of the herd (128 LU for the dairy cattle, about 1.6 times the national average consistency and as much as 806 LU for the granivorous, more than double the national one). In both sectors, the production cycle needs a high use of labor force, roughly equal to 2.4 of AWU (annual work unit) for both specializations. Always in this area, the breeding of granivorous, particularly pigs, has also a greater zootechnical density: equal roughly to 21 LU per hectare of UAA, compared to 5 LU in the Centre-south. The sector has also registered the highest current costs, which account for

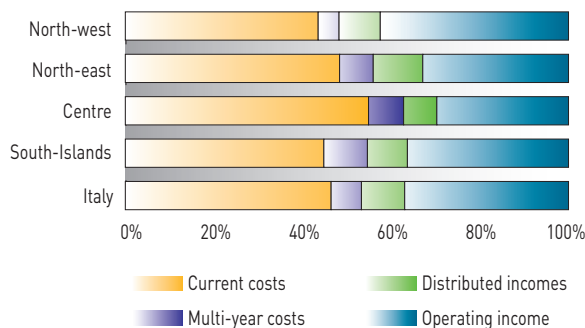
59% of company's revenues. Lower is instead the incidence of the current expenditures incurred by the companies specializing in dairy cattle (46% at Italian level), although they exceed the half of the turnover in the Centre; a high productivity per LU (2,997 euro/LU) is nonetheless obtained in the central area.

The holdings rearing mixed cattle, meat and milk, do gain the best results in the North-east, thanks to big-sized breeding. In this area, current expenditures have even a greater incidence on the farm's revenues (63% compared to 53% at a national level), thus limiting the income results.

Structural and economic figures by geographical area, specialist dairy cattle: 2015

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-west	51,7	128,4	2,4	6.627	2.668	145.163	77.510
North-east	25,7	54,5	1,9	6.269	2.951	85.232	37.958
Centre	30,0	85,4	2,1	8.539	2.997	122.635	45.429
South-Islands	22,5	77,6	1,9	6.400	1.853	76.084	33.955

Farms specialising in dairy cows: % breakdown of the GSP, 2015

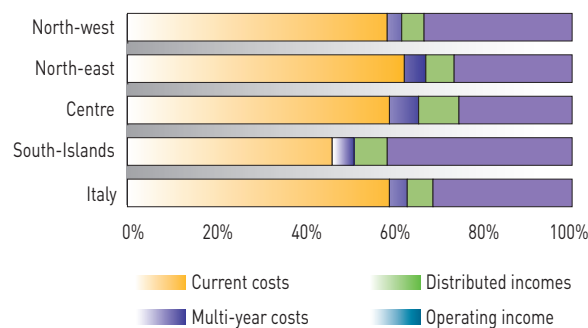


Source: FADN

Structural and economic figures by geographical area, specialist granivorous: 2015

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-west	37,7	805,7	2,4	20,394	955	319,917	128,524
North-east	17,3	215,5	2,1	21,208	1,700	172,304	56,354
Centre	23,3	114,3	1,8	8,542	1,743	109,052	33,873
South-Islands	11,7	55,9	1,7	11,333	2,377	76,657	39,419

Farms specialising in granivorous: % breakdown of the GSP , 2015

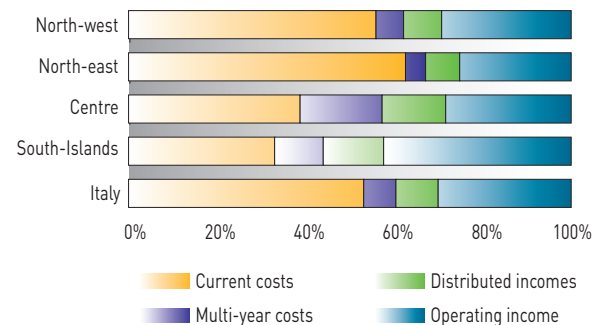


Source: FADN

Structural and economic figures by geographical area, specialist mixed cattle: 2015

	UAA	LU	WU	GSP/HA	GSP/LU	GSP/WU	NI/FWU
	ha	n.		euro			
North-west	34.6	71.1	1.5	3,922	1,910	88,683	26,392
North-east	33.2	69.6	1.6	6,862	3,272	138,263	43,387
Centre	34.0	28.0	1.3	1,811	2,200	45,743	18,782
South-Islands	48.1	36.6	1.2	932	1,225	37,328	19,175

Farms specialising in mixed cattle: % breakdown of the GSP, 2015



Source: FADN

ITALIAN PROFESSIONAL AGRICULTURE IN THE EUROPEAN CONTEXT

The FADN survey does provide a framework of the EU professional agriculture, thus allowing to compare the achievements of the Italian farms with the European ones, although acknowledging the great differences existing between the different types of farming both in terms of productive factors and agro-climatic contexts and market opportunities.

The Italian livestock farms, specializing in the breeding of dairy cows, mixed cattle and granivorous, do register excellent economic performance in the average of the latest available three-year period (2012-2014), mainly in terms of the productive and earnings values of the factors land, work and livestock. In our country, the breeding of dairy cows ranks first place, in terms of profitability of the livestock (NI/LU), and fifth place in terms of livestock productivity (GP/LU); our breeding is characterized by an average livestock number of 83 LU, above the European average accounting for 50 LU, and by a den-

sity equal to 2.8 LU per hectare of UAA. In terms of labor productivity, the Italian farms are positioned after the great European countries with advanced types of farming, such as Belgium, Germany, Luxembourg, UK, Sweden, Netherlands, Denmark. Our farms do rank nevertheless first in terms of profitability of the family labor, thanks to a more contained incidence of costs, both fixed and variable: in Italy, total farm expenditures have an incidence of about 63% on earnings, compared to 79% in the European context.

Among the farms specializing in mixed cattle, worthy of note are the Danish and the Dutch holdings, thanks to the high values of labor productivity. The small sizes of the holdings, along with a good average profitability, do allow the specialized Italian farms to get the highest profitability of the land and a good positioning of the profitability indicators of the family labor and of the livestock unit, thanks to a lower incidence of the farm's expenditures on the

production value (64% in Italy, compared to 80% of the European average).

The European companies specializing in granivorous are characterized by big-sized breeding: in the three-year period, the European average of the farm's LU accounted for 304 units, in Italy it reaches 677 LU; higher values have instead been detected in Denmark, Czech Republic and Lithuania (897.899 and 917 LU respectively). The big size of such type of breeding does explain the high average values of the production and profitability of these farms compared to other livestock sectors. Labor productivity highlights the best results in Belgium, Netherlands and Denmark, whilst in Italy has been observed the best remuneration of family labor.

The Italian holdings specializing in cereals, fruit and wine, although being characterized by lower sizes than the European average, do enjoy, in most cases, higher levels of productivity and profitability of land and labor than the European average, in terms

of surface area and work units, except for the parameters of labor productivity for the farms specializing in wine and cereals, and in terms of profitability of the family labor for the farms specializing in cereals.

Among the farms specializing in cereals, the best performance in terms of labor productivity has been achieved in Denmark, Germany, UK, Sweden, mainly ascribable to the farm's wide surface area: in these countries the average UAA does range from 83 hectares in Denmark to 168 hectares in the UK, whilst decisively lower is the average Italian surface area, equal to only 24 hectares. The Danish farms are characterized by a high remuneration of the family labor, justified by a limited recourse to this component.

Conversely, our country does register excellent results in terms of productivity and profitability of the land. Also in this case, it has been observed a low incidence of total farm's costs on the revenues, thus allowing Italy to be among the most efficient countries in terms of profitability on the turnover (farm income represents 31% of the turnover, compared to 22% of the European average).

In the wine sector, worthy of note are the French holdings, in terms of production value and average net income, results that are mainly ascribable to their sizes: roughly 24 hectares, compared to 14 hectares in Europe and 9 hectares in Italy. The French companies specializing in wine do rank first in Europe also in terms of labor

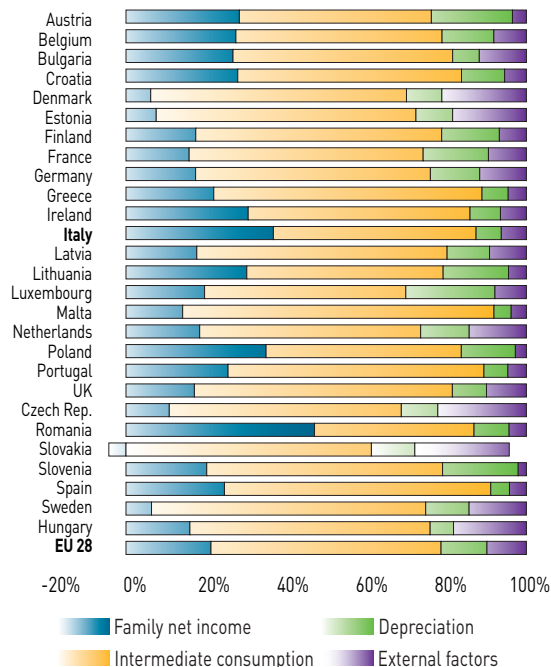
productivity, almost twice the Italian one. The Italian wine holdings achieve excellent results in terms of profitability per hectare and of remuneration to the farm, thanks to the containment of intermediate consumption and of the external factors. Income, in Italy, does account for 44% of revenues compared to 33% of the European average. In the fruit sector, the best productive and income results are achieved in Belgium and Netherlands. In these two countries, the farms specializing in fruit are characterized by wide surface areas and by a high use of manpower. The Italian fruit companies do get a greater revenue on the turnover thanks to the containment of the farm's expenditures and in particular of the current costs.

Farms specialist cattle dairying: average farm results in euro (three-year period 2012-2014)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	2,627	2,533	45,265	907	874	15,946
Belgium	4,054	1,916	119,991	1,250	591	37,748
Bulgaria	1,984	1,085	10,810	658	360	5,685
Croatia	1,971	2,110	15,795	655	702	5,877
Denmark	5,430	3,231	305,240	360	214	47,095
Estonia	1,385	2,653	66,046	122	233	27,584
Finland	3,005	3,639	88,249	741	897	26,224
France	2,210	1,982	99,940	404	362	20,275
Germany	3,367	2,332	120,277	659	457	32,766
Greece	7,554	2,349	64,098	1,856	577	23,373
Ireland	3,031	1,547	110,380	1,041	531	44,147
Italy	7,631	2,701	111,662	2,996	1,060	56,248
Latvia	813	1,702	20,421	186	389	6,694
Lithuania	844	1,683	15,268	327	652	6,531
Luxembourg	2,433	1,870	129,557	633	487	38,039
Malta	53,549	2,191	91,924	8,488	347	17,451
Netherlands	6,932	2,776	203,919	1,343	538	45,447
Poland	1,693	1,488	20,028	695	611	8,477
Portugal	4,457	1,904	52,235	1,325	566	18,913
UK	4,261	2,216	167,457	780	406	51,413
Czech Rep.	1,647	2,615	43,040	232	369	38,582
Romania	1,690	1,327	7,074	891	700	4,000
Slovakia	1,017	2,530	34,053	-62	-155	-77,453
Slovenia	3,063	1,977	28,799	758	489	7,206
Spain	4,791	2,004	79,866	1,311	548	25,454
Sweden	3,111	3,057	183,785	230	226	19,371
Hungary	1,937	2,438	47,243	396	498	34,550
EU 28	3,095	2,211	64,451	743	531	18,610

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

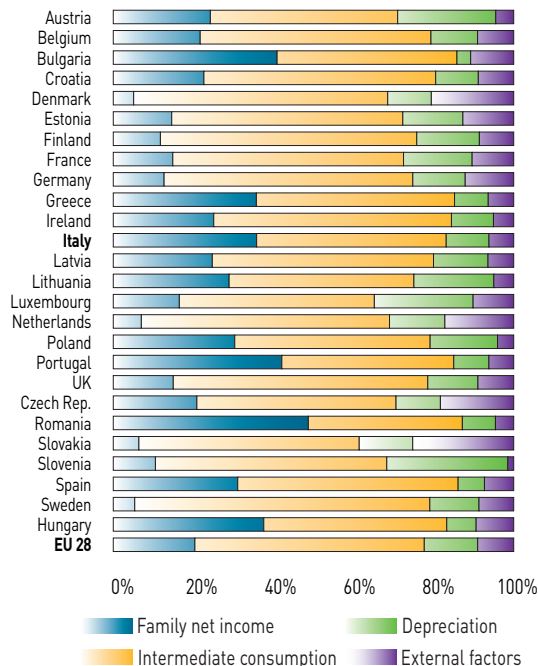
Farms specialist dairy cows: % breakdown of the GP, 2012-2014



Farms specialist mixed cattle: average farm results in euro (three-year period 2012-2014)

	PL/ha	PL/UBA	PL/ULT	RN/ha	RN/UBA	RN/ULF
Austria	1,351	1,942	32,446	455	655	11,211
Belgium	2,349	1,196	83,388	629	320	22,626
Bulgaria	592	411	4,506	390	270	3,752
Croatia	1,529	1,432	15,845	441	413	5,560
Denmark	3,533	3,016	182,879	208	177	15,171
Estonia	359	949	25,182	87	230	8,969
Finland	1,572	1,664	77,972	337	357	19,965
France	1,040	925	67,118	211	188	14,569
Germany	1,828	1,537	85,345	285	240	16,069
Greece	1,232	511	18,836	751	311	14,180
Ireland	854	744	33,439	317	276	12,821
Italy	2,008	1,566	53,888	835	651	24,859
Latvia	328	809	17,767	149	368	10,874
Lithuania	407	887	11,923	208	454	6,905
Luxembourg	1,573	1,243	90,770	378	299	25,598
Netherlands	5,511	1,352	105,177	442	108	9,879
Poland	834	880	9,506	350	369	4,106
Portugal	357	688	14,395	247	477	11,304
UK	1,142	982	80,804	221	191	18,690
Czech Rep.	449	976	22,276	210	455	23,029
Romania	1,290	1,133	6,254	794	697	4,084
Slovakia	499	1,509	24,351	55	167	60,723
Slovenia	1,553	1,573	12,225	231	234	1,822
Spain	617	817	30,961	266	352	14,878
Sweden	1,225	1,940	85,401	91	144	6,801
Hungary	521	849	25,552	398	647	29,785
EU 28	1,118	1,088	40,700	307	298	12,480

