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Italian agriculture in figures 2002

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NORTH-EAST

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- 2** Veneto
- 3** Friuli Venezia Giulia
- 4** Emilia Romagna

CENTRE

- 1** Tuscany
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- 3** Marche
- 4** Lazio

SOUTH & ISLANDS

- 1** Abruzzo
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- 3** Campania
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- 5** Basilicata
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- 8** Sardinia



*Italian
agriculture
in figures
2002*

**Unless otherwise indicated,
all the statistics contained in this booklet
have been provided by ISTAT and INEA.
For international comparisons,
Eurostat figures have been used.**

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They may be quoted providing the source is acknowledged.**

Italian agriculture is increasingly focusing its efforts on the quality of its products.

It is thanks to this approach that our national agri-food system is winning new shares of the market and is also making inroads abroad. The particular vocation of our agricultural world for quality production has led to some 118 Italian products being registered by the European Union with a protected designation or indication of origin (PDO/PGI), and another 30 or so products are currently awaiting recognition from Brussels. But that is not all. The long list of our DOC wines, representing some 22% of national production, and an increasing interest in environmental issues confirmed, among other things, by the existence of over one million hectares of organic farmland, testify to

the propensity of our agriculture for quality, and this is accompanied by a greater interest in food safety by consumers. We would also mention here the figures for the tourist and recreational services provided by farms: 2.3 million people used these services in 2001, confirming the public's growing interest in the agricultural world and everything it represents.

The publication of this extremely informative booklet on Italian agriculture produced by INEA in collaboration with the Ministry for Agricultural and Forestry Policies confirms the role played by the National Institute for Agricultural Economics in spreading information within the agricultural world. Now in its 14th year running, "Italian agriculture in figures" covers all the main issues concerning the food

and agriculture sector, from economic and legislative information to details on the structure of farms. This year, following the publication of the latest Agricultural Census, the chapter on the structure of the farming industry provides a particularly wide spectrum of facts and figures on Italian farms. The reader will also find in the booklet, together with the usual details of European Union measures and schemes, greater details of national support policies for the agricultural sector.

I therefore take this opportunity to thank INEA for this important source of information, which is again, as always, easy to consult, full of up-to-date facts and figures and extremely useful for everyone operating in the agricultural sector.

Gianni Alemanno
Minister for Agricultural and
Forestry Policies



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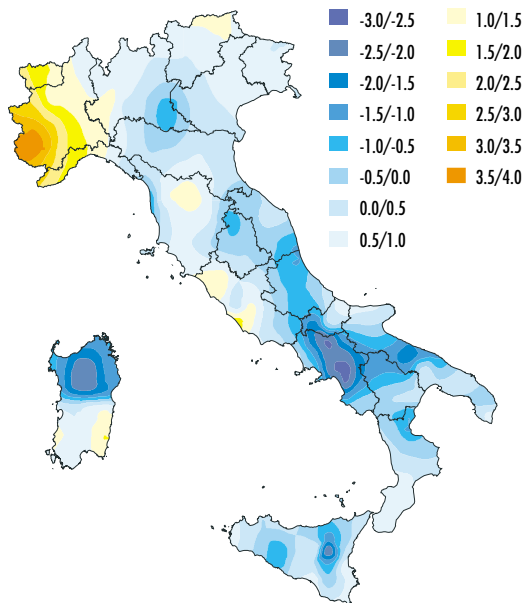
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LAND AND POPULATION

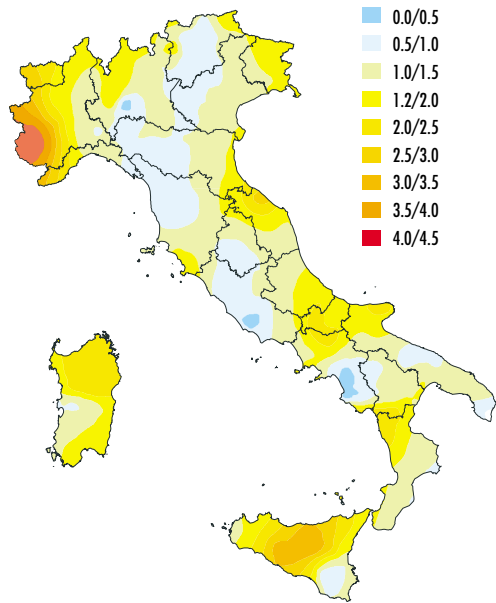
Climate

Deviations in the lowest annual temperatures compared to the norm (°C), 2001



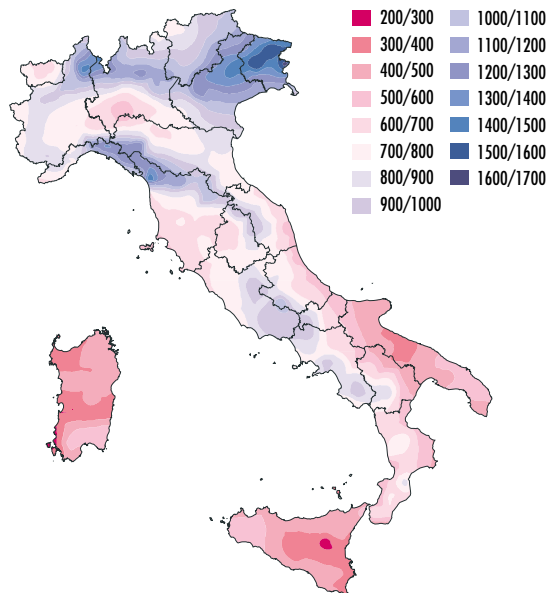
Source: UCEA.

Deviations in the highest annual temperatures compared to the norm (°C), 2001



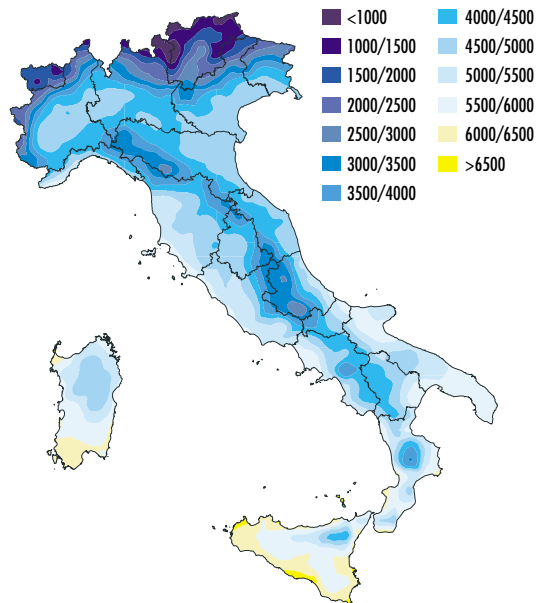
Source: UCEA.

Total annual rainfall (mm), 2001



Source: UCEA.

Accumulated degree-days (0°C), 2001



Source: UCEA.

Land 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 some 30 million hectares, only 23% is made up of lowland and this figure falls to 18% in the South and 9% in the Centre. The first results of the 2001 Census show an average annual decrease in the resident population of 0.08% since 1991. On the whole, it is the larger towns which show a greater decline whereas the smaller communities show an increase or a much smaller decrease. The Census confirms a concentration of the population in lowland areas (47.5%) and hilly areas (39.4%), with only 13% of the population living in mountainous areas.

Type of land according to altitude (%), 2001

	North	Centre	South & Islands	Italy
Mountainous	46.1	27.0	28.5	35.2
Hilly	19.0	63.8	53.2	41.6
Lowland	34.9	9.2	18.3	23.2
TOTAL ('000 ha)	11,992	5,835	12,306	30,133

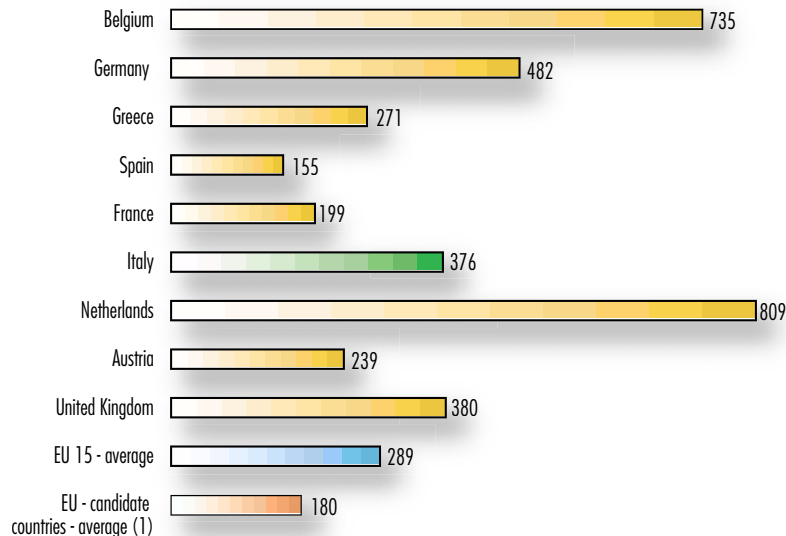
Land and Population, 2001

	Total area of land km ²	UAA(*) %	Population (**) '000	Density inhab./km ²	Labour force '000 units
North	119,924	40.7	25,338	211	11,553
Centre	58,348	42.0	10,716	184	4,693
South & Islands	123,057	47.9	20,252	165	7,535
ITALY	301,329	43.9	56,306	187	23,781

(*) Figures refer to 2000.

(**) Resident population, 2001 Census, first results.

Population/agricultural land ratios (inhabitants/100 ha of UAA), 2000 (*)



(*) Population at 1/1/2001, European Commission estimates.

(1) Bulgaria, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Rumania, Slovenia, Hungary, Cyprus, Malta. 1999 data for Czech Republic, Poland and Hungary, 1998 data for Rumania.

Agricultural land

According to a recent Eurostat survey, around 7% of Italian land, or approximately 2.1 million hectares, is occupied by man-made settlements, housing, installations, buildings, roads, railways etc. Another 6%, amounting to around 1.8 million hectares, consists in bare ground (rock etc) and 3%, or 900,000 hectares, in internal waterways, wetlands, glaciers etc. Agricultural area is decreasing progressively; between the 1990 and 2000 Censuses, the amount of used agricultural area (UAA) per inhabitant dropped from 0.26 to 0.23 hectares per capita (-11.5%). There is increasingly less UAA in other European Union countries too: according to Eurostat estimates on the use of land, UAA decreased by 8.3% between 1990 and 2000 in the EU excluding Italy, with rates varying considerably among the Member States.

Use of land (% total land area), 2001

	Italy	Other Mediterranean countries (*)	Central European countries (**)	North European countries (**)	EU (***)
Crops (1)	37	33	32	6	27
Woods & forests (2)	29	26	32	60	37
Moorland (3)	8	20	4	4	8
Permanent grass (4)	10	11	20	3	12
Bare ground	6	5	3	2	3
Waters & wetlands (5)	3	1	3	23	8
Buildings & other uses (6)	7	4	6	2	5
TOTAL ('000 ha)	30,133	72,988	110,172	78,812	292,105

(*) Other Mediterranean countries: Greece, Spain, Portugal.

