

Italian agriculture in figures 1998



NORTH

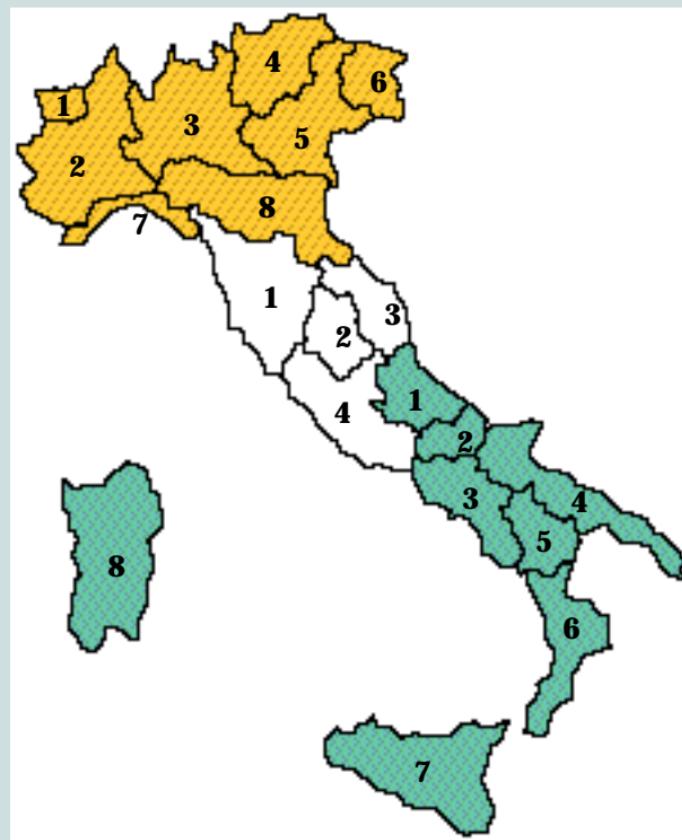
- 1 Valle d'Aosta**
- 2 Piemonte**
- 3 Lombardia**
- 4 Trentino Alto Adige**
- 5 Veneto**
- 6 Friuli Venezia Giulia**
- 7 Liguria**
- 8 Emilia Romagna**

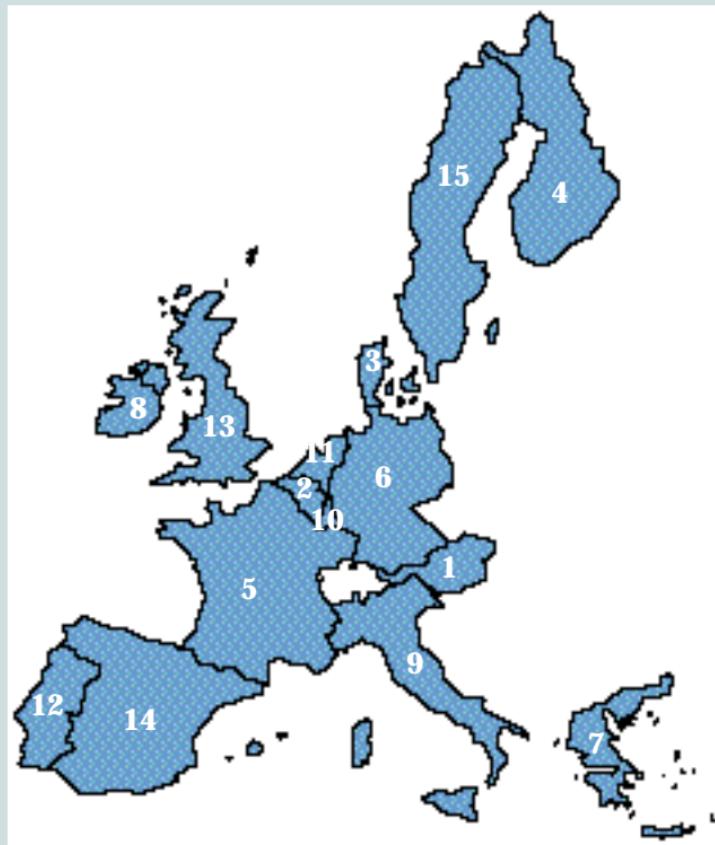
CENTRE

- 1 Toscana**
- 2 Umbria**
- 3 Marche**
- 4 Lazio**

SOUTH

- 1 Abruzzo**
- 2 Molise**
- 3 Campania**
- 4 Puglia**
- 5 Basilicata**
- 6 Calabria**
- 7 Sicilia**
- 8 Sardegna**





UE COUNTRIES

- 1 Austria
- 2 Belgium
- 3 Denmark
- 4 Finland
- 5 France
- 6 Germany
- 7 Greece
- 8 Ireland
- 9 Italy
- 10 Luxembourg
- 11 Netherlands
- 12 Portugal
- 13 United Kingdom
- 14 Spain
- 15 Sweden

*Italian
agriculture
in figures
1998*



In its 10th year running, the now customary and much awaited booklet published every year by the National Institute of Agricultural Economics (INEA) - "Italian agriculture in figures" - provides an authoritative testimonial of the role played by agriculture in an industrially advanced country such as Italy. The booklet not only looks at the primary sector in terms of value added, employment and foreign trade, assessing its contribution to the national economy, but it also takes a broader look at Italian territory and at the protection of the environment, rural areas and the quality of food, in line with the multilateral role attributed to modern agriculture by the European Union. A large section of the booklet is dedicated to the application of EU policies

in Italy, especially as regards structural and rural development. It examines the progress of the accompanying measures of the common agricultural policy; the end of the first programme period offers us the opportunity to assess the application of the measures in Italy and to compare our achievements with the other Member States of the European Union, providing ideas for the next planning stage.

Other areas of particular interest in the booklet include the development in our country of organic agriculture and quality products, which are growing in economic importance and are a signal that the primary sector is undergoing a process of structural regeneration. It is with much interest that we note the active part played by INEA in

analysing and publishing information on all these points and in establishing links with the various components of the agricultural world. The result of this effort is a contribution of fundamental importance which helps us to formulate realistic and just proposals to support at the negotiating table at Brussels, in the interest of the whole of society.

The publication of the 1998 booklet offers me the opportunity to express my warm thanks to INEA for its hard work in preparing this publication in the very short span of time available for the benefit of public institutions and operators, a publication which is enriched each year by new facts and figures yet still remains easy and quick to consult.

Michele Pinto
Minister for Agricultural Policies

*Unless otherwise indicated,
all the statistics contained in this booklet
have been provided by ISAT and INEA.*

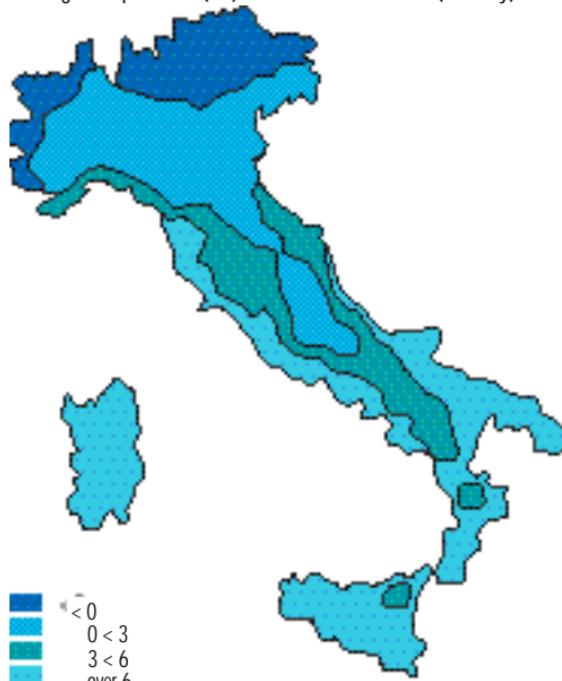
*For international comparisons,
Eurostat statistics have been used.*

*The statistics in this publication may be consulted on Internet in PDF
at the following address: <http://www.inea.it/pdf/itacoe98.pdf>
They may be quoted providing the source is acknowledged.*

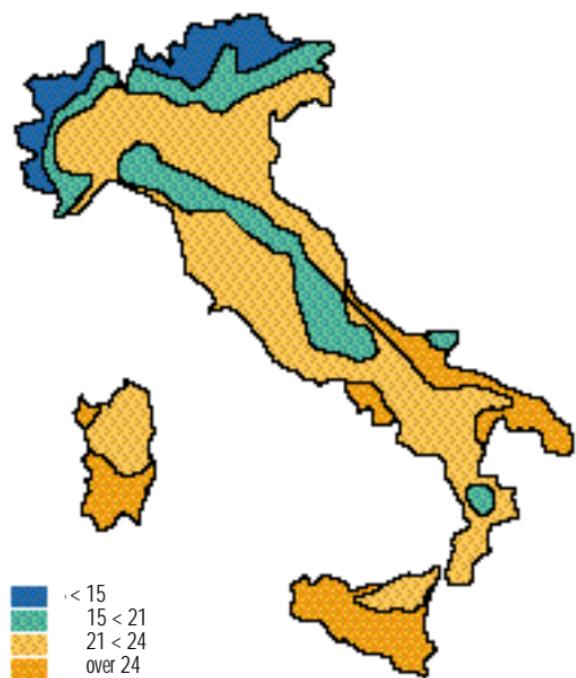
TERRITORY AND POPULATION

Climate*

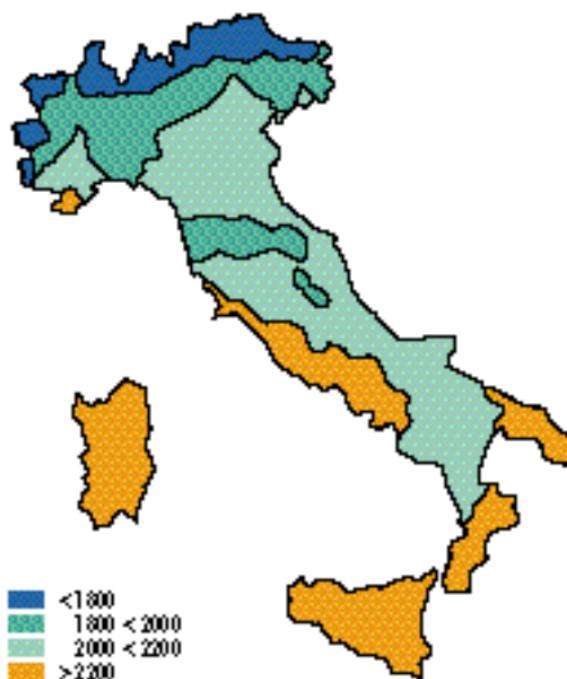
Average temperature (°C) of the coldest month (January)



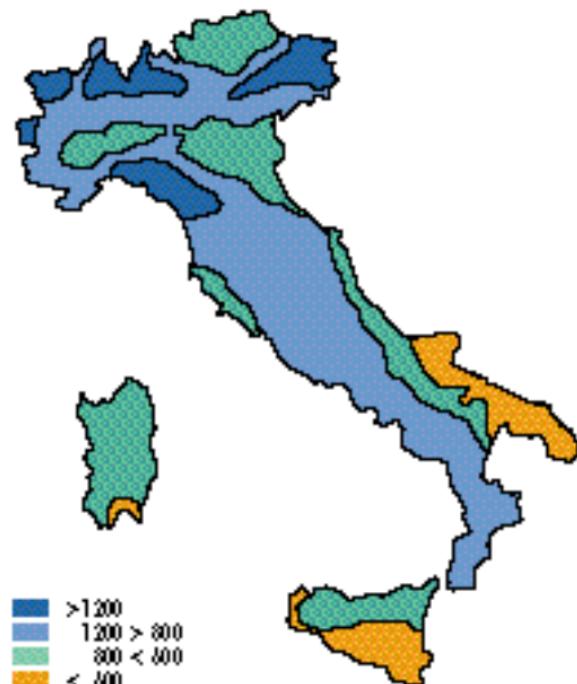
Average temperature (°C) of the warmest month (July)



Hours of sunshine per year



Total rainfall per year (mm)



Territory and Population

General features

One of Italy's main geographical features is the prevalence of hilly and mountainous terrain. Out of a total land area of approximately 30 million hectares, only 23% is made up of lowland and this figure falls to 18% in the South and 9% in the Centre.

Over the last few years, population growth has been almost entirely the result of foreign immigration, where - as the size of the Italian population has been stationary or has fallen. In 1997 the resident population increased by 0.18% compared to 1996; this increase was unevenly spread between the North (+0.19%), the Centre (+0.3%) and the South (+0.1%).

Territory and Population

	Total territory (km ²)	UAA (%)	Population ('000) (1)	Density inhab./km ²	Workforce ('000 units)
North	119,898	42.5	25,567	213	11,137
Centre	58,355	45.6	11,053	189	4,493
South	123,065	55.7	20,944	170	7,262
ITALY	301,318	48.5	57,564	191	22,892

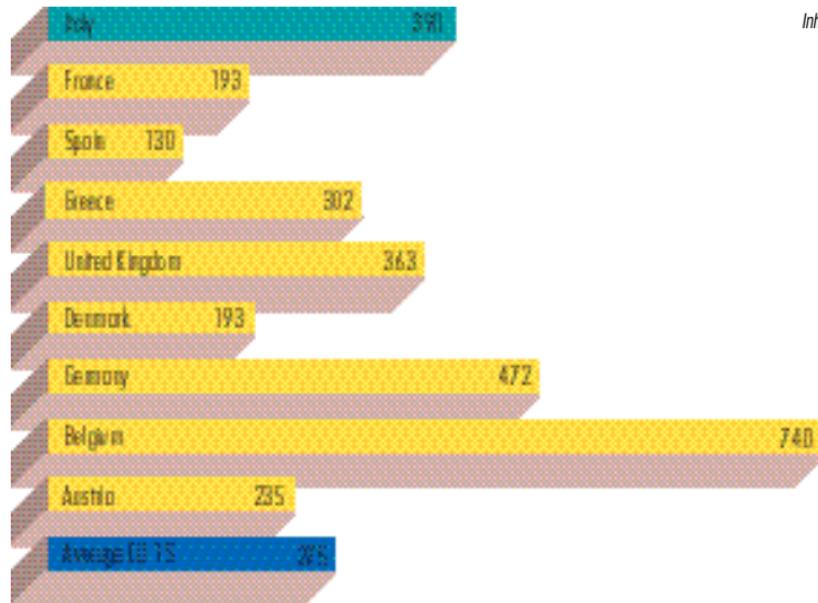
(1) Resident population, 1997 estimates.

Type of territory according to altitude ('000 hectares) (*)

	North	Centre	South	Italy
Mountainous	5,532	1,576	3,503	10,611
Hilly	2,271	3,724	6,548	12,543
Lowland	4,187	536	2,255	6,978
TOTAL	11,990	5,836	12,306	30,132

(*) At 31-12-1996.

Population/agricultural land ratios (*)



(*) Total population in 1996, estimates from the European Commission.

Agricultural areas and availability of land

The urbanization process is progressively absorbing land in Italy. The total amount of unproductive land is increasing, due to the spread of built-up areas and infrastructure; it is currently estimated at about 3 million hectares, equivalent to almost 10% of national territory. The amount of agricultural land, on the other hand, is steadily falling: according to the most recent structural surveys, used agricultural land (UAA) has decreased since 1970 by about 2.8 million hectares (-16%). This is a phenomenon which affects all European Union countries, but it is particularly marked in Italy; according to the Eurostat structural surveys, between 1990 and the

1994-6 average, there was a 1% decrease in UAA in Italy compared to an average decrease of 0.1% in the EU-15.

Use of land in Italy and EU countries (% total territory)

	Italy	Other Mediterranean countries (*)	Other EU countries (**)	Former EFTA countries (***)	Total EU 15
Arable land (1)	29.9	20.1	30.9	7.2	22.0
Permanent crops (2)	10.6	9.0	1.3	0.1	2.5
Vegetable gardens	0.3	-	0.2	0.1	0.2
Permanent grass and pasture	14.1	17.7	23.1	3.0	15.6
Woodland	21.4	30.1	22.4	55.9	33.1
Inland waterways	2.4	1.3	1.7	8.4	3.5
Unproductive areas and other land (3)	21.3	n.a.	20.0	n.a.	n.a.
TOTAL AREA ('000 hectares)	30,132	72,986	133,323	87,177	323,618

n.a. = not available

(*) Greece, Spain, Portugal.

(**) France, Germany including ex GDR, Benelux, Denmark, Ireland, Great Britain.

(***) Austria, Finland, Sweden.

(1) Arable crops, including temporary forage crops and fallow land.

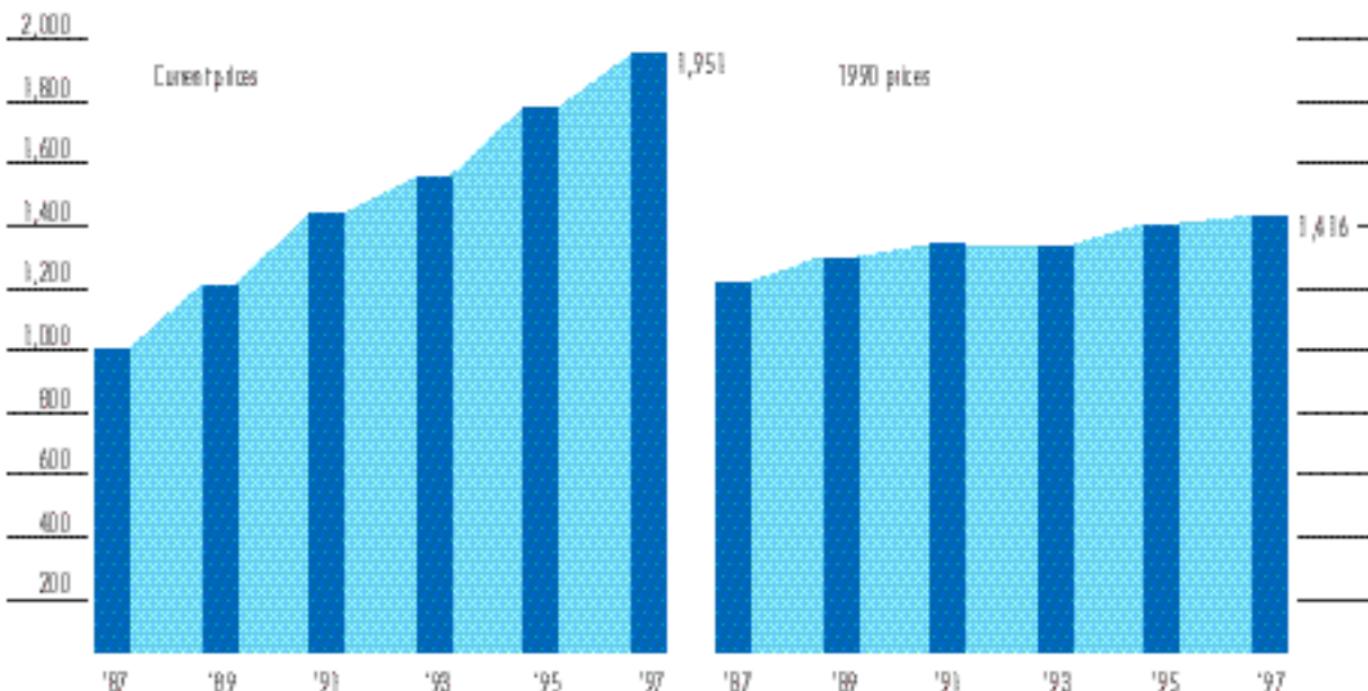
(2) Tree crops and other permanent crops.

(3) Civic buildings and industrial plants, infrastructure, rocks and barren land; "other land" includes abandoned and uncultivated land, ornamental parks and gardens, farm land occupied by buildings, courtyards, roads and unused land between crops.

AGRICULTURE AND THE ECONOMY

Gross Domestic Product

Gross domestic product 1987-1997 ('000 billion lire)



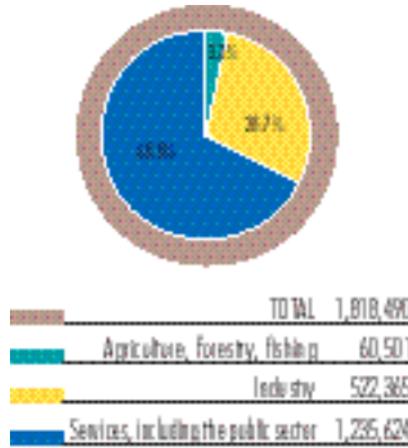
GDP per inhabitant and per labour unit, 1987-1997 (million lire)



Value Added

Compared to 1996, value added (VA) at factor cost in the primary sector dropped by 1.6% in current value and remained stationary in real terms in 1997. The contribution

VA at factor cost by sector (billion lit)



by agriculture to the VA of the Italian economy was equivalent to 3.3%, a lower percentage than in 1996. At constant prices, the agricultural contribution to total national VA at factor cost dropped from 8.1% in 1970 to 6.2% in 1980 and to 3.8% in 1997. In the same period the contribution by industry also dropped, whereas the contribution by the service industry increased considerably, reaching around 66% of total VA.

The contribution made by agriculture to the economy in Italy is higher than in other industrialized countries, especially in terms of employment. Despite a general trend over recent years for Italy to move closer in this respect to countries in the Centre-North of Europe, there remains a strong regional difference within the country itself; in the North agriculture provides just 2.6%

of total VA and 5.7% of employment, whereas in the South these figures rise to 5.4% and 13% respectively.

Contribution of agriculture to national economies in 1996 (*)

Country	Value added (%)	Employment (%)
Italy	2.7	6.7
France	1.9	4.8
Spain	3.5	8.6
Greece	6.7	20.3
Germany	0.8	2.9
Netherlands	2.8	3.8
United Kingdom	0.8	2.0
Austria	1.0	7.4
Finland	0.8	7.9
Sweden	0.5	3.3
EU 15	1.7	5.1
USA (1)	3.3	2.8
Japan (1)	2.0	5.5

(*) Including forestry, fishing and hunting.

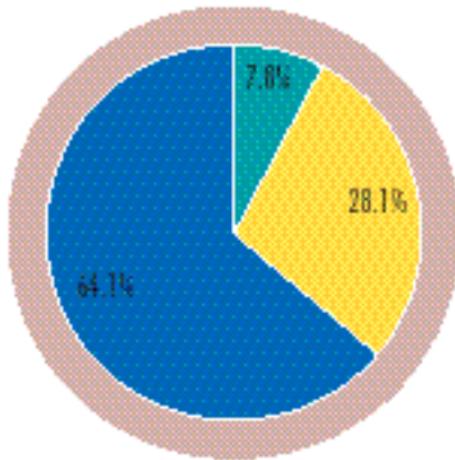
(1) Value added figure refers to 1993.

Employment

The total workforce in employment in Italy, expressed in labour units, decreased slightly (-0.2%) in 1997. The only increase in labour demand was in the saleable services industry (+0.5%), whereas it dropped in agriculture (-1.4%), industry (-0.5%) and the public sector (-0.6%).

In the agricultural sector, there was a fall in the number both of hired workers (-1.9%) and self-employed workers (-1.1%). The former category registered a decrease in absolute terms of around 11,000 units, falling from 3.7% to 3.6% of the overall number of hired labour units in Italy. The latter category registered a decrease of around 12,500 units, falling from 17.1% to 16.9% of the total number of self-employed units in Italy.