Farms specialist mixed cattle: % breakdown of the GP, 2012-2014

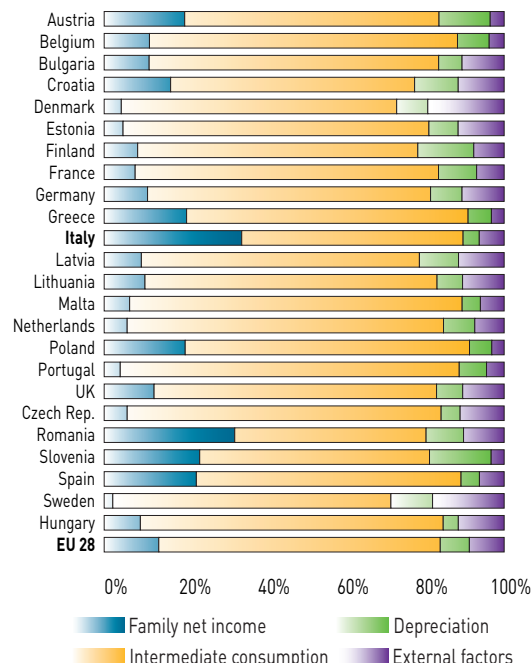


Source: processing on FADN-EU figures, European Commission, DG AGRI

Farms specialist granivorous: average farm results in euro (three-year period 2012-2014)

	GP/ha	GP/LU	GP/TWU	NI/ha	NI/LU	NI/FWU
Austria	6,893	1,892	123,315	1,445	397	26,817
Belgium	25,272	1,193	375,260	2,905	137	44,252
Bulgaria	14,886	1,319	40,800	1,773	157	19,060
Croatia	13,876	779	36,745	2,305	129	12,445
Denmark	7,655	1,494	374,942	340	66	54,260
Estonia	6,007	929	101,458	301	47	29,023
Finland	4,548	1,364	170,434	466	140	24,468
France	8,438	1,006	200,763	679	81	21,552
Germany	6,221	1,507	215,796	719	174	40,062
Greece	34,772	2,542	105,089	7,303	534	28,087
Italy	18,739	789	201,568	6,323	266	107,821
Latvia	9,217	1,202	108,535	939	122	43,524
Lithuania	8,917	1,256	71,360	936	132	119,467
Malta	161,269	1,249	87,382	10,515	81	7,893
Netherlands	88,158	1,364	478,451	5,097	79	38,953
Poland	6,240	1,609	77,552	1,326	342	22,902
Portugal	73,883	958	104,888	2,983	39	7,768
UK	17,857	1,241	229,824	2,263	157	84,872
Czech Rep.	35,602	1,388	113,266	2,144	84	75,944
Romania	8,912	941	22,318	3,203	338	12,881
Slovenia	3,975	886	52,464	1,158	258	15,857
Spain	6,613	669	129,924	1,577	159	44,270
Sweden	5,254	1,063	269,427	122	25	10,863
Hungary	9,302	1,383	79,348	905	135	35,413
EU 28	9,129	1,144	156,127	1,293	162	36,794

Farms specialist granivorous: % breakdown of the GP, 2012-2014



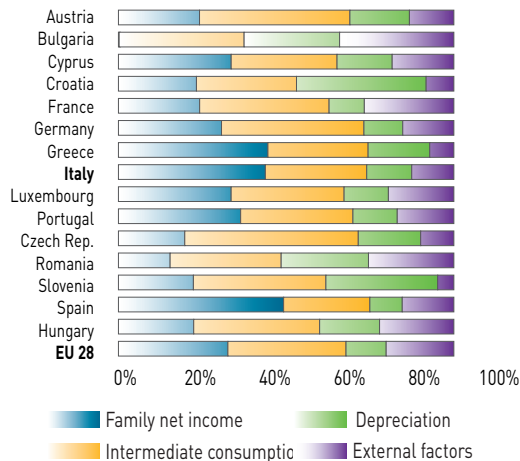
Source: processing on FADN-EU figures, European Commission, DG AGRI

Farms specialist wine-growing: average farm results in euro (three-year period 2012-2014)

	GP/ha	GP/TWU	NI/ha	NI/FWU
Austria	6,293	42,983	1,667	14,648
Bulgaria	1,615	9,380	4	161
Cyprus	2,343	6,519	1,343	4,390
Croatia	4,630	10,364	1,114	2,899
France	9,065	74,803	2,233	37,265
Germany	11,780	60,648	3,858	30,251
Greece	3,864	18,728	2,041	11,645
Italy	5,961	42,464	2,729	26,792
Luxembourg	19,952	68,353	7,693	51,094
Portugal	3,237	18,741	1,371	12,561
Czech Rep.	8,059	34,905	1,789	11,009
Romania	2,796	8,500	450	2,725
Slovenia	5,801	15,244	1,560	4,416
Spain	1,726	25,994	957	19,926
Hungary	4,202	20,876	1,100	16,718
EU 28	5,662	46,585	1,933	25,262

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

Farms specialist wine-growing: % breakdown of the GP, 2012-2014

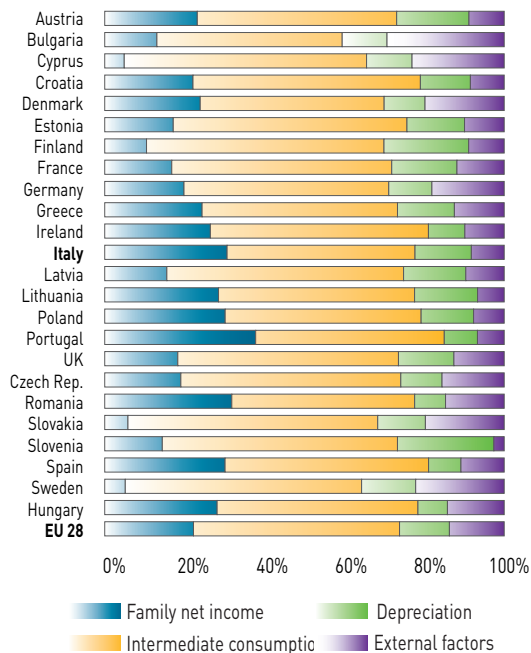


Farms specialist cereals: average farm results in euro (three-year period 2012-2014)

	GP/ha	GP/TWU	NI/ha	NI/FWU
Austria	1,375	64,821	432	22,068
Bulgaria	754	39,850	122	44,169
Cyprus	399	20,317	38	2,158
Croatia	720	16,291	219	5,350
Denmark	3,231	247,952	839	103,506
Estonia	572	84,932	131	37,650
Finland	664	70,813	130	14,514
France	1,349	105,488	274	24,365
Germany	1,561	141,646	373	54,598
Greece	1,071	33,138	377	12,715
Ireland	1,428	104,559	478	40,619
Italy	1,406	37,425	542	15,541
Latvia	722	56,152	136	22,645
Lithuania	700	38,601	252	18,721
Poland	967	22,440	373	9,850
Portugal	853	28,479	436	16,701
UK	1,432	151,201	314	52,525
Czech Rep.	1,102	67,270	264	40,059
Romania	693	24,495	268	13,464
Slovakia	981	55,536	70	21,795
Slovenia	1,192	19,583	274	4,573
Spain	571	36,881	229	16,474
Sweden	1,361	161,045	83	12,535
Hungary	906	54,762	331	42,148
EU 28	1,052	54,320	290	20,256

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

Farms specialist cereals: % breakdown of the GP, 2012-2014

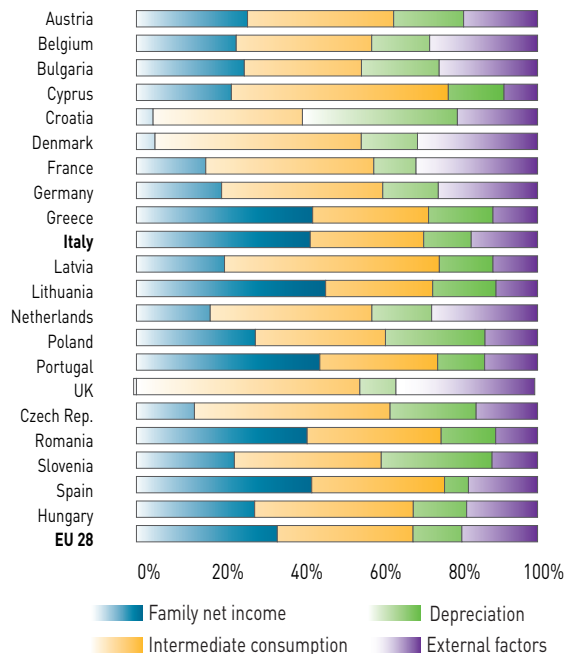


Farms specialist fruit: average farm results in euro (three-year period 2012-2014)

	GP/ha	GP/TWU	NI/ha	NI/FWU
Austria	8,633	40,686	2,675	21,955
Belgium	17,765	62,486	4,553	66,785
Bulgaria	1,496	5,627	552	5,171
Cyprus	3,969	8,899	1,081	2,647
Croatia	3,956	12,710	173	837
Denmark	5,667	102,580	273	9,370
France	7,970	46,723	1,566	27,889
Germany	9,633	52,379	2,144	33,375
Greece	5,670	20,655	2,798	14,112
Italy	6,588	35,021	2,978	23,772
Latvia	823	13,084	257	5,960
Lithuania	1,891	16,893	1,073	13,645
Netherlands	24,875	81,185	4,623	42,181
Poland	2,862	12,657	954	6,702
Portugal	2,736	15,106	1,429	10,933
UK	7,061	53,550	-53	-2,146
Czech Rep.	2,541	26,854	485	8,813
Romania	2,851	8,972	1,272	4,994
Slovenia	4,884	16,202	1,601	7,118
Spain	2,501	27,961	1,267	21,484
Hungary	1,940	16,807	755	18,074
EU 28	4,163	26,514	1,618	16,672

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

Farms specialist fruit: % breakdown of the GP, 2012-2014





ENVIRONMENT AND NATURAL RESOURCES

SOIL CONSUMPTION

In Italy, soil consumption has reached very high levels, even exceeding the European average, and the issue has been tackled only recently at a political level with a draft law (approved by the Chamber in May 12, 2016) aimed at containing soil consumption in accordance with the objectives established by the EU for 2050.

The scale of this phenomenon is monitored by the national System for the environmental protection (SNPA) and by the ARPA's regional centers through a detection network of the main urban centers and the creation of cartographic maps obtained by remotely sensed data.

According to the latest data, updated at 2016, the national consumed territory amounts to roughly 2,300,000 hectares, compared to the reference figures of the

50's, although with a general slowdown observed in the last five-year period. The surveys related to the period between November 2015 – May 2016 have pointed out an increase of artificial areas equal to 5,000 hectares (roughly 30 hectares per day). The cartographic data released by SNPA have highlighted, at a national level, a variation in the soil consumption from 2.7% in 1950 to 7.6% in 2016, corresponding to an increase of 184%.

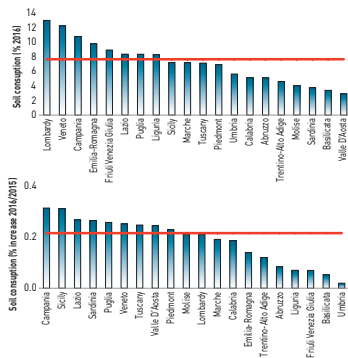
The comparison of the soil consumption with the dynamics of population clearly highlights an increase of the share of the soil consumed per inhabitant, increasing from 378 to 3080 square meters in the period between 2015 and 2016.

At a regional level, eight regions do exceed the national average in 2016, thus placing

at first places Lombardy, Veneto and Campania. The highest increases have been detected in Campania, Sicily and Lazio.

At a provincial level, the highest levels have instead been registered by Monza and Brianza (>40%), followed by Naples and Milan (>30%) and then by Trieste, Varese, Padua and Treviso. The lowest values (<3%) have instead been observed in Ogliastro, Matera, Verbano-Cusio-Ossola, Aosta and Nuoro. Lastly, it's worth pointing out how, in 2016, over 20% of soil consumption (500,000 hectares) does belong to the territory of 14 metropolitan cities. The municipalities with the highest levels are Rome (>31,000 hectares) and Milan (>10,000 hectares), followed by Naples, Venice, Ravenna, Palermo, Parma, Genova, Verona, Ferrara, Taranto, Catania, Perugia, Reggio Emilia and Ragusa.