(**) Central European countries: Belgium, Luxembourg, Denmark, Germany, France, Netherlands, Austria. North European countries: Finland, Sweden.

(***) Excludes United Kingdom and Ireland, where the survey could not take place because of foot and mouth disease.

(1) Field and tree crops, temporary fodder crops, fallow land.

(2) Includes poplar groves and eucalyptus.

(3) Areas with over 20% covered by small shrubs.

(4) With and without bushes.

(5) Includes glaciers and eternal snows.

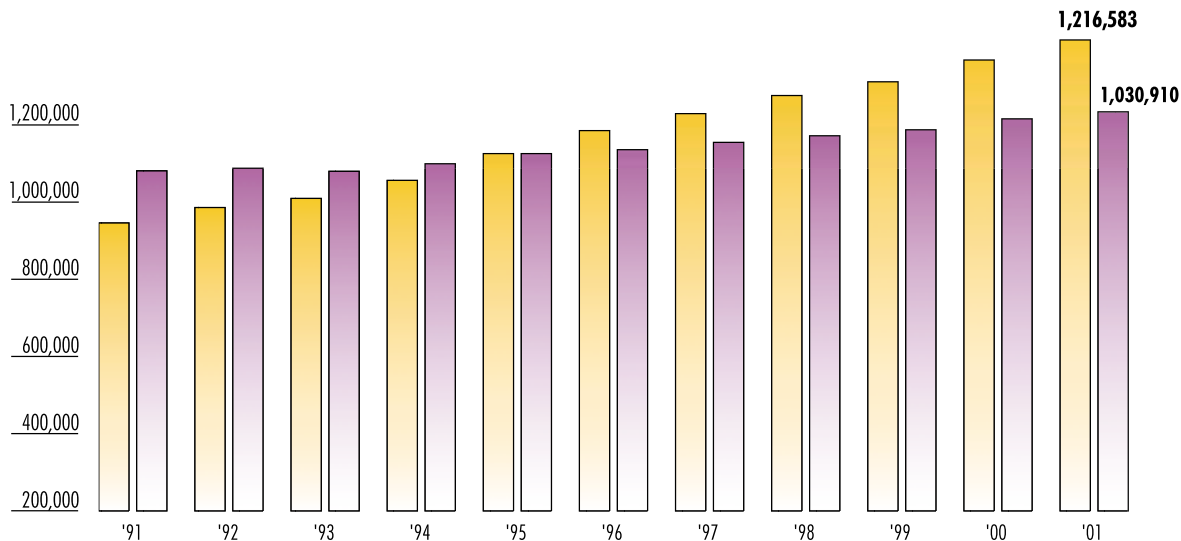
(6) Buildings, gardens, other artificial forms of occupation.

Source: Eurostat, first results of the 2001 Lucas pilot survey.

AGRICULTURE IN THE ECONOMY

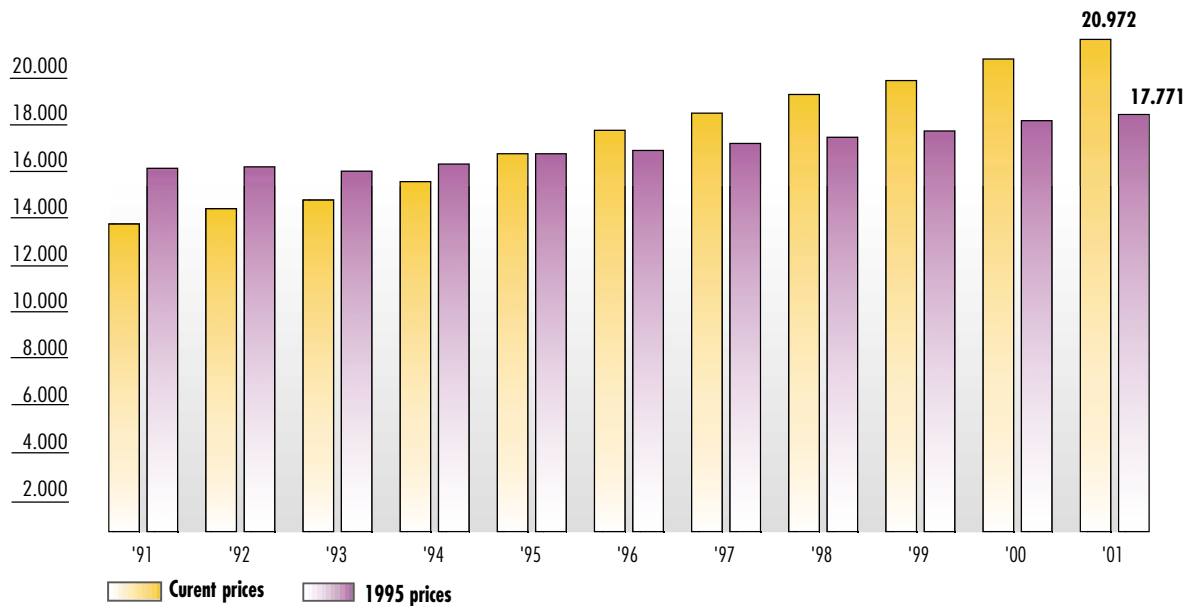
Gross Domestic Product

Trend in GDP (million euro), 1991-2001 ()*



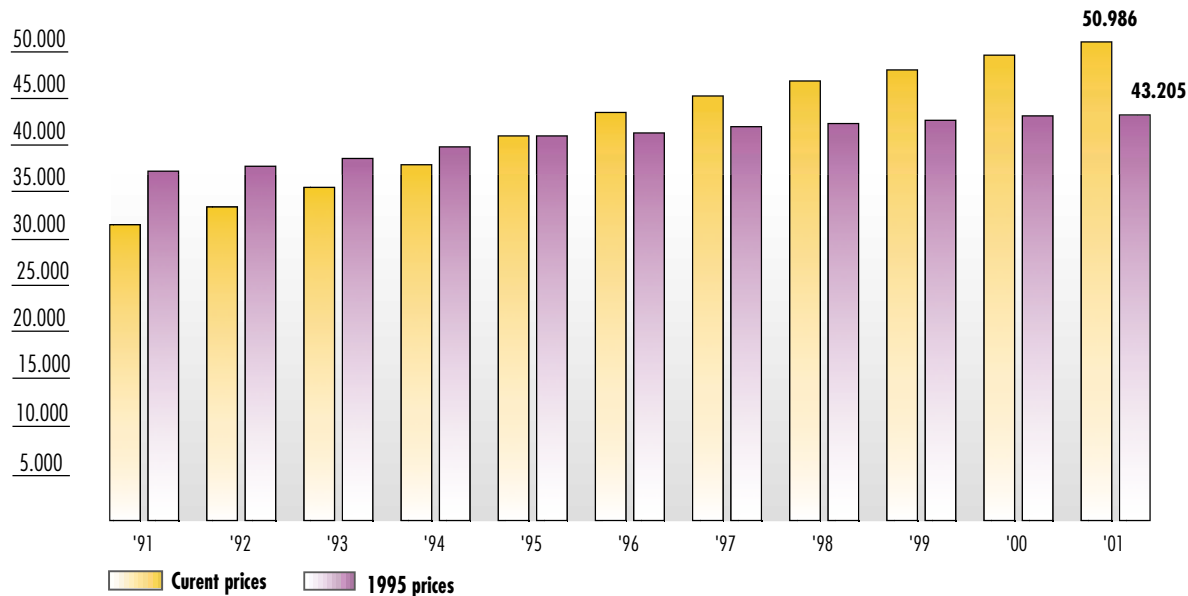
(*) Figures are expressed in euro from 1999 onwards and in eurolire for years before 1999.

Trend in GDP per inhabitant (euro), 1991-2001 ()*



(*) Figures are expressed in euro from 1999 onwards and in euro lire for years before 1999.

Trend in GDP per work unit (euro), 1991-2001 ()*

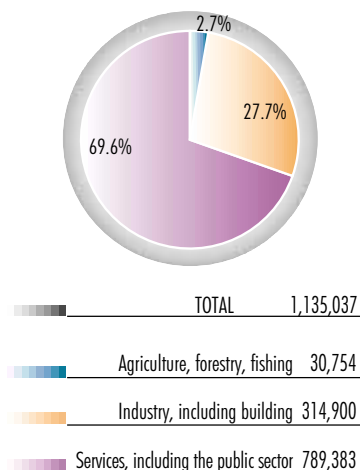


(*) Figures are expressed in euro from 1999 onwards and in eurolire for years before 1999.

Value Added

In 2001, value added (VA) at basic prices in the primary sector, including forestry and fishing, increased by 3% in value as the combined result of a 1% decrease in volume of production and a 4.1% increase in prices. Agriculture's share of total national VA amounted to about 2.7%. In real terms (at 1995 prices), agriculture's contribution to total national VA dropped from 3.3% to about 3.1% between 1991 and 2001. Over the same period, the contribution of industry - in the narrow sense of the manufacturing and mining industries - dropped from 24.4% to 23.8%, the contribution of the building industry dropped from 5.9% to 5%, the contribution of commerce, transport and communications rose from 23.8% to 25.2%, the contribution of financial services, information technology, research, professional services and business activities rose from 23.2% to 25.1% and the contribution of the civil service and other public services dropped from 19.4% to 17.8%.

VA at basic prices by sector (million euro), 2001



Over the last few years, agriculture's share of the economy in Italy has become more similar to that in other countries in the Centre-North of Europe. There remain, however, large differences within the country; in the

Contribution (%) of agriculture to national economies, 2000

Country	Value Added (*)
Italy	2.4
France	2.3
Spain	3.7
Greece	6.8
Germany	0.9
Netherlands	2.2
United Kingdom	0.7
Austria	1.2
Finland	0.9
Sweden	0.7
EU	1.7
EU candidate countries (1)	5.6
USA (2)	1.7
Japan (2)	2.0

(*) Gross value added, at basic prices.

(1) Bulgaria, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Rumania, Slovenia, Hungary, Cyprus, Malta. 1999 data for Czech Republic, Poland and Hungary, 1998 data for Rumania.

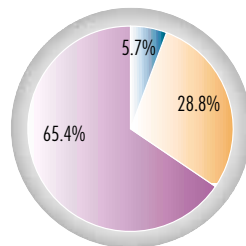
(2) World Bank estimates.

Centre-North, agriculture accounts for just 2.3% of total VA at basic prices and 4.2% of employment (measured in standard work units) while in the South these figures rise to 5% and 10.2% respectively.