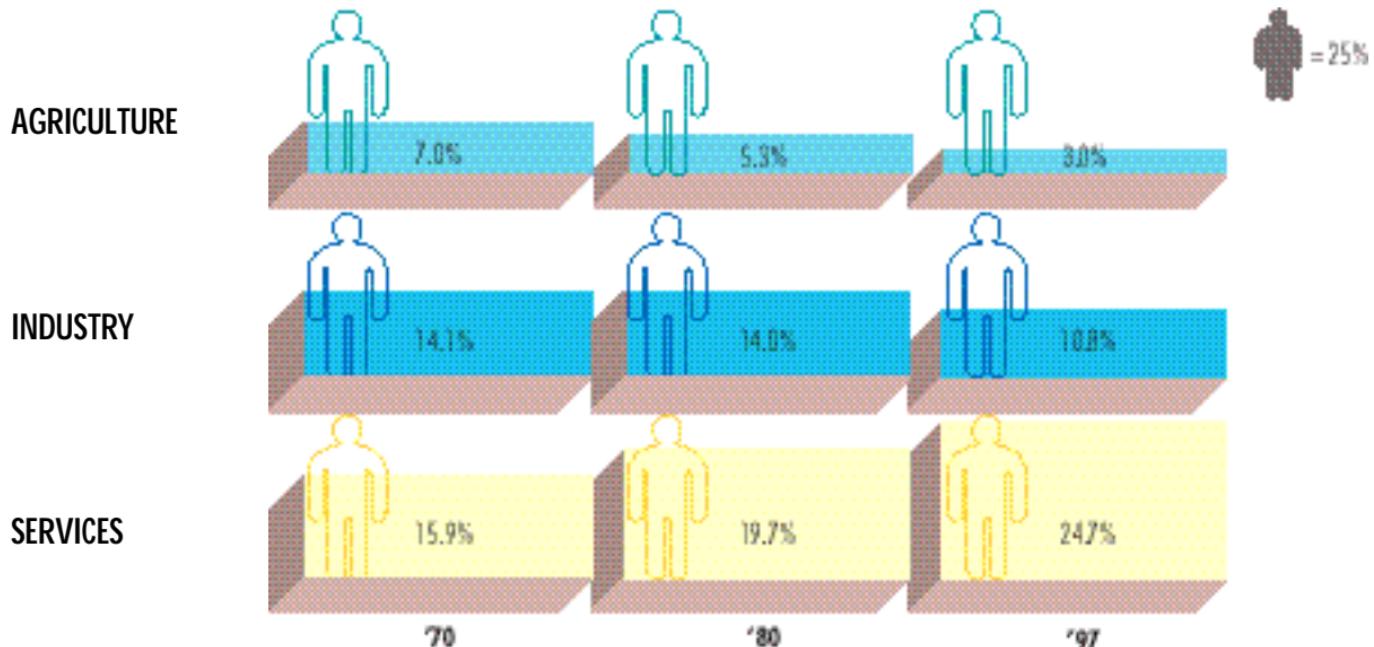
LU by sector ('000 units)



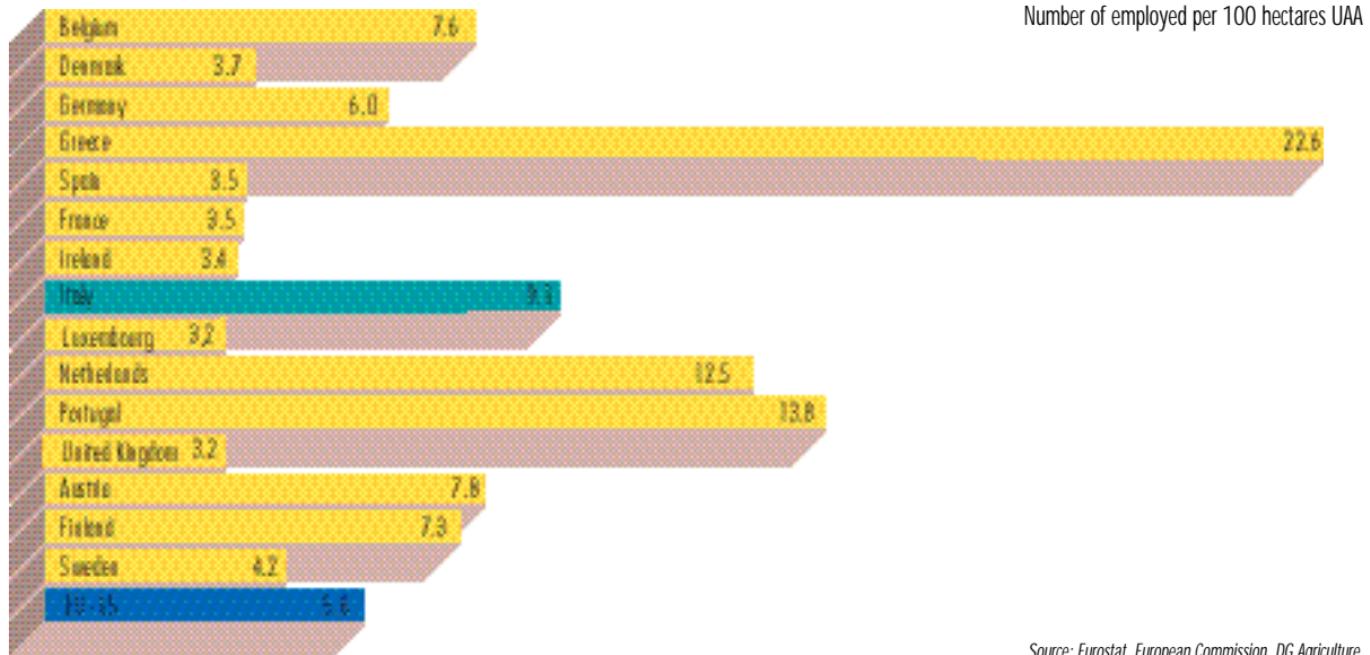
TOTAL	22,203
Agriculture	1,731
Industry	6,235
Services (1)	14,237

(1) Including the public sector.

Percentage of population employed in agriculture



Employment in agriculture in the EU

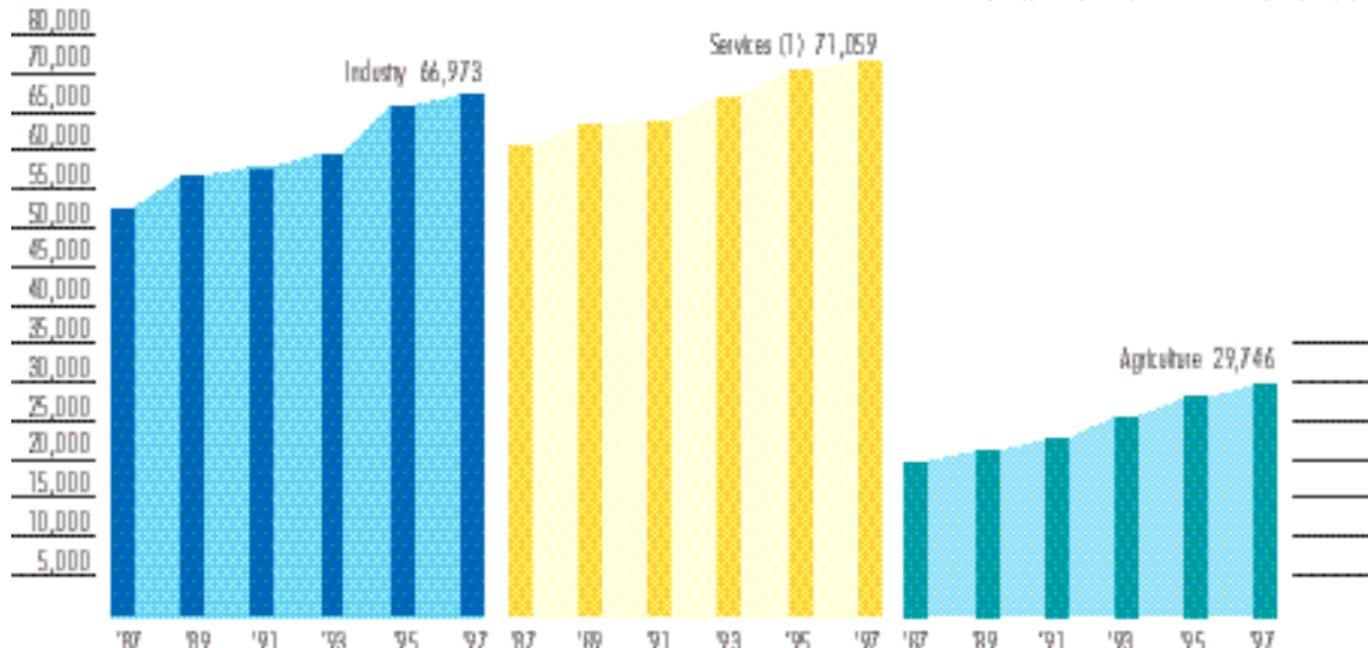


Source: Eurostat, European Commission, DG Agriculture.

Productivity

VA/LU by sector at 1990 prices ('000 lire)

At constant prices, value added at factor cost per labour unit in the



(1) Excluding the public sector.

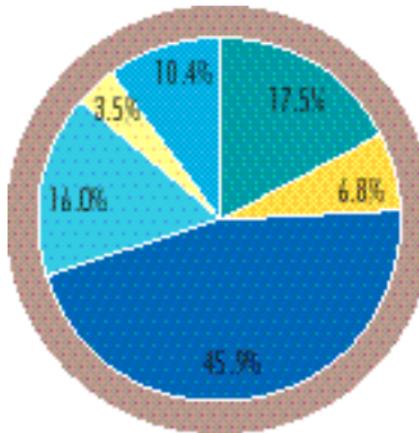
THE AGRI-INDUSTRIAL SYSTEM

Structure

The agri-industrial system is made up of a series of activities in which agriculture interacts with the sectors connected with it: the agricultural inputs industries (fertilizers, pesticides, animal feed, energy etc), the food industry, the catering industry and the distribution industry.

The agri-industrial sector is estimated to have been worth approximately 289,000 billion lire in 1997, equivalent to 14.8% of the GDP. This sum is made up as follows: approximately 50,000 billion in agricultural value added, 20,000 billion in intermediate agricultural inputs, 30,000 billion in agri-industrial investments, approximately 46,000 billion in value added in the food industry and approximately 133,000 billion in marketing and distribution.

Main components of the agri-industrial system



TOTAL (billion lire)	289,819
VA in agriculture (1)	50,432
Intermediate agricultural inputs (1)	19,672
Marketing and distribution	132,598
VA in the food industry (2)	46,190
Agricultural production subsidies (1)	9,979
Agri-industrial investments	29,948

(1) Including fishing.
(2) At market prices.

FACTORS OF PRODUCTION

Intermediate Inputs
Agricultural Credit
Investments
Employment in the Agri-food Sector
Land Market

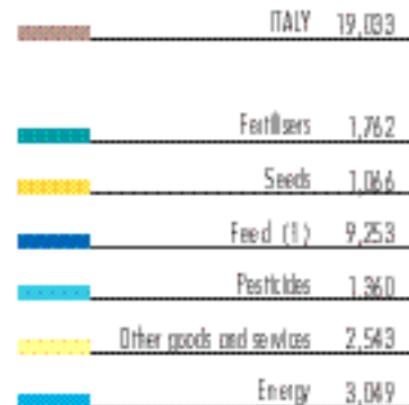
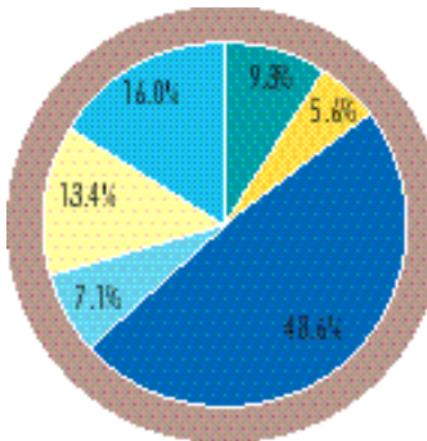
Intermediate Inputs

Expenditure on inputs amounted to 19,000 billion lire in 1997, dropping in value by 1.6% compared to 1996. For the fifth consecutive year, there was a decrease in quantities used, equivalent to -1.3%, a higher decrease than in 1996 (-0.5%). There was a decrease in the use of animal feed (-2.2%), fertilizers (-1.7%) and pesticides (-2.2%); the consumption of energy and other goods and services remained more or less the same (-0.2%). There was, on the contrary, an increase in the use of seeds (+4.8%). On an average, input prices remained the same (-0.3%), after a 4.6% increase in 1996. The variation in prices differed, however, between the various categories of inputs: for example, energy prices rose by 3.5% whereas the price of fertilizers dropped by 3.8%. Expressed as a percentage of the

value of final output (VFO) in the agricultural sector, expenditure on

inputs increased slightly, reaching 28.5% compared to 28.2% in 1996.

Main categories of intermediate inputs (billion lire)



(1) Including other expenses for livestock.

Agricultural Credit

Absolute figures for 1997 show a steady increase in short-term credit which, further to the excellent results achieved in 1996, increased by a further 14%. 46% of all short-term credit was on

subsidised interest rates.

Medium and long-term credit, on the other hand, remained stationary after the 8% drop in 1996. 64% of medium and long-term credit was on subsidised interest rates.

The fluctuation in the use of credit is confirmed by the fact that the total amount of credit, expressed as a percentage of VFO, rose from 31.4% in 1996 to 33.9% in 1997.

Agricultural credit at year end (billion lire) (*)

Year	Short-term	Medium and long-term	Total	% of VFO
1992	7,354	13,406	20,760	32.4
1993	5,986	13,814	19,800	31.3
1994	5,382	13,596	18,978	29.3
1995	7,838	15,231	23,069	33.2
1996	8,589	14,026	22,615	31.4
1997	9,784	14,005	23,789	33.9

() Including credit for fisheries.
Source: Bank of Italy.*

Investments

The Central Institute of Statistics, ISTAT, did not proceed with its usual calculation of agricultural investments for 1997, as it was revising its historic sets of statistics in this sector in order to adapt them to the new European Accounting System. In the meantime, the 1996 figures were updated according to national accounts indicators for main investment categories and to ISTAT price indices for goods and services purchased by farmers.

From this update, it would seem that in 1997 there was an overall increase in agricultural investments, but at a lower rate of growth than the previous year. At constant prices, the ratio of investments to value added increased, reaching almost 32%. Agricultural investments also represented a slightly greater percentage of total

investments in the Italian economy (6.6%). The level of investments per labour unit at constant 1990 prices

reached 9.5 million lire in agriculture, approximately 17% less than in the rest of the economy.

Trends in agricultural investments (*)

	Current values (billion lire)	Constant values 1990 prices (billion lire)	% of total gross fixed investments (1)	% of agricultural VA (1)
1987	13,611	16,444	7.1	33.0
1988	16,117	18,405	7.5	38.5
1989	16,397	17,584	6.8	36.4
1990	16,180	16,180	6.1	35.0
1991	16,456	15,331	5.7	30.3
1992	16,239	14,471	5.5	28.3
1993	15,677	13,402	5.8	26.6
1994	17,164	14,200	5.9	28.2
1995	18,991	14,904	5.8	29.3
1996	21,557	16,340	6.5	31.6
1997	22,246	16,418	6.6	31.9

() Including forestry and fishing.*

(1) At 1990 prices.

Machinery, buildings and other forms of investment (billion lire)



Employment in the Agri-food Sector

The activities of producing, processing and manufacturing agricultural products provide employment for approximately 2 million labour units, distributed as follows: 39% in the North of Italy, 16% in the Centre and 45% in the South.

Employment in the agri-food sector represents a widely varying percentage of total employment in the single regions, ranging from a maximum of 25% in Basilicata and 22% in Puglia to a minimum of around 5% in Lombardy.

In regions where the economy and the agri-industrial system are most developed, employment in the food industry accounts for a substantial percentage of overall agri-food employment: from an average of 8% in the South to 27% in the North, with a peak of 39% in Lombardy.

Employment in agriculture and the food industry by region, 1995 ('000 LU)

Region	Agriculture		Food Industry		Overall		Overall % of total economy
	No.	%	No.	%	No.	%	
Piemonte	128.1	7.1	32.7	9.1	160.8	7.4	8.5
Valle d' Aosta	5.2	0.3	0.4	0.1	5.6	0.3	9.7
Lombardia	113.5	6.3	73.5	20.5	187.0	8.6	4.8
Trentino A. A.	39.0	2.2	9.2	2.6	48.2	2.2	10.6
Veneto	147.3	8.1	38.5	10.7	185.8	8.6	9.3
Friuli V. G.	28.1	1.6	9.7	2.7	37.8	1.7	7.5
Liguria	36.0	2.0	4.9	1.4	40.9	1.9	6.4
Emilia Romagna	127.5	7.0	58.9	16.4	186.4	8.6	10.4
NORTH	624.7	34.5	227.8	63.6	852.5	39.3	7.6
Toscana	101.7	5.6	13.7	3.8	115.4	5.3	7.7
Umbria	26.4	1.5	10.4	2.9	36.8	1.7	11.0
Marche	54.9	3.0	11.2	3.1	66.1	3.0	10.7
Lazio	106.1	5.9	20.2	5.6	126.3	5.8	6.0
CENTRE	289.1	16.0	55.5	15.5	344.6	15.9	7.6

Region	Agriculture		Food Industry		Overall		Overall % of total economy
	No.	%	No.	%	No.	%	
Abruzzo	62.7	3.5	8.0	2.2	70.7	3.3	15.0
Molise	22.1	1.2	2.5	0.7	24.6	1.1	21.4
Campania	223.4	12.3	24.0	6.7	247.4	11.4	14.4
Puglia	127.9	7.1	14.4	4.0	142.3	6.6	11.5
Basilicata	38.9	2.1	3.9	1.1	42.8	2.0	21.9
Calabria	147.4	8.1	6.4	1.8	153.8	7.1	24.8
Sicilia	211.3	11.7	8.9	2.5	220.2	10.2	14.2
Sardegna	62.0	3.4	6.9	1.9	68.9	3.2	12.7
SOUTH	895.7	49.5	75.0	20.9	970.7	44.8	15.0
TOTAL	1,809.5	100.0	358.3	100.0	2,167.8	100.0	10.1

Land Market

In 1996, the value of land increased on average by 1.9% in Italy. Low sales and stationary prices have continued to be the main features of the land market during the last three to four years. In real terms, the value of land has continued to fall; prices have dropped by 13% in real terms over the last seven years, despite a nominal increase of 15%. Behind these figures, however, there are wide variations between different kinds of land; in some niches the market is quite active, as is the case, for example, in land used for high-profit crops. Another type of land which continues to be in high demand is rural land with property on it, situated in an area with an attractive landscape.

The evolution of the economic situation has affected land market trends in various ways. The improvement in the rate of inflation has discouraged many operators who were buying rural

property as "shelter goods", for speculative purposes. In the case of farmers themselves, restrictive budget policies (increases in land taxes, reductions in subsidised credit) have deterred potential investors amongst them.

Rented land amounts to 3.8 million hectares, representing 18.6% of national UAA. The rent market is uncertain and sluggish. There are

significant differences in the market according to the area concerned: in mountainous and hilly areas, demand is very low and supply is high, whereas in lowland and cultivated areas, demand is high. Rent levels and the types of crops most requested by potential renters appear to be influenced by market trends and by the CAP.

Average land values in 1996 (million lire/hectare)

	TYPE OF LAND (ACCORDING TO ALTITUDE)					TOTAL
	Inland mountains	Coastal mountains	Inland hills	Coastal hills	Lowland	
North-West	8.5	23.5	25.8	58.9	40.8	28.6
North-East	30.0	-	30.0	21.6	41.4	36.4
Centre	12.1	18.7	18.5	27.4	36.2	20.3
South	11.6	19.9	17.6	28.0	25.7	19.6
Islands	10.3	18.0	13.0	16.7	22.6	15.1
TOTAL	14.8	19.2	18.6	24.0	35.4	23.4

Source: INEA Land Values Data Bank.

THE AGRI-FOOD SECTOR

Production Levels
Prices and Costs
Value of Final Output and Farm Income
Food Industry
Distribution
Food Consumption
Foreign Trade

Production Levels

In 1997 the agricultural sector registered a drop in production levels after the increase in 1996. Final output decreased by 0.8% in quantity and by 2.7% in value.

Climatic conditions were rather unsatisfactory, considering the drought which affected several regions in the North and the spring frost which hit the orchards of Emilia Romagna

and other regions in the North-East. In several areas of the Centre-South, excessive rainfall obstructed spring seeding. In autumn, the earthquake which hit Umbria and the Marches caused much damage to farms, including farm buildings.

Results varied in the main production sectors: a small increase in field crops (+1.1%) was accompa -

nied by a decrease in tree crops (-5%) and no change in livestock production.

Cereal production fell in real terms (-5.5%), mainly due to the decrease in production of soft wheat (-16%), durum wheat (-11%) and barley (-16%), against a modest increase in the production of hybrid maize (+2.2%) and rice (+1.3%).

VFO by production sector

	North		Centre		South		Italy	
	billion lire	%	billion lire	%	billion lire	%	billion lire	%
Field crops (1)	9,428	28.6	3,882	41.4	9,729	38.3	23,039	34.0
Tree crops	5,274	16.0	2,116	22.5	9,949	39.1	17,339	25.6
Livestock	17,653	53.6	3,146	33.5	5,577	21.9	26,376	38.9
Forestry	587	1.8	247	2.6	174	0.7	1,008	1.5
TOTAL	32,942	100.0	9,391	100.0	25,429	100.0	67,762	100.0

(1) Including forage.

Errata:

the figures in this table are to be replaced with those on page 130

Agricultural production in 1997 and changes compared to 1996 (*)

	Final Output			
	Quantity '000 tonnes	% change	Value billion lire	% change
soft wheat	3,668	-0.8	1,174	-10.3
durum wheat	4,110	4.7	1,430	-4.1
maize	7,694	12.9	2,516	2.6
rice	1,422	7.3	1,105	6.9
sugar beet	11,347	-12.3	1,211	4.9
tobacco	122	-2.4	581	-11.9
soya	827	12.9	354	21.4
sunflowers	486	-8.9	160	-18.5
potatoes (new and ordinary)	1,919	-0.7	776	-31.3
tomatoes	6,377	23.3	1,617	20.0
grapes (table)	1,065	31.6	611	27.6
wine ('000 hl)	58,713	4.5	6,901	23.8
olives (table)	78	-8.8	164	5.6
olive oil ('000 quintals) (1)	4,535	-28.1	3,130	-10.5
apples	2,040	5.6	1,377	10.7
pears	990	14.7	658	1.1
peaches and nectarines	1,733	6.1	1,269	0.8
oranges	1,973	23.5	1,197	34.1
lemons	639	17.6	562	24.7
mandarins and clementines	483	7.2	375	15.4
kiwi	342	9.0	439	7.5

(*) Provisional data.

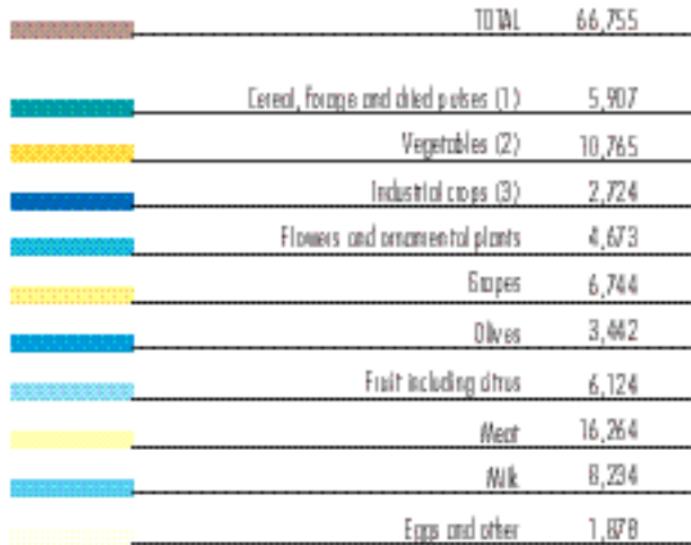
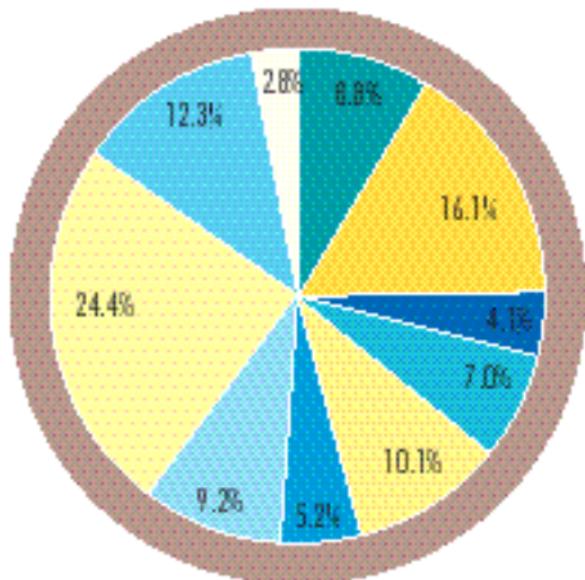
(1) 1 quintal = 100 Kg

Among industrial crops, there was an enormous increase (+36%) in the production of soya which resulted, however, in its exceeding the maximum guaranteed ceiling set by the EU; there was also a considerable increase (+17.8%) in the production of sugar beet.

The production of vegetables increased on an average by 1.8%; the more significant increases were in artichokes (+16.7%), fennel (+9.6%), salad (+8.8%), aubergines (+9.1%) and courgettes (+11.8%). On the other hand, there was a decrease in potatoes (-2.6%) and tomatoes (-12.8%).

A further decrease in production, after that of 1996, was shown by flowers and ornamental plants, reflecting the drop in internal consumption and stationary foreign demand. There was an increase, on the other hand, in market gardening production (+3%).

VFO in agriculture by main sector (billion lire)



(1) Forage crops accounted for 174 billion lire, dried pulses for 83 billion lire.

(2) Including potatoes and fresh pulses.

(3) Sugar beet, tobacco, oilseeds, textile fibres and other industrial products.

As regards tree crops, fruit production decreased sharply (-22.5%), especially pears (-33.3%), peaches (-25%), apples (-21%), apricots (-23%) and plums (-36%). For the second year

running, there was an increase in citrus fruit production (+12%), allowing the sector to recover further after the poor results of recent years.

The grape and wine sector was char -

acterized by a poor grape harvest, leading to a 12% decrease in wine production compared to the previous year. From the point of view of quality, however, it was an excellent year.

Main livestock production in 1997 and changes compared to 1996

	FINAL OUTPUT			Value billion lire	% change
	Quantity (4) '000 tonnes	change %			
Cattle (1)	1,615	-0.9		5,986	-3.5
Pigs	1,702	2.8		4,649	1.9
Sheep and goats	95	-2.0		438	1.4
Poultry	1,424	1.8		3,665	-5.1
Rabbits and game	387	-0.2		1,433	-9.1
Eggs (2)	12,710	3.1		1,814	-1.7
Cow's milk (3)	100,158	-2.0		7,311	-0.5
Sheep and goat's milk (3)	7,200	2.4		922	4.2

(1) Including buffaloes.

(2) Production in millions.

(3) Production in '000 hl; buffalo milk included with cow's milk.

(4) Saleable quantities; liveweight for meat.

Agricultural production in EU countries in 1996

	Gross output Mecu (*)	%	Intermediate inputs Mecu (*)	%	Intermediate inputs as % of gross output
Italy	35,694	16.2	9,823	9.5	27.5
Belgium	6,817	3.1	4,456	4.3	65.4
Denmark	6,915	3.1	3,586	3.5	51.9
Germany	33,348	15.1	18,532	18.0	55.6
Greece	8,889	4.0	2,422	2.4	27.2
Spain	27,523	12.5	11,441	11.1	41.6
France	46,897	21.3	23,270	22.6	49.6
Ireland	4,404	2.0	2,147	2.1	48.8
Luxembourg	185	0.1	86	0.1	46.5
Netherlands	17,156	7.8	8,515	8.3	49.6
Portugal	4,937	2.2	2,241	2.2	45.4
United Kingdom	18,185	8.3	10,563	10.3	58.1
Austria	3,637	1.7	1,835	1.8	50.5
Finland	2,274	1.0	1,513	1.5	66.5
Sweden	3,484	1.6	2,434	2.4	69.9
EU 15	220,345	100.0	102,864	100.0	46.7

(*) 1 ecu = approx. 1,959 lire.

In the olive sector, there was a substantial increase in production of olive oil (+41%), thanks to it being the high-yield year of the two-year production cycle.

In the livestock sector, there was a decrease in the output of almost all kinds of meat: beef by 0.9%, sheepmeat and goatmeat by 2%, horsemeat by 1.2%, and rabbit and wild game by 0.2%. There was, however, a further increase in the output of pigmeat (+2.8%), following the growing demand for national production.