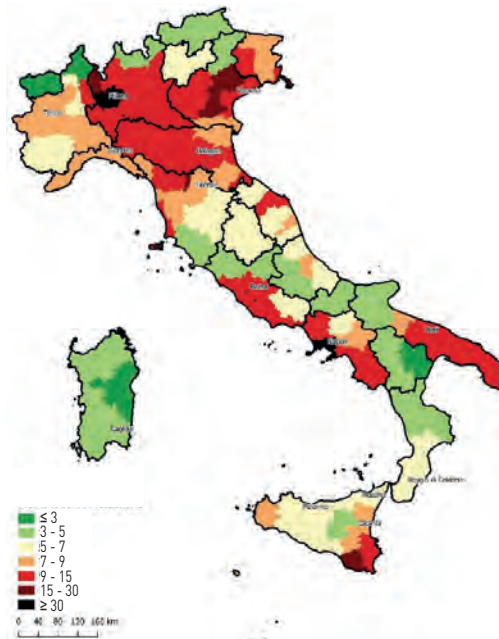
Soil consumption per region in 2016 and 2016-2015 increase compared to the national average (in red)



Source: ISPRA 2017

% of soil consumption in 2016, at a provincial level

heads

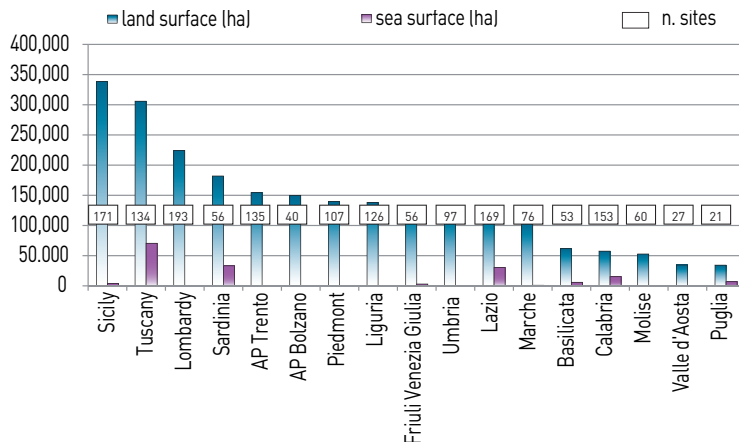


Source: ISPRA 2017

PROTECTED AREAS

According to the currently in force list (6th updating, approved in 2010), the protected areas in Italy do extend for nearly 3.2 million hectares on the land surface (equal to 10.5% of the national territory) and for nearly 2.8 million hectares in 658 kilometers of coastal area (equal to 8.8% of the Italian coastal development). On its whole, Italy has 871 protected natural areas: 27 protected marine areas and the “Santuario dei cetacei” (which constitutes 90% of the protected marine areas), more than 1.5 million hectares within the 24 national parks, 147 natural reserves, 134 regional parks, 365 regional reserves, 171 regional protected areas and 2 protected underwater parks. The different types of areas will constitute a national system of the protected natural areas, in accordance with the draft law on the protected areas approved by the Chamber in June 20th 2017, that modifies the Framework Law 394/1991. One of the most important novelties is the promotion of socio-economic development strategies aimed at safeguarding natural resources

Extension of the special areas of conservation by Region



Source: Ministry of the Environment and for the safeguarding of territory and sea (update at September 2017)

and enhancing the natural heritage. The basic idea is considering parks not only as places where to safeguard biodiversity and environment, but also as places for a sustainable development and growth of the territory. In order to foster local economic ac-

tivities, specific economic stakeholders (like farmers, fishermen, etc....) are expected to become members of the governing boards of the park authorities.

In Italy, biodiversity conservation is also ensured by the Natura 2000 network (habi-

tat directive 92/43/EEC): according to the latest updating (May 2017) the network extends for 6,412,235 hectares, 91% of which is made up of terrestrial areas and the remaining 9% of marine areas. According to the latest updating of the Ministry of the Environment (September 2017), the extension of the special areas for the biodiversity conservation in Italy accounts for 2,349,230 hectares of land surface and 179,085 hectares of sea-surface.

Among the critical issues involving the areas with high natural value there are the problems linked to the scourge of fires, particularly worsened in the 2017 summer period due to the extreme climate conditions. According to a survey carried out by Legambiente, almost one third of the entire area burnt, from January to August 2017, has involved areas included in the Natura 2000 network: 24,677 hectares of special protection areas (SPA), 22,399 hectares of Sites

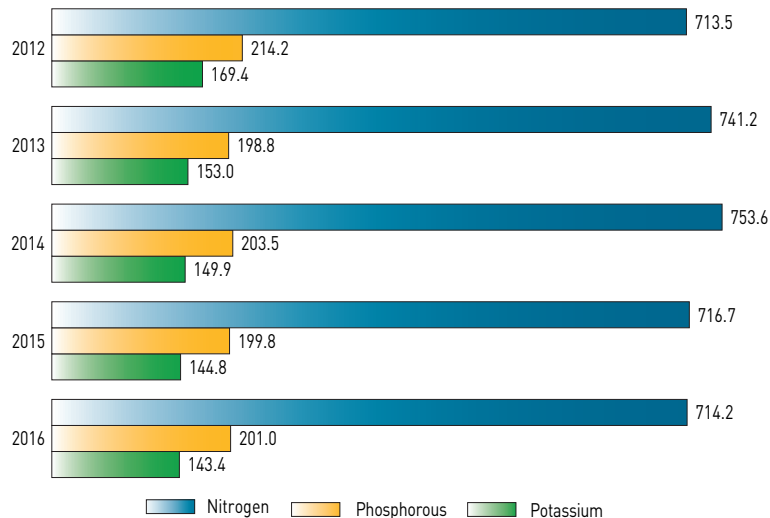
of Community Importance (SCI) and 21,204 hectares of parks and protected areas (PA), for a total of roughly 35,000 hectares (considering the overlapping between the types of protected areas). The most affected regions were Sicily (11,817 hectares of SCI, 8,610 hectares of SPA, 5,851 of PA), Campania (8,265 hectares of SCI, 4,681 hectares of SPA, 8,312 of PA) and Calabria (666 hectares of SCI, 3,427 hectares of SPA, 3,479 of PA).

USE OF CHEMICALS

According to Assofertilizzanti, the use of fertilizers has remained substantially stable in the two-year period 2015-2016. The total use of roughly 1.06 million tons does register a decrease of 0.3%, equal to 2,600 tons less than in 2015. More in detail, figures highlight significant changes for each product category. Phosphorous is the only increasing element (+0.6%), whilst nitrogen and potassium continue to decrease (-0.4% and -0.9% respectively). This trend might be partially ascribable to the fertilizations carried out for the autumn-winter cereals, consumptions have in fact concentrated mainly in the first part of the agricultural season. The areas cultivated with durum wheat and barley are increased by respectively 4.2% and 1.2%, but were nonetheless the “other minor cereals” to register a greater diffusion (+18.6%).

In terms of solid fertilizers, it has been detected an increase of the types of the organic fertilizers (+9.7%) and of the organic-mineral ones (+4.8%), over 2015. In

Trend in the use of fertilizers (000 t)



Source : Assofertilizzanti

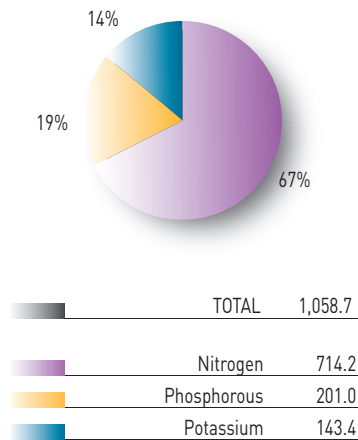
terms of fluid fertilizers, the trend in consumption remained essentially stable, with an increase of mineral fertilizers offset by

the decrease of the organic and organic-mineral ones.

The European Union is asking companies

producing fertilizers to make an effort to cope with the new challenges put in place by the circular economy, the new European strategy that bases economy on recycling and the sustainable use of resources. The action plan of the circular economy envisages also the establishment of a new European regulation on fertilizers aimed at achieving a framework legislation for all categories of fertilizers. This need arises from the fact that currently the organic fertilizers, as well as the organic-mineral ones and the bio-stimulants are not yet included in a European legislation, unlike the mineral fertilizers, producers have therefore difficulties in marketing freely their own products in the European territory. The exchange of all categories of fertilizers with the CE mark will be a great opportunity. The value of the Italian market for the crop protection products, accounting for roughly 978 million euro, equal to 1.9% of the annual turnover of the chemical industry in Italy, has increased by 43.6% in the last

Breakdown of the fertilizers used (000 t), 2016



Source: Assofertilizzanti

ten years. The reason of this variation was the constant improvement of the mix of products that, in relation to a lower dose rate, has led to an increase of unitary prices. The introduction of new technologies, more advanced and environmentally

friendly, has allowed to reduce the dose rate of crop protection products, so much that in the period from 1990 to 2015 it has been observed a strong decrease of the quantities used (-22.2%), shifting from 141,200 to 109,860 tons. In terms of active substances, the categories most concerned by the introduction of innovative molecules with a low dosage are mainly represented by fungicides and herbicides which have actually determined the consistent decrease. At the European level (EU-28), in 2015, the market of the crop protection products has marked an increase in value of 3.2% over the previous year, shifting from 9.3 to 9.6 billion euro, whilst at a worldwide level, the increase in value amounted to +3.6%, in the two-year period 2014-2013, shifting from 54.2 to 56.1 billion dollars. The 2016 survey, carried out by the European Food Safety Authority (EFSA), has highlighted the high qualitative standards of the Italian products, thanks to a control system extremely stringent and efficient

that ensure a high safety level to consumers. Only 1.2% of the sample analyzed resulted irregular, compared to a European average of roughly 2.9%. The European

and Italian realities do represent cases of excellence, compared to the worldwide situation, in terms of sustainable use of crop protection products. The United Na-

tions survey on the right to food has in fact launched the alarm on the improper use of crop protection products, mainly in the developing countries.

The increase of the Italian forestry area, at the expense of agricultural areas and grasslands, does not stop: this is witnessed by the figures of the Inventory on the Use of Lands in Italy (2017), according to which the forestry area amounts to 11,778,249 hectares, thus reaching 39% of the national territorial area. In the specific, the area classified as forest¹ accounts for 10,079,486 hectares, whilst the surface area classified as other wooded² lands covers 1,698,766 hectares.

The rate of increase that takes into account the natural regeneration and afforestation amounts to roughly 42,000 hectares/year, whereas the annual average rate of deforestation is of nearly 16,000 hectares/year.

Uses

In 2016, it has been detected a wood cutting of roughly 12 million m³/year, which

represents just 30% compared to the overall increase of wood mass, equal to 38.4 million m³/year (FRA 2015). Such a low wood cutting is justified by the high management costs, with the orographic limits and the reduced number of cuttings on private properties, often lower than an hectare. Public properties are wider and better managed, with an average size little lower than 3 hectares.

These critical issues do force Italy to be a net importer of wood: in 2015, 10.7 million m³ of wood have been imported, 6.1 million m³ of which of raw woody products and 4.6 million m³ of semi-processed woody products (Figures of FederlegnoArredo, 2016).

Forest fires

According to the latest data on the forest fires, edited by the State Forestry Corps little before of being merged with the Cara-

binieri, the area ravaged by fire, in 2016, amounted to 47,926 hectares with an increase of 15% over 2015.

The burnt area classified as forest amounted to 21,444 hectares, whilst the worst damage has mainly involved the other wooded areas. In these areas, the area burnt has in fact amounted to 26,482 hectares with an increase of 23.5% over 2015.

The number of forest fires is nonetheless in a downward trend, although the average area per event is in increase, thus reaching 10 hectares each in 2016.

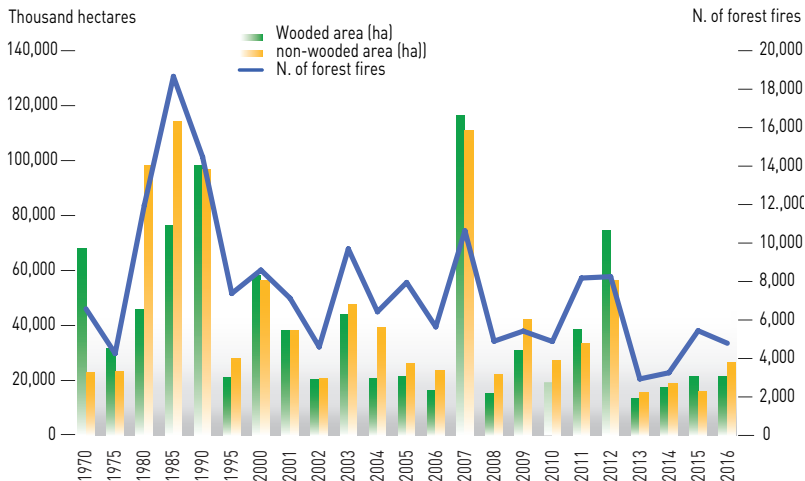
70% of the area ravaged by fire is located on the two major Islands and in Calabria: more specifically, the area burnt amounted to 16,102 hectares in Sicily, 9,414 hectares in Sardinia, 7,932 hectares in Calabria that has suffered the highest number of forest fires (1,140).

Voluntary carbon credit market

¹ Areas larger than 5,000 sqm, with trees potentially higher than 5 m and with an extension higher than 10% of the total area

² Areas larger than 5,000 sqm, with trees potentially higher than 5 m and with an extension lower than 10% of the total area

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



Source: processing of data released by CFS-AIB, 2016

The survey “Stato del mercato forestale del carbonio in Italia”, already at its fifth edition, carried out by “Nucleo Monitoraggio Carbonio” and promoted by the Observatory of Structural Policies of CREA, does analyze the market of voluntary investments in the forestry sector aimed to generate eco-systemic services with particular reference to the absorption of CO₂.

The report “Stato del mercato forestale del carbonio in Italia, 2016” does highlight the data of 10 projects that have involved an area of 14,411.33 hectares distributed between Senegal, Uganda and Italy, thanks to which 11,502 t of CO₂ have been exchanged. Considering also the credits sold by means of brokerage companies, the total volume of the credits marketed in Italy does amount to 60,807 t of CO₂ eq, with an increase of 30% over the transactions registered in 2015, whilst the average selling price of credits amounted to 6.3 €/t CO₂ eq.



DIVERSIFICATION

Italy has confirmed its positioning as leader country in the policies targeted to environmental sustainability, mainly in relation to the efficiency and safety of the national energy system. This is also ascribable to the continuous development of the Renewable energy sources (RES) sector that accounted for 17.6% of the energy gross final consumptions in 2016, with a particularly high contribution in the thermic and electric sector, compared to the transport one.

The production of electricity from renewable source has registered a slight decrease over 2015, mainly due to the reduction in the hydro-electric sector (-10%) and the slight decrease of the solar energy (+12%), whereas the geothermal source and the bio-energies are stationary.

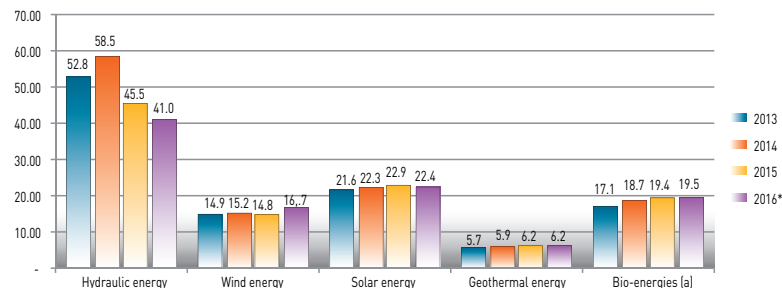
The most important renewable source for the production of thermal energy is constituted by bio-energies and, in particular, by solid biomasses used for the heating in

the residential sector (firewood, pellet). The exploitation of geothermic and solar resources is instead still limited, whilst worthy of note is the significant contribution of heat pumps.