Employment

The total labour force in employment in Italy, measured by ISTAT in standard work units (WU), increased by 1.6% in 2001, confirming the upward trend of the previous year. Compared to 2000, employment rose by 4.3% in the building industry and by 2% in the service industry. There was a slight decrease (-0.4%) in the manufacturing and energy industries whereas in the agricultural sector, after a downward trend lasting over ten years, there was a 0.8% increase. This result was due to an increase in paid labour (+2.7%), which more than compensated for a slight drop in self-employed labour (-0.4%). Paid labour in agriculture represented 3.2% of total paid labour in Italy, while self-employed labour in agriculture represented 11.7% of the national total. On the whole, however, agriculture's share of total employment, not only in Italy but in almost all EU countries, is dropping sharply, especially if female labour is taken into account.

Work units by sector ('000 units), 2001



TOTAL	23,861
Agriculture	1,359
Industry	6,865
Services (1)	15,637

(1) Includes the public sector.

The agricultural labour force by sex and geographical area, 2001 averages

	Total labour force		Women %	Men %
	'000 units	%		
North	400	35.5	30.5	69.5
Centre	167	14.8	34.7	65.3
South & Islands	559	49.7	32.7	67.3
ITALY	1,126	100.0	32.2	67.8

In 2001, 67.8% of the agricultural workforce, in terms of individuals, was male.

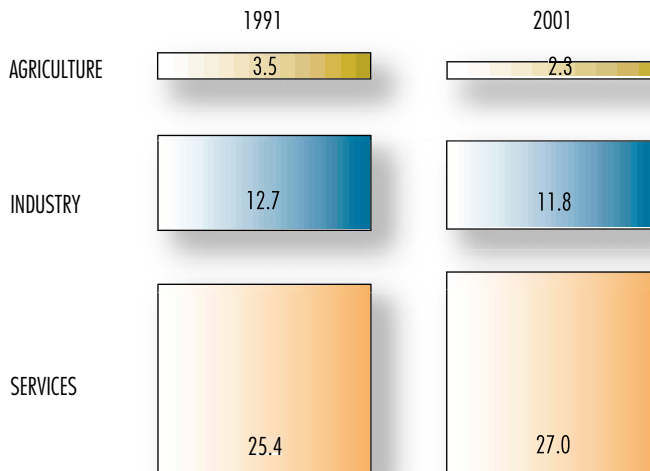
Just under half of the agricultural workforce was to be found in the South of Italy, while the other half was divided between the North (35.5%) and Centre (14.8%).

Employment rates by sector

Over the last ten years, the percentage of the population employed in the service industry (including the civil service) has increased (from 25.4% in 1991 to 27% in 2001) while it has dropped in industry (from 12.7% to 11.8%) and has become even more marginal in agriculture (from 3.5% to 2.3%).

The ratio of the agricultural workforce to the population has changed rapidly: in 1991 there was approximately one work unit employed in agriculture for every 28.5 inhabitants whereas in 2001 there was one in

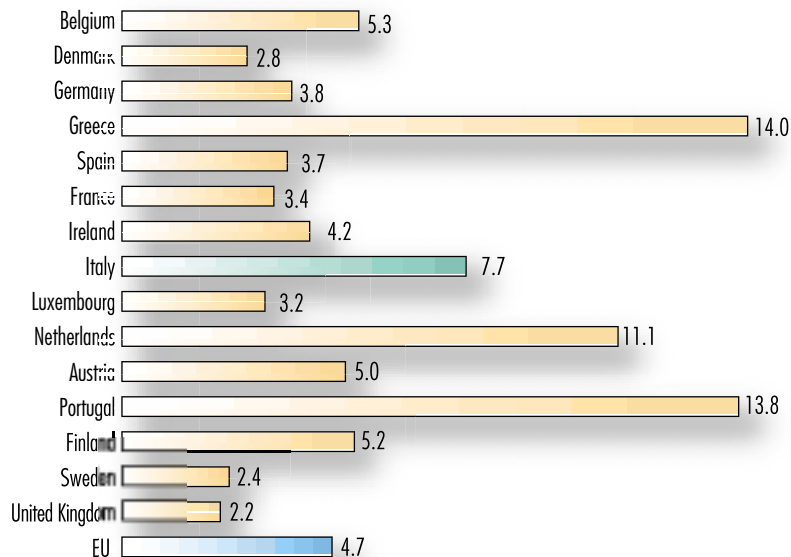
Employment rates by sector (% of population)



42.7. This ratio has changed much more slowly in industry and in the service industry (including the civil

service), dropping in the latter from approximately one in 3.9 to one in 3.7 between 1991 and 2001.

Volume of employment in agriculture in the EU (AWU/100 hectares UAA), 2000



Source: EUROSTAT.

Employment in agriculture (*) as % of total employment in EU countries, 2000

Country	Total employment	
	%	of which women %
Italy	5.2	4.4
France	4.2	2.9
Spain	6.9	5.0
Greece	17.0	19.3
Germany	2.6	2.1
Netherlands	3.3	2.4
United Kingdom	1.5	0.8
Austria	6.1	6.4
Finland	6.2	3.9
Sweden	2.9	1.4
EU 15	4.3	3.4
EU candidate countries (1)	22.0	-
USA (2)	2.4	-
Japan (2)	4.5	-

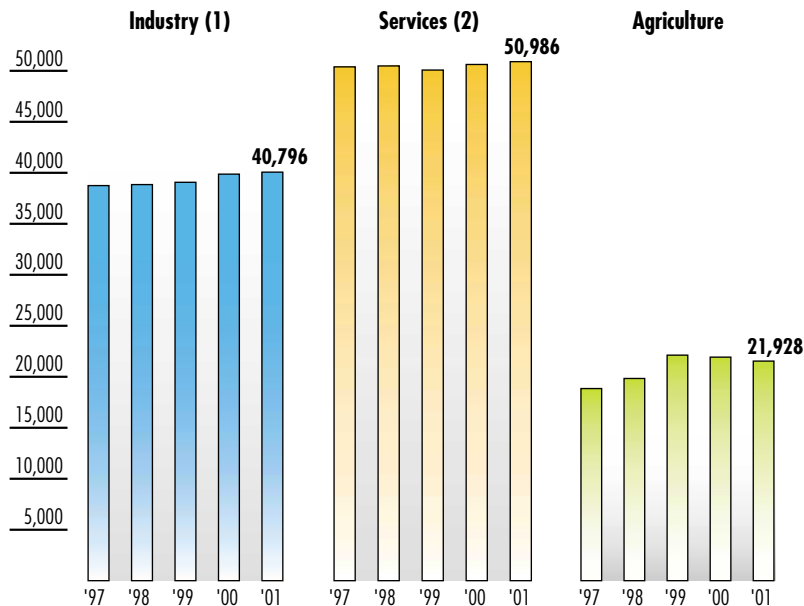
(*) Includes forestry, fishing and hunting.

(1) Bulgaria, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Rumania, Slovenia, Hungary, Cyprus, Malta. 1999 data for Czech Republic, Poland and Hungary, 1998 data for Rumania.

(2) World Bank/EUROSTAT estimates.

Productivity

VA at basic prices per WU by sector at 1995 prices (euro)



(1) Includes the building industry.

(2) Excludes the civil service, education, health and other public and social services.

Value added at basic prices per work unit in agriculture is equivalent to 54% of the same figure for industry (including the building sector) and to 43% of the figure for the service industry (commerce, transport, financial services, tourism and other professional services).

In the two years 2000-2001, VA per work unit dropped in agriculture by an average of 1.4% while it rose by 1.3% in industry and by 0.8% in the service industry.



AGRI-INDUSTRIAL SYSTEM

Structure

The agri-industrial system is made up of a number of activities in which agriculture interacts with the sectors related to it: the inputs industries (fertilisers, pesticides, feedingstuffs, energy etc) and the food, distribution and catering industries.

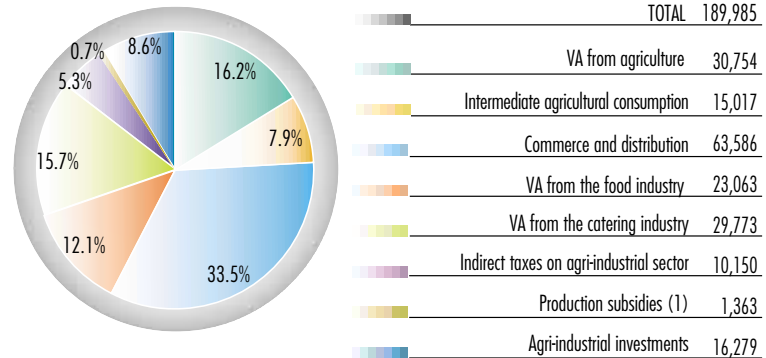
The agri-food sector is estimated to have been worth some 190,000 million euro or 15.6% of GDP in 2001. The main contributions were: approximately 31,000 million from agricultural value added (VA), 15,000 million from intermediate consumption in agriculture, 16,000 million from agri-industrial investments, approximately 23,000 million from VA in the food industry, 30,000 million from VA in the catering industry and approximately 64,000 million from commerce and distribution.

If values at market prices are used, then VA from agriculture and from the food industry would amount to 27,983 and 30,727 million euro

respectively, with an overall value of VA from the agri-industrial system of 194,666 million euros; in this case, moreover, the subsidies for

both agricultural and food industry production would emerge, amounting respectively to 2.5% and 0.6% of the agri-industrial total.

Main components of the agri-industrial system () at basic prices (million euro), 2001*



(*) Agriculture includes forestry and fishing; the food industry includes tobacco and drinks.

(1) Only "other subsidies" (interest, natural disasters, national and regional aid etc) and non-agricultural sector subsidies (tobacco, sugar beet, wine, processed tomatoes etc).

Intermediate Consumption

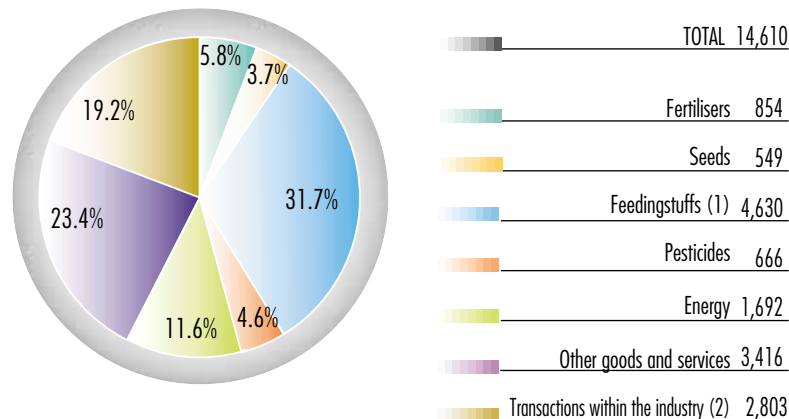
Expenditure on intermediate consumption increased in value in 2001 by 3% over the previous year, as a result of a 4.5% rise in prices and a 1.4% drop in volume. These figures confirm the downward trend in the use of inputs by farmers, both as a means of reducing production costs and in order to meet the environmental requirements laid down in the aid schemes set up as part of rural development policy (Reg. (EC) 1257/1999 and regional RDPs).