Production of cows' milk dropped by 2%, the sector being affected by the milk quota problem.

As regards forestry products, there was a substantial increase in the number of trees felled (+2%).

Prices and Costs

In 1997 the price of intermediate inputs rose by only 0.3%, compared to 4.6% in 1996. This low rise was due in particular to a fall in the price

of feed (-3.8%) and seed (-2.3%). There was an average increase of around 3% in the price of investment goods, the lowest increase in the last

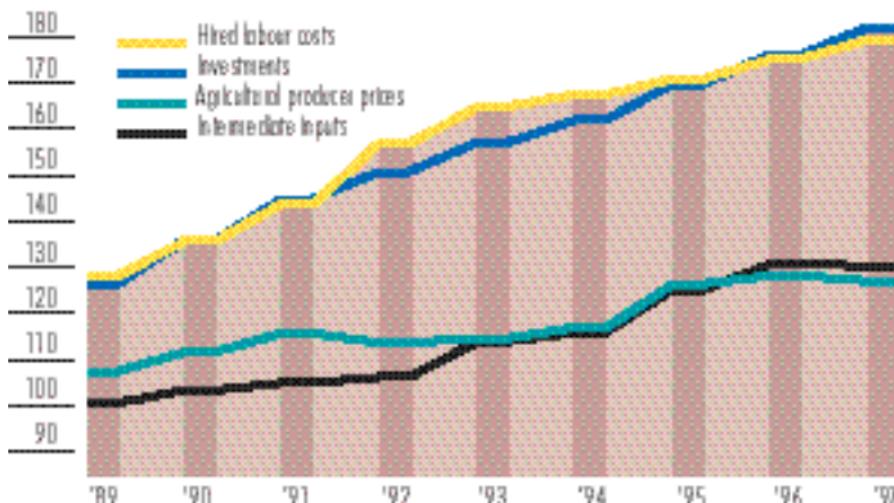
six years. Hired labour costs increased by around 1.7%.

Producer prices fell by an average of 1.9%, contributing to the low inflation rate (1.8%). This decrease affected all sectors and particularly field crops (-2.4%); there was a particularly large drop in the price of cereals (-11%), especially rice and hybrid maize (-19%).

Tree crops showed varying trends, with a fall in the price of olive products (-14.7%) and an increase in fruit prices (+5.2%).

In the livestock sector, there was an average price decrease of 2%, the result of a drop in the price of beef (-2.6%), pigmeat (-0.9%) and poultry and rabbit meat (-7.4%) partly offset by an increase in the price of milk (+1.5%) and other products.

Index numbers (base 1985 = 100)

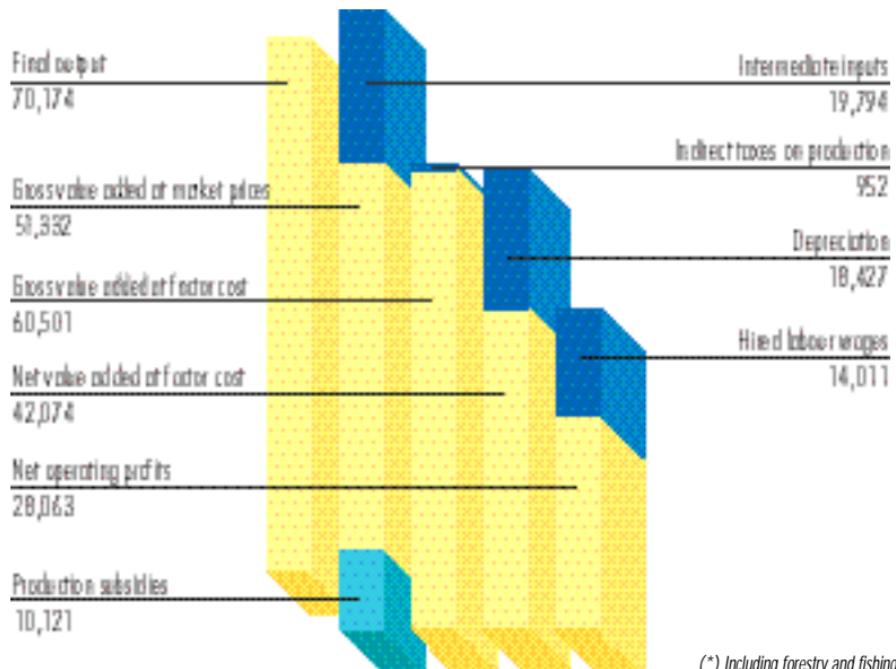


Value of Final Output and Agricultural Income

In 1997, the value of final output (VFO) in the agricultural sector, including production subsidies, was made up as follows: 24.6% in intermediate inputs (seeds, fertilizers, feed, energy etc); 17.4% in hired labour wages; 34.9% in rewards to self-employed labour (farmers and family workers), capital and business; 22.9% in depreciation.

Subsidies and grants from the State, ministries, regions and the EU amounted to around 12.6% of VFO, a substantial increase compared to 1996.

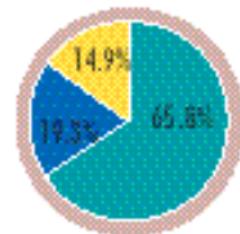
Break-down of agricultural income (*) (billion lire)



() Including forestry and fishing.*

Food Industry

Value added at factor cost



In 1997 the food industry contributed around 9.1% of VA at factor cost in the manufacturing industry as a whole.

After a decrease in production in 1996, production levels picked up again in 1997, rising by 2.4%, which was more than in the manufacturing industry as a whole (+2.1%).

Production increased in the following sectors: pasta (+4.8%), processed and preserved fruit and vegetables (+5.3%), meat (+3.9%), the sugar industry (+22.3%) and wine (+13.8%).

It decreased, on the other hand, in animal and vegetable fats (-4.7%) and milk and dairy products (-2.2%).

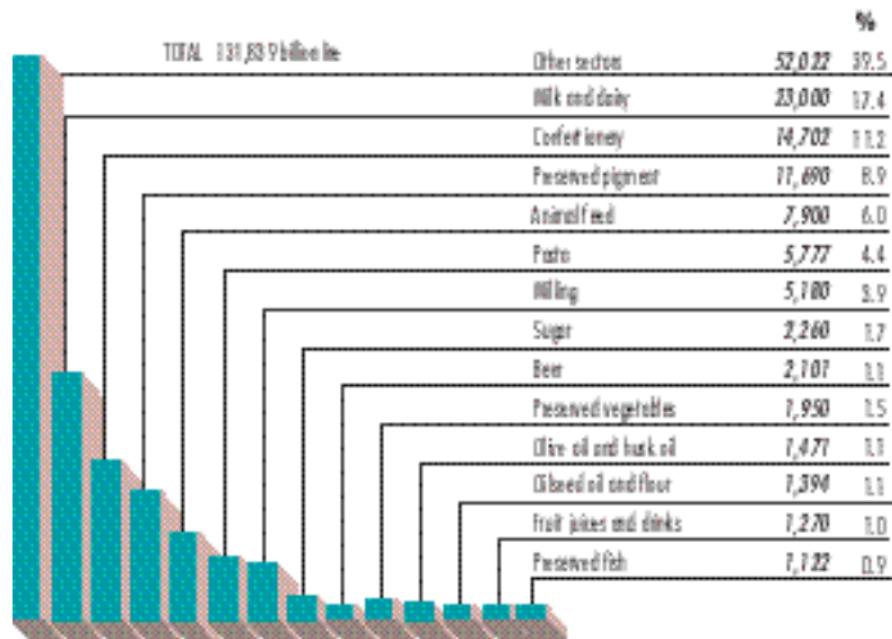
VA in the food industry at market prices increased, in real terms, by 2.5%.

In Italy, the food market is in constant evolution and it attracts con -

siderable national and foreign investment. Although there is an increase in industrial concentration in the sector, there is still a large number of small and medium-sized enterprises involved in production (approximately 30,000 with around 350,000 employees). These enterprises are unevenly distributed over the country, and there are also considerable structural and technological differences among them, especially comparing the South to the Centre-North. The processing industry is mainly concentrated in the North, where the rate of growth in value added over the last ten years has nearly always been higher than in the South.

In the European Union, the agri-food sector is one of the leading sectors from the point of view of employment and value added.

Turnover in the food industry by sector in 1997 (billion lire)



Source: Confindustria, Report on Italian Agriculture, May 1998.

Over 80% of value added in the EU is concentrated in Germany, France, the United Kingdom, Italy, Spain and the Netherlands. In 1997, there was a particularly marked growth in production in Belgium, Denmark, France and the United Kingdom. Among the new Member States, Sweden and Finland showed growth trends, whereas the position of Austria was less positive.

The food industry in the EU in 1996 (*)

Country	% of VA (1)	% of employment
Italy	13.7	8.2
France	15.1	13.6
F.R. Germany	20.8	21.1
Netherlands	5.4	4.3
Denmark	2.9	2.6
United Kingdom	16.2	19.2
Spain	10.1	14.7
Sweden	2.6	2.2
Ireland	3.4	1.9
Finland	2.2	1.5
Portugal	1.8	3.9
Greece	0.6	1.8
Others (2)	4.9	5.0
EU 15 - Total (3)	119,426	(4) 2,632

(*) Including drinks and tobacco.

(1) Calculated on VA at factor cost at 1990 prices.

(2) Belgium, Luxembourg, Austria.

(3) Absolute value in million ecu: (1996) conversion rate of 1 ecu
= approx. 1,959 lire.

(4) '000 employees.

Source: Eurostat 1997 yearbook.

Production in Italy: % changes

Sector	1997/96
Milling (1)	-1,5
Bran	-4,0
Pasta	4,8
Biscuits and bread	5,7
Processed fruit and vegetables (2)	5,3
Vegetable and animal fats	4,7
Slaughter and processing of meat	3,9
Dairy products (3)	-2,2
Sugar refining	22,3
Confectionery	-4,9
Baby and diet food	3,8
Wine	13,8
Mineral water and soft drinks	6,8
Beer and malt	8,6
Animal feed	-4,6

(1) Including starch products.

(2) Including frozen fruit and vegetables (+5.6% change).

(3) Including ice-cream production (+2.7% change).

Distribution

In 1996, the distribution system was characterized by a general decrease in the number of enterprises and a drop in employment. As a counter-trend, large-scale retail continued to grow. The number of wholesale operators in the food sector continued to fall, at a higher rate than in previous years. Since the 1991 Census, the

number has fallen by approximately 31%, affecting the whole country, but in particular the North (-47%). As regards retail outlets of fixed location, the recession tendency was confirmed. There was an average decrease of 11% in the number of outlets, spread unevenly between the North (-17%), the Centre (-11%) and the South (-6%). As a

result of this decrease, the ratio of outlets to inhabitants dropped even further: the number of fixed food retail outlets has passed from an average of 1 outlet for every 207 inhabitants in 1991 to 1 outlet for every 282 inhabitants in 1995, and to 1 outlet for every 317 inhabitants in 1996. The rationalization process has had positive effects on

Food distribution system in Italy (*)

	NORTH		CENTRE		SOUTH		ITALY	
	%	% change 1997/91	%	% change 1997/91	%	% change 1997/91	No.	% change 1997/91
WHOLESALE	47.5	-31.4	18.4	-30.4	34.1	-23.6	34,667	-31.4
RETAIL (FIXED OUTLETS)	33.0	-45.9	18.7	-34.1	48.3	-22.0	180,951	-33.9
Wholesale/retail	27.5		18.9		13.5		19.2	
Inhabitants per retail outlet	426		325		239		317	

(*) As at 1st January 1997.

N.B. The figures in the above table are based on new Ministerial statistics linked to the findings of the 1991 Census. Data on itinerant outlets is being analysed.
Source: Calculations by INEA from data from the Ministry of Trade, Industry and Crafts.

the trend in revenue: according to estimates by the Ministry of Industry, average revenue from sales for food retail outlets of fixed location amounted to 1,006 million lire per outlet in 1996, a 15.4% increase over 1995.

The retail food trade represented 35.5% of total retail trade in Italy,

reaching 39.2% in the South. More syndicates, associations and buying groups were formed and they represented an increasing percentage of the total number of operators (from 13.7% in 1995 to 14.4% in 1996), in contrast to a fall in the number of retail partnerships (-6.1%).

Large-scale retail trade

On 1 January 1997 there were 5,207 supermarkets compared to 4,787 in the previous year (+8.8%), one of the most significant increases since 1981. There was a parallel increase in the total retail area, which reached 4.5 million m² (+9.5%), and

Large-scale retail food trade (hypermarkets and supermarkets) by geographical area (*)

Geographical area	Outlets	Sales area (m ²)	Employees	No. of outlets per 100,000 inhab.	Sales area m ² /1,000 inhab.
North	3,070	3,052,767	81,745	12.0	119.8
Centre	1,060	966,970	27,471	9.6	88.0
South	1,307	1,038,053	19,641	6.3	49.7
Total	5,437	5,057,790	128,857	9.5	88.1

() Independent supermarkets, food departments in large stores and hypermarkets. As at 1st January 1997.*

Source: Calculations by INEA from data from the Ministry of Trade, Industry and Crafts, "Structural features of the distribution system in Italy", Rome, September 1997.

in the total number of employees, which reached 95,950 units (+6.1%). The number of hypermarkets increased to 230, with a retail area of about 1.2 million m² (+9.3%), of which 542,000 m² are dedicated to food alone, and with a number of employees equivalent to 33,000

labour units (+9.6%).

The turnover of large-scale retail trade accounted for a steadily increasing proportion of total fixed-location retail: from 41.7% in 1995 to 45.9% in 1996.

There was a slight reduction in wholesale "cash and carry" distribu-

tion, with 288 outlets and a total area of about 728,000 m² for the sale of food. According to the Ministry-Indis survey of January 1997, the distribution systems showing a healthy rate of growth include 310 shopping centres, with 307 grocery shops, 180 supermarkets and 132 hypermarkets.

Food Consumption

In 1997 expenditure on food and drink amounted to about 201,000 billion lire, a 0.3% increase in value compared to 1996. Average price levels remained stationary.

As regards the quantities of food consumed, there were different trends

according to the product: there was an increase in consumption of meat (+1.5%) and sugar (+2.3%), but a decrease in consumption of milk and dairy products (-2.2%) and of potatoes (-1.6%).

Consumption of fruit and vegetables

increased by 0.6% after the drop in 1996 (-2%); the consumption of processed foods, diet products, various ready-made and pre-cooked foods continued to rise (+3%). Fewer alcoholic drinks were consumed (-1.7%) but more non-alcoholic drinks (+1.9%).

Expenditure on food dropped to 16.4% of total expenditure on consumer products within the country, compared to 17.2% in 1996; ten years ago, it was around 20%.

An important part of the overall food demand of the country was represented by food consumption outside the home (canteens, snack bars and restaurants), confirming the change in consumers' eating habits.

The food which households spent most on was meat (52,000 billion lire), followed in order of importance by vegetables (including potatoes) and fruit (about 42,000 billion),

Break-down of food consumption

Product	% of total food expenditure	Annual average rate of change 1997/87	
		Quantity %	Price %
Bread and cereals	12.5	0.50	4.39
Meat	25.8	-0.43	3.92
Fish	6.0	0.07	3.78
Dairy produce and eggs	15.1	0.38	4.83
Fats and oils	4.1	-0.85	6.95
Fruit and vegetables (1)	20.9	0.31	3.86
Other (2)	7.5	1.08	4.11
Alcoholic drinks	5.6	-1.58	5.83
Non-alcoholic drinks	2.5	4.28	4.80
OVERALL	100.0	0.10	4.27

(1) Including potatoes.

(2) Coffee, tea, cocoa, sugar, jam, confectionery etc.

bread and cereal-based products (about 25,000 billion), fish (about 12,000 billion), wine and other alcoholic drinks (about 11,000 billion).

Food consumption in some EU countries (kg per capita)

Product	Italy	France	Spain	Greece	Germany	United Kingdom	Austria	EU 15 (7)
Cereals and cereal products (1)	118	76	72	138	75	85	66	85
Rice	5	4	n.a.	6	3	4	n.a.	n.a.
Potatoes	38	59	86	87	73	102	n.a.	76
Vegetables (2)	177	n.a.	157	n.a.	81	n.a.	n.a.	n.a.
Fruit including citrus (2)	121	n.a.	107	n.a.	92	n.a.	n.a.	n.a.
Milk (3)	69	102	134	64	91	131	99	105
Cheese	19	23	7	23	18	8	14	16
Butter	3	8	1	1	7	3	5	5
Total meat	91	99	103	77	88	72	n.a.	89
- Beef	26	28	13	20	17	17	20	19
- Pigmeat	33	36	55	25	55	23	47	42
Fats and oils (4)	25	23	27	n.a.	31	n.a.	n.a.	n.a.
Sugar (5)	26	33	32	26	32	37	40	33
Wine (6)	62	60	38	29	23	12	n.a.	36

(1) In flour equivalent.

(2) Including processed products, dried fruit and nuts.

(3) Including other fresh products.

(4) Spain and Italy: only oils of vegetable origin.

(5) White sugar equivalent.

(6) Litres per capita.

(7) For cereals, potatoes and wine, EU 12.

n.a. = not available

In an analysis of food consumption over the last ten years, the proportion of meat, oils, fats, wine and other alcoholic drinks consumed in Italy has dropped, whereas the proportion of milk and dairy products, eggs and non-alcoholic drinks has risen.

The EU figures for per capita consumption of various types of food in the Community highlight the high proportion of Mediterranean products consumed in Italy compared to other EU countries; there is a much higher demand for cereal-based products and wine than the EU average, and consumption of fruit and vegetables is even higher than in Spain. Milk consumption, on the other hand, is 34% lower than the EU average and pigmeat consumption is approximately 20% lower.

Foreign Trade

In 1997 the trade deficit in the agri-industrial sector rose to over 19,000 billion lire, a turn for the worse compared to 1996, following two years of significant improvement. The deficit, due to a larger increase in imports (+4.2%) than exports (+2.9%), is a counter-trend compared to the results of the last few years and marks a halt in the positive trend in agri-industrial foreign trade which has led to a considerable improvement in the degree of trade cover in recent years.

More than 67% of Italian trade in the agri-food sector took place with - in the EU; France and Germany in particular were Italy's main trading partners, as regards both imports and exports. Among non-EU countries, the United States and Switzerland confirmed their importance as market outlets for Italian produce, and the United States

The agri-industrial balance and trade indicators (*)

Product	1980	1990	1997
MACRO-ECONOMIC AGGREGATES			
Total agri-industrial production (1)	41,501	88,804	116,364
Imports	13,480	31,554	45,950
Exports	4,877	13,620	27,515
Balance	-8,603	-17,934	-18,435
Volume of trade (2)	18,357	45,174	73,465
Apparent consumption (3)	50,104	106,738	134,799
INDICATORS (%)			
Degree of self-sufficiency (4)	82.8	83.2	86.3
Propensity to import (5)	26.9	29.6	34.1
Propensity to export (6)	11.8	15.3	23.6
Degree of trade cover (7)	36.2	43.2	59.9

(*) Billion lire at current prices; figures for agri-industrial production and trade also include "cured tobacco".

(1) VFO in agriculture, forestry and fishing plus VA in the food industry.

(2) Sum of exports and imports.

(3) Agri-industrial production plus imports minus exports.

(4) Ratio of production to consumption.

(5) Ratio of imports to consumption.

(6) Ratio of exports to production.

(7) Ratio of exports to imports.

again, together with Brazil and Argentina, were leading suppliers. Trade with the countries of Central and Eastern Europe showed an

increase in imports (+8.9%) but a decrease in exports (-3%), so the normalized balance worsened by about 6 percentage points.

Italian trade abroad in the agri-food sector, 1997 (billion lire) (*)

Country	Imports	%	Exports	%	Nb (1)	Country	Imports	%	Exports	%	Nb (1)
EUROPEAN UNION 15	29,521	67.0	18,066	65.7	-24.1	Switzerland	447	1.0	1,226	4.5	46.6
France	8,220	18.6	3,506	12.7	-40.2	Norway	33	0.1	95	0.3	48.4
Germany	5,665	12.9	7,025	25.5	10.7	United States	1,487	3.4	2,306	8.4	21.6
Netherlands	3,982	9.0	1,007	3.7	-59.6	Canada	322	0.7	381	1.4	8.4
United Kingdom	1,420	3.2	2,169	7.9	20.9	CEE countries	1,087	2.5	903	3.3	-9.2
Belgium & Luxembourg	1,566	3.6	874	3.2	-28.4	Poland	305	0.7	196	0.7	-21.8
Spain	3,768	8.5	960	3.5	-59.4	Hungary	403	0.9	105	0.4	-58.7
Portugal	181	0.4	123	0.4	-19.1	Czech Republic	34	0.1	176	0.6	67.6
Denmark	1,694	3.8	347	1.3	-66.0	OTHER EAST EUROPEAN STATES (2)	1,051	2.4	1,219	4.4	7.4
Ireland	373	0.8	80	0.3	-64.7	MEDITERRANEAN COUNTRIES (3)	1,442	3.3	909	3.3	-22.7
Greece	1,323	3.0	695	2.5	-31.1	REST OF WORLD	7,385	16.8	1,496	5.4	-66.3
Austria	1,018	2.3	874	3.2	-7.6	Argentina	970	2.2	81	0.3	-84.6
Sweden	238	0.5	331	1.2	16.3	Brazil	1,090	2.5	143	0.5	-76.8
Finland	73	0.2	76	0.3	2.0	China	425	1.0	18	0.1	-91.9
OTHER DEVELOPED COUNTRIES	3,599	8.2	4,908	17.8	15.4	TOTAL	44,085	100.0	27,501	100.0	-23.2

(*) Excluding "cured tobacco".

(1) Normalised balance (see glossary).

(2) Including Russia, other CIS countries, former Yugoslavia countries and Albania.

(3) Mediterranean countries in non-EU Europe, Africa and Asia.

Primary sector products represented 38% of total agri-food imports and 25% of exports; the balance in this sector worsened visibly in compari -

son to 1996 mainly because of an increase in imports, accompanied by a decrease in exports. As regards imports, cereals and live

animals remained of prime importance, while fruit and vegetables dominated exports. As far as products from the food processing indus -

Foreign trade by main agri-food products, 1997 (billion lire)

Product	Imports	Exports	Nb (1) %
Cereals	2,953	189	-88.0
Fresh pulses and vegetables	485	1,219	43.1
Dried vegetables and fruit	686	266	-44.1
Fresh fruit	1,393	2,950	35.9
Citrus fruit	238	180	-13.9
Raw textile fibres	1,176	23	-96.2
Oilseeds	603	37	-88.4
Coffee and spices	1,768	70	-92.4
Flowers and ornamental plants	528	568	3.6
Uncured tobacco	291	346	8.6
Live animals	2,350	107	-91.3
- cattle	1,715	73	-91.8
Other livestock products	1,081	54	-90.5
Forestry products	1,571	275	-70.2
Fish and game	1,243	323	-58.7
Other products	322	167	-31.7
TOTAL PRIMARY SECTOR	16,687	6,773	-42.3

(1) Nb = Normalized balance (see glossary).

(2) Fresh and long life.

Product	Imports	Exports	Nb (1) %
Cereal products	582	4,289	76.1
- pasta	11	1,928	98.9
Sugar and confectionery	1,239	1,191	-2.0
Fresh and frozen meat	5,781	976	-71.1
Processed meat	236	978	61.1
Processed and preserved fish	3,248	326	81.8
Processed vegetables	945	1,605	25.9
Processed fruit	549	1,229	38.2
Dairy products	4,811	1,664	-48.6
- milk (2)	1,326	3	-99.5
- cheese	1,951	1,304	-19.9
Oils and fats	3,083	1,577	-32.3
Oilcake and oilseed flour	1,811	345	68.0
Drinks	1,363	4,746	55.4
- wine	271	3,572	85.9
Other food industry products	3,750	1,803	-35.1
TOTAL FOOD INDUSTRY	27,399	20,728	-13.9
TOTAL AGRI-FOOD SECTOR	44,086	27,501	-22.6
Cured tobacco	1,865	14	-98.5
TOTAL AGRI-INDUSTRIAL SECTOR	45,951	27,515	-25.1

try were concerned, the trade deficit showed a reversal in trend after a period of constant improvement, due mainly to a larger rise in imports

(+3.3%) than in exports (+2.4%). Meat, processed fish products and milk and dairy products accounted for a significant proportion of

imports, while cereal products, wine and processed fruit and vegetables made an important contribution to exports.

STRUCTURE OF THE FARMING INDUSTRY

Introduction

The Central Statistics Institute, ISTAT, recently published some of the main results of the sample survey on the structure of farms which it carried out in 1995, in accordance with Regulation (EEC) No 571/88. Being a Community sur -

vey, the results only refer to farms included in the so-called "field of survey", which excludes farms with less than a hectare of used agricultural land (UAA) and with a marketed output below a certain value in the year concerned (2,000,000

lire in the 1995 survey). The following sections provide specific information on farm characteristics of national and regional interest, adding to the information of a broader nature already published.

Farms and Farm Land

Over 54% of Italian farms are situated in the Southern regions (including the islands) and 42% are concentrated in four of these regions: Campania (9.4%), Puglia (12.2%), Calabria (6.9%) and Sicily (13.4%). Among the Central regions, in which 16.6% of national farms are located, Lazio is the region with by far the largest number of farms (43.7% of farms in Central Italy and 7.3% of the national total). In the North, a little under one fifth of Italian farms are concentrated in just three regions: Piedmont (6.2%), Veneto (7.8%) and Emilia-Romagna (5.4%).

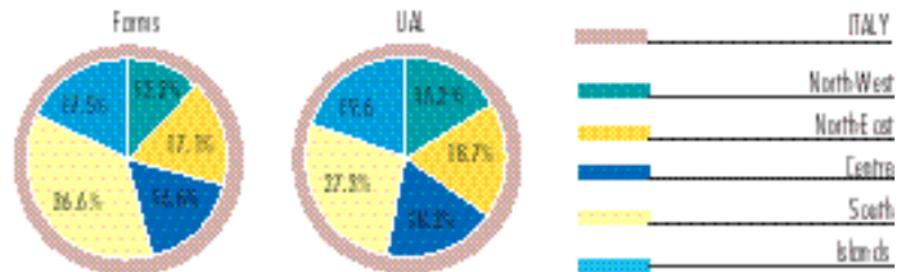
Compared to this distribution of farms, only 47% of used agricultural land (UAA) is concentrated in the Southern regions, followed by 35% in the Northern regions and 18% in the Central regions. This

means that average UAA per farm is higher in the North and Centre, with a peak in the North-West (7.9 hectares), and is considerably lower in the South (4.4 hectares), excluding the islands.