The role played by the agricultural sector within bio-energies has further strengthened in the latest years, thus highlighting a significant potential development mainly in terms of production and direct use of

biomasses. For example, the biogas sector has increased the power installed, from 110.4 MW in 2010 to roughly 1,400 MW in 2015, for a total of 1,800 installations, 1,400 of which are of agricultural nature. The production of biogas from manure and agricultural activities has showed an increase of the production potential of 391% in the last five-year period, compared to a quite unchanged increase in

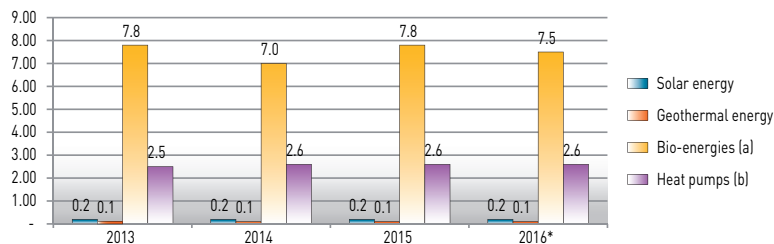
Production of electricity from RES in Italy (TWh)



(a) Solid biomasses, biodegradable share of waste, biogas, bioliquids

* provisional data (GSE)

Production of thermal energy from RES in Italy (Mtep)



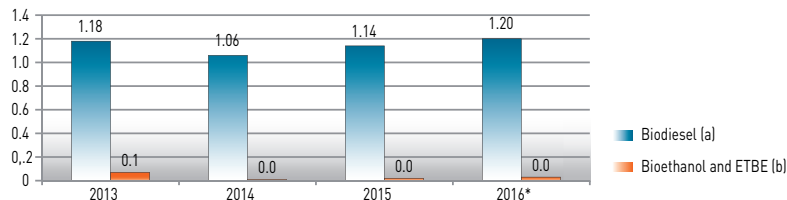
* Provisional data (GSE)

(a) Solid biomasses, biodegradable share of waste, biogas, bioliquids

(b) powered by aerothermal, geothermal or hydrothermal sources. Note that in the National Energy Balance heat pumps are not considered

Source: GSE

Biofuels marketed in Italy (Mtep)



*.Preliminary figures

(a) This item includes also the hydrotreated vegetable oil

(b) 37% of the ETBE is considered renewable, in compliance with the Directive 2009/28/EC

Source: GSE

the production of biogas from waste.

The current challenge of the agro-energy production chain concerns the production of biomethane (through an upgrading process of the biogas produced) and the expected possibilities, once the legislative framework has been clearly defined, could be extremely important, not only in terms of energy production but also in terms of development of sustainable mobility.

Biogas plants in Italy

	plants n.	Gross efficient power kW	plants n.	Gross efficient power kW
	n.		2015	
production of electricity	762	610,157	735	574,685
- from waste	246	292,561	246	283,973
- from mud	20	6,731	20	6,741
- from manure	186	66,203	186	66,028
- from agricultural and forestry activities	331	244,663	304	217,944
Combined production of electricity and heat	919	795,927	1,066	831,265
- from waste	114	108,847	134	115,014
- from mud	54	37,176	58	37,651
- from manure	235	137,110	307	150,943
- from agricultural and forestry activities	610	512,794	669	527,657
Total	1,681	1,406,084	1,801	1,405,950

Source: processing on figures released by Terna

Gross production of the biogas plants in Italy (GWh), 2015

	2011	2012	2013	2014	2015
Production of electricity	1,868.5	2,160.6	3,434.9	3,537.8	3,139
- from waste	1,273.5	1,210.5	1,274.1	1,229.7	1,057.1
- from mud	19.3	12.2	14.5	17.6	20.6
- from manure	133.8	147.4	331.9	396.1	389.5
- from agricultural and forestry activities	441.9	790.6	1,814.4	1,894.5	1,671.8
Combined production of electricity and heat	1,536.2	2,459.3	4,012.8	4,660.7	5,072.9
- from waste	254.6	276.5	347	408.2	469.9
- from mud	43.2	68.3	95.6	103.4	107
- from manure	227.8	371.2	484.9	592.6	677.7
- from agricultural and forestry activities	1,010.7	1,743.2	3,085.3	3,556.5	3,818.3
Total	3,404.7	4,619.9	7,447.7	8,198.5	8,211.9

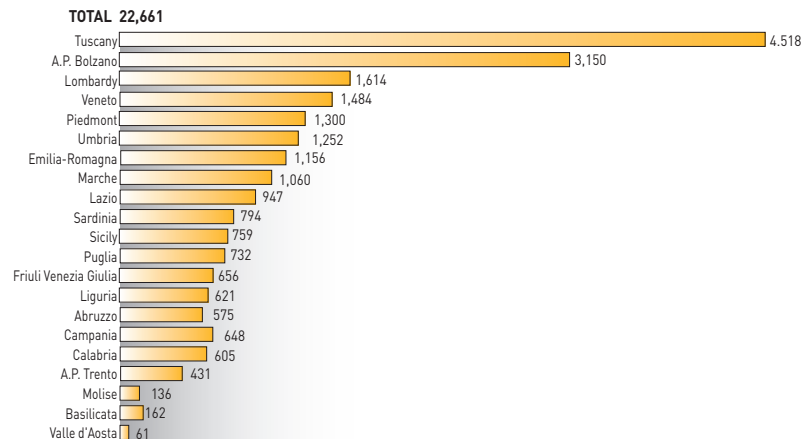
Source: processing on figures released by Terna

FARM STAYS

Farm stays do confirm the positive trend of the latest years. Tourist farms are capillary disseminated throughout the national territory, with 22,661 units (+1.9% over 2015), although they are mostly located on the hilly and mountainous areas with respectively 52.3% and 31.7% of structures, thus providing a contribution to the maintenance of the settlements and agricultural activity, mainly in the inland rural areas. Tourist farms are mainly located in the northern regions (46.2% of the total) and in the centre (34.3%); Tuscany and Alto Adige do confirm their consolidated experience in farm stays. The highest increases have nevertheless been registered in some southern regions like Basilicata (+20%), Calabria (+16.1%) and Campania (+13.3%).

The role of women in terms of diversification of agricultural activity is very important, with 8,159 farm stays managed by women, equal to 36% of the national total. Female management is particularly rooted in Tuscany (40.2% of the tourist farms lo-

Farms stays per region, 2016



Source: ISTAT

cated in the region and 8% of the national ones), followed by Lombardy and Umbria, with 36.9% and 47.1% of the regional tourist farms.

82.2% of the structures do provide housing

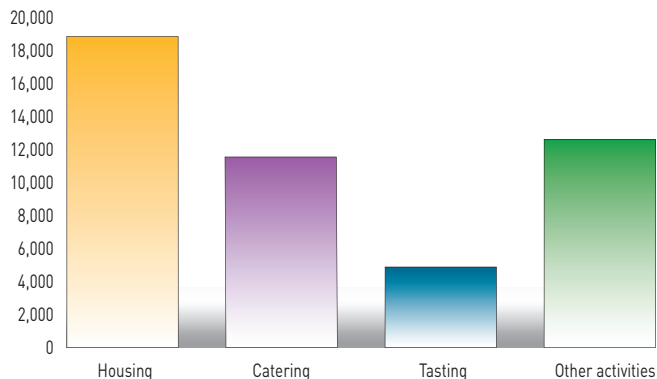
(+1.8% over 2015), for a total of 245,473 beds (+3%), averagely 13 per farm, with 11,367 rest stops for agri-camping (+6.6%); 50% provides catering service (+1.1% over 2015) and 20.5% the tast-

ing of typical farm's products (+8.6%). It has been observed an increasing tendency to diversify services, with the offer of integrated packages; 36.5% provides both housing and catering services, whilst 45.8% besides housing do offer the possibility to practice sport (horseback riding,

trekking, mountain bike), wildlife observation, participation in farm's agricultural activities, cooking courses, herbalism session and other events. Furthermore, almost 7% of tourist farms carry out educational activities (+6.8% over 2015). ISTAT estimates have calculated 12.1 mil-

lion tourists in the farm stays (+6.6% over 2015), 26% of whom come from abroad. The average duration of overnight stays has remained stable, or rather 4.6 days, that increase to 6.6 days in Sardinia and to 6.9 in the Marche region. Prices have remained stable in almost 8 farm stays out of 10, with an average of 43 euro/person/night. Agriturismo has estimated a turnover of 1.2 billion euro, with an average annual turnover per farm of over 52,954 euro (+0.9% over 2015).

Farm stays by type of service*, 2016



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

Source: ISTAT

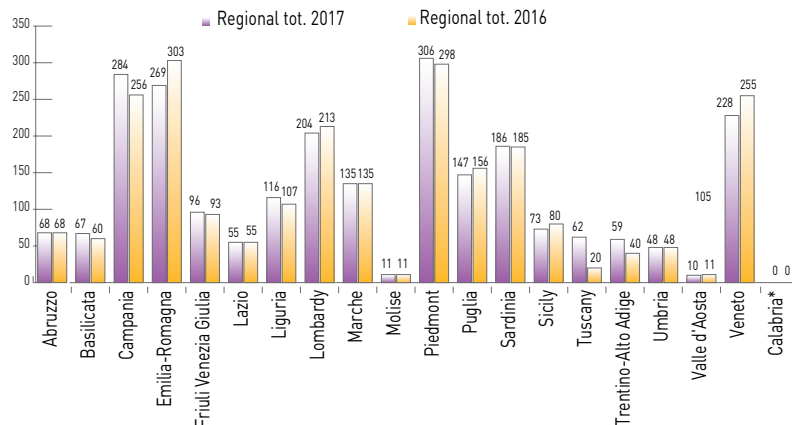
EDUCATIONAL FARMS

The educational farms are represented by agricultural farms providing educational services to children and students of any level. Their function meets a twofold purpose: diversifying farm activities; do offer new generations direct and concrete experiences aimed at knowing the activities of the primary sector.

The regulation of the farm stays is the same of the agri-tourism activities whose competence is entrusted to the regional administrations, each of whom is impelled to adopt a specific legislation in order to set quality and safety criteria that agricultural farms must have for carrying out training activities and for being enrolled in the special registers, which are periodically updated.

According to the data published by the Regions, the educational farms accredited in Italy, in 2017, do amount to 2,424, in a substantially stable trend over 2016. It should nonetheless be outlined that in many regions the official lists have not been updated

Breakdown of the educational farms per region (n)



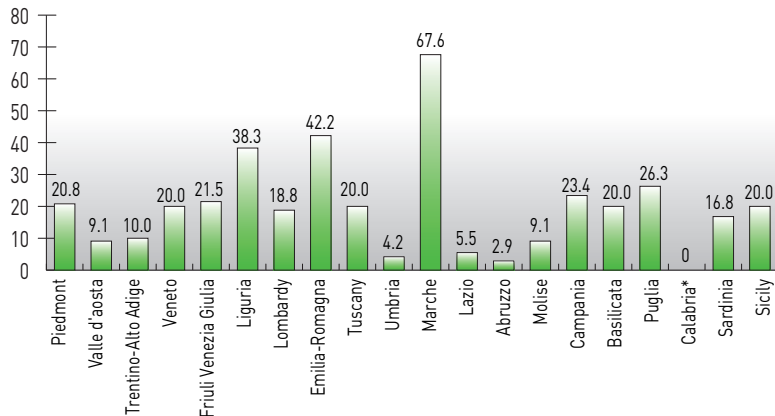
* data not available

Source: regional data

ed and in some others, as in Calabria and Lazio, data are not yet available. Piedmont, with 306 accredited structures, is the region with the highest number of educational farms, followed by Campania

that registers the most significant increase over 2016 (+28%). The accredited structures in Emilia Romagna continue their downward trend (-34%), which loses its first position and marks the highest de-

% incidence of the organic educational farms on the total, 2017



* data not available

Source: regional data

crease (-34%), followed by Veneto (-27%) that ranks 4th place. Worthy of note is Tuscany, for which it was possible to get the official list of the educational farms, for the first time from 2017. Although to a

lesser extent, worthy of note is also the increase of the accredited structures in the A.P. of Trento, in Basilicata and Liguria; in this last region the increase is mainly ascribable to the companies operating in

the fishing tourism activities. Turin (90), Salerno (81), Alessandria (77) and Caserta (72) are the Italian provinces with the highest number of accredited farms.

Substantially stable, over 2016, is the datum related to the structures operating in productive organic scheme (611 units, with an incidence of 25.5% of total educational farms), with Marche standing at first place on the total accredited farms (67.6%).

The accredited educational farms propose ludic-sensory activities; young people are involved in the observation/acknowledgement of animals, wild or cultivated plants through visits at farms, naturalistic walks and games. In 60% of cases, these activities are associated to practical training related to food preparation or vegetable cultivation, animal care, guided tastings. About 20% of the structures do also provide activities related to the care and respect of the environment (water purification, waste recycling) or to the knowledge of alternative energies.