Between 2000 and 2001, there was a fall in the use of pesticides (-3.1%), fertilisers (-1.6%) and feedingstuffs and other livestock expenses (-1.4%). There was a considerable drop in the consumption of energy (-4.4%) and transactions within the industry (-3.7%). The only inputs to show an increase were seeds (+2%) and other goods and services such as maintenance and trials, the processing of farm produce, advertising etc (+2.7%).

Prices increased generally, with the exception of energy (-4.4%); there was a particularly steep rise in the

price of fertilisers (+5.3%), feedingstuffs (+7.2%) and transactions within the industry (+8.5%).

Main categories of intermediate consumption (million euro), 2001



(1) Includes other expenses for livestock.

(2) This category includes seeds sold by farms to other farms, directly marketable fodder products, products used as animal feed, hay from cereal crops etc.

Agricultural Credit

The figures for 2001 show a downturn compared to 2000 in both short-term credit (-2.7%) and medium/long-term credit (-4.7%). These results are confirmed by the 1.4% decrease in disbursements of medium/long-term credit. Machinery and equipment appeared to be most heavily penalised, with credit falling by 6.1%, whereas disbursements increased for the purchase of property (+10.1%) and rural buildings (+8.7%).

Out of total disbursements of medium and long-term loans, 15.6% were for subsidised loans, 19.8% for the purchase of machinery, 6.7% for the purchase of property and 8.3% for rural buildings.

The difficulty of finding financing continued, due in part to the scarcity of funding available from regional authorities. There was also a significant drop in loans for agriculture beyond the short term. The rate of total credit to agricultural output fell, to 27.6%.

Agricultural credit () (million euro)*

Year	Medium and long term	Short term	Total	% of output (**)
1995	7,866	4,048	11,914	28.1
1996	7,244	4,436	11,680	26.3
1997	7,233	5,053	12,286	27.7
1998	7,529	5,424	12,953	29.4
1999	8,434	4,734	13,168	29.6
2000	8,435	4,704	13,139	29.5
2001	8,036	4,578	12,614	27.6

(*) Operations at year end by residents in Italy; includes credit for fisheries.

(**) At basic prices.

Source: Bank of Italy; from 1998 onwards, figures refer to loans from all banks.

Disbursements of agricultural credit (million euro), 2001

Type of credit	Total	% change 2001/00	Subsidised loans as % of total
Medium & long term	2,710.4	-1.4	15.6
<i>machinery (1)</i>	1,788.6	-6.1	19.8
<i>purchase of property (2)</i>	408.9	10.1	6.7
<i>rural buildings</i>	512.9	8.7	8.3
Short term (3)	1,097.4	5.6	-

(1) Includes equipment, vehicles and various rural products.

(3) Only subsidised credit.

(2) Rural.

Source: Bank of Italy.

Investments

In 2001 the process of accumulation of capital dropped speed in the Italian economy and in particular in the agricultural sector, which registered a 2.6% drop in investments, at constant prices, after a 4.6% increase in 2000. Agriculture's share of total gross fixed investments fell to 4.2%, compared to 4.4% in 2000 and 4.5% in 1999. The ratio of investments to agricultural VA dropped and the level of investments per member of the agricultural labour force fell to 6,700 euros, 2.9% less than 2000 and 25% less than the average for the national economy on the whole.

During the course of the years, the breakdown of expenditure on investment goods has changed considerably, with machinery and equipment becoming a driving force in the acquisition of fixed capital in agriculture, reaching around 60% of total spending on investment. Rural buildings, on the other hand, account for an increasingly lower share of the total. According to UNACOMA valuations,

Italian farmers purchased around 448,000 tonnes of machinery in 2001, showing a decrease of almost 3% over 2000, which was the result of lower purchases of both nationally-produced machinery (approximately 347,000 tonnes, -3.3%) and foreign machinery (approximately 101,000

tonnes, -1.8%).

According to Svimez valuations, the trends in agricultural investments varied in different parts of the country, falling in the South, at constant prices, by 0.8% but remaining unchanged in the Centre-North.

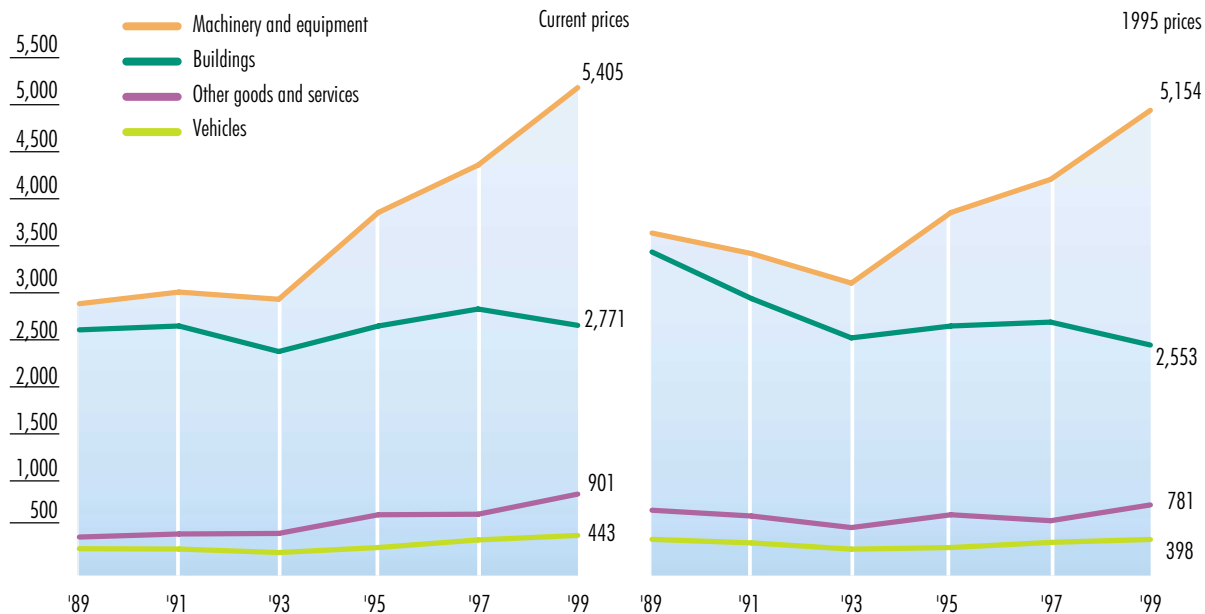
Trends in agricultural investments ()*

	Current values million euro	1995 price values million euro	% of (**)	
			total investments	VA from agriculture
1991	6,654	7,651	4.2	27.9
1992	6,485	7,168	4.0	25.9
1993	6,260	6,692	4.2	24.3
1994	7,087	7,348	4.6	26.5
1995	7,767	7,767	4.6	27.6
1996	8,567	8,314	4.7	29.0
1997	8,570	8,169	4.6	28.2
1998	9,002	8,482	4.5	28.9
1999	9,520	8,886	4.5	28.7
2000	10,066	9,293	4.4	30.9
2001	9,979	9,055	4.2	30.4

(*) Includes forestry and fishing.

(**) At 1995 prices, VA from agriculture at basic prices.

Machinery, buildings and other forms of investment (million euro)



Land Market

The price of land rose by an average of 3.6% in Italy in 2000 compared to the previous year, reaching a national average of just over 26 million lire per hectare. This overall increase, however, hid a divergence in price trends across the country, with average land prices in the North increasing at a higher rate compared to the rest of the country. In fact land increased in value by 6-7% in regions in the North while it increased at a decidedly lower rate (0.5-0.8%) in regions in the Centre and South. Lowland continued to be the buyer's preference, resulting in an average price increase of 6% compared to the lower increase in values of land in hilly areas (+2.2%) and mountainous areas (+1.2%). The difference between North and South continued to be due mainly to market prospects for certain products, to the kind of public subsidies paid for commodities predominant in different regions and to the general economic situation. Looking at land prices in the different agricultural areas, there

was a clear correlation between land values, the presence of mountains and demographic/economic trends. The highest land values were concentrated in the centre-east of the Po valley, where agriculture is mostly intensive and pressure from urban development is also high. This latter factor probably also affected the price of land (which is high on average) in the metropolitan areas around Rome and along the Campania coast. High land

values were also to be found in limited areas around the cities of Cuneo and Pistoia, along the Ligurian coast and in the Adige Valley; these values were due to an extremely intensive agriculture producing high-quality commodities in these areas, combined with the fact that land suitable for growing these commodities is scarce. The rent market was only lively in the North of Italy, where a growing presence of outsiders acted on the market,

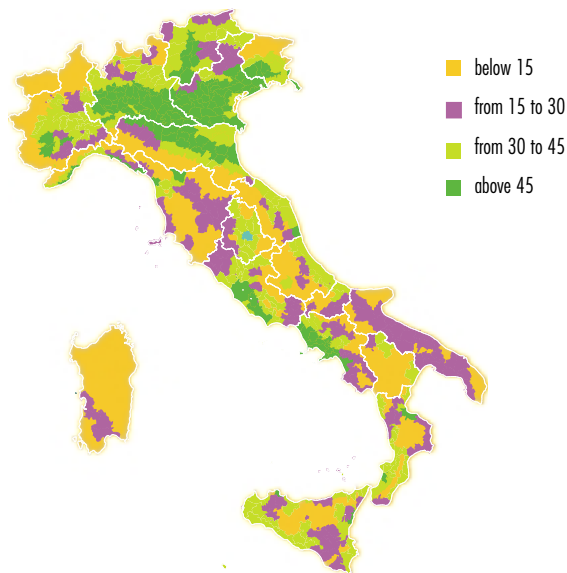
Average land values (million lire/hectare), 2000

	Type of land (according to altitude)					% change		
	inland mountains	coastal mountains	inland hills	coastal hills	lowland	total	2000/99	2000/92
North-West	10.0	25.3	30.0	64.4	49.9	34.5	6.8	44.3
North-East	31.2	-	40.3	31.7	54.7	46.0	6.1	43.5
Centre	12.7	19.6	19.4	27.6	37.0	21.0	0.8	22.9
South	11.7	19.2	18.3	28.2	26.4	20.1	0.5	4.8
Islands	10.5	18.0	13.2	16.8	22.9	15.3	0.6	10.1
TOTAL	15.5	19.0	20.4	24.3	42.7	26.4	3.6	26.4

Source: INEA Land Values Data Bank.

increasing the demand for land. In many areas of North Italy, moreover, in the early months of 2000 the rent market for pasture land was distorted by a broad interpretation of the rules contained in the reform of the common organization of the market for beef; only the publication of a subsequent set of provisions regulating the sector helped to prevent the unjustified increase in rents for this kind of land.

Average value of land by agricultural area in Italy (million lire/hectare), 2000



Source: INEA Land Values Data Bank.