The slight drop in the number of farms, compared to the findings of the 1993 survey, affected all

regions, with variations ranging from -0.6% in Puglia to -0.1% in Calabria, Sicily and Sardinia; the only increase was in the Marches (+0.3%). Not all regions registered a corresponding drop in UAA, however, the variation ranging widely from -1.4% in Liguria to +0.5% in Lombardy.

Distribution of farms and UAA by geographical area



Farms, farm land and used agricultural land, 1995

REGIONS	FARMS		LAND (hectares)			% CHANGE 1995/1993	
	Number	%	Total	UAA	Average UAA per farm	Farms	UAA
Piemonte	153,350	6.2	1,594,797	1,119,300	7.30	-0.5	-0.1
Valle d'Aosta	7,102	0.3	138,036	92,510	13.03	-0.3	-1.2
Lombardia	103,666	4.2	1,401,841	1,086,721	10.48	-0.5	0.5
Trentino - Alto Adige	47,377	1.9	993,351	401,528	8.48	-0.5	0.2
Bolzano	22,879	0.9	565,495	261,460	11.43	-0.9	0.4
Trento	24,498	1.0	427,856	140,068	5.72	-0.2	-0.1
Veneto	194,698	7.8	1,146,048	878,020	4.51	-0.2	-0.1
Friuli - Venezia Giulia	49,734	2.0	423,385	254,036	5.11	...	-0.9
Liguria	37,337	1.5	242,635	80,322	2.15	-0.5	-1.4
Emilia - Romagna	134,789	5.4	1,572,999	1,211,336	8.99	-0.3	0.1
Toscana	112,368	4.5	1,752,267	945,354	8.41	...	-1.2
Umbria	49,043	2.0	626,053	403,209	8.22	-0.5	...
Marche	70,967	2.8	717,424	536,793	7.56	0.3	-0.8
Lazio	180,167	7.3	1,129,429	793,672	4.41	-0.3	-0.8
Abruzzo	90,401	3.7	745,307	497,201	5.50	-0.2	-1.2
Molise	37,894	1.5	313,265	239,261	6.31	...	-0.5
Campania	233,822	9.4	928,127	634,420	2.71	-0.2	0.1
Puglia	303,491	12.2	1,530,706	1,409,120	4.64	-0.6	-0.7
Basilicata	71,880	2.9	742,898	587,239	8.17	-0.4	0.2
Calabria	170,492	6.9	850,291	640,557	3.76	-0.1	-0.3
Sicilia	332,697	13.4	1,704,590	1,532,858	4.61	-0.1	-0.1
Sardegna	100,820	4.1	1,927,714	1,341,991	13.31	-0.1	-0.9
ITALY	2,482,095	100	20,481,163	14,685,448	5.92	-0.2	-0.3

Use of Land

Of the 20.5 million hectares of total land belonging to farms, 72% is made up of UAA, while the rest is divided between woodland and poplar groves (4 million hectares) and other unused and/or non-productive land (1.8 million hectares). UAA represents over two-thirds of farm land in the Northern and Southern regions (including the islands), whereas it drops to 63.4% in the Central regions, where woodlands occupy a greater proportion of land: 27.9% compared to 14% in the South.

Arable crops are planted on over 40% of UAA nation-wide except on the islands (34.5%), where there is a considerable proportion of land used for permanent grass and pasture (29.6%), compared to percentages ranging from 11.7% in the Centre to 22.9% in the North-West. There are large differences, on the

other hand, in the diffusion of permanent tree crops (vines, olive trees, fruit trees etc) across the country: from 5.1% in the North-Western regions to 22.5% in the Southern regions, with the exception of the

islands where they occupy only 15%.

The Central regions are characterized by the production of arable crops and tree cultivation, which together occupy 79.6% of land.

Main uses of farm land

	USED AGRICULTURAL LAND			WOODLAND (c)	OTHER LAND (d)	TOTAL LAND	
	Arable crops (a)	Permanent grass & pasture	Permanent crops (b)				
North-West	1,434,230	772,104	172,519	2,378,853	651,536	346,920	3,377,309
North-East	1,767,650	628,298	348,972	2,744,920	909,763	481,100	4,135,783
Centre	1,759,962	494,662	424,404	2,679,028	1,177,049	369,096	4,225,173
South	2,068,026	788,437	1,151,335	4,007,798	713,183	389,613	5,110,594
Islands	1,253,529	1,074,715	546,605	2,874,849	506,875	250,580	3,632,304
ITALY	8,283,397	3,758,216	2,643,835	14,685,448	3,958,406	1,837,309	20,481,163

(a) Including household plots.

(b) Including edible chestnuts.

(c) Including poplar groves.

(d) Unused farm land and other land.

Livestock Farms

Over 45% of farms in the Northern and Central regions keep livestock, representing 62.9% of national live stock farms. There is little livestock farming in the other regions, especially on the islands, where only 14% of farms keep livestock. There are large differences between the regions in the percentage of farms keeping livestock, ranging from 63.2% in the Marches to 5.6% in Puglia.

These regional differences are even more noticeable as regards the single categories of livestock: cattle, pigs, sheep and poultry. For example, in 1995, the North, confirming its vocation for livestock farming, held 69.6% of the country's cattle, 76.7% of its pigs and 78.5% of its poultry. Sheep, however, which are traditionally bred in mountainous and fringe areas, are almost totally concentrated in the farms of the Centre-South,

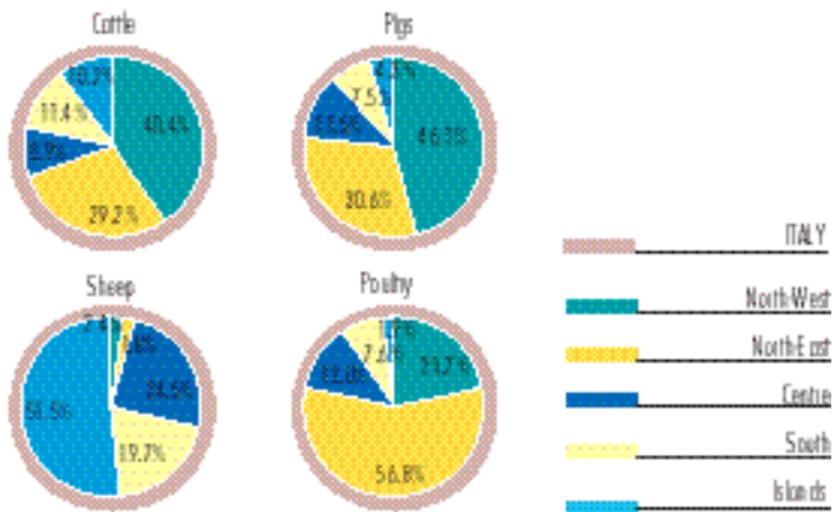
Livestock farms and number of head

	Farms	Cattle	Pigs	Sheep	Poultry
Piemonte	65,491	1,026,848	751,813	103,098	16,376,475
Valle d'Aosta	2,640	36,634	566	6,354	22,921
Lombardia	54,255	1,852,355	2,961,543	115,123	13,342,210
Trentino - Alto Adige	22,207	194,854	34,226	53,242	1,401,959
Bolzano	13,966	143,035	28,301	38,681	144,161
Trento	8,241	51,819	5,925	14,561	1,257,798
Veneto	103,303	1,057,675	545,594	32,434	51,067,985
Friuli - Venezia Giulia	13,634	120,790	201,630	4,856	4,323,243
Liguria	16,334	19,529	1,052	30,674	272,621
Emilia - Romagna	54,016	747,226	1,681,682	102,326	21,733,569
Toscana	39,226	137,484	260,262	844,540	3,237,026
Umbria	28,717	89,820	281,684	225,831	3,847,126
Marche	44,830	104,468	236,722	247,926	7,287,912
Lazio	77,571	315,565	151,794	1,297,453	2,196,279
Abruzzo	41,523	97,717	125,868	439,222	1,789,301
Molise	17,455	66,432	53,837	148,826	3,808,800
Campania	87,383	257,498	177,367	330,751	2,413,573
Puglia	16,865	169,036	38,788	382,947	703,980
Basilicata	31,670	89,461	72,895	435,577	749,524
Calabria	51,400	146,344	135,004	368,954	1,034,915
Sicilia	28,002	444,450	93,112	1,201,066	1,988,084
Sardegna	32,964	294,901	255,237	4,296,771	631,077
ITALY	851,693	7,463,941	8,094,902	10,721,213	139,630,539

a high percentage being found in the islands (51.5%) and in particular in Sardinia (40.3%).

Livestock farms by geographical area

	%	% of all farms
North-West	16.7	46.0
North-East	23.3	45.3
Centre	22.9	46.1
South	29.7	27.1
Islands	7.3	14.1
ITALY	100.0	33.4



Use of Machinery

Farms using agricultural machinery

	Total	Tractors	Powered cultivators	Combine harvesters
Piemonte	140,852	97,351	97,088	33,586
Valle d'Aosta	5,433	3,154	5,384	
Lombardia	84,058	62,965	54,734	33,035
Trentino - Alto Adige	40,330	30,292	32,070	1,099
Bolzano	20,277	15,193	16,649	960
Trento	20,053	15,099	15,421	139
Veneto	182,406	154,811	119,486	110,646
Friuli - Venezia Giulia	44,899	33,908	17,285	14,285
Liguria	31,660	10,357	25,684	4
Emilia - Romagna	129,036	108,436	99,614	67,231
Toscana	93,326	67,807	58,301	24,415
Umbria	35,742	26,448	26,040	15,456
Marche	62,784	57,661	37,368	35,776
Lazio	142,640	90,963	93,045	26,655
Abruzzo	82,121	46,965	54,053	10,367
Molise	29,961	22,540	21,035	14,222
Campania	186,347	128,758	126,432	47,629
Puglia	264,898	128,885	210,036	52,194
Basilicata	51,749	36,152	27,491	24,329
Calabria	110,037	83,891	47,606	29,226
Sicilia	257,815	190,890	163,761	53,295
Sardegna	76,756	56,757	33,828	16,038
ITALY	2,093,180	1,469,283	1,382,411	610,587

Over 84% of Italian farms use one or more pieces of agricultural machinery; regionally, the percentage ranges from 93% in the North-East to just under 87% in the North-West and to just over 77% in the islands. In the single regions, 73% of farms in Umbria, 72% of farms in Basilicata and 65% of farms in Calabria use agricultural machinery. Tractors and powered cultivators are the most common kinds of machinery used: the former by 59.2% and the latter by 55.7% of farms in the country. The use of machinery is particularly widespread in the North-East, where 77% of farms use tractors and 63% use powered cultivators.

Farm Families

In 1995, there were 2,470,566 families on Italian farms, numbering 6,216,527 individuals, with an average of 2.5 members in each family. 78.3% of families, with a total of 4,634,569 family members, lived

and worked on small farms (under 5 hectares of UAA). The size of families was directly proportional to the size of farms, reaching an average of 3.16 units in farms with more than 20 hectares of UAA. On the smaller

farms, 28% of the families who ran their own farms numbered one member only (the farmer), 35.9% numbered just two members, and only in 2.1% of cases were families made up of at least six members.

Members in farmers' families according to size of UAA

SIZE OF UAA (ha)	NUMBER OF MEMBERS IN FAMILY						TOTAL	AVERAGE NUMBER PER FAMILY
	1	2	3	4	5	6 and over		
	Families	Members						
under 5	541,654	1,387,596	893,658	1,004,632	545,690	41,209	261,339	4,634,569
5 - < 10	48,977	153,300	159,825	188,176	104,330	10,431	67,052	721,660
10 - < 20	21,496	79,428	85,248	107,408	70,480	8,623	56,010	420,070
20 - < 50	15,560	49,526	67,398	85,704	55,370	7,926	53,365	326,923
50 and over	6,877	15,776	20,760	29,296	20,070	3,045	20,526	113,305
TOTAL	634,564	1,685,626	1,226,889	1,415,216	795,940	71,234	458,292	6,216,527
								2.5

Families according to number of members and size of UAA

SIZE OF UAA (ha)	NUMBER OF MEMBERS IN FAMILY						TOTAL	
	1	2	3	4	5	6 and over	Number	%
under 5	541,654	693,798	297,886	251,158	109,138	41,209	1,934,843	78.3
5 - < 10	48,977	76,650	53,275	47,044	20,866	10,431	257,243	10.4
10 - < 20	21,496	39,714	28,416	26,852	14,096	8,623	139,197	5.6
20 - < 50	15,560	24,763	22,466	21,426	11,074	7,926	103,215	4.2
50 and over	6,877	7,888	6,920	7,324	4,014	3,045	36,068	1.5
TOTAL	634,564	842,813	408,963	353,804	159,188	71,234	2,470,566	100.0

Age of Farmers

In 1995 the tendency for Italian farms to be run by increasingly older farmers was consolidated further. Over 65% of farmers, in fact, were aged over 55 years old, and the percentage rises to 85% if farmers between 45 and 54

years of age are also included. Farmers aged over 65 reached 36.9% of the total while the number of young farmers (under 25) was insignificant, amounting to hardly 0.5%. The growing proportion of elderly farmers (over

65) affects all Italian regions to a greater or lesser degree, ranging from 38.4% in the South to 37.2% in the Centre and 33.9% in the North, where there is a significant presence of farmers under 45 years of age.

Farms by age of farmer and geographical area ('000) (*)

AGE (years)	NORTH		CENTRE		SOUTH		ITALY	
	Farms	%	Farms	%	Farms	%	Farms	%
14 - 24	5	0.7	1	0.2	7	0.5	13	0.5
25 - 34	33	4.6	16	3.9	49	3.7	98	4.0
35 - 44	82	11.4	36	8.8	138	10.3	256	10.4
45 - 54	146	20.2	82	20.0	263	19.6	491	19.9
55 - 59	102	14.1	64	15.6	172	12.8	338	13.7
60 - 64	109	15.1	58	14.2	196	14.6	363	14.7
65 and over	245	33.9	152	37.2	515	38.4	912	36.9
TOTAL	722	100.0	409	100.0	1,340	100.0	2,471	100.0

(*) Only farms with a farmer.

Labour

In 1995, the labour force on farms, comprising the farmer, the farmer's immediate family, other relatives and non-family workers (wage-earners, seasonal and casual labourers, etc), worked over 431.3 million days, equal to an average of 174 days per farm. 47.3% of this volume of labour was worked on farms in the South (including the islands) for an average of 152 days per farm, while farms in the North, although they only used 36% of

the total volume of labour, averaged out at 214 days a year. Half of the volume of labour was carried out on farms with less than 5 hectares of UAA, which represented 78.1% of Italian farms and employed approximately three quarters of the national agricultural labour force. Vice versa, on larger farms, with at least 50 hectares of UAA (a mere 1.5% of Italian farms), 1.8% of the national labour force was employed and 8.3% of the total volume

of labour was worked. Women worked 30.8% of the total volume of labour; they were present on just under two thirds of farms and represented 45.1% of the labour force. The female presence was greater on small farms, with 58 days per farm compared to 80 days by male labour. Their contribution decreased as the size of farm increased, and was as low as one third on the largest farms (308 days compared to 705 by male labour).

Labour force on farms according to size of UAA

SIZE OF UAA (ha)	FAMILY LABOUR			NON-FAMILY LABOUR			TOTAL DAYS OF LABOUR	
	Farms	Days	Average per farm	Farms	Days	Average per farm	Total	Average per farm
under 5	1,934,843	196,862,208	102	259,416	15,001,964	58	211,864,172	109
5 - < 10	257,243	64,901,646	252	49,578	7,322,088	148	72,223,734	280
10 - < 20	139,197	47,927,534	344	35,219	6,929,872	197	54,857,406	391
20 - < 50	103,215	43,978,460	426	34,148	12,497,545	366	56,476,005	536
50 and over	36,068	17,948,669	498	22,841	17,906,201	784	35,854,870	891
TOTAL	2,470,566	371,618,517	150	401,202	59,657,670	149	431,276,187	174

Off-Farm Employment

82.3% of members of farm families work on their farms and/or in off-farm activities. Of this 82.3%, over two thirds work full-time on the farm, while 31.2% have an off-farm remunerative activity which is either their sole or main occupation. It is

mainly members of the immediate family other than the farmer and spouse who are employed in off-farm activities (51.5%), and they are principally employed in sectors other than agriculture and industry. They are followed by relatives (42%) who

are employed to a great extent, however, in agriculture (11.2%) and industry (11.8%). Farmers and their spouses are the least involved in off-farm employment, working full-time on their farms in 75% (farmers) and 74.3% (spouses) of cases.

Family members according to off-farm activity

TYPE OF FAMILY LABOUR	FULL-TIME	PART-TIME			TOTAL		
		Secondary activity		Sole or main activity			
		Total	In agriculture	Total	In agriculture	In industry	
Farmer	1,852,093	39,059	21,381	579,414	105,020	155,260	2,470,566
Spouse	892,520	12,515	7,278	295,430	55,753	69,388	1,200,465
Other immediate family - who work on the farm	559,281	15,971	7,722	611,477	75,502	212,920	1,186,729
- who do not work on the farm	559,281	15,971	7,722	280,429	57,014	86,895	855,681
Relatives	147,988	3,531	2,143	331,048	18,488	126,025	331,048
TOTAL	3,451,882	71,076	38,524	1,596,123	265,535	468,365	5,119,081

Agricultural Contracting

In 1995, almost 45% of farms hired external services for a total of 4,009,432 days of labour, which average out to nearly 4 days per user farm. The most common service required was the use of machinery not belonging to the farm for carrying out part or all of the farm's activities (ploughing, sowing, harvesting etc); 38% of farms hired this service from other farms, for over 1.5 million days of labour (38.1% of the total volume of external labour), 65% of farms turned to specialized contractors and hire firms for 2.4 million days of labour, and just 2% of farms resorted to the services of co-operative organizations.

Recourse to external services increased in general with the size of farm: only 40% of very small farms (less than 1 hectare) hired external services, whereas the figure rose to 44-46% in farms with 1-5 hectares

of UAA and to 57% in farms with 5-30 hectares of UAA, after which it dropped to 40% in the largest-sized farms in which, however, the average number of days of labour by external services rose to 28.

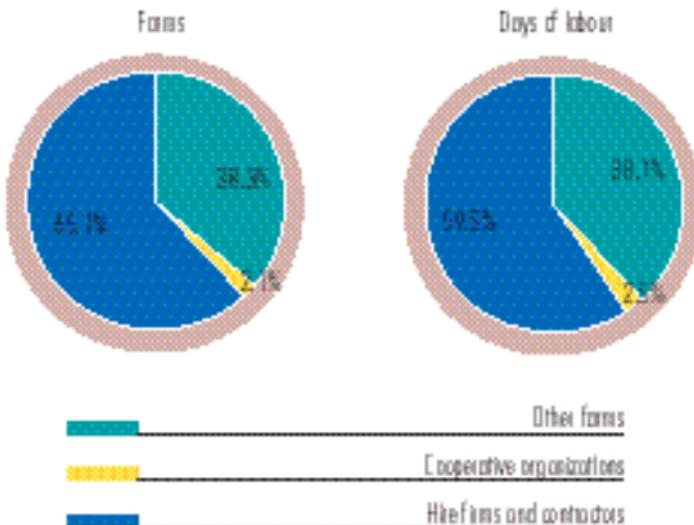
As the size of farm increased, the number of farms hiring services from other farms decreased but the number hiring services from co-operative organizations and above all from contractors increased.

Farms using external services

SIZE OF UAA (ha)	FARMS		DAYS OF LABOUR	
	Total	% of total farms	Total	Average per farm
Without UAA	295	6.4	3,230	11
Under 1	347,648	39.6	841,516	2
1 - < 2	210,839	44.7	577,532	3
2 - < 3	121,988	44.1	418,958	3
3 - < 5	142,393	46.4	494,433	3
5 - < 10	131,872	51.1	562,229	4
10 - < 20	78,027	55.7	400,657	5
20 - < 30	33,225	56.5	212,905	6
30 - < 50	24,497	52.6	184,504	8
50 - < 100	13,449	50.0	166,753	12
100 and over	5,330	39.9	146,715	28
TOTAL	1,109,563	44.7	4,009,432	4

The use of external services is more common in the North-East (62%) and especially in the regions of Veneto (71%) and Emilia Romagna (65%), whereas it is not very wide - spread in Liguria (barely 10%) and Trentino-Alto Adige (20%).

Farms using external services and days of labour by source of services



Farm Specialization

According to the 1995 survey, specialized Italian farms obtain a total standard gross margin (SGM) from their productive activities of 15.4 million European size units (ESU), averaging 7.6 ESU per farm, equivalent to just over 13.7 million lire. 83.2% of the total national SGM is produced by over 2 million specialized farms (82.8% of the total) spread over 11.4 million hectares of UAA (77.9% of the total) using 334.3 million days of labour (average 165 per farm).

Since the 1993 survey, there has been a further increase in the number of specialized farms and, in comparison with a 1.6% drop in their SGM, there has been a much larger drop (-6.1%) in the SGM of mixed farms with a combination of diversified crops and/or livestock, and mixed farms have also decreased in number by 4.4%.

Specialization is more common among farms on the islands (84.1%) and in the North (83.7%) than in the Centre and South, where only 81.7% and 75.8% respectively of farms are specialized.

The average SGM of specialized farms varies widely between the regions; from a peak of 13.4 ESU in the North-West, it descends to 9.7 ESU in the North-East and falls as low as 7.6 ESU in the Centre and 5.5 ESU in the South. As far as the SGM of mixed farms is concerned, regional variations are smaller, ranging from 11.8 ESU in the North-East to 6.3 in the Centre.

Only 12.4% of specialized farms specialize in livestock, and in these cases the livestock is almost exclusively herbivorous (cattle, sheep, goats and horses); these farms alone contribute 13.6% of the national SGM and absorb 15.4% of

the national volume of agricultural labour. It is worth noting that only a very low percentage of Italian farms specializes in milk production (just 2.3%) whereas there is an obvious "vocation" among Italian farms to grow fruit and vegetables (81.1%); 70.4% of these are specialized producers. There is a prevalence of vines, olive trees, fruit trees and other tree crops on 41.5% of these specialized farms, but tree crops contribute only 30.7% of the national SGM, while they use over one third of the national volume of agricultural labour.

Specialized production absorbs 76.9% of family labour and it employs over four fifths of non-family labour, especially for cultivating arable crops (20.4%) and tree crops (44.5%). In the same way, 82.9% of the labour supplied by contractors is used by special -

Farms by type of production

TYPE OF PRODUCTION	FARMS		UAA		SGM		DAYS OF LABOUR	
	Number	%	Hectares	%	ESU	%	Number ('000)	%
SPECIALIZED FARMS	2,030,318	82.8	11,396,692	77.9	15,404,751	83.1	334,276	77.6
Arable crops	664,202	27.1	4,799,762	32.8	4,644,233	25.1	97,525	22.6
- Cereals	366,786	15.0	2,852,728	19.5	1,968,941	10.6	39,087	9.1
Vegetables & flowers	45,036	1.8	94,719	0.6	2,008,713	10.8	18,365	4.3
Permanent crops	1,018,386	41.5	2,828,503	19.3	5,698,287	30.7	146,641	34.0
- Vines	242,617	9.9	689,041	4.7	1,459,127	7.9	39,740	9.2
- Olives	369,317	15.1	761,714	5.2	1,052,906	5.7	35,352	8.2
Herbivorous livestock	288,919	11.8	3,580,537	24.5	2,525,895	13.6	66,513	15.4
- Dairy cattle	55,903	2.3	847,033	5.8	1,256,512	6.8	28,975	6.7
Granivorous livestock	13,776	0.6	92,171	0.6	527,623	2.8	5,232	1.2
MIXED FARMS	421,490	17.2	3,239,443	22.1	3,132,360	16.9	96,418	22.4
Mixed crops	262,328	10.7	1,561,812	10.7	1,764,527	9.5	53,689	12.5
Mixed livestock	37,786	1.5	369,234	2.5	353,924	1.9	11,351	2.6
Crops & livestock	121,376	5.0	1,308,397	8.9	1,013,909	5.5	31,378	7.3
TOTAL	2,451,808	100.0	14,636,135	100.0	18,537,111	100.0	430,694	100.0

ized farms, almost exclusively for the production of arable crops (40.5%) and tree crops (33.3%); there is, on the other hand, little use of non-family labour on live-stock farms.

Volume of labour by farm and external workers according to type of production

TYPE OF PRODUCTION	FARM WORKERS					EXTERNAL WORKERS	
	Family		Non-family		Average days per farm	Days ('000)	% of total
	Days ('000)	% of total	Days ('000)	% of total			
SPECIALIZED FARMS	285,371	76.9	48,904	82.0	165	3,301	82.9
Arable crops	85,350	23.0	12,175	20.4	147	1,610	40.5
Vegetables & flowers	14,942	4.0	3,423	5.7	408	27	0.7
Permanent crops	120,122	32.4	26,519	44.5	144	1,326	33.3
Herbivorous livestock	61,138	16.5	5,375	9.0	230	304	7.6
Granivorous livestock	3,820	1.0	1,413	2.4	380	33	0.8
MIXED FARMS	85,713	23.1	10,705	18.0	229	4,660	17.1
Mixed crops	46,521	12.5	7,168	12.0	205	445	11.2
Mixed livestock	10,361	2.8	991	1.7	300	54	1.3
Crops & livestock	28,831	7.8	2,546	4.3	259	181	4.5
TOTAL	371.084	100,0	59,609	100.0	176	3,981	100.0

Economic Size of Farms

On an average, 67.8% of Italian farms do not exceed 4 ESU (just over 8.6 million lire) and 51.1% do not reach 2 ESU. These farms possess only 18.7% of total Italian UAA and contribute 11.8% of the total national SGM, but they use 32.2% of the total volume of agricultural labour. Approximately 65% of the national SGM is concentrated in a mere 9.6% of farms which cultivate 52.7% of

total national UAA with the contribution of 34.5% of the total volume of labour.