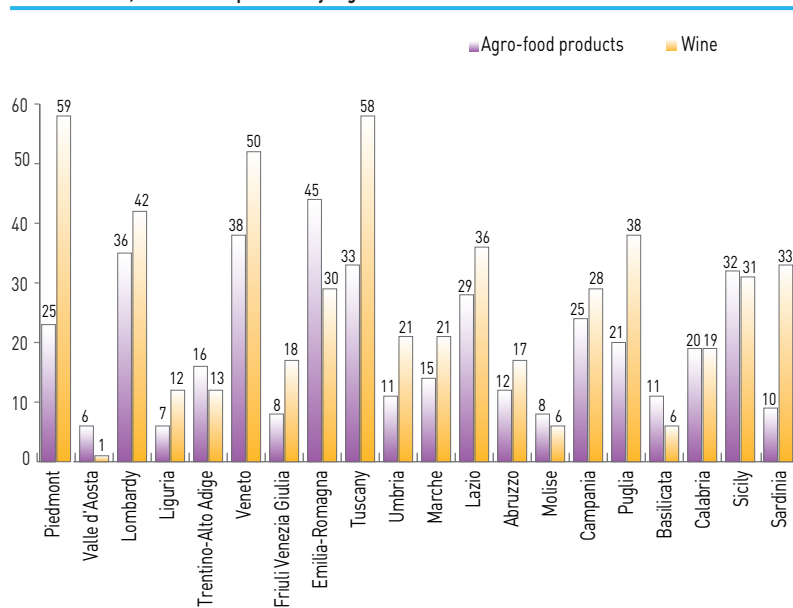


QUALITY PRODUCTS

PRODUCTS OF DESIGNATED ORIGIN

Italy is the country with the highest number of geographical indications for foodstuff and wines: 859 products, 294 of which are agro-food products, 527 wines and 38 spirits. The basket of PDO, PGI and TSG products does contain: 110 fruit and vegetable products and cereals, 53 different types of cheese, 46 extra virgin olive oils and 41 meat-based products. Among the latest recognitions it should be pointed out: the Ossolano cheese, the meat “Vitelloni piemontesi della coscia” (PGI), “EVO” oils of Marche and Calabria, both PGI, “Oliva di Gaeta” (PDO), “Anguria reggiana” (PGI), “Burrata di Andria” (PGI), and concerning the types of paste there are “Pizzoccheri della Valtellina” and “Culurgionis dell’Ogliastro”, both PGI. The geographical indication food sector continues maintaining a sizeable economic importance: the production at the origin accounts for 6.3 billion euro (-1.5% compared to 2014), the consumption value exceeds nearly 13.3 billion (+1.7%

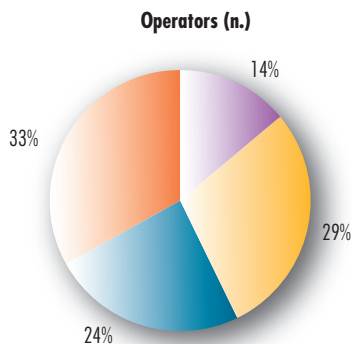
Number of PDO, PGI and TSG products by region*



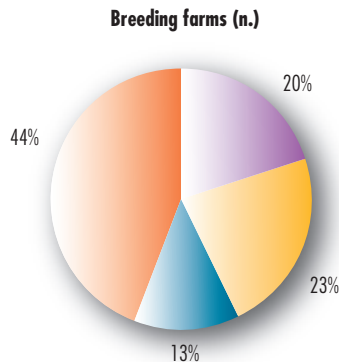
* Updated at 31 October 2017

Source: Qualigeo and Federdoc

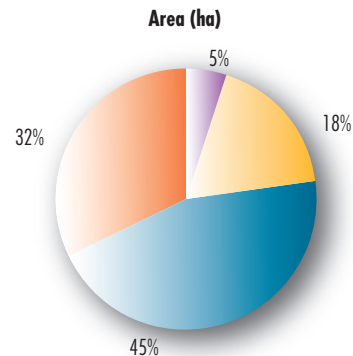
Operators, breeding farms and area of the PDO, PGI and TSG food products, 2015



	North-west	11.195
	North-east	23.453
	Centre	19.224
	South	26.138



	North-west	7.924
	North-east	9.206
	Centre	4.941
	South	17.236



	North-west	9.301
	North-east	30.604
	Centre	76.649
	South	53.712

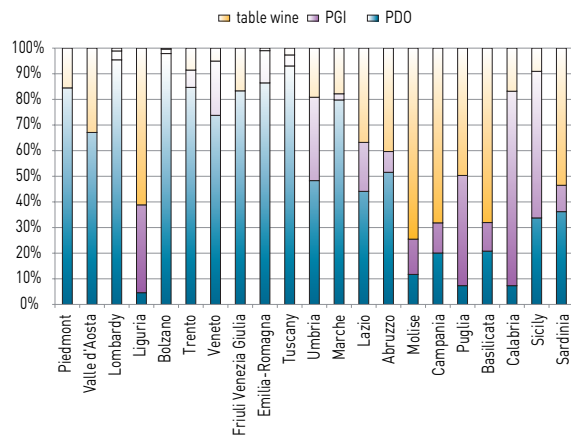
Source: ISTAT.

compared to 2014). This sector does register the best performance on foreign markets: with over 3.1 billion euro it has

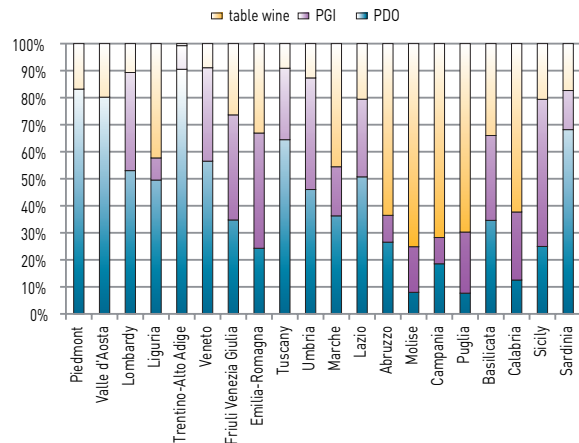
marked an increase of nearly 17% over 2014. The productions totalizing the highest

value both in production and in consumption and export are cheese (over 50% in all of the three values) and cured meats

Area cultivated with PDO and PGI wines per region, 2016



Wine production per type and quality label, 2016



Source: Agea -Inventario

Source: ISTAT

(28.7%, 33.5% and 15.9%, respectively). To a great distance are classified fruit and vegetable products with an incidence of nearly 7% on the value of production,

consumption and exports. They are then followed by the balsamic vinegars with excellent results on the foreign market (reaching 24% of the exports' value for

the total PDO-PGI products). Olive oil, despite representing little more than 1% of the production value, was the sector that, in 2015, has experienced the high-

est growth rate (+26.8%).

The supply chain of the products of designated origin marks a new shy interest by operators (+0.2% compared to -0.7% in 2014), amounting to 80,010 units between producers and processors. A strong decrease is instead experienced by the breeding farms (-5.1%), mainly those specialist in dairy cows destined to the production of cheese and those specialist in pigs destined to the production of cured meats. In an upward trend are the processing plants (+2.2%) and the surface area (+4.6%), equal to 170,265 hectares thanks to the increased investments in the olive oils (+8.3%).

Quality wines

Italy boasts 527 recognitions between the PDO and PGI wines. The 409 PDO wines are divided, according to the tra-

ditional Italian mention, in 74 DOPG and 335 DOP. The PGI wines are 118. In 2016, the areas cultivated with PDO and PGI wines accounted for 508,971 hectares, or rather 78.8% of the total Italian wine areas, in slight increase over 2015, when they amounted to 78.5% of the total wine area.

The production of PDO wine, which has exceeded 19.5 million hectoliters in the 2016 grape harvest, does represent ever more a remarkable share of the total wine produced in Italy (37.8%); if considering also the share of the PGI wine (for a total exceeding 15.3 million hectoliters), the certified production reaches 67.5% of the total wine production. The 2016 grape harvesting, a record in terms of quantities (+6.1% over 2015), has registered more modest results in terms of quality (+2.9% the increase of PDO and -0.5% that one of the PGI). At a territorial level,

the trend of the PDO and PGI productions was rather homogeneous, with productive increases in some central-northern regions (Alto Adige, Emilia-Romagna and Tuscany) and decreases for the wines produced in the South, especially in Campania. In Calabria the sizeable decrease of the PDO wines has been offset by the increase of the PGI quantities.

In 2015, the production value of the PDO-PGI wines reached roughly 7.4 billion euro (+5.8%) (Qualivita). The PDO and PGI wines are still among the Italian agro-food products most sold abroad, for a total value of about 5 billion euro in 2016, with an increase exceeding 6% over 2015. Particularly relevant is the increase in value of the exports of PDO/PGI sparkling wines and PDO with wines, increased respectively by 26.6% and 18.4%.

ORGANIC FARMING

In 2015, according to FIBL-IFOAM data, organic farming has involved more than 2.4 million farmers in 179 countries, with a worldwide area of 50.9 million hectares (+14.7% over 2014). In Europe, the agricultural lands under organic farming and in conversion have increased to a more contained rate than the worldwide one (+8.2%) over 2014, accounting for 12.7 million hectares (equal to 25% of the total), 88% of which is represented by the EU-28. The European organic farms, accounting for 349,261 units (+2.8%), and on which the EU farms do have an incidence for 77%, represent instead 14.4% of the worldwide organic farms.

Italy is among the ten greatest worldwide producer countries and, among the European countries, ranks second place in terms of land under organic farming, after Spain.

In 2016, according to SINAB, the Italian organic sector has highlighted a rather remarkable increase in terms of surface area (+20.4% over 2015), thus reaching

Organic farming in the EU, 2015

	Farms (n.)	% change 2015/14	Superficie (ha)	% change 2015/14
Austria	20,976	-5.4	553,570	5.3
Belgium	1,733	5.2	68,818	3.2
Bulgaria	5,919	52.0	118,552	59.4
Cyprus	1,032	38.9	4,699	20.9
Croatia	3,061	39.5	75,883	51.6
Denmark	2,991	16.6	166,788	0.6
Estonia	1,629	5.6	155,806	0.2
Finland	4,328	1.9	225,235	5.9
France	28,884	9.1	1,375,328	22.9
Germany	25,078	7.2	1,088,838	3.9
Greece	19,604	-2.9	407,069	58.9
Ireland	1,709	34.0	73,037	40.8
Italy	52,609	8.1	1,492,579	7.5
Latvia	3,634	3.9	231,608	13.8
Lithuania	2,672	9.3	213,579	29.9
Luxembourg	83	5.1	4,216	-6.1
Malta	11	10.0	30	-11.8
Netherlands	1,472	-13.7	49,273	0.2
Poland	22,277	-10.3	580,731	-11.7
Portugal	4,142	36.7	241,375	13.7
UK	3,434	-2.6	495,929	-4.9
Czech Rep.	4,121	6.6	478,033	1.1
Romania	11,869	-16.2	245,924	-15.0
Slovakia	420	4.2	181,882	0.9
Slovenia	3,412	3.6	42,188	2.3
Spain	34,673	13.3	1,968,570	15.1
Sweden	5,709	5.6	518,983	3.4
Hungary	1,971	17.9	129,735	3.9
EU 28	269,432	4.6	11,188,258	9.1

Source: Fibl

Incidence of the organic UAA per region, 2016

	ha	% to total organic UAA	% to total related UAA	Organic UAA % change 2016/15
Piedmont	45,732	2.5	4.8	34.0
Valle d'Aosta	3,206	0.2	6.1	7.7
Lombardy	37,210	2.1	4.0	26.1
Liguria	3,910	0.2	9.3	2.0
Trentino-Alto Adige	14,699	0.8	4.0	8.5
Veneto	23,654	1.3	2.9	35.8
Friuli Venezia Giulia	14,016	0.8	6.6	172.2
Emilia-Romagna	117,290	6.5	11.3	17.3
Tuscany	131,003	7.3	18.5	-0.6
Umbria	37,994	2.1	12.4	10.2
Marche	78,408	4.4	17.5	24.4
Lazio	132,923	7.4	22.4	19.5
Abruzzo	38,569	2.1	8.8	32.8
Molise	11,104	0.6	6.3	119.4
Campania	46,758	2.6	8.6	144.3
Puglia	255,853	14.2	20.5	41.4
Basilicata	95,371	5.3	19.2	91.1
Calabria	204,527	11.4	37.9	20.1
Sicily	363,688	20.2	26.4	5.4
Sardinia	140,648	7.8	12.3	-3.7
ITALY	1,796,363	100.0	14.5	20.4

Source: SINAB

1,796,363 hectares (3.5% of the world-wide organic area and 14.5% of the total national UAA). The organic UAA seems to be more than doubled, if not quite tripled, in Friuli-Venezia Giulia, Molise and Campania, whilst it has experienced a slight decrease in Tuscany and to a greater extent in Sardinia. In an upward trend is still the incidence of the organic UAA in Calabria, thus reaching 37.9%. Percentages higher than 20% are detected in Sicily – confirming the greater contribution to the formation of the national organic UAA – Lazio and Puglia. At a national level, the average size of the organic surface area per farm does reach nearly 28 hectares, but values sensibly higher than the average have been observed in Sardinia (65.8 hectares), Basilicata (43.9 hectares), Valle d'Aosta (38.2 hectares), Lazio (36.4 hectares), Umbria (35.4 hectares), Sicily (34.1 hectares) and Marche (32.6 hectares).

The crops with the highest increase of the organic UAA, equal to almost 50%, are veg-

Operators of the organic sector (n.), 2016

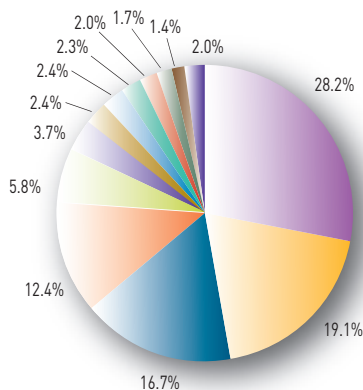
	Exclusive producers	Producers / preparers	Exclusive preparers	Importers	Total	
						% change 2016/15
Piedmont	1,798	460	500	45	2,803	21.4
Valle d'Aosta	71	13	9	0	93	4.5
Lombardy	1,046	306	815	68	2,235	16.3
Liguria	225	68	141	10	444	5.7
Trentino-Alto Adige	1,577	241	377	14	2,209	16.6
Veneto	1,552	290	820	53	2,715	17.8
Friuli Venezia Giulia	611	94	141	8	854	59.9
Emilia-Romagna	3,140	485	885	61	4,571	16.0
Tuscany	3,091	1,403	486	24	5,004	4.8
Umbria	879	193	138	7	1,217	-21.3
Marche	2,059	344	227	8	2,638	7.5
Lazio	3,204	482	419	13	4,118	19.4
Abruzzo	1,318	240	227	3	1,788	9.6
Molise	369	30	52	1	452	94.8
Campania	2,787	498	420	14	3,719	82.9
Puglia	8,087	1,228	702	12	10,029	50.0
Basilicata	2,074	98	82	0	2,254	82.8
Calabria	10,141	913	272	4	11,330	30.5
Sicily	9,543	1,114	776	18	11,451	1.1
Sardinia	1,995	143	92	0	2,230	-10.8
ITALY	55,567	8,643	7,581	363	72,154	20.3

Source: SINAB

etables, thus increasing its incidence on the national UAA cultivated with horticulture to 17%, above therefore the national average of 14.5%. In terms of importance of the increase detected there are then cereals (+32.6%), permanent crops (fruit, grapevine and olive tree) and, lastly, fodder crops (+21.5%). Fodder, meadows and pastures do represent 47.3% of the national organic surface area, whilst 16.7% is destined to the cultivation of cereals and 12.4% to organic olives.