Production Levels

In 2001 the value of agricultural output at basic prices, including forestry and fishing, increased in value by 3% over 2000. This increase was the result of the combination of a 1.1% decrease in volume of production with a 4.1% increase in prices. In 2000 there had already been a growth in prices (+2%) together with a drop in volume of production (-2.1%).

The 2001 harvests were strongly affected by drought: scarce rainfall over the autumn and winter had a negative effect on the agricultural output in several regions, including Basilicata, Puglia, Sardinia and Sicily. There was a fall in the volume of production of field crops (-3.9%) and fodder (-3.2%) while production of tree crops remained broadly unchanged. Production in the livestock sector increased by 1.2% but the effects of the animal health crisis, especially the BSE emergency, continued, with a sharp drop in beef consumption.

Among the main field crops, cereals showed a 4.6% drop in production due to a considerable fall in soft wheat (-10.9%) and durum wheat (-14.7%); there was also a significantly lower production of barley (-6.2%), while there was an increase in rice (+3.5%) and maize (+2.7%).

Among the industrial crops, the decrease in area planted with oilseeds was noticeable (-4.5%). The production of rape fell by 23%, of sunflowers by 9.4% and of soya by 3%. The production of sugar beet also dropped (-14.3%).

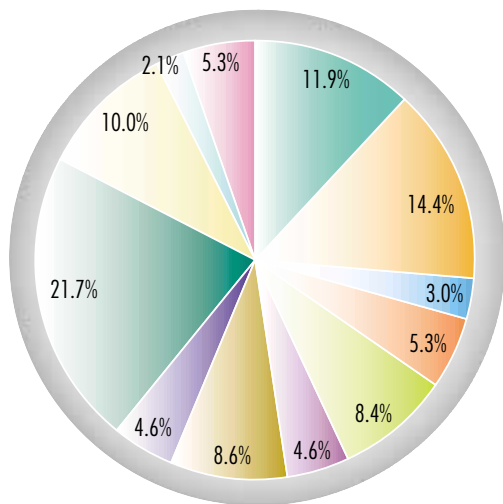
In the horticultural sector, there was

Output at basic prices by sector, 2001

	Italy		% change 2001/00	
	million euro	%	volume	price
Field crops	14,497	31.7	-3.9	3.6
Tree crops	10,215	22.3	-0.1	2.5
Fodder crops	2,001	4.4	-3.2	9.8
Livestock	14,875	32.5	1.2	5.0
Connected services (1)	2,323	5.1	3.2	1.0
Forestry	409	0.9	-14.5	2.7
Fishing	1,451	3.2	1.6	5.1
TOTAL	45,771	100.0	-1.1	4.1

(1) Active and passive agricultural contract work, packaging of agricultural produce, maintenance of parks and gardens, services connected to livestock farming, artificial insemination, new planting, etc.

Agricultural output at basic prices by main sector (million euro), 2001



	TOTAL	43,911
Cereals and dried legumes (1)	5,240	
Vegetables (2)	6,334	
Industrial crops (3)	1,307	
Flowers and ornamentals	2,332	
Grapes	3,688	
Olives	2,037	
Fruit and citrus	3,774	
Fodder crops	2,001	
Meat	9,547	
Milk	4,397	
Eggs and other (4)	931	
Connected services (5)	2,323	

(1) Dried legumes accounted for 61 million euro.

(2) Includes potatoes and fresh legumes.

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

(4) Includes honey for 20 million euro and wool for 12 million euro.

(5) Active and passive contract work, packaging of agricultural produce, maintenance of parks and gardens, new planting etc.

Main crop production, 2001 (*)

	Volume		Value (**)	
	'000 tonnes	% change 2001/00	million euro	% change 2001/00
Soft wheat	2,808	-10.9	730	-1.0
Durum wheat	3,681	-14.7	1,315	13.2
Maize	10,417	2.7	1,783	-7.6
Rice	1,273	3.5	477	10.3
Sugar beet	9,916	-14.3	426	-23.2
Tobacco	130	0.4	352	7.7
Soya	889	-3.8	305	-7.9
Sunflowers	414	-9.4	173	-8.6
Potatoes	1,986	-3.3	558	19.3
Tomatoes	6,743	-14.0	1,015	-12.3
Dessert grapes	1,320	5.1	519	10.0
Sold grapes	3,997	-3.4	1,057	2.2
Wine ('000 hl) (1)	22,795	-3.9	2,097	4.1
Sold olives	301	3.2	159	2.4
Oil (1)	471	1.2	1,854	-2.6
Apples	2,259	1.2	721	8.9
Pears	917	3.0	427	16.3
Peaches and nectarines	1,677	1.4	688	-2.8
Oranges	1,694	-9.7	533	-2.7
Lemons	537	-12.0	225	-14.9
Mandarins and clementines	570	-6.5	218	-1.6
Kiwi	382	10.5	245	0.9

(*) Provisional data.

(**) At basic prices.

(1) According to the new methodology of ESA 95, only wine and oil made from the farm's own grapes and olives are taken into consideration; the production of co-operatives and industry is excluded.

a 2.6% decrease in production overall; open-field crops were grown on 4% less land and showed 10% lower output. There was a particularly sharp decrease (-11%) in area planted with tomatoes for processing and production fell by almost 18%, due especially to the poor harvest in Puglia.

Tree crops showed varying production results. Fruit showed a slight increase overall (+0.5%) with higher quantities of apples (+1.2%), pears (+3%), nectarines (+5.7%) and kiwi (+10.5%) but lower quantities of cherries (-24.3%), peaches (-0.9%), apricots (-2.5%) and plums (-4.4%). Citrus fruit started well in the season but was damaged by drought and high average temperatures as well as frost in December; a decrease of around 10% has been estimated for the sector overall. As far as vine products were concerned, the production of dessert grapes was up 5.1% but wine grapes were down 3.4%. Late spring frosts and the pro-

Main livestock production, 2001

	Volume (*)		Value (**)	
	'000 tonnes	% change 2001/00	million euro	% change 2001/00
Beef	1,619	-1.5	3,440	-1.2
Pigmeat	1,772	1.5	2,771	27.6
Sheepmeat & goatmeat	95	0.3	358	0.9
Poultrymeat	1,419	4.8	2,059	5.4
Rabbitmeat & game	403	2.6	866	10.2
Eggs (millions)	12,830	2.8	899	5
Cows' milk (1) ('000 hl)	107,006	1.3	3,924	3.5
Sheep & goats' milk ('000 hl)	7,120	0.8	473	7.9
Honey	11	-4.5	20	-2.1

(*) Liveweight for meat.

(**) At basic prices.

(1) Includes buffalo milk.

longed summer drought had a negative effect on the quantity of wine produced (-3.9%) but the quality was excellent. The olive harvest, despite it being the high-yield year of the production cycle, was only slight-

ly higher (sold olives +3.2%, oil +1.2%) because of the frosts, especially in Calabria and Puglia, and more in general because of the prolonged summer drought. The production of nursery plants, which has

been rising steadily since 1997, rose considerably (+11.2%).

In the livestock sector, the production of beef fell by 1.5%, offset by a similar increase in the production of pigmeat. Production of poultrymeat and rabbitmeat rose by 4.2%. The production of eggs also increased, by 2.8%. In the milk sector, there was an estimated increase of 1.3% in production of cows' milk and 0.8% for sheep and goats' milk. The production of honey dropped by 4.5%. Forestry production fell by 14% in volume and 12% in value.

Production results varied around the country: in the South there was a fall in the volume of production (-2.5%) for the second year running, offset by an increase in value (+2.2%) whereas in the Centre-North, production remained stationary in volume but increased in value (+3.5%). In the EU, France, Italy and Spain confirmed their importance in the agricultural sector, contributing together 49.8% of EU agricultural

Agricultural output at basic prices in EU countries, 2000

	Output		Intermediate consumption		Intermediate consumption/output %
	million euro	%	million euro	%	
Belgium	6,972	2.5	4,298	3.2	61.6
Denmark	8,332	3.0	4,798	3.6	57.6
Germany	43,952	15.7	24,973	18.6	56.8
Greece	11,112	4.0	2,896	2.2	26.1
Spain	34,112	12.2	11,447	8.6	33.6
France	63,752	22.7	32,033	24.0	50.2
Ireland	5,811	2.1	3,109	2.3	53.5
Italy	41,760	14.9	13,419	10.0	32.1
Luxembourg	258	0.1	127	0.1	49.2
Netherlands	19,288	6.9	10,526	7.9	54.6
Austria	5,351	1.9	2,919	2.2	54.6
Portugal	5,558	2.0	2,845	2.1	51.2
Finland	3,771	1.3	2,583	1.9	68.5
Sweden	5,127	1.8	3,452	2.6	67.3
United Kingdom	24,933	8.9	14,238	10.7	57.1
EU	280,089	100.0	133,663	100.0	47.7

production.

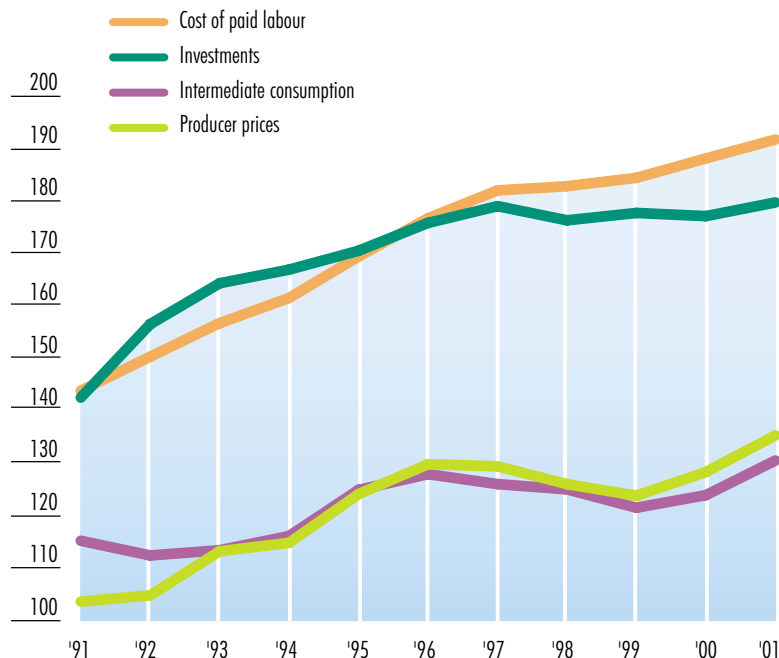
The same countries also showed the highest intermediate consumption in the EU, together with the UK (10.7% of the EU total) and the Netherlands (7.9%). We would point out the large percentage of output represented by intermediate consumption in Finland (68.5%) and Sweden (67.5%).