Compared with 1993, there has been an increase of 4.6% in the number of very small farms (under 2 ESU) and an increase of 2% in farms with an SGM of 8-16 ESU, but the number of all other farms has decreased, with variations ranging from -10.4% (farms of 2 to under 4 ESU) to -0.2%

(farms of 4 to under 8 ESU). There has been a particularly significant decrease in the number of very large farms, equivalent to -7% in farms of 16 to under 40 ESU and -2.6% in farms of 40 ESU upwards.

Small farms are more commonly found in the South of Italy, where 56% of farms under 6 ESU are located, whereas 30.7% of larger farms are located in the North-West and

Farms by economic size (ESU)

	ECONOMIC SIZE (ESU)									TOTAL
	< 2	2 - < 4	4 - < 6	6 - < 8	8 - < 12	12 - < 16	16 - < 40	40 - < 100	100 and over	
North-West	136,412	44,043	22,134	15,592	20,582	10,224	28,582	17,504	6,354	301,427
North-East	190,839	65,943	34,865	23,250	32,071	17,852	39,175	16,509	4,997	425,501
Centre	232,107	61,621	30,703	16,347	21,136	12,333	21,599	9,531	4,052	409,429
South	471,319	169,179	84,649	42,838	48,045	23,563	41,013	12,978	3,913	897,497
Islands	223,397	69,319	35,858	19,814	24,563	13,991	23,806	5,796	1,410	417,954
ITALY	1,254,074	410,105	208,209	117,841	146,397	77,963	154,175	62,318	20,726	2,451,808

produce around 29% of the gross margin in their size category. Thanks to the high profitability of production in some farms in the North-West, over 61% of their SGM is concentrated in just 7.9% of farms.

86% of the labour force used on farms is made up of family members; this figure rises to over 90% in farms with a low SGM, whereas non-family labour is much higher in categories of farms with a high SGM, reaching a

peak in the category of farms of 100 ESU and over, where non-family members represent one third of the total labour force. Lastly, over 62% of labour from outside the farm is absorbed by farms under 6 ESU.

Farms, UAA, SGM and days of labour by economic size of farm

ECONOMIC SIZE (ESU)	FARMS		UAA		SGM		DAYS OF LABOUR	
	Number	%	Hectares	%	ESU	%	Number ('000)	%
Under 2	1,254,074	51.1	1,468,524	10.0	1,033,144	5.6	81,211	18.9
2 - < 4	410,105	16.7	1,274,333	8.7	1,143,509	6.2	57,396	13.3
4 - < 6	208,209	8.5	1,074,239	7.3	1,010,859	5.5	41,949	9.7
6 - < 8	117,841	4.8	813,896	5.6	807,716	4.4	29,483	6.8
8 - < 12	146,397	6.0	1,313,714	9.0	1,427,082	7.7	44,881	10.4
12 - < 16	77,963	3.2	985,479	6.7	1,071,145	5.8	27,453	6.4
16 - < 40	154,175	6.3	3,054,596	20.9	3,799,953	20.5	73,487	17.1
40 - < 100	62,318	2.5	2,307,452	15.8	3,730,111	20.1	43,895	10.2
100 and over	20,726	0.8	2,343,902	16.0	4,513,591	24.3	30,938	7.2
TOTAL	2,451,808	100.0	14,636,135	100.0	18,537,111	100.0	430,694	100.0

Volume of labour by farm and external workers according to economic size of farm

ECONOMIC SIZE (ESU)	FARM WORKERS						EXTERNAL WORKERS	
	Family		Non-family		Average days per farm	Days ('000)	% of total	
	Days (000)	% of total	Days (000)	% of total				
Under 2	77,120	20.8	95.0	4,091	6.9	5.0	65	1,315 33.0
2 - < 4	53,945	14.5	94.0	3,452	5.8	6.0	140	747 18.8
4 - < 6	38,641	10.4	92.1	3,308	5.6	7.9	201	402 10.1
6 - < 8	27,611	7.4	93.6	1,872	3.1	6.4	250	267 6.7
8 - < 12	41,234	11.1	91.9	3,647	6.1	8.1	307	267 6.7
12 - < 16	25,002	6.7	91.1	2,451	4.1	8.9	352	172 4.3
16 - < 40	64,088	17.3	87.2	9,399	15.8	12.8	477	406 10.2
40 - < 100	32,138	8.7	73.2	11,757	19.7	26.8	704	239 6.0
100 and over	11,305	3.0	36.5	19,632	32.9	63.5	1,493	165 4.1
TOTAL	371,084	100.0	86.2	59,609	100.0	13.8	176	3,981 100.0

Farm Structures in the EU

Farms and UAA

In 1995 the number of farms in the EU-15 amounted to 7,300 million units, a decrease of around 13.6% over the previous five years and of 5.1% compared to 1993. This regressive trend was almost entirely due to the failure of farms to meet the criteria and requisites needed to be included in the Community "field of survey" and/or to smaller farms closing down. This phenomenon, which led to a 0.3% decrease in the number of units in Italy, affected all EU countries to a greater or lesser extent, with decreases varying between 17.1% in Austria and 3% in Sweden. As regards the EU-12, the largest decreases were observed in France (-8.3%), Portugal (-7.9%) and Spain (-7.7%).

As far as the amount of UAA was concerned, the situation varied from

country to country, with increases in Germany (+0.8%), Spain (+2.1%), France (+0.6%) and Ireland (+1.1%), and slight decreases in all

the other Member States. Considered overall, these results led to an average increase of 0.4%, a reversal of trend compared to the past.

Farms in the EU according to structural surveys in years 1985 - 1995 ('000)

	SURVEYS					CHANGE 1995/93	
	1985	1987	1990	1993	1995	No.	%
Belgium	97.8	92.6	85.0	76.3	71.0	-5.3	-6.9
Denmark	92.4	86.9	81.3	73.8	68.8	-5.0	-6.8
Germany	740.5	705.1	653.6	606.1	566.9	-39.2	-6.5
Greece	951.6	953.3	850.1	819.2	773.8	-45.4	-5.5
France	1,056.9	981.8	923.6	801.3	734.8	-66.5	-8.3
Ireland	220.2	217.0	170.6	159.4	153.4	-6.0	-3.8
Italy	2,801.1	2,784.1	2,664.6	2,488.4	2,482.1	-6.3	-0.3
Luxembourg	4.4	4.2	4.0	3.4	3.2	-0.2	-5.9
Netherlands	135.9	132.0	124.8	119.7	113.2	-6.5	-5.4
United Kingdom	258.5	260.1	243.1	243.5	234.6	-8.9	-3.7
Portugal	-	635.5	598.7	489.0	450.6	-38.4	-7.9
Spain	-	1,791.7	1,593.6	1,383.9	1,277.6	-106.3	-7.7
Austria	-	-	278.0	267.4	221.8	-45.6	-17.1
Finland	-	-	129.1	116.3	101.0	-15.3	-13.2
Sweden	-	-	96.6	91.5	88.8	-2.7	-3.0
EU 15	-	-	8,496.7	7,739.2	7,341.6	-397.6	-5.1

Physical size of farms

There are wide structural differences between the farms of the fifteen Member States of the EU. In Greece, Italy, the Netherlands and Finland, there is a smaller proportion of farms with UAA of 100 hectares or over, whereas these large farms are common in the United Kingdom, Luxembourg, Denmark and France. A large proportion of farms in Italy continue to be of very small dimensions, resulting in an Italian average of 5.9 hectares of UAA per farm, the lowest average in the EU after Greece (4.5 hectares). This is in comparison with an average of 70.1 hectares in the United Kingdom, 39.6 hectares in Denmark and 38.5 hectares in France.

Farm labour figures show less variation among the Member States, although the average number of

labour units per farm is considerably lower in Greece, Italy, Spain, Austria and Sweden than in Luxembourg, the Netherlands and Finland.

Farms in the EU by size of UAA ('000 units)

	SIZE OF UAA (hectares)					TOTAL
	Under 5	5 - 20	20 - 50	50 - 100	100 & over	
Belgium	23.7	23.0	18.5	5.0	0.8	71.0
Denmark	2.1	26.3	23.3	12.1	5.0	68.8
Germany	179.2	184.0	132.2	51.6	19.9	566.9
Greece	580.9	168.3	21.2	2.6	0.8	773.8
France	200.9	158.2	177.3	128.2	70.2	734.8
Ireland	14.8	61.2	57.2	16.1	4.1	153.4
Italy	1,938.3	398.3	105.2	26.9	13.4	2,482.1
Luxembourg	0.8	0.6	0.7	0.9	0.2	3.2
Netherlands	37.4	38.9	29.8	6.2	0.9	113.2
Portugal	345.5	80.2	15.1	4.4	5.4	450.6
United Kingdom	32.3	65.6	56.4	40.9	39.4	234.6
Spain	706.5	358.8	115.2	51.7	45.4	1,277.6
Austria	87.3	90.8	35.7	5.2	2.8	221.8
Finland	10.6	48.2	35.4	6.0	0.8	101.0
Sweden	11.0	34.5	24.7	13.0	5.6	88.8
EU 15	4,171.3	1,736.9	847.9	370.8	214.7	7,341.6

Used agricultural land and the labour force on farms in the EU

	USED AGRICULTURAL LAND ('000 ha)	F FARMS WITH 100 ha AND OVER (% of total)	LABOUR FORCE ON FARMS (ALU)	
	Average per farm		('000)	Average per farm
Belgium	1,337.4	18.8	1.2	77.2
Denmark	2,726.6	39.6	7.3	100.6
France	28,267.2	38.5	9.6	937.7
Germany	17,156.9	30.3	3.5	696.7
United Kingdom	16,449.4	70.1	16.7	360.7
Greece	3,464.8	4.5	0.1	544.5
Ireland	4,325.4	28.2	2.7	212.0
Italy	14,685.4	5.9	0.5	1,614.1
Luxembourg	126.9	39.7	6.6	5.3
Netherlands	1,998.9	17.7	0.8	202.0
Portugal	3,924.6	8.7	1.2	536.7
Spain	25,230.3	19.8	3.6	924.9
Austria	3,425.1	15.4	1.3	185.1
Finland	2,191.7	21.7	0.8	183.3
Sweden	3,059.7	34.5	6.3	83.4
EU 15	128,370.3	88.9	2.9	6,664.2

Livestock farms

Livestock is reared on approximately 53% of farms in the EU-15. The percentage varies enormously from country to country: as high as 95.8% in Ireland, it drops to around 80% in Luxembourg, Belgium and Portugal, to between 65% and 75% in France, Germany, the Netherlands, Austria, Sweden and Denmark, and to around 60% in Finland and Greece, before falling steeply to 36.7% in Spain and 33.1% in Italy.

The differences are even more evident if the single categories of livestock are considered. Cattle rearing is mainly concentrated in France (24% of the EU total), Germany (19%) and the United Kingdom (14%), and France and Germany between them rear around half of the EU's dairy cattle. Sheep are mainly reared in the United

Kingdom (41%), and 80% of goats reared in the EU are found prevalently in three countries: Greece (47%), Spain (21%) and Italy (13%). Over half of the pigs in the EU are reared in Germany, the Netherlands and France, and over 25% of the Union's poultry are reared in France, compared to 14% in Italy and the United Kingdom.

It follows that the Mediterranean countries are characterized in general by a much lower average number of head of livestock than the other EU countries, especially countries in the Centre-North.

Livestock farms in the EU by main category ('000 units)

Number	% of total farms	FARMS		AVERAGE NUMBER OF HEAD PER FARM				
		Cattle		Pigs		Sheep		
		Total	Dairy cows	Total	Sows	Poultry		
Belgium	56.6	79.7	69	31	561	83	29	375
Denmark	48.3	70.2	69	44	518	87	33	2,015
Germany	421.7	74.4	55	26	118	35	51	511
Greece	469.7	60.7	13	7	25	11	55	65
France	539.7	73.4	60	29	158	62	89	834
Ireland	147.0	95.8	51	31	625	78	169	707
Italy	822.2	33.1	29	18	29	20	70	257
Luxembourg	2.6	81.3	102	35	182	34	25	60
Netherlands	77.8	68.7	83	46	643	173	77	18,747
Portugal	353.2	78.4	10	7	15	6	36	103
United Kingdom	194.8	83.0	87	67	593	90	476	1,559
Spain	468.3	36.7	23	11	61	28	176	361
Austria	157.8	71.1	20	8	35	15	18	139
Finland	60.3	59.7	26	12	187	30	32	1,243
Sweden	59.1	66.6	42	27	216	34	48	1,260
EU 15	3,878.9	52.8	45	23	95	36	127	426

1996 Incomes - FADN

INEA, the official link between Italy and the EU for the implementation of the Farm Accountancy Data Network (FADN), gathers information on a sample of farms, the number of which varies each year between 16,000 and 20,000.

The accounting data is collected with the collaboration of the regions and farmers' associations according to INEA criteria which highlight structural characteristics, factor endowment and the breakdown of production and costs.

The basic data, after being validated and processed, is fed into a national data bank and is then printed in special publications. Further and more detailed information is available from all of INEA's regional offices.

Average farm data according to altitude of territory 1996

	Farms (no.)	UAA (hectares)	LU (no.)	VFO	Variable costs	Fixed costs	Net income
					('000 lire)		
Mountainous	3,667	27.22	1.79	86,289	41,562	21,041	37,124
Hilly	7,552	21.27	1.68	92,248	35,701	20,671	42,703
Lowland	4,912	20.69	1.85	150,488	68,534	36,360	58,496
TOTAL	16,131	22.44	1.76	108,628	47,031	25,533	46,244

Average farm data by geographical area, 1996

	Farms (no.)	UAA (hectares)	LU (no.)	VFO	Variable costs	Fixed costs	Net income
	('000 lire)						
North	6,483	21.30	1.98	150,139	69,104	37,637	59,500
Centre	2,702	23.50	1.84	97,084	36,338	26,375	39,909
South	6,946	23.11	1.52	74,374	30,589	13,908	36,336
TOTAL	16,131	22.44	1.76	108,628	47,031	25,533	46,244

Average farm data by geographical area - changes 1996/95 ('000 lire)

	VFO		% change		Variable costs		% change		Fixed costs		% change		Net income		% change	
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996
North	146,704	150,139	2.34	64,927	69,104	6.43	33,569	37,637	12.12	63,156	59,500	-5.79				
Centre	93,060	97,084	4.32	33,488	36,338	8.51	23,641	26,375	11.57	41,286	39,909	-3.33				
South	68,714	74,374	8.24	28,301	30,589	8.08	12,511	13,908	11.16	34,601	36,336	5.01				
TOTAL	105,551	108,628	2.91	44,454	47,031	5.80	23,293	25,533	9.62	47,679	46,244	-3.01				

Average farm data by ESU, 1996

	Farms (no.)	UAA (hectares)	LU (no.)	VFO	Variable costs ('000 lire)	Fixed costs	Net income
2 - 4 ESU	720	6.52	1.03	18,862	7,537	6,363	7,426
4 - 8 ESU	2,688	11.27	1.17	31,131	12,469	9,262	13,126
8 - 16 ESU	4,587	15.81	1.43	55,493	22,676	13,870	25,056
16 - 40 ESU	5,321	24.91	1.80	102,884	43,458	23,497	46,381
40 - 100 ESU	2,203	35.73	2.53	223,393	100,940	50,516	92,750
Over 100 ESU	612	70.76	4.51	589,692	264,848	134,738	227,582
TOTAL	16,131	22.44	1.76	108,628	47,031	25,533	46,244

Average farm data by type of farm, 1996

	Farms (no.)	UAA (hectares)	LU (no.)	VFO	Variable costs ('000 lire)	Fixed costs	Net income
Arable	4,090	25.59	1.50	88,079	33,359	24,403	32,137
Vegetables and flowers	988	2.27	2.09	114,540	42,271	24,017	48,395
Permanent tree crops	3,718	10.42	1.72	94,601	26,508	22,675	45,901
Herbivorous livestock	3,858	36.30	1.95	141,432	77,294	30,591	62,107
Granivorous livestock	104	10.64	2.03	367,168	228,619	43,003	104,801
Mixed crops	1,457	17.84	1.69	82,387	29,587	20,887	35,608
Mixed livestock	412	20.03	2.02	131,154	70,009	26,493	55,469
Mixed	1,504	27.27	1.84	112,522	58,492	26,719	47,077
TOTAL	16,131	22.44	1.76	108,628	47,031	25,533	46,244

AGRICULTURE AND THE ENVIRONMENT

Agriculture and the Environment

The relationship between agriculture and the environment in Italy closely follows the evolution of the EU's environmental policy. The latter has developed considerably over recent years, especially since the addition of the Environmental Protocol to the Single European Act of 1986, establishing the need for common action in order to safeguard the environment.

The three Environmental Action Programmes of 1973-76, 1977-81 and 1982-86 already contained guidelines for the EU's environmental policy and these are still valid to a certain extent today; it was, however, the Single Act which laid down the legal basis for environmental measures and supplied a framework of reference for various kinds of unilateral action.

An important feature of the Single Act was the stipulation that conser-

vation of the environment must be considered an essential and integral element of all other EU policies. This integrated approach was emphasised even further in the Fourth (1987-92) and Fifth (started in 1993) Environmental Action Programmes.

As far as the agricultural sector is concerned, although numerous specific EU measures for the environment were passed as early as the '70s and '80s, it was Regulation (EEC) No 797/85 which was the first legislative measure to link agricultural policy with conservation of the environment, in that one of its primary objectives was to control surplus production.

There followed a series of schemes which were drawn up to achieve general objectives of agricultural policy but which benefited the environment at the same time, through

incentives for low-impact agricultural activities, for conversion and extensification of production and for set-aside. Among these, structural and territorial measures such as Regulations (EEC) Nos 2052/88, 4253/88 and 2328/91 are particularly important.

Regulation No 2092/91, later amended by Regulation No 2083/92, affected agriculture directly in that it concerned organic farming. Although it did not make provision for any financial intervention, it recognized the role of organic farming in safeguarding the environment and conserving the countryside, and it laid down rules for the production and marketing of organic products.

Among the recent measures accompanying the reform of the Common Agricultural Policy (CAP), Regulation (EEC) No 2078/92 set up

a scheme of direct aid payments to farmers who introduce and maintain methods of agricultural production compatible with the conservation and care of nature and the countryside. This regulation has been implemented over the whole of the country through 21 multi-annual regional schemes.

Among other recent Community initiatives which affect the primary sector directly or indirectly, the following should be mentioned:

- *Regulation (EEC) No 2080/92, by which a Community aid scheme was set up for forestry-related measures in the agricultural sector. Premia and incentives for forestry investments have the dual aim of protecting the environment and limiting agricultural production;*
- *Regulation (EEC) No 1973/92,*

which set up a financial instrument for the environment (LIFE) and was amended by Regulation No 1404/96. It provides a budget of 450 million ecu for the second implementation phase (1996-99). The general objective is to contribute to the development and application of EU legislation and policy regarding the environment while respecting the "polluter-pays" principle and the subsidiarity principle;

- *Directive 43/92/EEC, concerning the conservation of natural and semi-natural habitats of wild animals and flowers. The main objective of this directive is to protect biodiversity; for this purpose, special conservation areas are being identified with the aim of creating a European ecological network (Nature 2000);*
- *The LEADER II initiative, set up*

in July 1994 and adopted by the regions with new programmes, is designed to promote initiatives for rural development in which a prominent part is played by the following: agriculture with a low impact on the environment, energy production crops, conservation of the environment and rural tourism;

- *At national level, in addition to Italian legislation connected with EU regulations, mention must be made of both the Framework Law No 394/91 promoted by the Environment Ministry for protected areas which regulates agricultural activity in these areas, and the Second Three-Year Plan approved on 18/12/95, which provided funding amounting to 154.6 billion lire for the implementation of the Framework Law for the period 1994-96.*

Protected areas (*)

NUMBER	SIZE ('000 hectares)
18 - National parks	1,231
147 - State reserves	99
44 - Ramsar Convention humid zones	55
101 - Regional parks	1,564
196 - Regional reserves	103
261 - Other regional areas	97

(*) Not including marine areas.

Source: CNR Protected Areas Study Group.

Protected Areas

The following five national parks have been established for many years in Italy:

- *Gran Paradiso 70,286 hectares*
- *Stelvio 134,620 hectares*
- *Abruzzo 43,900 hectares*
- *Circeo 8,400 hectares*
- *Calabria 12,690 hectares*

The creation of the following national parks was approved with the Finance Law for 1988 (Law No 67) and with the Three-Year Plan for the Conservation of the Environment (Law No 305 dated 29/8/1989):

- *Dolomiti Bellunesi 31,512 hectares*
- *Monti Sibillini 71,437 hectares*
- *Pollino 192,565 hectares*
- *Parco Nazionale dell'Aspromonte 78,517 hectares*
- *Foreste Casentinesi del Monte*

Falterona and Campigna 38,118 hectares

- *Arcipelago Toscano 17,887 hectares (land) and 56,766 hectares (sea)*

The following national nature parks were created under Framework Law No 394/1991 for protected areas:

- *Gran Sasso and Monti della Laga 148,935 hectares*
- *Gargano 121,118 hectares*
- *Vesuvio 8,482 hectares*
- *Maiella 74,095 hectares*
- *Cilento and Valle di Diano 181,048 hectares*
- *Val Grande 12,210 hectares*

The most recent national park was set up by Presidential Decree on 17/5/1996:

- *Arcipelago de La Maddalena 5,134 hectares (land) and 15,046 hectares (sea).*

Protected areas by region, 1997 (hectares) (*) (**)

	State areas	Regional areas	Total protected areas	% of national protected areas	% of territory
Piemonte	45,319	135,244	180,563	6.0	7.1
Valle d'Aosta	37,177	4,033	41,210	1.4	12.6
Lombardia	60,420	446,996	507,416	16.9	21.3
Aut. prov. Trento	19,350	83,806	103,156	3.4	16.6
Aut. prov. Bolzano	55,094	126,246	181,340	6.0	24.5
Veneto	37,151	39,909	77,060	2.6	4.2
Friuli-Venezia Giulia	399	54,437	54,836	1.8	7.0
Liguria	16	62,263	62,279	2.1	11.5
Emilia-Romagna	23,834	133,814	157,648	5.2	7.1
Toscana	30,048	97,242	127,290	4.2	5.5
Umbria	18,609	40,875	59,484	2.0	7.0
Marche	64,955	5,925	70,880	2.4	7.3
Lazio	29,844	82,842	112,686	3.7	6.6
Abruzzo	234,818	59,186	294,004	9.8	27.2
Molise	5,590	0	5,590	0.2	1.3
Campania	190,503	148,570	339,073	11.3	24.9
Puglia	127,766	1,139	128,905	4.3	6.7
Basilicata	92,071	11,553	103,624	3.4	10.4
Calabria	196,833	750	197,583	6.6	13.1
Sicilia	0	203,035	203,035	6.7	7.9
Sardegna	1,575	207	1,782	0.1	0.1
ITALY	1,271,372	1,738,072	3,009,444	100.0	10.0

*Source: Ministry of Environment & CNR Protected Areas Study Group.
(*) Not including marine areas. (**) As at December 1997.*

Use of Chemicals

Over the last few decades there has been a considerable increase in agricultural productivity owing, among other factors, to a greater use of chemicals. In many cases this has undermined the positive contribution by agriculture to environmental protection. At the same time, the effects of an intensive use of pesticides are mirrored in the perception of the quality of agricultural produce by consumers.

In recent years, however, there has been a general tendency to reduce the amount of fertilizers and pesticides used, probably as a result of the new CAP guidelines and the campaigns carried out by many regions. In 1997 alone, the use of fertilizers dropped by 3.4% compared with the previous year and the use of pesticides by nearly 3%. An analysis of the use of pesticides according to active principles

reveals that there has been a fall in the use of all products except fumigants and nematocides, of which there was a slight increase in use. From a geographical point of view, it emerged that the regions in the North make the largest use of pesticides (37%) in Italy.

As far as fertilizers are concerned, there has been a constant fall in the use of phosphorus-based products over the last five years, whereas

Use of fertilizers from 1990 to 1997 ('000 tonnes)

	1990	1992	1993	1994	1995	1996	1997
Nitrogen	820.5	906.8	910.0	917.9	879.2	918.9	894.0
Phosphorus	607.9	662.0	613.0	589.2	584.7	545.6	528.0
Potassium	337.7	415.4	397.0	394.1	427.0	418.8	397.5
TOTAL USE	1,766.1	1,984.2	1,920.0	1,901.5	1,890.9	1,883.3	1,819.5

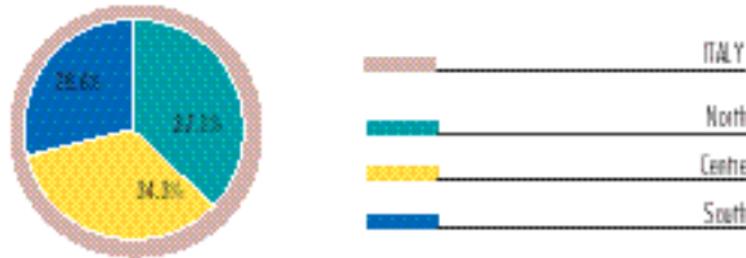
Source: figures from Ministry for Agricultural Policies processed by INEA.

Use of pesticides from 1990 to 1997 ('000 tonnes)

Type	1990	1994	1995	1996	1997
Herbicides	27.8	25.9	25.9	25.0	24.9
Insecticides & acaricides	36.5	33.4	33.4	31.4	30.5
Fumigants & nematocides	6.7	4.1	4.7	4.9	5.1
Fungicides	65.7	46.8	49.4	48.3	45.8
Others	4.5	4.1	4.3	4.5	4.4
TOTAL DOMESTIC MARKET	141.2	114.2	117.7	114.1	110.7

Source: Agrofarma.

Use of pesticides by geographical area, 1997



Source: Agrofarma.

nitrogenous and potassium-based products have shown alternating trends.