Also the operators of the sector are strongly increased over 2015 (+20.3%). The position of the southern regions strengthens much more and the number of operators represents 59.9% of the national total. The northern Italy is characterized by a greater number of exclusive preparers, whilst the South by the number of producers who have launched transformation processes in the company. In particular, in 2016, Molise has almost doubled the number of operators, thanks also to the

Organic surface area and area in conversion by type of crop (ha), 2016



	TOTAL	1,796,363
Grasslands and meadows	506,153	
Fodder	342,653	
Cereals	299,639	
Olive trees	222,452	
Grapevine	103,545	
Fallow field	66,047	
Protein crops, legumes, grains	43,986	
Vegetables	43,914	
Nuts	40,665	
Citrus	36,125	
Fruit	29,920	
Industrial crops	25,278	
Other crops	35,984	

Source: SINAB

support provided by the RDP which has outlined a strategy better aimed to foster the conversion of farms to organic farming. Basilicata and Campania have instead experienced an increase near to 83%. In the North is Friuli-Venezia Giulia that has registered the highest increase (+59.9%), whilst in the Centre is Lazio (+19.4%). In

Umbria, despite an increase of 10.2% of the organic UAA, it has been detected a decrease of 21.3% in the number of operators, thus bringing to an increase of 130% the average farm UAA. The only other region to highlight a decrease in the number of operators is lastly Sardinia (-10.8%). In terms of animal husbandry, the year

2016 has witnessed a more sizeable increase in the heads related to the categories "other animals" (+45.4%), cattle (+24.3%), pigs (+13.3%), goats (+13%) and poultry (+12.3%). The number of hives does decrease by 12.8%, after the increase of 33% in 2015. Much less sizeable is instead the decrease in the number of sheep (-1.1%).

The holdings specialist in organic aquaculture reach on the whole 40 units, mainly located in Veneto and Emilia-Romagna, both with 15 companies.

Market

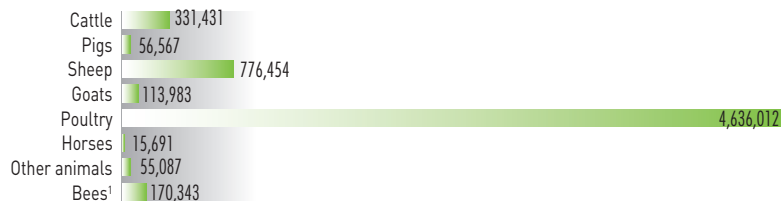
According to the estimates of Organic Monitor, the value of the worldwide organic market has amounted to 81.6 billion US dollars (+2% over 2014). North America with 53.1% is the first market in the world. In Europe, the market is increasing by nearly 13% over 2014, reaching 29.8 billion euro (FIBL-AMI data). In the EU, the turnover accounts for roughly 27.1 billion

euro, 8.6 of which related to Germany (almost 32% of the EU organic turnover), followed by France (5.5 billion euro) and UK (2.6 billion euro). The European countries with the highest per capita consumption/year of organic products are Switzerland (262.2 euro), Denmark (190.7), Sweden (177.1), Luxembourg (170), much more below is instead Italy with 38.1 euro.

In 2015, the value of the Italian market accounted for 2.3 billion euro, which amounts to nearly 4 billion euro if including also the value of exports, thus ranking 4th place among the EU countries, with an incidence of 8.5% on the community turnover related to organic products and foodstuffs, slightly below to that one of the previous year.

In 2016, it is confirmed the positive dynamic of the household purchases of organic products packaged at large-scale retail. According to Nielsen data, processed by ISMEA, the related turnover increases by 19.5% over 2015 and all product categories do highlight a double-digit increase.

Animals reared with organic method (n.), 2016



¹ n. of hives

Source: SINAB

A greater increase has nevertheless been detected for the purchases of fresh and processed meat (+41.6%), wines and sparkling wines (+40.9%), fruit (+20.3%), honey (+19.9%), soft drinks and spirits (+19.5%).

CERTIFICATION SYSTEMS

The environmental certification systems represent a very important tool for agricultural entrepreneurs for diversifying, in terms of quality, their products, aiming to achieve the improvement of the environ-

mental sustainability. This is extremely important considering the present challenge to climate changes and the recent economic situation that, on the whole, are pushing towards a change of the tradi-

tional economic model, aimed ever more at achieving production systems that might increase the efficiency in the use of the productive resources. In this framework are included the certifications based on

N. of agricultural and food companies with quality and environmental management system certified in Italy, 2017

	ISO 9001			ISO 14001		
	n.	% to total	% change 2016/15	n.	% to total	% change 2016/15
Agricultural sector (crops, breeding) ¹	207	0.2	-18.5	60	0.3	-6.3
Food sector	3,165	2.5	-4.3	640	3.0	-5.9
Total	128,240	-	1.1	21,616	-	6.3

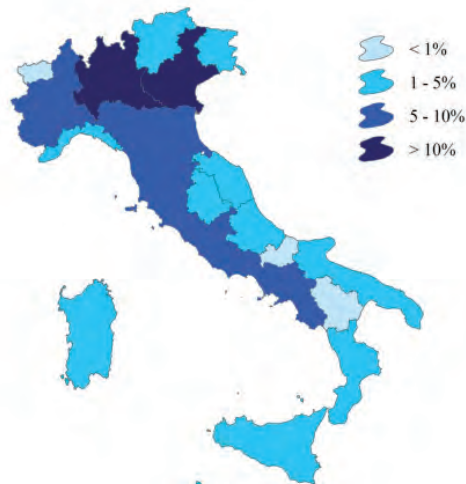
¹ Including nurseries and companies in the field of planning, implementation, maintenance and management of agricultural and forestry green areas

Number and forestry areas by type of certification in Italy, 2017

	FSC			PEFC		
	n. of certificates	total certified hectares	% change 2016/15	n. of certificates	total certified hectares	% change 2016/15
Forestry certification	-	63,759	0.5	-	826,508	-0.4
CoC certification	2,172	-	0.08	709	-	-20.6

Source: FSC Italy and PEFC Italy

% incidence of the production sites with ISO 9001 and ISO 14001 certifications per region, 2016



Source: ACCREDIA (2017)

the voluntary schemes of the international standards UNI-EN-ISO related to the quality of the production processes (ISO 9001) and to the compliance to environmental safety rules which allow to implement an “environmental management system” (ISO 14001).

In Italy, in 2016, according to ACCREDIA data, the general trust of companies, institutions and consumers towards these certifications has increased, it has been in fact detected an overall increase of the certified companies with ISO 9001 and ISO 14001 certifications, respectively by 1% and 6%. The northern regions are those with the highest number of certificated sites and in particular Lombardy and Veneto, whilst the most relevant increases have been observed in Abruzzo, Piedmont and Liguria. The same trend is not followed by the companies of the agro-food sector. Both the certified agricultural farms and the food companies have in fact decreased, and the number of certified sites do remain

on the whole very low.

Also the environmental legislation (EMAS) has witnesses an increase of the total number of certified organizations in 2016 (from 1,745 to 1,794), with a clear prevalence of certified companies in the northern Italy, whilst the number of certified companies belonging to the agro-food and beverage sectors is decreased, although by just a few units, shifting from 89 to 84.

The certifications related to the corporate social responsibility are in great expansion over the latest years. Considering, in

fact, the international standard of social and ethical certification SA8000, it continues the positive trend with a remarkable increase of the number of adhering companies between 2015 and 2016, equal to +125%. This increase involves all the main production sectors, including also the agro-food sector where the certified companies do increase from 129 to 294 units.

Lastly, as far as the forestry sector is concerned, the most important certification systems are FSC and PEFC which promote, on the whole, the responsible management

of forests besides the development of practices characterized by corporate social responsibility and by the fight against illegality involving the Chains of Custody, therefore the processing companies of forestry products themselves. In 2016, it has been registered a slight increase in both certified forestry area (FSC) and in certification enterprises, whilst in a downward trend is the PEFC certification both in terms of forestry area and – to a greater extent – in relation to the Chains of Custody.





AGRICULTURAL POLICY

In 2016, the second year of implementation of the new system of CAP 2014-2020 direct aid, the amount of resources earmarked to Italy accounted for little less than 3,851 million euro, with a reduction of 1.3% over 2015, justified by the process of approximation of the national average unitary payment to the EU average value (external convergence). During the year, the percentage breakdown of funds among the different types of aid does not change, although it has been observed their contraction in terms of absolute value. Over 2,300 million euro have been earmarked to the basic payment, thanks to the possibility of the Member States to increase the amount envisaged by the national ceiling (for Italy little more than 2,200 million euro) up to a maximum of 3% (the so-called overbooking, equal to roughly 81 million euro for Italy). Since applications for 2016 have exceeded the threshold fixed, Italy has earmarked further 77 million euros from the national reserve to young farmers, thus al-

Budgetary ceilings within the direct payment scheme in Italy (000. euro), 2016

- Ceiling for the base payment (58%)	2,233,467
- Ceiling for the green payment (30%)	1,155,242
- Ceiling for the payment of young farmers (1%)	38,508
- Ceiling for the support to the voluntary coupled support (11%)	423,589
National ceiling (II reg. 1307/2013)	3,850,805
- Overbooking (increase of 3% of the basic payment)	80,866

Source: regulation (EU) n. 2016/699 and regulation (EC) 1307/2013

locating to the measure little less than 116 million euros. The aid for small farmers is not included in the distribution of ceilings, since the regime is self-financed. This regime that envisages the payment of a lump sum below 1,250 euro, does involve little more than 50% of the farmers eligible to the system of direct payments. It should be pointed out that, starting from 2015, payments are earmarked only to the so-called "active farmers". Those who handle activities included in the black list are therefore excluded – airports, train services, water

facilities, real estate services, sport or recreational lands, or those who carry on bank intermediation, financial or commercial services and public administrations – as well as those people who do not meet particular professional and economic requirements (be enrolled to the INPS registers or have an active VAT number in the agricultural sector).

In the voluntary coupled support, regulated by article 52 of the Reg. 1307/2013, the total amount of resources granted to Italy does amount to 423 million euros. It

Implementation of the coupled support (art. 52 reg. (EC) n. 1307/2013) in Italy, 2016

Products	Quantities eligible for aid (hectares or heads)	Unitary amount of the aid	Plafond (euro)	% on the plafond
Soya	148,670 ha	65.53 euro/ha	9,742,537	2.30
Protein crops	247,897 ha	56.38 euro/ha	13,978,422	3.30
Durum wheat	977,018 ha	60.48 euro/ha	59,090,603	13.95
Grain legumes and annual leguminous meadows	468,498 ha	24.86 euro/ha	11,648,685	2.75
Rice	233,413 ha	96.18 euro/ha	22,450,193	5.30
Sugar beet	31,907 ha	532.36 euro/ha	16,985,901	4.01
Industrial tomatoes	66,276 ha	168.09 euro/ha	11,140,379	2.63
Olive tree				
- Olive areas	364,202 ha	119.79 euro/ha	43,629,621	10.30
- Olive areas and areas characterized by an average slope above 7,5%	85,179 ha	154.16 euro/ha	13,131,245	3.10
- Olive areas adhering to quality systems	75,211 ha	168.95 euro/ha	12,707,657	3.00
Milk				
- Dairy cows	927,481 heads	79.92 euro/head	74,127,996	17.50
- Dairy cows on mountainous areas	124,339 heads	78.35 euro/head	9,742,537	2.30
- Dairy buffaloes	72,103 heads	56.39 euro/head	4,066,450	0.96
Animal husbandry: cattle				
- Suckler cows for meat and with a twofold aptitude, enrolled in the Registry	268,403 heads	136.35 euro/head	36,598,051	8.64
- Cows with a twofold aptitude, enrolled in the Registry and incl. in selective plans or of breed manag.	11,272 heads	323.17 euro/head	3,642,862	0.86
- Slaughtered animals aged betw. 12 and 24 months, reared for at least 6 months	103,877 heads	33.84 euro/head	3,515,785	0.83
- Slaughtered animals aged betw. 12 and 24 months, reared for at least 12 months	161,952 heads			
- Slaughtered animals aged betw. 12 and 24 mos., reared for at least 6 mos., adhering to quality systs.	16,336 heads	73.19 euro/head	61,335,622	14.48
- Slaughtered animals, reared for at least 6 months, adhering to labelling systems	659,723 heads			
- Slaughtered animals aged betw. 12 and 24 mons., reared for at least 6 mons*	15,432 heads	79.60 euro/head	1,228,407	0.29
Animal husbandry: goats and sheep				
- Ewe lambsput to the ram	341,494 heads	27.41 euro/head	9,361,307	2.21
- Slaughtered animals	1,026,453 heads	5.32 euro/head	5,464,292	1.29

Source: AGEA

* with PDO or PGI certifications

has been detected a decrease of the areas cultivated with soya, protein crops, sugar beet, tomatoes and olive for which an aid has been required, with a consequent increase of the unitary amount granted. In decrease are also the mountainous dairy cows and some types of slaughtered bovines.