Prices and Costs

In 2001 the price of inputs purchased by farmers (intermediate consumption and investment goods) rose by an average of 4%. The highest increases were for intermediate consumption goods, and feedingstuffs in particular. Straight feedingstuffs rose by 13.6%, compounds for cattle by 6.8% and compounds for poultry and pigs by over 4%. The price of electricity also rose (+5.2%) while fuel prices fell by 11%. Among fertilisers, there were particularly high increases in the price of nitrates (+7.7%), phosphates (+5.4%) and NPK compounds (+5.8%). Increases were moderate in services and maintenance of tools and minor equipment (+1.6%), in veterinary services (+1.6%), in machinery maintenance and repairs (+1.2%) and in buildings (+2.3%).

The price of investment goods increased on an average by 1.7% for tractors and other agricultural vehicles and trailers, by 1.1% for harvesting machinery and by 3.9% for machinery and plant used for crop

Index numbers (1985 = 100)



and livestock production. As regards farm structures, prices rose by 2.1% for farm buildings and 2.8% for improvements to farm property and other works. Paid labour costs increased by 1.5%, especially for per capita gross salaries.

Producer prices for commodities sold by farmers presented an average increase of 5.3%, which was due in particular to higher prices for crops

(+6.2%). Particularly high rises were registered for durum wheat (+14%), potatoes (+25%), fresh fruit (+12%), ordinary wine grapes (+8%), quality wine (+8%), dried pulses (+20%) and fodder (+23%). In the livestock sector there was an average rise in prices of 3.7%, with wide variations among products. There were increases in the prices of pigmeat (+22.3%) and goatmeat (+11.1%), offset by lower prices

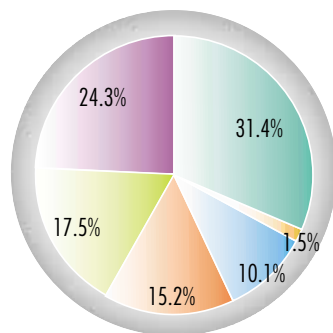
for adult beef (-5.9%) and poultrymeat (-2.6%). In the dairy sector, the price of cows' milk rose by 2.9% and sheep's milk by 11.5%. The price of eggs dropped by 6%.

The terms of trade for agriculture, i.e. the ratio between the producer price index and the intermediate consumption goods index, settled after the decreases in the two years 1999-2000.

Total Output and Income From Farming

In 2001, intermediate consumption (seeds, fertilisers, feedingstuffs, energy, services etc) accounted for 31.4% of total agricultural output (including production-related subsidies and indirect taxes), paid labour for 15.2% and the income to self-employed labour (growers, farmers and family helpers), capital and business before depreciation (17.5%) for almost 24%. Subsidies and grants from the State, Ministries, Regional Authorities and EU accounted for a further 10.1%.

Break-down of the income from farming (million euro), 2001 ()*



TOTAL	47,855
Intermediate consumption	15,017
Indirect taxes on production	721
Production-related subsidies	4,855
Paid labour earnings	7,286
Depreciation	8,356
Net income to self-employed labour, capital and business	11,620

(*) Includes forestry and fishing.

Food Industry

In 2001, output in the food and drinks industry increased by 0.5% compared to 2000 but showed a slow-down in growth, which ran parallel with a certain immobility in national food consumption. The tobacco industry, however, recovered (+3.8%) after the downturn in 2000. Total value added at basic prices amounted to almost 23,100 million euros, a 5.2% increase in value over 2000. The food industry contributed around 8.9% of the VA from the whole of industry (considered in the narrow sense of the manufacturing and mining industries) and around 75% of the VA from agriculture. The percentage of turnover represented by exports rose to 14%, but although higher than two or three years ago, it remained lower than the EU average (17%).

The largest decreases in volume of production were recorded in meat and meat products (-3.2%), processed fruit and vegetables excluding juices (-5.5%), oils and fats (-5.7%), ice cream (-5.3%), refined rice (-7.7%),

Food industry (): main macroeconomic aggregates, 2001*



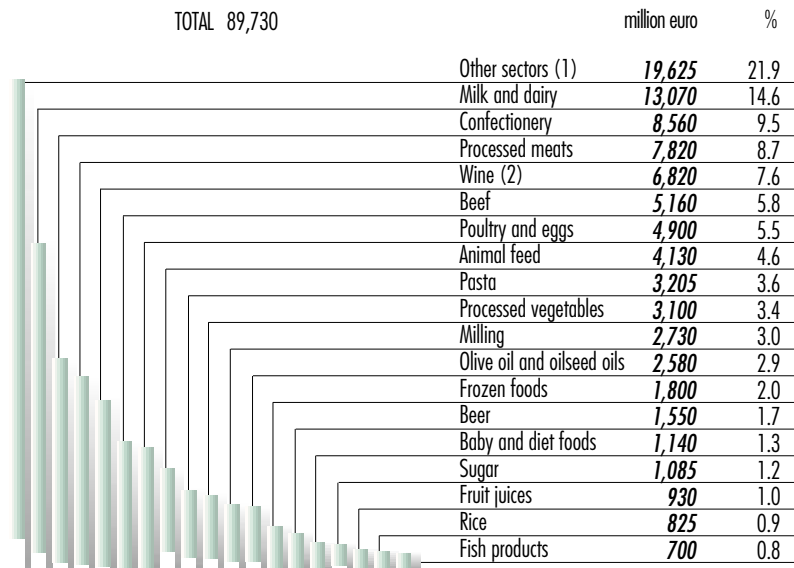
(*) Includes drinks and tobacco.

(1) At basic prices.

(2) Total figure for all subsidies related to products and production.

Source: estimates calculated from ISTAT figures.

Turnover in the food industry by sector (million euro), 2001



(1) Mineral water (2,840), soft drinks (1,600), coffee (1,960), other foods (13,225).

(2) Includes cooperatives and short food chains (farmer-producer).

Source: Federalimentare.

sugar (-5.5%) and condiments and spices (-4.7%), whereas increases were recorded in fruit and vegetable juices (+4.2%), durum wheat flour (+4.4%), confectionery (+4.9%) and animal feed (+7.6%).

According to a recent survey by Infocamere, there were around 75,000 agri-food processing firms operating in Italy in 2000, 56% of which employed fewer than 2 people. Employment in the food industry in 2001 amounted to approximately 454,000 work units (a 3.6% decrease over 2000), representing 8.7% of the total number of employees in industry in the narrow sense. Agri-food firms are still unevenly distributed over the country and there are considerable structural and technological differences among them: 72% of all employees and 75% of VA at basic prices from the Italian food industry are concentrated in the Centre-North. In the EU, the agri-food sector is one of the leading sectors as far as employment and value added are

concerned. Over 80% of value added from the food industry in the EU is concentrated in Germany, France, the United Kingdom, Italy, Spain and the Netherlands. In 2000 the food and drinks industry contributed around 10.3% of the output from all manufacturing industry in the EU. Around 70% of total agri-food output was represented by meat (17%), followed by milk and dairy produce (14%), drinks (15%), bread, pasta, confectionery and other foods (23%). The sectors in which the Italian contribution was greatest were milk and dairy produce and processed fruit and vegetables, which each accounted for over 13% of the EU total.

Output from the food industry fell in 2001, compared to 2000, in Germany (-1.4%) and Denmark (-1.1%) while it rose in France (+1%), the United Kingdom (+1.5%) and Sweden (+3.7%).

Production in Italy by sector (volume)

	Change 2001/00 %
Milling (1)	-1.8
Pasta-making	0.1
Biscuit and bread-making	-0.2
Processing of fruit and vegetables (2)	-2.7
Vegetable and animal oils and fats	-5.1
Slaughter and processing of meat	-3.2
Milk and dairy products (3)	-4.2
Sugar production	-5.5
Confectionery	4.9
Baby and diet foods	2.4
Precooked and other foods	12.9
Wine (4)	-1.8
Beer	1.8
Mineral water and soft drinks	1.3
Animal feed	7.6
TOTAL	0.5

(1) Includes durum wheat flour and starch products.

(2) Includes vegetable and fruit juices (+4.2%).

(3) Includes production of ice-cream (-5.3%).

(4) From non home-produced grapes.

Food industry in the EU (million euro), 2000 ()*

	Absolute value	% change 2000/99
Value added at factor cost	135,800	4.0
Production	590,200	2.8
Prices (index: 1995=100)	102.7	1.4
Non-EU exports	46,317	12.5
Non-EU imports	37,706	12.3
Employment ('000 units)	2,721.60	0.8

(*) Includes drinks and tobacco.

Source: Eurostat.

Distribution

Since the national Observatory of Commerce was set up, the methods of surveying the retail distribution system have changed radically. The new methodology only takes working businesses into account and distinguishes between their main activities (national total: around 725,000 businesses) and secondary activities

(around 148,000 businesses).

In the food sector, a survey counted 193,000 retail businesses selling food as their main activity at 31 December 2001; these represented 26.6% of the national total, falling by 1.6% from 2000. About 12.4% of these businesses specialised in fruit and vegetables, 20.8% in meat, 4.1% in bread and

confectionery, 7% in drinks and 13% in other foods. Food shops not specialised in any one category of food rose to 40.1% of the total, increasing by 1% from 2000. This confirmed the tendency of shops to stop specialising in any one food category.

The survey of businesses selling food as a secondary activity showed the

Food retail outlets, 2001 (*)

	North		Centre		South & Islands		Italy	
	number	%	number	%	number	%	number	%
Fruit and vegetables	9,226	13.1	5,145	15.2	9,485	10.7	23,856	12.4
Meat and meat-based products	12,178	17.4	6,802	20.0	21,110	23.8	40,090	20.8
Fish and fish products	1,568	2.2	1,417	4.2	4,893	5.5	7,878	4.1
Bread and confectionery	6,307	9.0	2,051	6.0	5,105	5.8	13,463	7.0
Wine, oils and drinks	2,259	3.2	958	2.8	1,869	2.1	5,086	2.6
Other foods	9,158	13.0	3,689	10.9	12,287	13.9	25,134	13.0
Non-specialized foods	29,493	42.1	13,878	40.9	33,918	38.3	77,289	40.1
TOTAL	70,189	100.0	33,940	100.0	88,667	100.0	192,796	100.0
% of total outlets	24.4		24.2		29.8		26.6	
DENSITY (1)	361		316		228		292	

(*) Local outlets and branches.

(1) Inhabitants (resident population, 2001 census)/outlet.

Source: National Observatory of Commerce, Ministry of Productive Activities.

existence of 2,000 farms and forestry businesses, 16,300 food industries and 24,000 restaurants and hotels, together representing 27% of the national total of businesses with secondary activities. In 2001, the increase in retail food trade was different between small, traditional food shops (+1.2%) and large-scale retail businesses (+4.5%). The largest

increase in sales overall was registered in Central Italy (+3.1%).

Large-scale retail trade

At 1 January 2001, there were 6,413 supermarkets in Italy compared to 6,206 the year before (+3.3%). The increase was higher in the South

(+4.8%). The total area used for retail rose, reaching over 5.4 million m² (+2.1%), and the total number of employees amounted to over 114,000 (+2.1%). There was a considerable increase in the number of hypermarkets, which rose to 349 (+14.8%), with a retail area of over 2 million m² (+15.2%) and some 63,000 employees (+20.6%).