Organic Farming

According to the EU definition, organic farming is a method of running a farm in which there are substantial restrictions on the use of fertilizers and pesticides, for the purpose of protecting the environment and promoting lasting agricultural development.

Regulation (EEC) No 2092/91, which sets out methods for growing organic agricultural products, lays down harmonization criteria and regulations for all Community operators at European level. It is backed up by Regulation (EEC) No 2078/92, one of the accompanying measures of the CAP reform, regarding methods of agricultural production which are compatible with the conservation of the environment and nature.

In Italy, according to figures updated in 1996, 276,000 hectares of land are used for organic farming (includ -

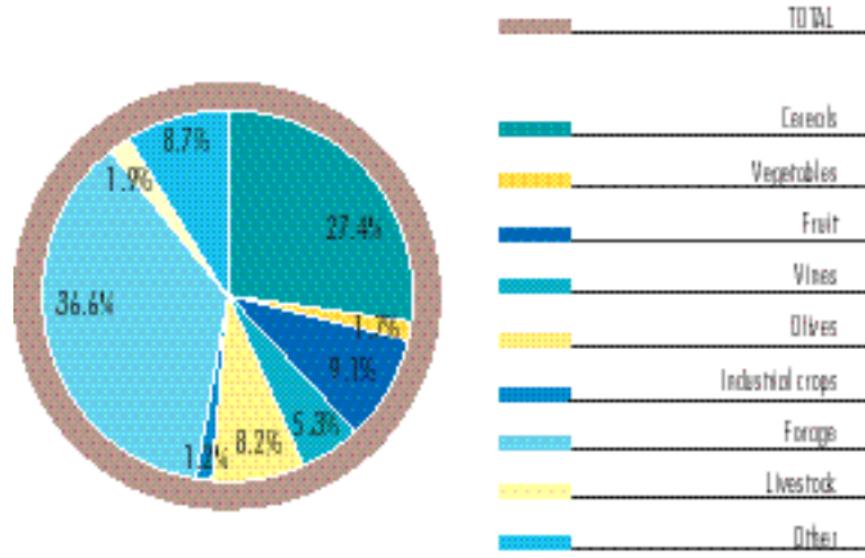
Organic enterprises by type of activity (*)

	Productive enterprises	Processing enterprises	Mixed enterprises	Total enterprises	Total land
Piemonte	495	31	56	582	4,773
Valle d'Aosta	2		1	3	310
Lombardia	260	25	34	319	7,391
Trentino Alto Adige	182	10	9	201	1,036
Veneto	814	44	67	925	6,599
Friuli Venezia Giulia	151	3	11	165	655
Liguria	56	5	7	68	215
Emilia Romagna	1,005	73	63	1,141	17,840
Toscana	613	33	115	761	19,248
Umbria	239	14	23	276	6,106
Marche	735	20	42	797	11,576
Lazio	551	17	61	629	13,161
Abruzzo	132	6	12	150	1,822
Molise	230	3	3	236	2,990
Campania	276	17	20	313	2,270
Puglia	760	23	28	811	16,752
Basilicata	67	3	6	76	3,574
Calabria	267	6	14	287	3,359
Sicilia	5,838	41	38	5,917	106,816
Sardegna	1,264	9	25	1,298	49,576
TOTAL	13,937	383	635	14,955	276,070

ing land placed into organic conversion). There are almost 14,000 organic enterprises, including over 1,000 enterprises which process products, either as their sole activity or in addition to production.

As far as the geographical distribution of organic agriculture is concerned, in the South there is a larger percentage of organic enterprises (62.4%) and an even larger percentage of organic land (67.1%) compared to the North (21.3% of enterprises and 14.1% of land) and the Centre (16.3% of enterprises and 18.8% of land). These figures are turned upside down for enterprises which process organic products as a sole activity or together with production. Only 23.2% of processing enterprises are located in the South, compared with 43.1% in the North and 33.7% in the Centre.

Break-down of land used for organic farming or placed into organic conversion, according to type of production (%)



Of all organic farm land, including land placed into conversion, 36.6% is used for forage crops, followed by 27.4% for cereals and 10.8% for fruit and vegetables, whereas the land planted to vines and olive trees still only represents a modest percentage of the total, although it has grown steadily in the last few years. In the EU, the number of farms involved in organic production has increased enormously, rising from about 7,000 in 1987 to over 47,000 in 1995. Over the same period of time, organic farm land has increased from about 102,000 hectares to over a million hectares. The three new Member States of the EU, especially Austria, have made a significant contribution to the increase in organic farms and farm land. As far as the sale and marketing of organic products are concerned, according to estimates, the overall

Organic farming in the EU in 1995

	Farms (no.)	UAA (hectares)
Austria	18,144	293,877
Belgium	203	3,956
Denmark	950	28,000
Finland	1,850	28,000
France	3,500	85,000
Germany	5,866	272,139
Greece	500	3,500
Ireland	300	6,457
Luxembourg	12	500
Netherlands	582	13,000
Portugal	120	3,000
Spain	1,000	20,300
Sweden	3,000	84,000
United Kingdom	715	32,476
Italy	10,568	204,238
TOTAL	47,310	1,078,443

market share should increase to 2.5% of the total by the year 2000 in the

EU; the situation varies considerably, however, among the Member States.

PRODUCTS
OF DESIGNATED ORIGIN
AND OF SPECIFIC CHARACTER

Origin Designation

European Union definitions

At present, Italian and EU regulations for recognizing and safeguarding origin designation play an important part in supply differentiation strategies, both at single farm level, and at national level as a means of increasing the country's competitiveness in the food sector.

Council Regulations Nos 2081 and 2082 of 14/07/92 define and set down rules for POD (protected origin designation), PGI (protected geographical indication) and the certification of specific character, and they create a legal framework for protected designation with the explicit aim of enhancing and promoting products of specific character.

The difference between POD and PGI is that in order to obtain recognition of the former, all stages of production and processing of the commodity concerned must take place in a specific geographical area, whereas for the latter it is sufficient that the quality or reputation of the commodity can be attributed to its area of origin, and part of the production process is allowed to take place outside that area.

Certification of specific character is the recognition of a characteristic or set of characteristics which distinguish an agricultural or food product from similar products in the same category: in other words, the specific character of the product

derives from its production characteristics and not from its place of origin, its geographical location or the application of innovative technology.

Product specifications must provide all the necessary information for recognizing the origin or specific character of the product, and are essential for the declaration of conformity of the product.

Community regulations give control agencies (inspection bodies whose responsibilities are established by each Member State) the task of ensuring that products with protected designation or certification of specific character meet the conditions laid down in their specifications.

Quality Products

Considering the whole of agricultural production in Italy, it is estimated that quality products, including spontaneous, natural or genuine, organic and protected products (CNEL, 1998), account for approximately 15% of national VFO in the agricultural sector. Organic

products alone account for 1%. The main sectors in which quality products constitute a high proportion of production are wine, cheese and cold meats. Recent figures show that in Italy, 38% of wines possess an origin designation (IGT, DOC or DOCG), 46% of cheeses possess a

POD and 40% of hams are made up of POD or PGI products. Other quality products, on the other hand, constitute a much smaller proportion of their sector, as in the case of olive oil: olive oil of designated origin only constitutes 3% of total production.

Dairy Products

The law protecting the origin designation of cheeses dates back to 1954 and was the first of its kind to be applied in this country.

According to Law No 125 dated 10 April 1954, cheeses with "origin designation" are cheeses produced in certain geographical areas in accordance with long-held local traditions, possessing characteristics which are mainly a result of the specific environmental conditions in which they are made.

According to the same law, cheeses with "specific character designation" are cheeses produced on national territory in accordance with long-held local traditions, without any specification of the geographical origin of the raw materials used to make them, but which owe their characteristics to special production techniques.

Cheeses with origin designation

Asiago	Murazzano
Bitto	Parmigiano Reggiano
Bra	Pecorino Romano
Caciocavallo Silano	Pecorino Sardo
Casciotta di Urbino	Pecorino Siciliano
Canestraro Pugliese	Pecorino Toscano
Castelmagno	Provolone Valpadana
Fiore Sardo	Quartiolo Lombardo
Fontina	Ragusano
Formai De Mut dell'alta Val Brembana	Raschera
Gorgonzola	Robiola Roccaverano
Grana Padano	Taleggio
Montasio	Toma Piemontese
Monte Veronese	Valle d'Aosta Fromadzo
Mozzarella di bufala campana	Valtellina Casera

Law No 125 also provides for the creation of special control agencies to supervise the correct application of the regulations.

Wine

Origin designation of wines

Law No 164 dated 10 February 1992 sets out the rules for the origin designation of wines, a term which refers to the use of the geographical name of a specific wine-growing area to indicate a well-known quality product, which possesses characteristics connected with the natural environment and with human factors.

The term "specific geographical indication" refers to the use of the geographical name of an area to indicate the wine produced there.

Wines are classified as follows:

- controlled and guaranteed origin designation (DOCG);
- controlled origin designation (DOC);
- specific geographical indication (IGT).

Italian DOC wines by Region(*)

Valle d'Aosta	1
Piemonte	49
Liguria	7
Lombardia	17
Trentino - Alto Adige	7
Veneto	21
Friuli - Venezia Giulia	9
Emilia - Romagna	20
Toscana	36
Marche	11
Umbria	10
Lazio	24
Abruzzo	3
Molise	2
Campania	20
Basilicata	1
Puglia	25
Calabria	12
Sicilia	18
Sardegna	20

N.B. Altogether there are 306 DOC wines in Italy; this is a lower total than the sum of all Regional DOC wines because 7 wines are interregional.

(*) At 1/2/1998.

At February 1998, 123 wines had been given a "specific geographical indication" through special ministerial decrees.

Wines with controlled and guaranteed origin designation (DOCG)

Region	Designation	Type	Colour
PIEMONTE	Asti	Asti o Asti spumante/Moscato d'Asti	Bianco
	Barbaresco	Riserva	Rosso
	Barolo	Riserva	Rosso
	Brachetto d'Acqui o Acqui		Rosso
	Gattinara	Riserva	Rosso
	Ghemme	Riserva	Rosso
LOMBARDIA	Franciacorta	Cremant, Millesimato, Millesimato Cremant, Rosè, Rosè Cremant, Rosè Millesimato Rosè Millesimato Cremant	Bianco, Rosé
EMILIA ROMAGNA	Albana di Romagna	Secco, Amabile e dolce, Passito	Bianco
TOSCANA	Brunello di Montalcino	Riserva, Vigna	Rosso
	Carmignano	Rosso, Rosso riserva	Rosso
	Chianti	Riserva, Superiore: Colli Fiorentini, Colli Fiorentini riserva, Rufina, Rufina riserva, Montalbano, Colli Senesi, Colli Aretini Colline Pisane, Colline Pisane riserva	Rosso
	Chianti classico	Riserva	Rosso
	Vernaccia di San Gimignano	Riserva	Bianco
	Vino nobile di Montepulciano	Riserva	Rosso
UMBRIA	Montefalco Sagrantino	Secco, passito	Rosso
CAMPANIA	Torgiano	Rosso riserva	Rosso
	Taurasi	Riserva	Rosso
	Vermentino di Gallura	Superiore	Bianco

Virgin and Extra-Virgin Olive Oil

The origin designation of virgin and extra-virgin olive oils is regulated by Law No 169/92.

The term "controlled origin designation" of virgin and extra-virgin olive oils refers to the use of the geographical name of an area with specific natural and human characteristics to indicate the virgin and extra-virgin olive oils which are produced there and whose characteristics derive mainly from the olive groves producing the olives and from processing techniques.

The designations may only be used for oils which meet the conditions laid down in the relevant product specifications for each designation. In order to regulate the use of origin designation, control agencies for oil producers have been set up and officially recognized.

A national Committee has been set up to protect the origin designation

of olive oils, based at the Ministry for Agricultural Policies. Its duties are to express its opinion on the product specifications for DOC oils and to support studies on promotional activities aimed at improving production and protecting oils.

Subsequent implementation legislation has set up the following:

- a national register of tasters of olive and extra-virgin oils (23.6.1993);*
- specifications for DOC oils, a register of olive groves, a report of oil production, a list of the varieties of olives included on the olive register, the activity of the oil-tasting commission (4.11.1993).*

The following oils still await recognition:

- Veneto*
- Laconia (Lametia)*
- Monte Etna*
- Val di Mazara*

Oils with protected origin designation (POD)

Aprutino pescarese	Laghi lombardi
Brisighella	Monti Iblei
Bruzio	Penisola sorrentina
Canino	Riviera ligure
Cilento	Sabina
Collina di Brindisi	Terra di Bari
Colline salernitane	Terra d'Otranto
Colline Teatine	Umbria
Dauno	Valli trapanese
Garda	

Other Products

The following have been recognized by law:

Products with Protected Origin Designation - POD

Meat-based

Piacenza "coppa" (cured neck of pork), bacon and salami
Zibello "culatello" (kind of ham)

Carpegna ham

Modena ham

Parma ham

San Daniele ham

Tuscan ham

Veneto Berico-Euganeo ham

Brianza salami

Varzi salami

Calabrian "soppressata" and "capo - collo" (kinds of salami), sausage and bacon

Valle d'Aosta "Jambon de Bosses" (kind of ham)

Valle d'Aosta "Lard d'Arnad" (kind of bacon)

Other

Balsamic vinegar

Traditional balsamic vinegar from Modena and Reggio Emilia
"Nocellara" from Belice

San Marzano tomatoes from the Agro Sarnese-Nocerino
Young white bovine meat from the Central Appennines

Products with Protected Geographical Indication - PGI

Sicilian blood oranges

Valtellina "bresaola" (cured beef)

Pantelleria capers

Montella chestnuts

Calabrian clementines

Vallata Bellunese Lamon beans

Sarconi beans

Garfagnana spelt
Borgotaro mushrooms

Greubener salami

Castelluccio di Norcia lentils

Mugello chestnuts

Castel del Rio chestnuts

Romagna nectarines

Piedmont hazelnuts

Giffoni hazelnuts

Genzano home-made bread

Senise peppers

Emilia-Romagna pears

Mantua pears

Norcia ham

Red "radicchio" (kind of chicory) from Treviso

Variegated "radicchio" from Castel Franco

Nano Vialone Veronese rice

Romagna shallots

Alto Adige "speck" (smoked ham)

Canicatti table grapes

PGI products awaiting recognition

Altedo asparagus

Romagna kiwi fruit

Romagna apricots

Serino chestnuts

Vallerano chestnuts

Trentino chestnuts

Marostica cherries

Vignola cherries

Alto Adige strawberries and raspberries

Romagna strawberries

Lazio kiwi fruit

Romagna lotus

Cuneo chestnuts

Segnino chestnuts

Florentine chestnuts

Trentino apples

Valle d'Aosta rennet apples

Roman hazelnuts

Bieggio walnuts

Alto Adige pears

Vignola plums

Emilia Romagna melons

Emilia Romagna water melons



RESEARCH AND DEVELOPMENT

Research

In 1996, State funding for research and experimental activities in the agricultural sector amounted to over 588 billion lire, a 5.4% increase over 1995. Of this sum over 23% was allotted to the Ministry for Universities and Scientific Research, 19% to the Ministry of Agriculture, Food and Forestry, 15% to the National Research Council (CNR) and over 17% to the regions and to the bodies connected with them. The remaining funds were divided among other research institutes, among which the National Institute of Agricultural Economics (INEA) and the Agency for New Technology, Energy and the Environment (ENEA) took a major share. Compared to 1995, there was a significant drop in the funding allotted to the regions and also to the CNR, mainly because the RAISA project came to an end, whereas there was an increase in the

Agricultural research and experimental activities by regions and bodies connected with them, 1996

Region/autonomous province	Expenditure on R. & Exp.		R. & Exp. personnel	
	Total expenditure (billion lire)	% of agric. VFO	Total no.	of which researchers & technologists
Piemonte	3.315	0.06	48	23
Valle d'Aosta	2,510	2.44	n.a.	n.a.
Lombardia	2,613	0.03	34	6
Veneto	4,510	0.06	174	63
Trento (1)	9,373		157	53
Bolzano (1)	13,500	1.27	79	18
Friuli - Venezia Giulia	4,829	0.38	n.a.	n.a.
Emilia - Romagna	11,669	0.14	183	47
Liguria	1,800	0.13	25	12
Toscana	3,671	0.13	44	26
Umbria	0,400	0.04	0	0
Marche	2,456	0.14	0	0
Lazio	1,662	0.05	10	6
Abruzzo	3,706	0.20	10	6
Molise	n.a.	n.a.	n.a.	n.a.
Campania	0,991	0.02	0	0
Puglia	2,072	0.03	0	0
Calabria	0,343	0.01	n.a.	n.a.
Basilicata	1,786	0.21	37	9
Sicilia	9,962	0.16	16	5
Sardegna	23,554	1.12	272	57
TOTAL	104,722	0.15	1,089	331

n.a. = not available.

funding allotted to INEA and to the Ministry of Agriculture, Food and Forestry, which started up new programmes in 1996.

It must be remembered that research institutes are still waiting to be reorganized further to Law No 491/1993.

In 1996, agricultural research employees in the public sector amounted to 5,349 units, including 3,062 researchers and technologists, 1,589 technical staff and just under 697 administrative staff, to which 2,180 units employed as university lecturers in agriculture and veterinary science should also be added.

Expenditure on research and experimental activities carried out by the

regions and by bodies connected with them amounted to almost 105 billion lire in 1996, a significant decrease compared to 1995, when over 115 billion was spent. There were large variations in expenditure between the regions; the largest sums were spent by the two autonomous provinces of Trento and Bolzano and by the regions of Emilia Romagna, Sicily and Sardinia.

At European level, the Fourth Framework Programme (1994-98) should be mentioned, based on a combination of research, scientific cooperation with non-EU countries, publication and utilization of results, and researchers' mobility. The total budget for the implemen-

tation of the Programme amounts to 12,300 million ecu, of which 1,080 million ecu are allocated to the environment, 552 to biotechnology and 684 to agri-industry.

The FAIR programme for research in the agriculture and fisheries sector has a total budget of 634 million ecu of which 225 million ecu are allocated to agriculture, forestry and rural development, and 103 million ecu to the fishing industry and aquaculture.

Lastly, an important Community initiative was the publication of a Green Paper on innovation, which highlighted the insufficiency of investments in the sector and the lack of effective coordination between Member States.

Development Services

As a result of the reorganization of the institutional duties of the Agriculture Ministry, the Permanent Committee for Agricultural, Food and Forestry Policies and the agencies connected with it were abolished, including the National Committee for Agricultural Development Services (ConSeSA), a committee of technical experts responsible for guiding and coordinating national development projects. Funding for initiatives connected with agricultural development schemes has not slackened, however; under Law No 135/97, the following twelve inter-regional projects were allotted funding for a total of 147 billion lire:

• “Agriculture and quality”, providing support for central and local government departments to adapt to the changes in regulations and programmes at EU, national and

regional level as regards the certification of quality and brand names.

- “Technical assistance in the stock breeding sector”, aimed at increasing the competitiveness and efficiency of the Italian stock breeding sector as regards the quality of production, and at identifying all the support services related to technical assistance for livestock farms.*
- “Food education and communication”, for promoting and supporting correct information on the agri-food system, for consolidating food education in schools and for promoting a policy of improving agri-food production.*
- “System of interchange between information systems”, aimed at perfecting an IT link-up system permitting a synergistic use of information held by government*

Projects for the agricultural sector

	1997 BUDGET CIEP RESOLUTION 26/6/97 (billion lire)
Agriculture & quality	38
Technical assistance in the stockbreeding sector	34
Food education & communication	15
System of interchange between information systems	15
Restructuring national & regional agricultural statistics system	10
Varietal tests	3
Support for cultivating flowers & ornamentals	5
Production of rural development services	3
Training & refresher courses for technical experts & advisers	3
Technical assistance, study & research	2
Commercial promotion	15
Identification & transfer of innovations in agriculture	4
TOTAL	147

departments and the regions, and creating cohesion and uniformity of interchanged data.

***Multi-Regional Operational Programme
"Support Activities for Agricultural
Development Services" - Measure 2***

SECTOR INVOLVED	APPROVED PROJECTS	ACCEPTED COST
Socio-economic	5	5,279,000
Aquaculture	1	1,263,000
Agri-industry	5	8,635,000
Agri-meteorology/irrigation	2	5,314,000
Citrus fruit cultivation	1	3,331,000
Cereal cultivation	2	7,637,000
Rural buildings	1	1,304,000
Defence	4	8,481,000
Grape growing & winemaking	3	3,625,000
Forestry	2	2,795,600
Medicinal	1	1,827,000
Olive cultivation	1	1,570,000
Vegetable cultivation	2	3,169,600
Quality	1	716,000
Market gardening	1	2,577,000
Stockbreeding/animal health	5	15,815,000
TOTAL	37	73,339,200

- “Commercial promotion”, for promoting fresh and processed agricultural products on national and foreign markets.
- “Restructuring of the national and regional agricultural statistics system”, aimed at creating the conditions for meeting requirements connected with statistics surveys promptly, continuously and thoroughly.
- “Varietal tests”, for carrying out tests in order to enter varieties on the Register and for protecting patents.
- “Support for cultivating flowers & ornamentals”, by which a series of initiatives aimed at improving product quality can be started up.
- “Promotion of rural development services”, for ensuring the regions have adequate surveying and organizational instruments so as to be able to provide support from agricultural development services alongside investment support action.
- “Training and refresher courses for technical experts and agricultural advisers”, aimed at promoting and assisting support for initiatives belonging to other inter-regional programmes, and at producing operational and teaching aids.
- “Technical assistance, study and research”, for starting up studies of particular interest and research activities, and for providing the technical assistance required to implement inter-regional programmes.
- “Identification and transfer of innovations in agriculture”, for helping to assess, classify and transfer mature innovations.

Within the Multi-Regional Operational Programme “Support

Activities for Agricultural Development Services" financed by the Structural Funds for Objective 1 regions, Measure 2 ("Technological innovations and transfer of results") was started, which provides funding for research projects designed to produce and transfer innovations aimed at reducing the unit costs of production, improving product quality and protecting the environment, and for carrying out surveys and studies on structural and socio-economic phenomena connected with the agricultural system.

Under this initiative, 37 research projects of interest to Objective 1 regions have been funded for over 73 billion lire. The implementation of the projects involves 176 research agencies, both public (149) and private (27), while the agricultural development services for Objective 1 regions are called to play a dual role within the

working group: a role of guidance in the planning phase for deciding on the objectives and sectors to be involved in the projects and a role of guarantor in the implementation phase to ensure that research results are in fact transferred to enterprises.

As far as regional programmes are concerned, the projects planned in the Multi-fund Operational Programmes (MOPs - Objectives 1 and 5a) and in the Single Programming Documents (SPDs - Objective 5b) are being carried out.

Resources for Agricultural Development Services from Structural Funds - Reg (EEC) No 2081/93 (million ecu)

	Total cost EAGGF	Cost of measures regarding Development Services
Total Multi-fund Operational Programmes in Obj. 1 regions	3,872.0	224.9
Total Single Programming Documents in regions and autonomous provinces in Obj. 5b	1,405.6	83.0

INSTITUTIONS AND LEGISLATION

Responsibilities in the Agricultural Sector

With Decree No 143 dated 4 June 1997, the Ministry for Agricultural Policies was created and the re-distribution and reform of State and regional responsibilities for agriculture, forestry and fisheries, which had already begun with Law No 491 of 4 December 1993, were continued.

- All the functions previously carried out by the former Ministry of Agriculture, Food and Forestry as regards agriculture, forestry, fisheries, farm tourism, hunting,*

rural development and food were assigned to the regions and autonomous provinces.

- The Ministry for Agricultural Policies was given the responsibility for formulating and coordinating agricultural, agri-industrial and forestry policies in line with EU policy, and of representing national interests as regards agricultural, forestry and fishing policies in the EU and in the international forum.*

- In view of this redistribution of responsibilities, on the basis of Decree No 29/93 (supplemented by Decree No 80/98), the new structure of the Ministry for Agricultural Policies must be completed with the issuing of a prescriptive act detailing the number of departments in the Ministry and the areas of responsibility of each.*

The EU and Countries in the European Economic Area

Agreements with Central and Eastern European countries

Ten countries of Central and Eastern Europe (CEE) have formally applied to join the EU: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Rumania, Slovakia, Slovenia and Hungary. For five of these countries (Estonia, Poland, the Czech Republic, Slovenia and Hungary), full accession is scheduled to begin gradually from the year 2002, whereas for the remaining countries, the European Commission has asked for more time before starting formal negotiations.

The fundamental criteria which must be met in order to join the EU, which were spelled out by the Commission at Copenhagen in June 1993 and were subsequently formalized in the 1995 "White paper

on the internal market", recently found expression in the so-called "Accession Partnerships", which act as contracts between the EU and each CEE country, aimed at strengthening relations and at planning accession stages. In the Accession Partnerships, the European Council has fixed the priorities and main objectives which must be fulfilled in the short and medium term, the most important being: reinforcing institutional and administrative capabilities, carrying out a series of political and economic reforms and making improvements in the areas of justice and social affairs (especially in order to improve employment). As far as the agricultural sector is concerned, the most pressing objectives to be fulfilled are: bringing fresh and processed agricultural produce up to EU quality standards, harmoniz-

ing regulations concerning food quality and controls, completing privatization of the land market and improving the way it operates. The trade agreements between the EU and the CEE countries are applied through the so-called "Europe Agreements", which act as a premise for the CEE countries' accession to the Single Market. These agreements (which incorporate the terms already agreed between the EU and CEE countries with the generalised system of preferences and agreements on economic and commercial trade and cooperation) are of a preferential nature, they are asymmetrical (in the CEE countries' favour) and of unlimited duration. They provide for the gradual abolition of customs charges for industrial products and reductions in customs charges for agricultural products.

Agreements with Mediterranean countries

The EU has continued to implement the "Euro-Mediterranean Partnership" - proposed in December 1994 and formalized in 1995 after the Barcelona Conference - with its Mediterranean partners (the former Yugoslavia, Cyprus, Malta, Turkey, Maghreb and Mashrak countries). The main areas of the agreement regard political, economic and financial relations, the definition of a common security policy, cultural and human exchanges and social initiatives. A year and a half after the Barcelona Conference, the new

Euro-Mediterranean Conference held at La Valletta (Malta) on 15-16 April 1997 drew up a balance of the measures adopted for each area of the agreement.