In terms of market measures, the annual allocation of the National support plan for the wine sector for the six measures envisaged accounts for roughly 337 million euros, 272 million euros of which are distributed among Regions; the remaining 64.5 million euros are represented by the funds for the promotion that are managed at a national level (28 million euros), by the funds related to the insurances for crops (20 million euros) and by the distillation of by-products (16.5 million euros). The allocation for investments does decrease during the year (-4.5%), from 58 million euro to little less than 43 million euros, whilst it increases the allocation of all other measures and in particular

for the reconversion and restructuring of vineyards, which exceeds therefore 160 million euro (little less than 48% of the total). Sicily is the region with the highest allocation of funds, followed by Veneto, Tuscany and Puglia.

EAGF expenditure by country, 2016

	Italy		EU		Italy/EU
	million euro	%	million euro	%	%
Interventions on agricultural markets	661.6	14.7	3,154.3	7.1	21.0
- Export refunds	0.0	0.0	0.6	0.0	-
- Storage	2.9	0.1	52.4	0.1	5.5
- Food programmes	0.0	0.0	0.0	0.0	-
- Fruit and vegetables	241.7	5.4	862.5	1.9	28.0
- National support programmes to the wine sector	321.4	7.2	1,027.6	2.3	31.3
- Other	95.6	2.1	1,211.3	2.7	7.9
Direct aid	3,833.8	85.3	40,984.1	92.5	9.4
- Decoupled direct aid	3,299.0	73.4	35,204.1	79.5	9.4
- Other direct aid	534.9	11.9	5,780.0	13.1	9.3
Other measures	-1.0	0.0	146.7	0.3	-
TOTAL EAGF*	4,494.4	100.0	44,285.1	100.0	10.1

* administrative expenditures included
Source: EU Commission

EAGF

In 2016, the EU spending earmarked by EAGF accounted for roughly 4,494.4 million euros, 10.1% of the total EU, thus registering a decrease of 1.3% over 2015.

Direct payments do cover 85% of the total and are represented for 86% by the decoupled payments, or rather basic payments, green payment and payments for young farmers. The coupled support scheme and the one for small farmers do fall within the other direct payments. The payment for young farmers has received an amount of 142.7 million euros. The expenditure for the interventions on agricultural markets covers the remaining 14.7% of agricultural spending, double the weight that it has at EU level. 85% of these funds are allocated to the support programmes for the wine sector and to the financing of the operative programmes in the fruit and vegetable sector.

EAGF expenditure by country, 2016

	million euro	%	% change 2016/15		million euro	%	% change 2016/15
Austria	722.6	1.6	-0.7	Luxembourg	34.5	0.1	2.4
Belgium	610.1	1.4	-2.4	Malta	5.5	0.0	-3.5
Bulgaria	742.9	1.7	10.2	Netherlands	819.4	1.9	-7.3
Cyprus	58.0	0.1	-1.9	Poland	3,603.2	8.1	0.9
Croatia	190.0	0.4	14.8	Portugal	760.2	1.7	0.7
Denmark	876.6	2.0	-6.4	UK	3,122.5	7.1	-0.9
Estonia	122.4	0.3	2.5	Czech Rep.	861.8	1.9	-4.1
Finland	538.5	1.2	-0.8	Romania	1,568.4	3.5	7.4
France	7,691.4	17.4	-5.8	Slovakia	435.8	1.0	-0.9
Germany	5,135.3	11.6	-2.2	Slovenia	146.7	0.3	2.6
Greece	2,157.4	4.9	-3.2	Spain	5,650.6	12.8	0.2
Ireland	1,232.5	2.8	0.1	Sweden	689.0	1.6	-1.8
Italy	4,494.4	10.1	-1.3	Hungary	1,321.4	3.0	-0.9
Latvia	189.7	0.4	13.1	EU	63.9	0.1	14.3
Lithuania	440.4	1.0	6.4	TOTAL EAGF	44,285.1	100.0	-1.5

Source: EU Commission

CAP IN ITALY: II PILLAR

The public resources put at disposal of the Italian programmes for the implementation of the rural development policy in the 2014-2020 programming period do amount to 80.874 billion euro (10.444 of which as EAFRD share), with an increase of roughly 6% over the previous 2007-2013 phase.

This amount has been divided among the Italian programmes according to the agreement reached in the State/Region Conference in January 16th 2014. In this context have been defined both the criteria for the breakdown among the regions of the EAFRD resources earmarked to Italy, and the related allocations of the national share, with the newness of the coexistence of one national RDP, articulated on three strategic issues (risk management, animal bio-diversity and irrigation infrastructures), and of the national programme NRN (National Rural Network).

The co-funding rate of the EAFRD Fund is diversified according to the category it belongs to: 43.12% for the most developed regions; 60.50% for the less developed re-

Rural development 2014-2020: public resources planned (values in million euros)

PROGRAMMES	Public spending	EAFRD share	EU contribution rate (%)	National share
	a = b + d	b	c	d
Piedmont	1,093.05	471.33	43.12	621.73
Valle d'Aosta	138.72	59.81	43.12	78.90
Lombardy	1,157.65	499.18	43.12	658.47
Liguria	313.71	134.83	42.98	178.88
Bolzano	366.41	157.99	43.12	208.41
Trento	301.47	129.57	42.98	171.90
Veneto	1,184.32	510.68	43.12	673.64
Friuli Venezia Giulia	296.13	127.69	43.12	168.44
Emilia-Romagna	1,189.68	512.99	43.12	676.69
Tuscany	961.84	414.75	43.12	547.10
Umbria	876.65	378.01	43.12	498.64
Marche	537.96	231.97	43.12	305.99
Lazio	780.12	336.39	43.12	443.73
Most developed regions	9,197.71	3,965.19	43.11	5,232.52
Abruzzo	432.80	207.74	48.00	225.05
Molise	210.47	101.03	48.00	109.44
Sardinia	1,308.41	628.04	48.00	680.37
Transition regions	1,951.67	936.80	48.00	1,014.87
Campania	1,836.26	1,110.94	60.50	725.32
Puglia	1,637.88	990.92	60.50	646.96
Basilicata	680.16	411.50	60.50	268.66
Calabria	1,103.56	667.66	60.50	435.91
Sicily	2,212.75	1,338.71	60.50	874.04
Less developed regions	7,470.61	4,519.72	60.50	2,950.89
National RDP	2,140.00	963.00	45.00	1,177.00
National Rural network	114.67	59.67	52.04	54.99
Total Italy	20,874.65	10,444.38	50.03	10,430.27

Source: processing of NRN data - 2014-2020

Rural development 2014/2020: Public resources planned, by priorities (values in thousand euro)

RD Priorities 2014/2020*	Description	Public resources planned, by priorities		
		Public spending	EAFRD share	% Incidence of the EAFRD share
		a	b	c
Priority 1*	Fostering knowledge transfer and innovation	-	-	-
Priority 2	Strengthening profitability of agricultural farms and competitiveness of agriculture	5,148.42	2,632.30	25.20
Priority 3	Fostering the organization of the food supply-chain, animal wellbeing and risk management	4,149.19	1,973.79	18.90
Priority 4	Safeguarding, restoring and enhancing ecosystems related to agriculture and forestry	7,013.88	3,588.15	34.35
Priority 5	Fostering the efficient use of resources and the transition to a low-carbon economy and climate-resilient	1,551.25	739.51	7.08
Priority 6	Social inclusion, poverty reduction and economic development in rural areas	2,446.97	1,229.65	11.77
Technical assistance		548.17	273.12	2.62
Discontinuous measures (**)		16.76	7.86	0.08
TOTAL		20,874.65	10,444.38	100.00

(*) Priority 1 runs through all others

(**) multi-year payments referred to measures no longer present in the 2014-2020 programming

Source: processing of NRN data - 2014-2020

gions; 48% for the regions in transition. Worthy of note are also some percentages defined as ad hoc for Trento and Liguria (42.98%), for the national RDP (45%) and for the NRN (52.04%).

As far as the share of national co-funding is involved, the CIPE Resolution of January 28th 2015 has instead defined the participation of the Revolving Fund (State budget) and of the regional budget, respectively by 70% and 30%. Therefore the overall burden on the State amounts to 7.67 billion euro, whilst the one incurred by the regions and the Autonomous Provinces does amount to 2.75 billion euros.

The 2014-2020 programming is characterized by the introduction of other important novelties over the previous one, both in terms of objectives and of type of interventions. Among the main novelties, there's no doubt the reintroduction of a programming framework in which all policies, CAP included, are aimed at achieving a set of shared goals that contribute to the implementation of the Europe 2020 Strategy towards

Rural Development 2014-2020: Public resources earmarked (values in thousand euros)

PROGRAMMES 2014/2020	Public resources earmarked at 31/12/2016	
	Public spending a	EAFRD share (*) b
Piedmont	86.58	37.33
Valle d'Aosta	5.03	2.17
Lombardy	123.78	53.38
Liguria	16.96	7.29
Trento	83.45	35.98
Bolzano	42.11	18.10
Veneto	219.59	94.69
Friuli Venezia Giulia	11.14	4.80
Emilia-Romagna	135.97	58.63
Tuscany	90.30	38.94
Umbria	113.27	48.84
Marche	33.72	14.54
Lazio	52.10	22.46
Most developed regions	1,014.00	437.15
Abruzzo	22.76	10.92
Molise	13.42	6.44
Sardinia	173.74	83.39
Transition regions	209.92	100.76
Campania	103.00	62.32
Puglia	131.22	79.39
Basilicata	62.24	37.65
Calabria	114.31	69.16
Sicily	229.74	138.99
Less developed regions	640.52	387.51
National RDP	64.20	28.89
National Rural Network	3.44	1.79
Total Italy	1,932.07	956.11

(*) amounts including the pre-financing of 3% allocated to each programme

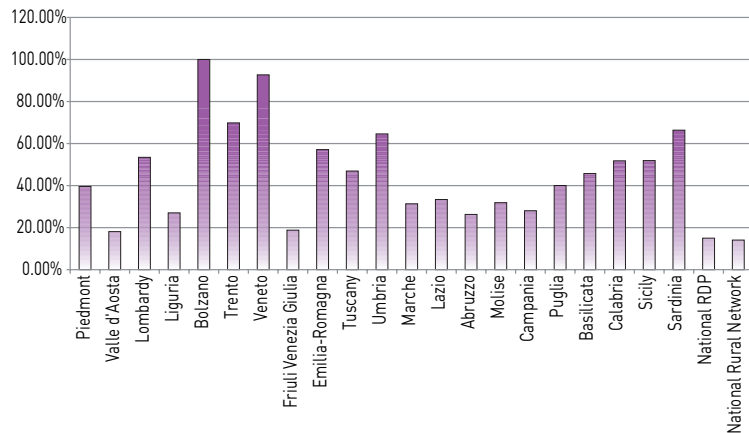
Source: processing of NRN data - 2014-2020

a smart, sustainable and inclusive growth. The strategies of the different policies have therefore been articulated in a joint way, according to a multi-level governance approach, with a strategic common framework at the basis containing 11 thematic objectives. These targets are consequently adapted by each Member State within a unique document of national strategy, the Partnership Agreement that, unlike the previous programming, does show a more concrete targeting capacity of each operative programme, deriving from the introduction of new elements.

First of all, specific objectives to be achieved have been set in the form of precise targets for each thematic objective; these targets are relevant both for an assessment of efficacy of programmes and for the allocation of a premium, in terms of additional financial resources, arising from the so-called performance reserve.

Secondly, specific pre-requisites and conditions have been set, as well as ex-ante conditions, which have to be met at the beginning

Rural Development 2014-2020: % of progress in the expenditure objective 2018



Source: processing of NRN data - 2014-2020

of the programming so that all policies may provide the expected results.

Rural development is included in this common framework with some peculiarities both from the programming point of view and from the management one. The strategy itself is in fact articulated on six fun-

damental priorities, containing 11 thematic objectives; each of the six priorities is then sub-divided into focus areas representing homogeneous intervention areas (for a total of 18).

This programming system has allowed to abandon the previous logic of the preor-

dained axes, thus leading to a greater autonomy in the planning of interventions thanks to a greater possibility to merge focus areas, measures/sub measures and priorities.

The breakdown of the financial allocations, at a national level, among the six priorities does highlight to what extent priorities 4 and 2 have been mostly privileged (34.35% and 25.20% respectively of the EAFRD resources earmarked).

Once overcome the complicated negotiation for the approval of the Italian programmes, the expenditure amounted to 1,932.07 million euro at December 31st 2016, with still 2,255.71 million euros to be spent in order to meet the first spending objective in 2018. The delay accumulated for the approval of all programmes has strongly influenced the launch of its implementation: most of the regional RDPs (besides the two national programmes) have highlighted a percentage of achievement of the expenditure objective below 50%, except only for the A.P. of Bolzano that has already completed the objective.

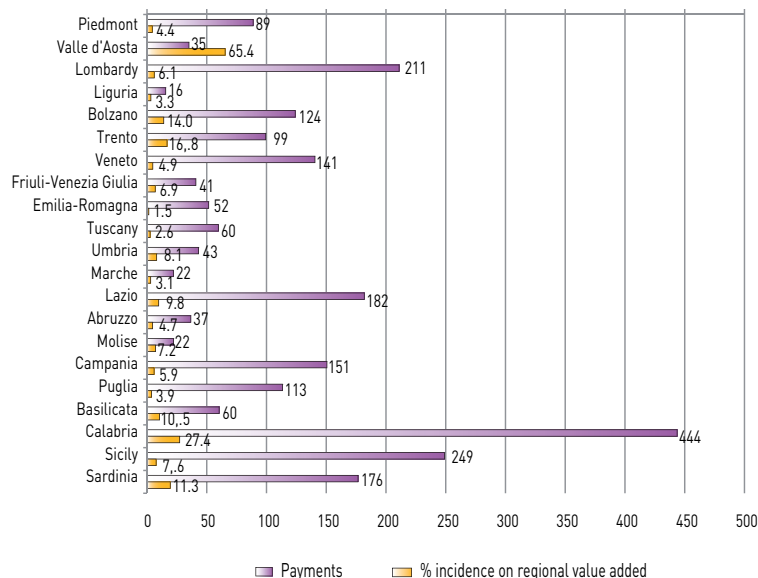
REGIONAL SPENDING

The analysis of data on the spending related to the regional budget, for the year 2015, has highlighted an overall amount of payments for the agricultural sector in slight increase over the two previous years, equal to roughly 2.5 billion euro. The increase in spending is also witnessed by the percentage incidence of the payments to the sector on the national added value which reaches 7.1% compared to 6.5% of 2014 and 7.1% of 2013.