Large-scale retail food trade by geographical area, 2001()*

	Outlets		Sales area (**)		Employees (**)		No. of outlets per 100,000 inhabitants	Sales area m ² /1,000 inhabitants
	number	% change 2001/00	m ²	% change 2001/00	number	% change 2001/00		
North	3,644	3.3	4,440,501	5.3	110,300	9.4	15.6	190.3
Centre	1,383	4.2	1,502,854	6.4	37,560	6.9	12.9	140.2
South & Islands	1,735	4.8	1,562,658	4.6	29,443	4.3	8.6	77.2
TOTAL	6,762	3.9	7,506,013	5.4	177,303	8.0	12.0	133.3

(*) Independent supermarkets, food departments in large stores and hypermarkets. At 1st January 2001.

(**) Figures for sales areas and employees refer to all departments in stores, not only food departments.

Source: National Observatory of Commerce, Ministry of Productive Activities.

Compared to 2000, sales increased in value in 2001 by 4.8% in supermarkets, by 3.6% in the food departments of hypermarkets and by 4% in discount stores, against a more modest 1.2% in traditional food shops. According to a report by the Bocconi University, in modern distribution structures the highest increases in sales were for industrial bread (+29.5%), traditional fresh cheeses (+25.8%) and cold meats (+22.8%).

Street trade and special forms of selling food, 2001 ()*

Form of sale	No.	%	% food sales of total sales
Fixed street vendor	33,277	74.6	37.4
Mobile street vendor	6,073	13.6	18.9
Selling by correspondence	3,851	8.6	57.4
Door-to-door selling	489	1.1	11.4
Vending machines	926	2.1	49.5
TOTAL (1)	44,616	100.0	33.3

(*) Figures at 31/12/2001. Businesses and local units entered on the business register.

(1) Excludes sales activities not included on the business register.

Source: National Observatory of Commerce, Ministry of Productive Activities.

Food Consumption

In 2001 household expenditure on food and drink in Italy amounted to about 112 million euro, a 3.8% increase in value over 2000. Overall consumption levels, at constant prices, remained practically

unchanged after the 1.9% increase in 2000. This result, however, contained a considerable drop (-4%) in meat consumption during the year. Among the different kinds of food, there was an increase in consumption of vegeta-

bles and potatoes (+1.2%), in bread and cereal-based products (+1%), in milk and dairy produce and eggs (+0.5%), in fruit (+0.5%), in diet products and other foods (+1.4%) and in oils and fats (+0.5%). Increases in consumption continued for fish (+2%) and for mineral water, fizzy drinks and juices (+6.1%), while the consumption of wine and alcoholic drinks remained the same. Expenditure on food dropped to 15.1% of total household expenditure, compared to 19.6% in 1992.

According to ISTAT valuations, spending on eating out (in canteens, snack bars, restaurants etc) amounted to 53,500 million euro in 2001, increasing by 6.4% in value and 2.9% in volume from 2000; between 1992 and 2001, the value of consumption from eating out rose from 33.8% to 47.9% of the value of total food consumption, showing a significant change in consumers' eating habits.

The kinds of food Italians spent most on were meat (24,000 million euro),

Break-down of food consumption, 2001

Product	% of total food expenditure	Average annual rate of change 2001/92 (%)	
		volume	price
Meat	21.5	-1.9	2.6
Bread and cereal products	17.1	0.8	2.4
Milk and dairy produce and eggs	13.5	-0.4	3.1
Vegetables and potatoes	11.1	0.9	2.5
Fish	7.2	1.2	2.6
Sugar and confectionery (1)	6.7	1.6	3.4
Fruit	6.5	0.3	1.2
Mineral water and soft drinks (2)	5.3	2.7	1.9
Wine and alcoholic drinks	4.7	-3.1	3.9
Fats and oils	4.7	-1.5	2.9
Coffee, tea and cocoa	1.5	-1.3	3
Other foods (3)	0.3	0.0	2.3
OVERALL	100	-0.2	2.6

(1) Jam, honey, syrups, chocolate, cakes and biscuits etc.

(2) Fizzy drinks, fruit juices etc.

(3) Diet foods, spices, baby products etc.

Food consumption in the EU (kg per capita) ()*

Product	Italy	France	Spain	Greece	Germany	United Kingdom	Austria	EU
Cereals and cereal products (1)	123.6	83.6	71.3	154.7	77.7	87.9	76.4	88.7
Rice (1)	4.6	5	6.6	6.2	3	3.8	2.9	4.6
Potatoes	43.1	53.4	86.9	93.1	70.6	97.3	55.1	73.5
Vegetables (2)	202.5	-	172.6	-	90.3	-	98.4	-
Fruit and citrus (2)	126.8	-	107.5	-	108	-	91.9	-
Milk (3)	69.3	98.8	131.5	65.3	91.2	127.5	93.2	105
Cheese (4)	20.5	24.9	-	-	19.3	8.1	16.1	-
Eggs	11.8	15.5	13.3	10.6	13.9	10.1	13.5	-
Butter (4)	2.9	8.7	0.7	0.8	6.7	2.9	4.8	4.9
Total meat	91.1	108.4	127.6	90.8	94.1	80.5	98.7	96.7
Beef	25.5	26.9	16.3	19.2	15.2	17.2	19.3	19.9
Pigmeat	36.1	37.1	66.1	32.3	57.0	23.3	57.8	43.4
Vegetable fats and oils	26.6	14.8	30.8	-	20.9	-	11.1	-
Sugar (5)	25.4	33.8	29.5	30.2	32.6	36.0	40.3	32.7
Wine (6)	55.3	57.7	37.6	27.4	23.3	14.4	30.6	34.1

(*) Figures for crop products refer to 1999/00, for milk and dairy produce to 2000, for meat and eggs to 1999.

(1) Cereals and cereal products in flour equivalents; Greece and EU - 1998/99. Rice: France, Greece and EU - 1998/99.

(2) Italy and Spain - 1998/99.

(3) Includes other fresh products. Spain, Greece and Germany - 1999; EU - 1998.

(4) Cheese: Germany - 1999. Butter: Spain and Germany - 1999; Greece and EU - 1998.

(5) White sugar equivalent.

(6) Litres per capita.

bread and cereal-based products (19,000 million euro) and milk and dairy produce and eggs (15,000 million euro).

Since 1992 (the first year in the new series of broken-down statistics calculated according to ESA 95) there has been a decline in the share of total consumption represented by meat, oils and fats, fruit and wine and other alcoholic drinks, while the share represented by bread and cereal-based products, fish, vegetables, milk and dairy produce, sugar and confectionery and non-alcoholic drinks has risen.

Foreign Trade

In 2001 the trade deficit in the agri-industrial sector fell to below 9,000 million euro, a slight improvement compared to 2000. The result was due to a larger increase in exports (+8%) than imports (+4%) and led to an improvement in the degree of trade cover, which rose from 63.7% in 2000 to 66.7% in 2001. There was also an improvement in Italy's degree of self-sufficiency and propensity to export. Geographically, the EU remained our principal area of trade, despite a slight decrease in the percentage of both our imports and exports within the EU. After Europe, the United States emerged as our most important partner for sales (1.6%) and Central and South America for purchases (8.6%). Our main customers were Germany (23%), France (12%), United States (10%), and the UK (9%), while our most important suppliers were France, Germany, the Netherlands and Spain, which together supplied almost half of our agri-food imports. It is worth noting the

The agri-industrial balance and the agri-industrial system ()*

	1990	2000	2001
MACROECONOMIC AGGREGATES			
Total agri-industrial output (1)	50,737	67,899	68,834
Imports	16,296	25,935	26,854
Exports	7,034	16,521	17,901
Balance	-9,262	-9,413	-8,953
Volume of trade (2)	23,330	42,456	44,755
Apparent consumption (3)	59,999	77,313	77,787
INDICATORS (%)			
Degree of self-sufficiency (4)	84.6	87.8	88.5
Propensity to import (5)	27.2	33.5	34.5
Propensity to export (6)	13.9	24.3	26
Degree of trade cover (7)	43.2	63.7	66.7

(*) Million euro at current prices; figures for output and trade also include "cured tobacco".

(1) Total output from agriculture, forestry and fishing plus VA from the food industry at basic prices.

(2) Sum of exports and imports.

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

(4) Output-consumption ratio.

(5) Imports-consumption ratio.

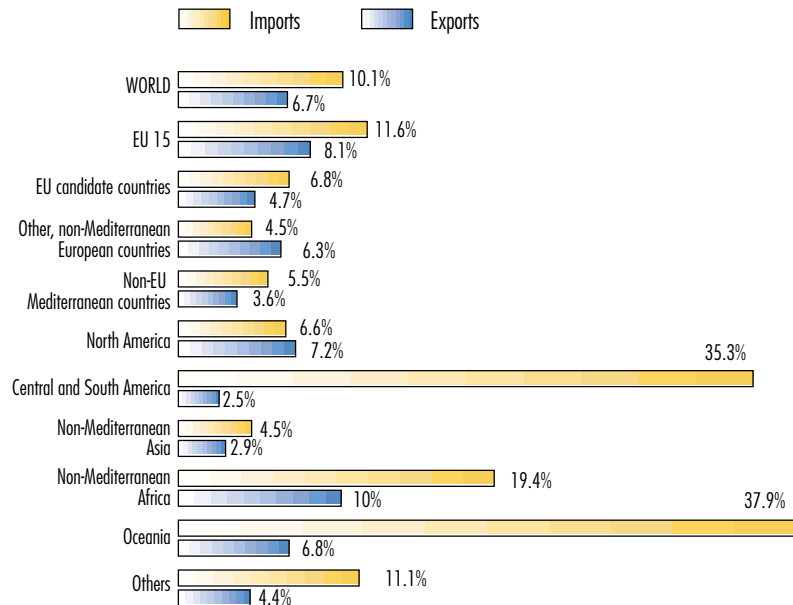
(6) Exports-output ratio.

(7) Exports-imports ratio.

growth in trade with all our main customers and in particular with Switzerland (+17%) and Austria

(+11%), while trade with our suppliers showed varying trends, with a fall in purchases from France (-10%) but

The agri-food trade as a percentage of Italy's total trade with different geographical areas, 2001



an increase in imports from Germany (+6%) and Spain (+8%).

Primary sector products represented 23% of exports but 35% of imports, demonstrating the importance of the food processing sector in our country. Among exports, the most important products were VQPRD rosé and red wines (5.6%), pasta not made with eggs or fillings (4.8%) and pureed and peeled tomatoes (4.7%). There was an increase, between 2000 and 2001, in exports of biscuits and pastries (+19%) and dessert grapes (+12%) while there was a drop in exports of non-VQPRD rosé and red wines. As regards imports, livestock by-products not used for food took first place (5.6%), followed by semi-processed pigmeat (5%); imports of the latter rose sharply in 2001 (+27%). Imports of fresh and frozen beef, on the other hand, dropped (-36%).