As far as agreements with single States are concerned, the European Council has started the accession process for Cyprus by defining a pre-accession strategy similar to the ones defined for the CEE applicants, and the EU-Turkey Association Council has confirmed the admissibility of Turkey in the EU on the basis of the same criteria agreed for the current wave of accessions and set out in the EU's planning document, "Agenda 2000".

Agreements with former USSR countries

In 1997 a "Partnership and Co-operation Agreement" with Russia came into force, creating even closer trade relations between the EU and Russia. A series of bilateral relations are also held with many other countries belonging to the former Soviet Union, especially the Ukraine and Moldavia. With Belorussia, on the other hand, the political and human rights situation has prompted the Council not to reach any kind of agreement.

Common Agricultural Policy

An assessment of the reform of the common agricultural policy following the approval of a package of regulations in 1992 (the MacSharry reform) leads to the conclusion that some of the original objectives have been amply fulfilled whereas other hoped-for results of no lesser importance have not yet been achieved or are slow in being effective.

Among the positive achievements of the reform of the CAP, the following should be mentioned:

- *the Community has preserved its position as a major producer and exporter of food commodities, which has allowed its producers to maintain a certain competitiveness on both internal and world markets;*
- *there has been a large decrease in the surplus produce accumulated*

in the years prior to the reform, partly thanks to the favourable market situation;

- *there has been an appreciable increase in the average level of farm incomes, which has helped to improve many farmers' living standards.*

Besides these positive results, however, several problems exist which are not easy to solve with the agricultural policy as it currently stands:

- *there are disparities, in terms of income, among productive sectors and among regions in the EU, which have increased since 1992;*
- *the current market support policy is not fully compatible with new international trade rulings and with the need to keep the EU's agricultural spending constantly under control;*

- *the CAP has not paid due attention to environmental aspects and to sustainable development;*
- *the reform process begun in 1992 must still be completed so as to include Mediterranean produce (wine and oil) and improve the reform of the fruit and vegetables sector.*

In the light of these considerations, it is obvious that the EU must review its agricultural policy. On the one hand, the means which have led to the achievement of positive results must be consolidated, while the forms of intervention which have turned out to be ineffective or which have not produced the desired results must be corrected.

With this in view, in its implementation of the "Agenda 2000" document, the EU is preparing to re-for-

mulate its intervention policies for the first seven years of the next millennium through a series of legislative proposals presented by the European Commission on 18 March 1998, which will involve the agricultural and rural world of the 15 current Members States and of the 6 new partners which will join the Union gradually as from 2002-2004.

The most significant elements of the reform proposals may be summarized as follows:

- as regards market policy, the process of lowering support price levels, begun with the 1992 CAP reform, will be accelerated further, so as to bring prices as near as possible to the level of international market prices; the reduction in price support will be compensated*

by direct payments to producers, the level of which will be related to environmental and social parameters so as to take the new objectives into account;

- with its proposed regulation on rural development support, the Commission has made a considerable effort to simplify procedures; the contents of 9 regulations have been concentrated into just 55 articles.*

In addition to simplification and decentralization of all the decision-making stages, there will also be greater involvement of the EAGGF Guarantee Section in rural development; it will finance the new accompanying measures on all EU territory as well as all rural development programmes for regions excluded from Objective 1, in the period 2000-2006;

- as far as structural and cohesion policies are concerned, the priority objective of the reform is to simplify procedures and decentralize decision-making processes; the Commission's proposal to reduce the Objectives from 6 to 3 and the Community Initiative Programmes from 13 to 3 should be seen in this light. The proposal to allot 10% of EU resources to programmes showing greater efficiency in terms both of spending ability and achievement of set objectives is also an important innovation.*

Implementation progress

Arable crop and beef sectors the new CAP has affected the arable crop sector since the 1993/94 season. This sector includes cereals, oilseeds and protein plants and represents 10% of Italy's final output.

The support policy for these crops entails a gradual decrease in guide and intervention prices (so as to bring them more into line with world prices), compensated by direct aid payments calculated according to average yield figures which are calculated in the case of Italy on the basis of 254 homogeneous areas.

In order to calculate aid payments and the conditions linked to them, growers are divided into two main categories with two different schemes: large growers, to whom the main scheme applies, and small growers, to whom a simplified scheme applies. The division into two schemes is based on the potential yield of cultivated land; growers with a potential yield of over 92 tonnes come under the main scheme whereas growers with a potential yield of under 92 tonnes are includ -

ed in the simplified scheme. The difference between the two schemes consists in the fact that in the main scheme (large growers), payment rates vary according to the crop and there is an obligation to set part of the farm's cultivated land aside (fixed at 5% for 1997), whereas in the simplified scheme (small growers), there is no obligation to set land aside and there is only one rate of payment, whatever crops are cultivated (the additional subsidy calculated on a hectare basis for the cultivation of durum wheat in certain areas also continues to exist). As for the arable crop sector, a gradual decrease in support price levels is planned for the beef sector too (15% over three years), compensated by premia for beef cattle reared according to a maximum number per hectare, so as to encourage extensive farming.

In 1997, 702,546 applications for aid payments in the arable crop sector were made to AIMA (the Italian Intervention Board for the Agricultural Market); of these, 79.3% were in connection with the simplified scheme. It can be concluded from these figures that most cereal growers favoured the simplified scheme; as well as highlighting the prevalence of a small average farm area, this trend also indicates a definite preference by growers not to "freeze" part of their land with the obligatory set-aside provision. On the other hand, oilseed growers accepted the new CAP terms en masse, applying for aid for the whole of their cultivated areas: 98.5% of land planted to oilseeds was cultivated in accordance with the general scheme. All in all, counting both the simplified scheme (optional set-aside) and the general scheme

(obligatory set-aside), only 3.2% of the land for which compensation was requested was set aside.

Since the 1992 reform, three Member States (Italy, the Netherlands and Belgium) have showed a decrease in their ability to utilize EU resources, dropping respectively from 16.1% to 10.8%, from 7.4% to 3.9% and from 4.3% to 2.9%, whereas all the other Member States have improved their performance in this respect, sometimes to a considerable extent as in the case of France (from 21.5% to 24.5%), or like the United Kingdom (7.6% to 8.9%).

In the case of Italy, it is to be noted that the so-called "milk quota fine" contributed, for the sum of 350 million ecu, to the country's particularly negative performance as regards the utilization of EU funding.

Area of land under the general and simplified schemes in 1997

Total applications:	General scheme (120,800 applications) Area of land (ha)	Simplified scheme (556,927 applications) Area of land (ha)	Other land (24,819 applications) Area of land (ha)
Durum wheat	436,574	1,095,960	
Corn	646,786	536,181	
Other cereals	378,162	834,671	
Total cereals	1,461,522	2,466,812	
Soya	331,159	6,862	
Sunflowers	100,075	1,241	
Rape	291,456	3,251	
Total oilseeds	722,690	11,354	
Total protein crops	16,906	47,926	
Total non-textile linen	41	19	
Obligatory set-aside	113,541		
Voluntary set-aside	43,882		
Total set-aside	157,423		
Forage for cattle premia	3,080	9,973	5,944
TOTAL AREA	2,361,662	2,536,084	5,944
GRAND TOTAL			4,903,690

Source: AIMA figures processed by Ministry for Agricultural Policies.

Application of the CAP in the arable sector in EU countries in the 1996/97 period ('000 hectares)

Basic land	Five-year set-aside	Obligatory set-aside	Total set-aside	Land planted to arable crops (%) (*)	
				Simplified scheme	General scheme
Belgium	479	0	18	18	62.9 37.1
Denmark	2,018	2	221	223	16.2 83.8
Germany	10,156	78	1,207	1,285	17.6 82.4
Greece	1,492	0	14	14	91.1 8.9
Spain	9,220	26	1,304	1,330	17.8 82.2
France	13,526	48	1,395	1,443	14.8 85.2
Ireland	346	0	25	25	32.1 67.9
Italy	5,801	193	221	414	57.0 43.0
Luxembourg	43	0	2	2	59.5 40.5
Netherlands	437	3	10	13	77.7 22.3
Austria	1,203	0	115	115	34.6 65.4
Portugal	1,054	0	62	62	44.8 55.2
Finland	1,591	0	168	168	35.0 65.0
Sweden	1,737	0	301	301	16.7 83.3
United Kingdom	4,461	15	483	498	6.0 94.0
EU 15	53,564	365	5,546	5,911	23.5 76.5

(*) Excluding land planted to forage.

Source: EC Commission, DG VI.

Accompanying measures

When the European Council approved the reform of the CAP in 1992, it also passed a package of measures called "the CAP accompanying measures", which codified and re-formulated a number of provisions which had previously been carried out without any form of coordination, amending them to adapt to the new CAP policies.

In this way several environment-related measures which had previously been implemented through Regulations (EEC) Nos 2328/91 (VII) and 4115/88 (extensification of agricultural and livestock production) were re-formulated and included in Regulation (EEC) No 2078/92 which, among other clauses, provided support for "eco-compatible" agriculture (i.e. using fewer pesticides and fertilizers) and encouraged other produc-

tion methods and techniques compatible with conservation of the natural environment.

The generative principles of Directive 160/72/EEC, which introduced measures encouraging early retirement in agriculture, inspired the approval of Regulation (EEC) No 2079/92, which set out a whole series of schemes aimed at ensuring a generation changeover in agriculture and supporting programmes for amalgamating land.

Regulation (EEC) No 2080/92, which introduced a programme for afforesting land withdrawn from production, codified and re-formulated in one single regulation a series of schemes which were implemented previously through Regulations (EEC) Nos 2328/91 (VIII), 1272/88 (five-year set-aside) and 1609/89 (introduction of forestry measures on agricultural land).

Implementation of Regulation (EEC) No 2078/92

After a slow start, the application of this regulation accelerated considerably in 1996 and even more so in 1997.

Over the whole of the 1994-97 programme period, in fact, as many as 122,000 beneficiaries benefitted from this regulation involving 1.6 million hectares of land (583,000 hectares more than 1996) and 36,000 livestock units. From the financial viewpoint, in 1997 alone a total of 679.9 billion lire was paid out, which placed Italy among the top countries in the EU for implementation of this regulation.

This was due to a large extent to the brilliant results achieved by certain regions (especially Tuscany,

Sicily and Piedmont) which, thanks to a financial mechanism set up by the Ministry for Agricultural Policies, were able to use more funds than the share originally allocated to each of them, thus making up in part for the implementation difficulties met by other regions.

In this way, in the two years 1996-97, Italy was able to make up for the delays accumulated in the first two years of the programme period (1994-95), passing from an implementation level of 17.3% in October 1995 to 75% in 1997.

Implementation, in financial terms, of Reg (EEC) No 2078/92 in Italy, 1994-97 (million ecu) (*)

	Sum paid out				Total paid out as % of initial budget
	1994	1995	1996	1997	
Valle d'Aosta	1,625	2,359	3,611	5,125	127.2
Piemonte	0	27,094	35,566	49,963	117.3
Lombardia	0	2,656	6,961	16,858	25.1
Aut. prov. Bolzano	5,565	8,954	8,626	12,530	114.6
Aut. prov. Trento	3,593	4,986	5,434	0	79.4
Friuli V. Giulia	253	353	719	0	5.8
Veneto	3,271	9,643	14,477	22,649	57.9
Liguria	125	365	739	192	12.2
Emilia Romagna	1,925	12,984	20,128	26,725	57.8
Toscana	0	29,827	38,563	51,512	221.5
Umbria	2,113	5,075	7,391	10,755	113.5
Marche	436	1,428	3,609	7,811	39.5
Lazio	1,551	9,830	18,766	30,400	100.9
TOTAL non-Obj. 1	20,455	115,555	164,589	234,520	81.3
of which paid by EAGGF/Guar.	10,228	57,777	82,294	117,260	40.6

	Sum paid out				Total paid out as % of initial budget
	1994	1995	1996	1997	
Abruzzo	0	195	384	0	1.5
Molise	276	360	694	0	13.3
Campania	0	0	0	0	0.0
Puglia	0	0	6,173	21,979	8.7
Basilicata	0	6,027	7,268	0	105.2
Calabria	0	0	2,446	78,407	6.2
Sicilia	2,461	36,562	68,569	22,621	177.1
Sardegna	502	3,219	12,949	123,007	53.6
TOTAL Obj. 1	3,238	46,363	98,482	0	65.2
of which paid by EAGGF/Guar.	2,429	34,772	73,862	0	48.9
TOTAL	23,693	161,918	263,071	357,527	75.0

(*) Figures updated at 31/12/1997.

Source: AIMA and regional figures processed by Ministry for Agricultural Policies.

Utilization of Community budget for Reg (EEC) No 2078/92 in the EU, 1994-97 (million ecu)

	1994	1995	1996	1997	TOTAL	
					Abs. value	%
Belgium	0.0	0.0	1.5	1.3	2.8	0.1
Denmark	1.5	3.0	5.8	5.7	16	0.4
Germany	122.6	223.4	231.7	263.0	840.7	23.2
Greece	0.0	0.0	1.5	8.5	10	0.3
Spain	13.8	15.7	32.8	39.4	101.7	2.8
France	73.1	106.2	118.9	147.9	446.1	12.3
Ireland	0.0	19.0	43.4	97.6	160	4.4
Italy	0.0	54.4	41.5	368.5	464.4	12.8
Luxembourg	0.0	0.0	0	4.2	4.2	0.1
Netherlands	0.8	4.2	7.6	12.2	24.8	0.7
Austria	0.0	0.0	541	259.5	800.5	22.1
Portugal	12.0	38.6	40	49.1	139.7	3.9
Finland	0.0	0.0	256.6	134.7	391.3	10.8
Sweden	0.0	0.0	43.4	82.7	126.1	3.5
United Kingdom	7.2	20.1	25.5	37.0	89.8	2.5
TOTAL	231.0	484.6	1,391.2	1,511.3	3,618.1	100.0

Source: EU figures processed by Ministry for Agricultural Policies.

Implementation of Regulation (EEC) No 2079/92

From an analysis of the payments made from the budget for this regulation, it emerges that 90% of EAGGF Guarantee Section payments for this regulation in the period 1994-97 were made to three countries alone: France, Ireland and Greece. For all other Member States, including Italy, the regulation remained practically unapplied.

The extremely limited implementation of this regulation is due, in the case of Italy, to two factors:

- the difficulty for the transferee to demonstrate a minimum pre-owned area (because of the immobility of the land market and the limited capital of young farmers);*
- the prohibition on the transferor to*

Utilization of Community budget for Reg (EEC) No 2079/92 in the EU, 1994-97 (million ecu)

	1994	1995	1996	1997	TOTAL	
					Abs. value	%
Belgium	0.0	0.0	2.1	5.0	7.1	1.2
Denmark	0.0	1.4	1.7	1.6	4.7	0.8
Germany	0.0	0.0	1.5	0.0	1.5	0.3
Greece	0.0	0.2	34.9	21.8	56.9	9.8
Spain	1.4	4.1	7.8	11.8	25.1	4.3
France	87.9	97.4	86.4	80.3	352.0	60.8
Ireland	1.2	21.4	37.8	53.8	114.2	19.7
Italy	0.0	0.0	0.1	0.3	0.4	0.1
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0
Austria	0.0	0.0	0.0	0.0	0.0	0.0
Portugal	0.0	0.0	1.0	4.7	5.7	1.0
Finland	0.0	0.3	3.6	7.1	11.0	1.9
Sweden	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	90.5	124.8	176.9	186.4	578.6	100.0

Source: EU figures processed by Ministry for Agricultural Policies.

receive the early retirement premium as well as the various kinds of pension allowances provided by the Italian State.

Apart from the limited application of this regulation in Italy, the fact that it was applied with such a lack of uniformity within the EU on the whole poses strong doubts about the utility of continuing to support a generation changeover in the future, at least according to the terms set out in this regulation.

Implementation of Regulation (EEC) No 2080/92

From the figures regarding the implementation of this regulation, it emerges that over 56% of the EU resources provided through the EAGGF Guarantee Section for the 1994-97 programme period were

used by two countries: Spain (40.3%) and Ireland (16%). The result achieved by Ireland in implementing this regulation is particularly worthy of note, especially if the percentage of the country's territory to be covered by forest is considered: in fact, with EU support, Ireland intends doubling its forest land over a period of 30 years, bringing the percentage of its total territory to be covered by forest from the current 8% to 15%.

As far as Italy is concerned, although its implementation of this regulation was not so unsatisfactory if compared to results in the EU as a whole, it was, however, very limited, especially if it is judged on the basis of the applications submitted and the hopes placed in this regulation by many beneficiaries. The low level of implementation achieved over the 1994-97 programme period is due,

Utilization of Community budget for Reg (EEC) No 2080/92 in the EU, 1994-97 (million ecu)

	1994	1995	1996	1997	TOTAL	
					Abs. value	%
Belgium	0.0	0.0	0.0	0.0	0.0	0.0
Denmark	2.4	2.0	2.1	3.1	9.6	1.2
Germany	19.8	15.7	18.0	13.3	66.8	8.4
Greece	5.8	8.6	11.3	14.0	39.7	5.0
Spain	14.8	60.8	88.9	157.5	322.0	40.3
France	0.2	1.3	2.5	3.4	7.4	0.9
Ireland	29.9	31.0	33.3	33.9	128.1	16.0
Italy	0.0	9.8	25.9	35.2	70.9	8.9
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.4	2.7	2.8	1.6	7.5	0.9
Austria	0.0	2.1	3.7	4.1	9.9	1.2
Portugal	2.1	12.4	26.1	31.5	72.1	9.0
Finland	0.0	0.0	5.4	6.0	11.4	1.4
Sweden	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	15.1	3.0	21.1	14.9	54.1	6.8
TOTAL	90.5	149.4	241.1	318.5	799.5	100.0

Source: EU figures processed by Ministry for Agricultural Policies.

mainly, to the difficulties in synchronizing the procedures for implementing the programme with the strict accounting rules of the EAGGF Guarantee Section, which are based exclusively on the principle of reimbursement.

The regions, which were responsible for administering the programmes, took on spending commitments within the limits of the funds allocated to each of them, but only actually made the payments after checking the measures had been implemented

i.e. an average of two years after they had taken on the commitment. This long gap between taking on commitments and making the related payments created considerable problems for the implementation of this regulation.

Structural Funds for Agriculture

The Structural Funds are the European Union's main instrument for promoting its economic and social cohesion policy.

On 20 July 1993, six regulations administering the Structural Funds for the period 1994-99 were approved with a budget of 141 billion ecu (approximately one third of the EU budget).

The six regulations are:

- **Regulation (EEC) No 2080/93** which sets out provisions for the application of Regulation (EEC) No 2052/88 concerning the Financial Instrument for Fisheries Guidance (FIFG).
- **Framework Regulation No 2081/93**, which amends Regulation (EEC) No 2052/88 concern -
ing the purpose and effectiveness of the Structural Funds, and the coordination of Fund-financed projects with projects financed by the European Investment Bank (EIB) and by other financial instruments.
- **Regulation (EEC) No 2082/93** which amends Regulation (EEC) No 4253/88 in which provisions are set out for the application of Regulation (EEC) No 2052/88 concerning the coordination of projects financed by the various Structural Funds, and the coordination of Fund-financed projects with projects financed by the EIB and by other financial instruments.
- **Regulation (EEC) No 2083/93** which amends Regulation (EEC) No 4254/88 in which provisions are set out for the application of Regulation (EEC) No 2052/88 concerning the European Regional Development Fund (ERDF).
- **Regulation (EEC) No 2084/93** which amends Regulation (EEC) No 4255/88 in which provisions are set out for the application of Regulation (EEC) No 2052/88 concerning the European Social Fund (ESF).
- **Regulation (EEC) No 2085/93** which amends Regulation (EEC) No 4256/88 in which provisions are set out for the application of Regulation (EEC) No 2052/88 concerning the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

Compared to the previous programme period, these new regulations confirm the key principles formulated during the first reform of the Funds (concentration, partnership, planning, additionality), but they also take into account new regions, improved planning procedures and new actions.

The fundamental objective of the EU remains that of strengthening its economic and social cohesion, by reducing disparities within its borders.

The new Structural Fund regulations establish the criteria for identifying objectives to finance and for making payments from available resources, and they also make provision for the various Funds and the EIB to be able to co-finance the same objective.

The Funds operate by co-financing

Main EU structural measures in the agricultural and forestry sector

AGRICULTURE

2081/93	purpose of funds with structural objectives, their effectiveness, and coordination of projects with projects funded by EIB and other financial instruments
2085/93	coordination regulation for EAGGF Guidance Section
950/97	increase in efficiency of agricultural structures (1)
951/97	improvement in conditions for processing and marketing agricultural produce (2)
952/97	support for producers' associations and unions (3)
2200/96	reform of common organization of market in fruit and vegetable sector (4)
867/90	improvement in conditions for processing and marketing forestry products.

CAP ACCOMPANYING MEASURES (STRUCTURAL MEASURES PART-FINANCED BY EAGGF GUARANTEE SECTION)

2078/92	agri-environmental measures
2079/92	early retirement in agriculture
2080/92	forestry measures on agricultural land withdrawn from production

FISHING AND AQUACULTURE

2080/93	financial instrument for fisheries guidance - FIFG
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COMMUNITY INITIATIVE PROGRAMMES

LEADER II	integrated measures for rural development
FISHERIES	support for restructuring measures in fishing sector

(1) codifies EEC Reg. 2328/91 (and subsequent amendments) and Dir. 268/75/EEC.

(2) codifies EEC Reg. 866/90 and subsequent amendments.

(3) codifies EEC Reg. 1360/78 and subsequent amendments.

(4) amends EEC Reg. 1035/72.

Structural policy in the European Union: objectives and instruments

Objective	Fund
Objective 1	ERDF, ESF, EAGGF/Guid.
To promote the development and structural adjustment of less developed regions	
Objective 2	ERDF, ESF
To reconvert regions or parts of regions severely affected by industrial decline	
Objective 3	ESF
To combat long-term unemployment and to facilitate the employment of young people and the integration into the labour market of people threatened with social marginalization.	
Objective 4	ESF
To help workers adapt to industrial change and to evolving production systems	
Objective 5	a: EAGGF/Guid., FIFG; b: EAGGF/Guid., ESF, ERDF
To promote rural development	
a - by speeding up structural adjustment in the context of the CAP reform	
b - by facilitating structural adjustment of rural areas	
Objective 6	ERDF, ESF, FIFG, EAGGF/Guid.
To promote development of regions with exceptionally low population	

operational measures presented by the various Member States in the form of Operational Programmes (OPs), Single

Programming Documents (SPDs), global subsidies, major projects, aid regimes or territorial pacts.

There are four Structural Funds:

European Regional Development Fund (ERDF)

The aim of the ERDF is to reduce disparities in development among the regions in the EU.

European Social Fund (ESF)

The aim of the ESF is to improve employment possibilities in the EU.

European Agricultural Guidance and Guarantee Fund (EAGGF)

The purpose of the EAGGF is to co-finance national aid schemes in the agricultural sector and to contribute to the development of rural areas in the EU.

Financial Instrument for Fisheries Guidance (FIFG)

The Objectives which regard to Italian agriculture (and which are funded by the EAGGF Guidance Section) are Objectives 1, 5a and 5b.

Objective 1 - covers the entire territory of regions whose economic development is lagging behind (per capita GDP lower than 75% of the Community average); 70% of the resources made available by the EU for the programme period 1994-97 are placed at the disposal of these areas. The Italian regions designated for Objective 1 support are: Abruzzo (up to 31.12.96), Molise, Campania, Puglia, Basilicata, Calabria, Sicily and Sardinia. These eight regions have drawn up measures in the form of Operational Programmes (OPs) which, for the agricultural sector, must aim at diversification and enhancement of agricultural resources and at rural development.

The OPs submitted by the regions were all approved by the European Commission by the end of 1995 and they represent practically the only form of intervention through which the European Union aims at eliminating the social and economic disparities which emerge in these regions.

Objective 5a - covers the entire territory of regions excluded from Objective 1 and aims at assisting the adjustment of the agricultural sector to structural changes arising from the reform of the CAP. The projects which can be carried out through this Objective are divided into "indirect actions" (Regulations (EC) Nos 950/97, 1360/78, 2200/96 and Directive 159/72/EEC) which regard farms, and "direct actions" (Regulations (EC) Nos 951/97 and 867/90), which regard the processing and marketing of agricultural

and forestry products.

Objective 5b - only applies to certain areas in regions excluded from Objective 1; these areas are designated by identifying administrative districts (municipalities and mountain communities) with a low level of socio-economic development in which at least two of the following three criteria apply:

- 1) a high share of agricultural employment in total employment.
- 2) a low level of agricultural income;
- 3) low population density and/or significant depopulation trends.

There are also secondary criteria which are taken into account such as the size and the peripheral nature of the area, sensitivity to the reform of the CAP etc.

Implementation progress

Regions in Objective 1- The total cost of programmes for the 1994-99 programme period amounts to 4,311 million ecu; 92% of this sum is for programmes administered directly by the eight Southern regions while the remaining 8% is for three multi-regional programmes.

After a first phase characterized by a difficult start for all programmes, due in part to delays in approval at EU level, in 1996 and 1997 much of the time lost previously was made up; the EAGGF, remains, however the Structural Fund which presents the greatest implementation difficulties. At 31.12.97, while only 26.9% of the EAGGF had been spent, 29.9% of the ESF had been spent on the programmes it co-finances and 43.9% of the ERDF had been spent on the programmes it supports.