The overall amount of the agricultural spending is in increase over 2014 in most Regions, except for Piedmont, Valle D'Aosta, Friuli Venezia Giulia, A.P. of Bolzano, Tuscany, Marche, Basilicata and Puglia.

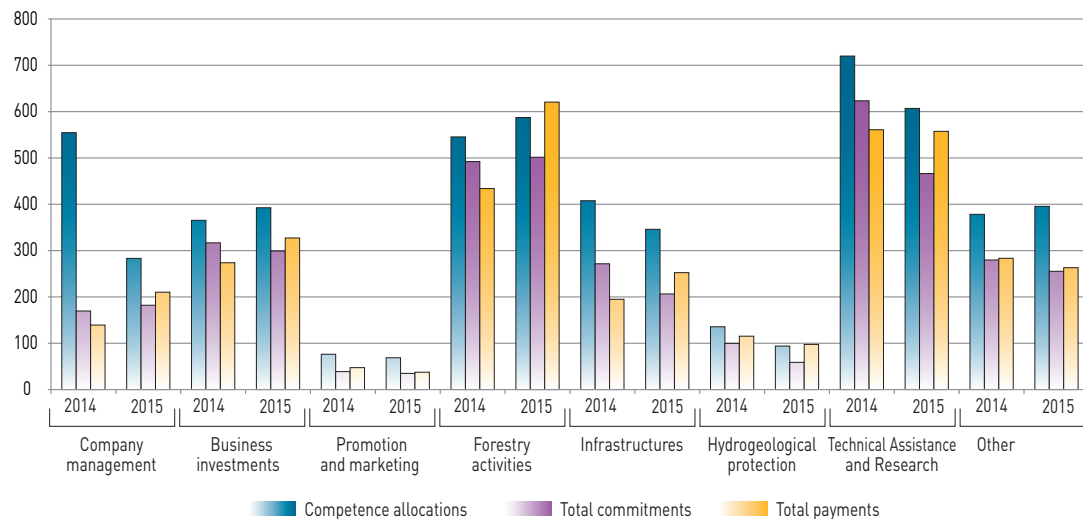
If analyzing the spending by type of agricultural policy interventions, referring to the traditional classification adopted by CREA – Centre of Policies and Bio-economy – it can be noticed that most of total payments is addressed to technical assistance, research and forestry activities, with some rather comparable values included between

Payments to the agricultural sector (thousand euros), 2015



Source: CREA - Politiche e Bioeconomia

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



Source: CREA - Politiche e Bioeconomia

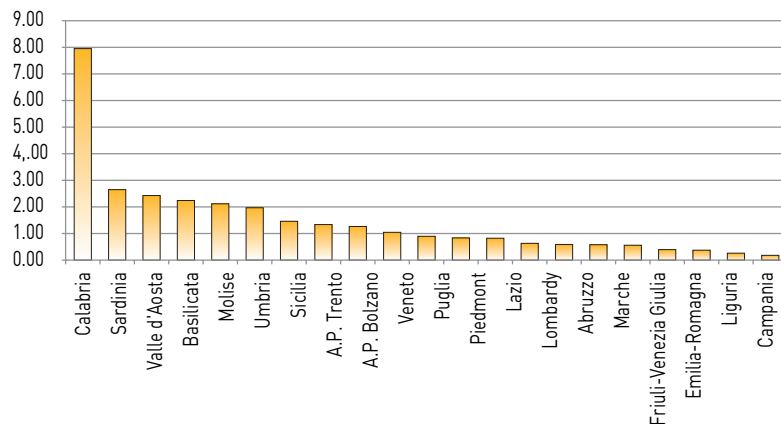
roughly 620 and 557 million euros, in increase over 2014. Forestry activities do account for roughly 26% of total spend-

ing, followed by technical assistance and research (23.5%), company investments (13.8%) and by the support to business

management (8.8%), with different characteristics among Regions.

The incidence of payments for the agricul-

% incidence of regional agricultural payments on the total regional payment value, 2015



Source: CREA - Politiche e Bioeconomia

tural sector on budgetary total payments of each Region highlights to what extent the agricultural spending is modest, never exceeding the threshold of 8% for 2015. Calabria has registered, for 2015, the highest incidence (7.9%), followed by Sardinia (2.6%), Valle d'Aosta (2.4%), Basilicata (2.2%), Molise (2.1%) and Umbria (1.9%). Many Regions, despite playing an important role in the national agricultural sector, are characterized by a decisively lower incidence of the regional agricultural spending: this is the case of Lombardy, Emilia-Romagna, Tuscany, Campania and Puglia.

In the 2016-2017 period the action put in place by the Government in the agricultural sector has involved the following themes:

- A. The safeguard of agricultural income and risk management in agriculture;
- B. The reduction of the fiscal burden on the operators of the agricultural sector;
- C. The promotion of some products and production sectors;
- D. The promotion of food safety;
- E. The safeguard of employment in the agricultural sector.

A) The safeguard of agricultural income and risk management in agriculture

The Legislative Decree n. 189 of October 17th 2016, modified by the law n. 229 of December 15th 2016, has introduced the following measures for relaunching agriculture and the supply-chains of the areas affected by the 2016 earthquake in the centre of Italy:

1. Measures to support the income of the farmers affected. A measure was introduced to cope with the loss of income of the breeding farms with an allocation of 11 million euros in favor of the farmers affected by the earthquake.
2. Measures aimed at simplifying the procedures for the provision of stables and buildings to farmers. The law has envisaged the simplification of the procedures for the purchase and provision of temporary stables and residential units for farmers in order to buy all necessary structures to cope with the emergency.
3. A total refund of the expenditures for ensuring the continuity of production in favor of breeders and farmers affected by the earthquake.
4. The predisposition of a strategic project for the supply chains. The new law has envisaged for the regions affected by earthquakes the possibility to obtain additional resources to be allocated to a strategic project for relaunching the agricultural and agro-industrial sectors that will be coordinated with MIPAAF. It has been established that the entire share of regional co-financing of the 2014-2020 RDP is ensured by the State through the availability of the Revolving Fund for the implementation of the EU policies. The expected amount accounts for 340 million euros for the 2016-2020 period.
5. Financial measures for the small and medium-sized holdings. The new regulation established that this type of support is earmarked to the small and medium-sized agricultural holdings by means of facilitated loans at zero rate with a 100% coverage of the investments for the recovery and relaunch of economic activities and for fostering the establishment of new companies.
6. Payments of the advances of EU funds to the farms affected by earthquake. The regulation has envisaged the allocation of the advances of the European contri-

butions for a total amount of 63 million euros to the farms located in the provinces of Macerata, Ascoli Piceno, Fermo, L'Aquila, Teramo, Rieti and Perugia.

B) Measures aimed at reducing the fiscal burden on the operators of the agricultural sector.

The Stability law 2017 has envisaged:

1. The exemption from the Irpef tax of the cadastral and agrarian incomes related to the lands declared by direct farmers and professional agricultural entrepreneurs enrolled in the agricultural social security, for the three-year period 2017-2019;
2. The three-year exemption of social security contributions for direct farmers and professional agricultural entrepreneurs, aged less than 40, including those who have companies located on mountainous or disadvantaged lands, who do enroll for the first time in the

agricultural social security in the period between January 1st and December 31st 2017;

3. The increase of the percentages of VAT compensation applicable to alive cattle and pigs, only for the year 2017;
4. The re-introduction of tax breaks related to the transfers of ownership at any title of rural funds located on the mountainous areas aimed at achieving the complete rural ownership;
5. A tax credit equal to 65% for the structures carrying out farm stay activities for the requalification of the accommodation facilities for the years 2017 and 2018.

C) Measures aimed at safeguarding food safety

The Law n. 238 ("Testo unico sul vino") of December 12th 2016 has envisaged:

Simplification measures in the wine sector. The Single Test aims to regulate, in an or-

ganic manner, the regulation of the sector, by envisaging laws concerning the simplification of the marketing, designation of origin, geographical indication, traditional terms, labelling and presentation, management, controls and sanctions system.

D) Measures aimed at promoting some products and production sectors

The Law n. 242, December 2nd 2016, has introduced:

Measures aimed at promoting the supply-chains of hemp. More specifically, the measure has identified the varieties of hemp and has individuated the production sectors in which it can be used: feeding, beauty products, industry, crafts, energy sector and the educational and research activities.

The Law n. 127, July 25th 2017, has established:

Measures for the promotion of measures

aimed at restoring, recovering and safeguarding the typical citrus plantations. The new regulation considers as typical citrus plantations those trees that have a particular varietal value in terms of landscape, history and environment, located in the areas most suited to the cultivation of citrus species where the climate and environmental characteristics are capable to give specific features to the product. The law has established a Fund for the safeguard of these citrus plantations equal to 3 million euros for 2017.

E) Measures aimed at safeguarding labor in the agricultural sector

The law n. 199, October 29th 2016, for combatting irregular work, exploitation of labor in agriculture and wage realignment in the agricultural sector has envisaged:

1. New criminal proceedings and indemni-

Main legislative measures of 2016/2017

Law	Content
Law n. 229, 15th December 2016	Urgent measures in favor of the populations affected by earthquakes in 2016
Law n. 199, 29th October 2016	Measures for fighting undeclared work and exploitation of agricultural labor, and compensation realignment in the agricultural sector
Law n. 242, 2nd December 2016	Measures for promoting the cultivation and the agro-industrial supply chain of hemp
Law n. 232, 11th December 2016, ("Stability Law 2017")	State provisional budget for the financial year 2017 and multi-year budget for the three-year period 2017-2019
Law n. 238, 12th December 2016 ("Testo unico sul vino")	Organic Discipline on the cultivation of grapevine and of the production and marketing of wine
Law n. 127, 25th July 2017	Measures for the safeguard of characteristic citrus

ties for the victims of the so-called "caporalato" (illegal recruitment). The law has introduced new penal instruments

such as the confiscation of assets, the arrest while committing a criminal offence, the extension of the entities'

responsibilities, the employer's responsibility, the judicial control over the company that will allow not to interrupt the agricultural activity, and the simplification of the exploitation indexes. The law has also extended the purposes of the anti-trafficking Fund to the victims of illegal recruitment, in the light of the homogeneity of the offence and the frequency of the cases registered where the victim of illegal recruitment is also victim of labor exploitation.

2. Strengthening of labor network of agricultural quality. The new law has widened the sphere of subjects who can adhere to the Network, including the Single Desks for immigration, local institutions, employment centres, the subjects authorized to transport agricultural workers and the bilateral bodies made up by the organizations of workers and workers in agriculture.
3. Action plan to host seasonal agricultural workers. The new law has established

that government administrations will be directly involved in the supervision and safeguard of the working conditions in the agricultural sector, by means of a joint action plan to host all workers engaged in the seasonal activities as the harvesting of agricultural products in order to safeguard safety and dignity of workers and avoid further exploitation of manpower, included the foreign one.

[illegible]

NORTH-WEST

Piedmont
Valle d'Aosta
Lombardy
Liguria

NORTH-EAST

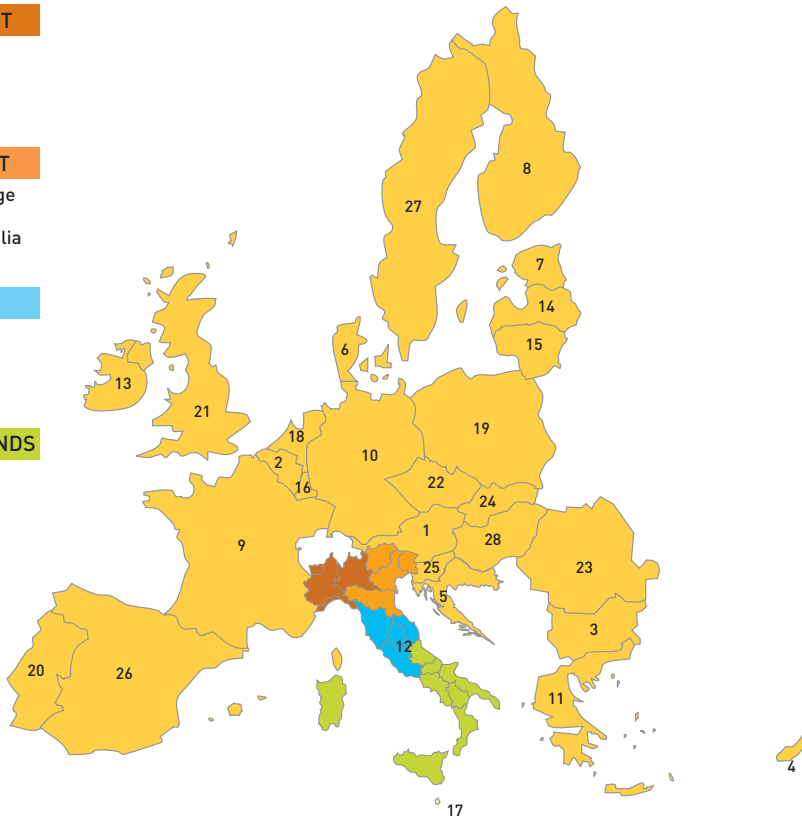
Trentino-Alto Adige
Veneto
Friuli-Venezia Giulia
Emilia-Romagna

CENTRE

Tuscany
Umbria
Marche
Lazio

SOUTH & ISLANDS

Abruzzo
Molise
Campania
Puglia
Basilicata
Calabria
Sicily
Sardinia



EU COUNTRIES

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

*Printed in May 2018
by tipografia Ruschena's Projects
Via dei Colli Portuensi, 103 - Roma*

ISBN 978-88-9959-590-6