Implementation, in financial terms, of the Community Support Framework in Objective 1 regions, 1994-99 (million ecu)(*)

PROGRAMMES	TOTAL COST 1994/99 (a)	COMMITMENTS (b)	PAYMENTS (c)	PERCENTAGES		
				(b/a)	(c/a)	(c/b)
Multi-regional	359.70	92.95	89.51	25.8	24.9	96.3
OP - support agric. dev.ment services	231.43	92.24	89.20	39.9	38.5	96.7
OP - promotion agric. prod.	120.00	0.71	0.31	0.6	0.3	44.4
OP - support veg. & fruit growers	8.27	-	-	-	-	-
Regional	3,951.97	1,862.44	1,070.97	47.1	27.1	57.5
OP - EAGGF rural dev.ment Abruzzo	187.57	147.73	74.54	78.8	39.7	50.5
MOP - Basilicata	392.59	228.00	115.26	58.1	29.4	50.6
OP - EAGGF rural dev.ment Calabria	501.95	228.52	127.11	45.5	25.3	55.6
MOP - Campania	506.97	211.18	120.61	41.7	23.8	57.1
GS - Stockbreeding Campania region	66.47	-	-	-	-	-
MOP - Molise	205.73	72.29	44.17	35.1	21.5	61.1
MOP - Puglia	713.92	304.83	154.38	42.7	21.6	50.6
MOP - Sardinia	644.01	328.48	232.22	51.0	36.1	70.7
MOP - Sicily	732.74	341.41	202.68	46.6	27.7	59.4
TOTAL PROGRAMMES	4,311.66	1,955.39	1,160.48	45.4	26.9	59.3

(*) Situation at 31/12/1997.

OP = Operational Programme

MOP = Multi-fund Operational Programme

GS = Global subsidy

The gap between the EAGGF and the other two Funds is mainly due to the fragmentation of schemes in the agricultural sector, to the large number of beneficiaries involved and to the complexity of EU regulations in this area which obstructs or slows down any process aimed at accelerating implementation procedures or making spending mechanisms automatic.

Regions excluded from Objective 1
Regions excluded from Objective 1 are included in Objective 5a (applicable horizontally on all regional territory) and Objective 5b (only applicable on selected areas on the basis of set socio-economic parameters).

Objective 5a programmes -
Objective 5a is implemented in Italy through two distinct kinds of programmes: fully-fledged operational programmes for direct actions

Implementation, in financial terms, of Reg (EEC) No 866/90 (*) by region, 1994-99 (million ecu)()**

	TOTAL COST 1994/1999 (a)	COMMITMENTS (b)	PAYMENTS (c)	PERCENTAGES		
				(b/a)	(c/a)	(c/b)
Piemonte (1)	82.74	1.31	-	1.6	-	-
Lombardia	132.62	68.23	-	51.5	-	-
Aut. prov. Bolzano	34.94	28.69	10.23	82.1	29.3	35.7
Aut. prov. Trento	30.78	8.75	2.03	28.4	6.6	23.1
Friuli Venezia Giulia	13.26	-	-	-	-	-
Veneto	72.59	25.62	6.05	35.3	8.3	23.6
Liguria	7.54	-	-	-	-	-
Emilia Romagna	44.24	-	-	-	-	-
Toscana	53.02	21.11	-	39.8	-	-
Umbria	20.36	3.68	-	18.1	-	-
Marche	62.72	41.02	7.26	65.4	11.6	-
Lazio	32.09	-	-	-	-	-
Multi-regional	115.39	-	-	-	-	-
TOTAL	702.28	198.43	25.57	28.3	3.6	12.9

(*) Replaced by Reg (EC) No 951/97.

(**) Situation at 31/12/1997.

(1) Figures for previous quarter.

(Regulations (EC) Nos 951/97 and 867/90) and co-financed aid schemes for indirect actions (Regulation (EC) No 950/97). The basic difference between the two kinds of programmes is the time limit for payments to the final beneficiaries: in the case of direct actions, legally binding commitments must be taken towards final beneficiaries by 31/12/1999 and the related payments must be made by 31/12/2001; in the case of indirect actions, the European Commission recognizes expenditure by the various Member States only if the payments have actually been made by 31/12/1999, thus reducing, in practice, the timescales for completing programmes by two years.

As regards direct actions, the level of implementation is still extremely limited because of the considerable

Implementation, in financial terms, of Reg (EC) No 950/97 and Directive 72/159/EEC, 1994-99 (million ecu)

Budget 1994-99	PAYMENTS					% UTILIZATION	
	1994	1995	1996	1997	Total	Total 1994-97	Residue 1998-99
Valle d'Aosta	10.27	0.34	0.71	1.62	1.31	3.98	38.7
Piemonte	89.54	5.21	7.97	16.47	22.47	52.12	58.2
Lombardia	43.77	3.45	1.88	3.89	4.01	13.24	30.2
Aut. prov. Bolzano	19.20	1.98	1.95	2.01	3.64	9.58	49.9
Aut. prov. Trento	21.70	2.27	1.88	3.40	2.75	10.30	47.5
Veneto	60.63	1.88	2.21	7.58	7.30	18.97	31.3
Friuli Venezia Giulia	16.89	1.99	2.91	2.84	2.62	10.36	61.3
Liguria	23.45	1.80	2.18	2.31	2.58	8.88	37.9
Emilia Romagna	60.11	1.91	4.79	7.90	10.10	24.70	41.1
Toscana	38.33	2.11	1.86	3.46	3.14	10.57	27.6
Umbria	18.03	1.35	2.07	1.06	1.82	6.30	35.0
Marche	30.55	1.55	2.56	1.30	7.93	13.34	43.7
Lazio	25.97	2.14	2.51	0.28	6.22	11.15	42.9
Abruzzo	13.93	-	-	-	3.74	3.74	26.8
Total Reg. (EC) 950/97							
Dir. 159	472.37	27.98	35.49	54.12	79.63	197.22	41.8
Art. 28 - Reg. (EC) 950/97	4.00	0.03	0.02	0.04	0.08	0.17	4.3
GRAND TOTAL	476.37	28.01	35.51	54.16	79.71	197.39	41.4
							58.6

Source: regional figures for EAGGF financing, processed by Ministry for Agricultural Policies.

delays which have accumulated in the approval of the various programmes; as, however, the process of selecting among applications from potential beneficiaries has now been completed, there should be a considerable acceleration in the rate of spending in 1998.

At 31/12/1997, the level of spending on indirect actions was one of the highest for all the programmes co-financed by the EAGGF Guidance Section, reaching 41.4% of the budget for the 1994-99 period. The results achieved by the regions of Friuli-Venezia Giulia and Piedmont and the autonomous provinces of Bolzano and Trento were particularly significant. Their achievement is primarily due to the fact that they concentrated significant regional funds on implementing their programmes, increasing in this way

Implementation, in financial terms, of the Single Programming Documents in Objective 5b regions, 1994-99 (million ecu)(*)

SPD	Total public cost 1994-99 (a)	Public commitments (b)	Public payments (c)	Progress %		
				(b/a)	(c/a)	(c/b)
Valle d'Aosta	11.91	6.64	2.18	55.7	18.3	32.9
Piemonte	173.24	77.91	27.47	45.0	15.9	35.3
Lombardia	104.47	50.38	17.62	48.2	16.9	35.0
Aut. prov. Bolzano	106.80	57.86	31.16	54.2	29.2	53.9
Aut. prov. Trento (1)	65.77	34.25	16.09	52.1	24.5	47.0
Veneto	310.03	224.66	79.07	72.5	25.5	35.2
Friuli Venezia Giulia	175.85	93.81	40.55	53.3	23.1	43.2
Liguria	71.05	39.66	16.28	55.8	22.9	41.1
Emilia Romagna	123.17	60.37	30.69	49.0	24.9	50.8
Toscana	312.42	163.89	92.05	52.5	29.5	56.2
Umbria	150.73	84.75	36.17	56.2	24.0	42.7
Marche	146.94	68.10	21.85	46.3	14.9	32.1
Lazio	351.20	153.61	46.83	43.7	13.3	30.5
Ministry of Industry	167.32	77.35	49.43	46.2	29.5	63.9
Totale	2,270.90	1,193.24	507.44	52.5	22.3	42.5

(*) Situation at 31/3/1998, as regards public funding.

(1) The aut. prov. of Trento has submitted figures which have not been split up according to the source; the progress percentage has been calculated, therefore, on the total cost.

both the number of beneficiaries and the possibility of entitlement to EU funding.

Objective 5b Programmes - Objective 5b is implemented in Italy through 13 Single Programming Documents (SPDs), which are administered by the regions and autonomous provinces; the region of Abruzzo, which was excluded from Objective 1 as from 31/12/1996, is responsible for not planning the implementation of any specific programme for the benefit of rural areas. The overall implementation level, according to figures at 31/03/1998, still appears unsatisfactory, having reached only 22.3% of the budget. The level of commitments for future expenditure would seem to be even more unsatisfactory, and only in the Veneto region does it exceed the 70% level. There are many reasons for this delay, including the complexity of procedures, the excessive fragmentation of projects and the difficulties met by the regions in administering the programmes.

LEADER II initiative

The Community Initiative LEADER II has been implemented in Italy through 21 regional programmes: 13

in the Centre-North regions and 8 in Objective 1 regions. The beneficiaries of the funding are Local Action Groups and Collective Operators, partnerships between the public and private sectors which operate in rural areas.

There are as many as 174 beneficiaries of LEADER II in Italy, 76 in Objective 5b areas and 98 in Objective 1 areas. After the selection of beneficiaries, which took place with different procedures and in different timescales in each region, the initiative has finally taken off although there are still difficulties of a bureaucratic and administrative order in some cases.

Implementation, in financial terms, of Community Initiatives by region, 1994-99 (thousand ecu)(*)

Community Initiative Programme	Total cost (a)	Commitments (b)	Payments (c)	Progress % (b/a)	(c/a)	(c/b)	Community Initiative Programme	Total cost (a)	Commitments (b)	Payments (c)	Progress % (b/a)	(c/a)	(c/b)
Leader II	862,669.3	86,606.2	3,701.9	10.0	0.4	4.3	Emilia Romagna	25,141.4	33.0	19.1	0.1	0.1	57.9
Leader II Obj.1 areas	404,051.0	71,832.9	1,727.4	17.8	0.4	2.4	Friuli Venezia Giulia	17,723.2	611.9	87.4	3.5	0.5	14.3
Abruzzo	31,930.0	6,266.9	902.7	19.6	2.8	14.4	Lazio	73,884.0					
Basilicata	39,100.0						Liguria	18,328.8					
Calabria	53,388.0	7,707.4	532.5	14.4	1.0	6.9	Lombardia	17,314.8					
Campania	51,330.0						Marche	44,624.8					
Molise	18,069.0						Piemonte	48,823.3	346.1	258.5	0.7	0.5	74.7
Puglia	59,754.0	357.1			0.6		Toscana	65,094.7	544.9	116.4	0.8	0.2	21.4
Sardegna	78,012.0	57,501.6	292.2	73.7	0.4	0.5	Aut. prov. Trento	10,507.3	1,854.0	107.7	17.6	1.0	5.8
Sicilia	72,468.0						Umbria	37,978.7	560.5	159.1	1.5	0.4	28.4
Leader II non-Obj. 1 areas	455,541.3	11,634.2	1,636.8	2.6	0.4	14.1	Valle d'Aosta	2,235.7	17.5	17.5	0.8	0.8	100.0
Aut. prov. Bolzano	23,408.3	7,340.0	578.8	31.4	2.5	7.9	Veneto	70,476.4	326.4	292.4	0.5	0.4	89.6
Leader II national network							Leader II national network	3,077.0	3,139.1	337.7	102.0	11.0	10.8

(*) Situation at 31/03/1998.
Source: S.I.R.G.S. figures processed by INEA

Main National Legislation

The most important legislation approved last year in the agricultural sector was without a doubt Decree No 173 dated 30 April 1998, containing "provisions for limiting production costs and for structural improvements to farms, in accordance with art. 55 paras 14 and 15 of Law No 449 dated 27.12.1997" (published in the Official Gazette No 129 dated 6.6.1998).

This law provided for the implementation of a series of schemes aimed at containing the cost of factors of production, with particular reference to the following: energy supplies to farms, development of mechanization of farms, disposal of agricultural waste, social security concessions, credit guarantees and methods of transport with a lower environmental impact.

A second series of schemes aimed at

increasing the competitiveness of farms by creating brand names and making the most of the gastronomic heritage.

Other measures include structural improvements to farms and "filière" economic integration (the extension of instruments such as "territorial pacts", "programme contracts" and "area contracts" to the agricultural sector, "filière" agreements in the agri-food sector and inter-professional organizations).

Other provisions are aimed at accelerating procedures for utilizing the Structural Funds in the agricultural sector and at setting up services of public interest.

Other legislation which concerned the agricultural sector includes:

- Decree dated 31/1/1997, coordi -

nated by and converted into Law No 81 dated 28/3/1998, containing "extraordinary measures for the crisis in the milk and dairy sector and other urgent measures for the benefit of agriculture". Under this law, the administration connected with the implementation of EU rulings on milk quotas and the additional levy were shifted to the regions in accordance with Regulation (EEC) No 3950/92.

- Decree No 67 dated 25/3/1997, coordinated by and converted into Law No 135 dated 23/5/1997, containing "urgent provisions in aid of employment". Para 3 of art. 1 sets out the possibility of granting loans, with repayment by the State, to land improvement or irrigation syndicates; para 9 of art. 3 provides for the extension of the

"Young Entrepreneurs Scheme" to young farmers between 18 and 35 years of age.

- *Decree No 146 dated 16/4/1997 containing regulations regarding social security in the agricultural sector.*
- *Decree No 196 dated 24/6/1997 containing regulations for promoting employment.*
- *Decree No 118 dated 7/5/1997, coordinated by and converted into Law No 204 dated 3/7/1997 containing "urgent provisions regarding milk quotas":*

- the order to prolong the Government Committee set up by Decree No 11/87 to allow it to continue its inspection activities and establish the real quantity of nationally-produced milk marketed in 1995-96 and 1996-97;

- Decree No 130 dated 19/5/1997, coordinated by and converted into Law No 228 dated 16/7/1997, containing "urgent provisions to prevent and to deal with forest fires on national territory, and other measures regarding civil defence, protection of the environment and agriculture. These measures provide support for productive activi -

ties and they are to be carried out within the macro-economic objectives set out in the Government's Economic and Financial Planning Document and in conformity with the criteria and the maximum intervention limits set by the EU; their main aims are to safeguard and develop employment and to improve the environment;

- Law No 450 dated 27/12/1997, the "1998 Finance Law" (namely, the 1998 Budget).

NB:

this table replaces that on page 31

Agricultural production in 1997 and changes compared to 1996 (*)

	Final Output			
	Quantity '000 tonnes	% change	Value billion lire	% change
soft wheat	3,048	-15.8	905	-22.1
durum wheat	3,716	-10.9	1,345	-7.4
maize	7,901	2.2	2,094	-17.1
rice	1,441	1.3	906	-18.0
sugar beet	13,254	17.8	1,376	17.5
tobacco	133	1.6	615	-2.4
soya	1,124	36.2	505	42.9
sunflowers	517	-4.6	186	4.1
potatoes (new and ordinary)	1,880	-1.2	760	-1.6
tomatoes	5,692	-12.8	1,671	3.5
grapes (table)	1,127	1.6	731	14.9
wine ('000 hl)	50,847	-13.1	5,969	-13.0
olives (table)	75	35.9	154	32.7
olive oil ('000 quintals) (1)	5,523	41.6	3,233	20.1
apples	1,635	-21.1	1,071	-23.4
pears	645	-33.3	536	-16.6
peaches and nectarines	1,254	-28.5	948	-26.3
oranges	2,078	15.7	1,147	5.2
lemons	600	-1.3	521	-2.7
mandarins and clementines	558	17.9	401	6.5
kiwi	274	-20.5	371	-16.1

(*) Provisional data,
(1) 1 quintal = 100 Kg

APPENDIX

Glossary

Agricultural contracting

The hiring out of agricultural machinery to farms, mainly by firms and contractors specialized in agricultural activities (ploughing, sowing, harvesting etc).

ALU

Annual Labour Units

According to the Community definition, for the purpose of structural surveys one ALU is equivalent to the labour input of a full-time worker who works at least 2,200 hours a year.

ESU

European Size Unit

It is a multiple of the ecu and is used to measure the standard gross margins (SGM) assigned to farms. Since

1995, the 1986 SGM has been adopted, according to which 1 '86 ESU = 1,200 '86 ecu = 1,783,200 lire.

FT

Farm Type

The classification of farms by FT is based on the economic importance of each of the various agricultural activities of the farm in proportion to one another.

In order to classify a farm into a particular type, the standard gross margins (SGM) for the area in which the farm is situated are used. Hectares of crop area or number of livestock on the farm are multiplied by the appropriate SGM and the figure thus obtained is measured against a "farm type" table which serves to identify the FT on the basis of criteria established by the EU. The clas -

sification is valid for all official statistics.

A farm is classified as "specialist" if the SGM of one of the farm's productive activities (or more than one if the activities are related) represents over two thirds of the total SGM of the farm.

Fixed costs

Costs for using factors of production with a duration of several years: depreciation, interest, land rent, wages for permanent hired labour.

Forms of Farm Management

- *run directly by the owner*
- *run with hired labour and/or partners*
- *run under a share-cropping agreement*

GDP

Gross Domestic Product

The GDP is the net result of activities carried out by productive units operating on the economic territory of the country. It is the sum of the value of goods and services produced within a certain territory during a specified period of time (usually a calendar year). It does not include the value of intermediate goods and services.

Intermediate agricultural inputs

Expenditure by farms on seeds, fertilizers, pesticides, feed and other live stock expenses, energy, irrigation water and various services.

Net Income

Net income is the return on all fac

tors belonging to the farm enterprise: land, labour and capital.

Normalized Balance

This is the ratio of the simple balance of trade (exports minus imports) to the overall volume of trade (exports plus imports); it varies between -100 (absence of exports) and +100 (absence of imports) and is used to compare the trade performance of aggregates of different products and of products of different absolute value.

Occupation of UAA

The relationship between a farm business and land capital can be:

- ownership
- tenancy

Production subsidies

Premia and grants paid out by public bodies in support of the agricultural sector.

SGM

Standard Gross Margin

The SGM is a financial measure established for each of a farm's agricultural activities by subtracting the sum of certain specific costs (seeds, fertilizers, pesticides, feed, forage etc but not labour and machinery) from the value of final output. The gross margins calculated in this way are said to be "standard" in that the value of final output and costs are calculated on a three-year average and in relation to the altitude zone of the region.

SGMs are measured in European

Currency Units (ecu) and are updated by INEA during structural surveys and ISTAT agricultural censuses.

The financial size of the farm, which is expressed in European Size Units (ESU), is calculated by adding together the SGMs of all the farm's activities.

Total Farm Land

In the structural surveys of farms, total farm land refers to UAA, cultivated woodland (woods and poplar groves), unused agricultural land and any other areas within the farm perimeter. It differs therefore from the definition used in current agricultural statistics, which also includes other abandoned areas of land not belonging to any farm.

UAA

Utilised Agricultural Area

UAA comprises all arable land, permanent grass and pasture, tree crop land, household plots and land planted with (edible) chestnut trees.

VA

Value Added

Value added is the difference between the value of goods and services produced and the value of the intermediate goods and services used to produce them. It is equivalent to the return on all factors of production including depreciation.

Value added at factor cost includes any subsidies paid by public bodies but excludes indirect taxes.

Value added at market prices includes indirect taxes but excludes production subsidies.

VFO

Value of Final Output

Final output is the quantity of a commodity which can be sold off the farm; it is therefore equal to production minus the part of it that is used on the farm itself as a means of production.

Variable costs

Costs incurred for the use of "immediate-consumption" factors of production: energy, rental/hire charges, casual labour.

Useful Addresses

**Ministero per le Politiche agricole
MiPA (Ministry for Agricultural Policies)**
Via XX Settembre, 20 - Roma

REGIONAL DEPARTMENTS OF AGRICULTURE

Abruzzo

*Il Dipartimento
Via Catullo, 17 - Pescara*

Basilicata

Via Anzio, 44 - Potenza

Calabria

Via S. Nicola, 5 - Catanzaro

Campania

Centro direzionale isola A/6 - Napoli

Emilia Romagna

Viale Silvani, 6 - Bologna

Friuli-Venezia Giulia

Via Caccia, 17 - Udine

Lazio

Via Rosa Raimondi Garibaldi, 7 - Roma

Liguria

Via D'Annunzio, 113 - Genova

Lombardia

Piazza IV Novembre, 5 - Milano

Marche

CORSO TIZIANO, 44 - ANCONA

Molise

Via Nazario Sauro, 1 - Campobasso

Piemonte

CORSO STATI UNITI, 21 - TORINO

Puglia

LUNGOMARE N. SAURO, 1 - BARI

Sardegna

VIA PESSAGNO, 4 - CAGLIARI

Sicilia

VIALE REGIONE SICILIANA, 2675 ang.

VIA LEONARDO DA VINCI - PALERMO

Toscana

VIA DI NOVOLI, 26 - FIRENZE

Provincia Autonoma di Tento

LOCALITÀ MELTA, 112 - TRENTO

Provincia Autonoma di Bolzano

VIA BRENNERO, 6 - BOLZANO

Umbria

Centro direzionale Fontivegge -

PERUGIA

Valle d'Aosta

Quart - loc. Amerique, 127/a - Aosta

Veneto

Palazzo Balbi - Dorsoduro 3901 - Mestre

NATIONAL RESEARCH BODIES

CNR

Consiglio Nazionale delle Ricerche

Roma - Piazzale Aldo Moro, 1

ENEA

*Ente per le nuove tecnologie,
l'energia e l'ambiente*

*Santa Maria di Galeria (RM) -
Strada Prov. Anguillarese, 301*

INEA

*Istituto Nazionale di
Economia Agraria
Roma - Via Barberini, 36*

INA

*Istituto Nazionale di Apicoltura
Bologna - Via di Saliceto, 80*

ISTAT

Istituto Nazionale di Statistica

Roma - Via Cesare Balbo, 16
ISMEA
Istituto per Studi Ricerche e
Informazioni
sul Mercato Agricolo
Roma - Via Nomentana, 183
INN
Istituto Nazionale
della Nutrizione
Roma - Via Ardeatina, 546
INFS
Istituto Nazionale
per la Fauna Selvatica
Ozzano Emilia - Bologna
Via Cà Fornacetta, 9
NOMISMA
Bologna - Strada Maggiore, 44
UCEA
Ufficio Centrale di Ecologia Agraria
e Difesa delle Piante Coltivate dalle
Avversità Meteoriche
Roma - Via del Caravita, 7/a

**AGRICULTURAL RESEARCH
AND EXPERIMENTATION**
INSTITUTES
Ist. Sper. Agronomico
Bari - Via Celso Ulpiani, 5
Ist. Sper. per l'Agrumicoltura
Acireale (CT) - Corso Savoia, 190
Ist. Sper. per l'Assestamento
Forestale e l'Apicoltura
Trento (Villazzano) - P.zza Nicolini, 6
Ist. Sper. per la Cerealicoltura
Roma - Via Cassia, 176
Ist. Sper. per le Colture Foraggere
Lodi (MI) - Viale Piacenza, 29
Ist. Sper. per le Colture Industriali
Bologna - Via di Corticella, 133
Ist. Sper. per la Elaiotecnica
Pescara - Via Cesare Battisti, 198
Ist. Sper. per l'Enologia
Asti - Via Pietro Micca, 35
Ist. Sper. per la Floricoltura
Sanremo (IM) - Corso degli Inglesi, 508
Ist. Sper. per la Frutticoltura
Roma (Ciampino) - Via Fioranello, 52

Ist. Sper. Lattiero Caseario
Lodi (MI) - Via A. Lombardo, 11
Ist. Sper. per la Meccanizzazione
Agricola
Monterotondo (Roma) - Via della
Pascolare, 16 (Via Salaria, km. 29,200)
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Piante
Roma - Via della Navicella, 2
Ist. Sper. per l'Olivicoltura
Rende (CS) - Contrada "Li Rocchi"
Vermicelli
Ist. Sper. per l'Orticoltura
Pontecagnano (SA) - Via dei
Cavalleggeri, 25
Ist. Sper. per la Patologia Vegetale
Roma - Via Carlo G. Bertero, 22
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Arezzo - Viale Santa Margherita, 80
Ist. Sper. per lo Studio e la
Difesa del Suolo
Firenze - Piazza M. D'Azelio, 30
Ist. Sper. per il Tabacco
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Milano - G. Venezian, 26**

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**Ist. Sper. per la Zootecnia
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**CIFDA Metapontum
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- Sede per la Sicilia
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Terrasini - Palermo
FORMEZ
Arco Felice
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Via dei Campi Flegrei, 34**

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101**

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**INIPA
Roma - Via XXIV Maggio, 43**

**OTHER BODIES AND
ORGANIZATIONS
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Azienda di Stato per gli Interventi
nel Mercato Agricolo
Roma - Via Palestro, 81**

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Proprietà Contadina
Roma - Via Nizza, 128**

**Consorzio Nazionale per il Credito
Agrario di Miglioramento
Roma - Viale Castro Pretorio, 118**

**Ente Nazionale Cellulosa e Carta
Roma - Viale Regina Margherita,
262/e**

**Ente Nazionale Previdenza e
Assistenza per gli Impiegati
dell'Agricoltura
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Elette
Milano - Via F. Wittgens, 4**

**FATA
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**FAO
Food and Agriculture Organisation
of the United Nations**

*Roma - Viale delle Terme di Caracalla
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Roma - Via dei Crociferi, 19

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TRADE UNIONS AND

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Confederazione Cooperative Italiane

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Roma (EUR) - V.le Pasteur, 8
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Roma - Via dei Crociferi, 44
Associazione Nazionale Bieticoltori
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UNAVINI
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Produttori Vitivinicoli
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Vittorio Emanuele, 101
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Roma - Via A. Bargoni, 78

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Olivicoli
Roma - Via Alberico II, 35

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Zootecniche
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Unione Italiana Associazioni
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Roma - Via Vibio Mariano, 58
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UNALAT
Unione Nazionale fra le
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Unione Italiana Associazioni
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Carni e Bestiame
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Macchinari Agricoli
Roma - Via Spallanzani, 22/a
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Unione Nazionale Imprese di
Meccanizzazione Agricola
Roma - Via Savoia, 82

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di Agricoltura
Bologna - Via Castiglione, 11
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Verona - Palazzo Erbisti
Via Leoncino, 6
Accademia di Agricoltura
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