Among the Italian regions, the regions involved most in foreign agri-food trade, as regards both imports and

Foreign trade by main agri-food sector (million euro), 2001

	Imports	Exports	Nb (*) %
Cereals	1,431	95	-87.5
of which from seed	57	23	-42.3
Fresh legumes and vegetables	480	844	27.5
of which from seed	28	0	-97.1
Dried legumes and vegetables	94	25	-57.7
Citrus	169	130	-13.1
Fresh fruit	852	1,805	35.9
Dried fruit and nuts	300	108	-47.1
Raw textile fibres	484	16	-93.7
Oilseeds and fruits	324	14	-91.8
of which from seed	14	3	-60.8
Coffee, tea and spices	671	41	-88.5
Flowers and ornamental plants	368	360	-1.2
Uncured tobacco	107	212	32.6
Live animals	1,251	32	-95
of which reared livestock	88	17	-68
of which fish and game	774	183	-61.7
Other products	128	104	-10.4
TOTAL PRIMARY SECTOR	8,885	4,203	-35.8

	Imports	Exports	Nb (*) %
Cereal products	460	2,557	69.5
of which pasta	14	1,189	97.6
Sugar and confectionery	767	629	-9.9
Fresh and frozen meat	3,161	556	-70.1
Processed meat	166	666	60.1
Processed and preserved fish	2,302	247	-80.6
Processed vegetables	596	1,106	30
Processed fruit	379	722	31.2
Dairy products	2,799	1,214	-39.5
of which milk (1)	722	2	-99.6
of which cheese	1,191	971	-10.2
Oils and fats	1,442	1,011	-17.6
Oilcake and oilseed flour	1,068	202	-68.2
Drinks	972	3,489	56.4
of which wine	178	2,555	87
Other food industry products	2,440	1,285	-31
TOTAL FOOD INDUSTRY	16,550	13,684	-9.5
TOTAL AGRI-FOOD BALANCE	25,435	17,888	-17.4

Cured tobacco	1,418	13	-98.1
TOTAL AGRI-INDUSTRIAL BALANCE	26,853	17,901	-17.4

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

(1) Fresh and long life.

Foreign trade in agri-food sector by region (million euro), 2001

	Primary sector		Food industry		Total		% change 2001/00	
	imports	exports	imports	exports	imports	exports	imports	exports
Piemonte	1,408	175	894	1,958	2,302	2,133	-5.0	3.5
Valle d'Aosta	13	0	23	10	36	10	29.7	41.3
Lombardy	1,260	223	4,262	2,343	5,522	2,566	-5.9	0.0
Trentino - Alto Adige	170	362	767	824	937	1,186	35.7	36.8
Veneto	1,455	532	2,150	1,863	3,605	2,394	1.8	17.1
Friuli - Venezia Giulia	272	108	292	452	563	560	-0.1	20.7
Liguria	489	350	604	207	1,093	557	3.7	6.8
Emilia - Romagna	808	882	2,713	2,338	3,521	3,220	9.2	22.0
Tuscany	291	162	1,115	965	1,406	1,128	-13.5	-3.7
Umbria	147	69	202	190	349	259	30.5	7.9
Marche	206	50	166	102	372	152	10.4	18.4
Lazio	410	110	1,201	329	1,611	438	2.3	9.3
Abruzzo	141	38	228	240	369	278	6.5	4.7
Molise	10	3	64	43	74	46	36.9	9.1
Campania	432	233	753	1,108	1,185	1,341	-7.5	0.2
Puglia	333	388	484	288	817	677	9.0	-26.6
Basilicata	43	37	25	25	68	62	44.8	19.0
Calabria	76	87	138	38	214	125	3.5	37.1
Sicily	123	258	288	320	411	578	-23.1	-4.3
Sardinia	113	11	115	198	227	209	3.3	31.7
ITALY	8,204	4,019	16,490	13,848	24,694	17,867	0.2	7.7

exports, were Lombardy, Veneto and Emilia-Romagna, which together accounted for 46% of exports and 51% of imports. The largest variations in exports between 2000 and 2001 were registered by Valle d'Aosta (+41%) and Puglia (-24%) while the largest variations in imports were registered by Sicily (+23%) and Tuscany (-14%).

STRUCTURE OF THE FARMING INDUSTRY

Farms and Farm Land

According to the definitive results of the 5th General Agriculture Census, in 2000 there were 2,551,822 working farms in Italy – including crop and livestock farms and forestry businesses - with a total land area of 13,212,652 hectares of which 67.4% was made up of used agricultural area (UAA).

Compared to the previous Census carried out in 1990, the number of farms in Italy dropped overall by 430,254 (-14.2%) with a reduction in total land area of 3,093,182 hectares (-13.6%), of which 1,833,247 hectares of UAA (-12.2%).

In terms of the number of farms, the largest decrease was registered in the North-West (-39.8%) and especially in the regions of Lombardy and Liguria, which showed decreases of 43.6% and 39.5% respectively. Substantial - if smaller - decreases were registered in regions in the North-East (-20.5%), especially in Friuli-Venezia Giulia (-39.6%) and Emilia-Romagna (-28.5%). In the

North-East, however, the fall in land area was the lowest in the whole of Italy.

The decreases were considerably less marked in the Central regions, where the number of farms dropped by 9.4%, total land area by 10.1% and UAA by 9.4%.

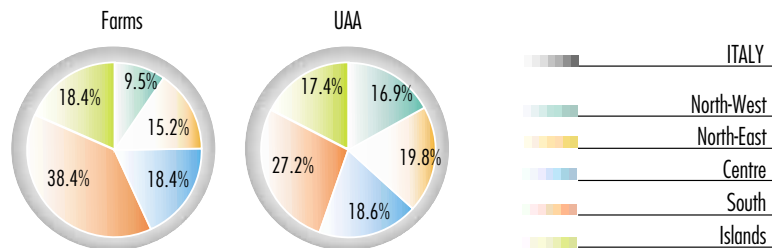
Lastly, in the Southern regions, the number of farms fell by 6.8%, total land area by 15% and UAA by 13.9%. Abruzzo was the Southern region to show the sharpest decreases:

-22.4% in farms and around -18% in both total land area and UAA.

The two major islands showed an even greater difference between the decrease in number of farms and in farm area: compared to an 8.4% drop in number of farms, total land area decreased by 22.1% and UAA by 18.8%.

Farms were concentrated in the South (over 38% of the national total); these farms only possessed, however, just over 27% of total national UAA.

Distribution of farms and UAA in Italy by geographical area, 2000



Farms and used agricultural area, 2000

	Farms		UAA		
	number	%	total ha	%	UAA/average per farm
Piemonte	112,583	4.4	1,068,298.73	8.1	9.49
Valle d'Aosta	6,360	0.2	71,187.89	0.5	11.19
Lombardy	72,095	2.8	1,035,791.51	7.8	14.37
Trentino-Alto Adige	54,642	2.1	414,403.61	3.1	7.58
Veneto	187,495	7.3	852,743.88	6.5	4.55
Friuli-Venezia Giulia	34,304	1.3	238,806.97	1.8	6.96
Liguria	42,905	1.7	62,605.33	0.5	1.46
Emilia-Romagna	105,788	4.1	1,114,287.92	8.4	10.53
Tuscany	135,018	5.3	857,698.79	6.5	6.35
Umbria	56,282	2.2	367,141.42	2.8	6.52
Marche	65,193	2.6	503,976.58	3.8	7.73
Lazio	213,089	8.4	724,324.80	5.5	3.40
Abruzzo	82,418	3.2	428,802.12	3.2	5.20
Molise	33,522	1.3	214,941.49	1.6	6.41
Campania	247,352	9.7	599,953.98	4.5	2.43
Puglia	352,168	13.8	1,258,933.69	9.5	3.57
Basilicata	81,448	3.2	537,694.58	4.1	6.60
Calabria	194,310	7.6	556,503.25	4.2	2.86
Sicily	364,247	14.3	1,281,654.84	9.7	3.52
Sardinia	110,603	4.3	1,022,900.76	7.7	9.25
ITALY	2,551,822	100.0	13,212,652.14	100.0	5.18

Among the Southern regions, Puglia and Sicily alone contained over 27% of total national farms. Vice versa, in the North-West and North-East there was a smaller percentage of total national farms than percentage of UAA. In the Centre and on the major islands, the two percentages were fairly similar.

The decreases in farms and farm land during the 1990s did not change the average size of Italian farms, which is still decidedly modest (5.2 hectares) with a few significant exceptions especially among the Northern regions: Lombardy and Emilia-Romagna stand out in particular for their average farm area of 13.9 and 10.3 hectares respectively.

Size of Farms

If Italian farms are classified by size of UAA, it emerges that very small farms, which were already the majority in 1990, became an even greater majority between 1990 and 2000. In fact, about 64% of Italian farms possessed under 2 hectares of UAA in 2000, compared to 60.6% in 1990. Among these very small farms, those

with less than one hectare of UAA (including farms without any UAA whatsoever) rose from being 41.7% of the total in 1990 to 45.7% in 2000. In contrast to this high concentration of farms in the lower size brackets, fewer than 1% of Italian farms possessed UAA in the 50-100 hectare bracket and just 0.5% possessed 100 hectares

of UAA or over.

Only the Northern regions showed slightly different results from the national average: the North-West showed a relatively higher concentration of farms in the larger size brackets (over 10 hectares) and the North-East in the intermediate size brackets (between 5 and 30 hectares).

Farms by size of area (%), 2000

	Size of farm area (ha)							
	below 1	1-2	2-5	5-10	10-20	20-30	30-50	50-100 100 and over
North-West	37.6	14.7	18.1	11.0	8.4	3.6	3.1	2.2
North-East	32.1	17.9	22.7	13.0	8.1	2.6	1.9	1.1
Centre	47.7	17.6	17.4	8.1	4.8	1.6	1.3	0.9
South	50.2	19.5	17.1	7.0	3.5	1.1	0.8	0.5
Islands	49.2	17.6	16.6	7.3	4.4	1.8	1.6	1.1
ITALY	45.7	18.1	18.0	8.5	5.1	1.8	1.4	0.9

Use of Agricultural Land

According to the latest Agriculture Census, used agricultural area (UAA) amounted to over 13.2 million hectares in Italy in 2000.

Arable crops continued to be the most widely grown crops, planted on over 7.3 million hectares (55.6% of total UAA) spread fairly equally over the whole of Italy with the exception of the major islands, where they were grown on only 33% of UAA.

Permanent tree crops were grown on 2.4 million hectares or 18.5% of national UAA, reaching their highest share in the South (30%) and their lowest share in the North-West (6.5%).

A significant amount of agricultural area, 1.4 million hectares, was left unused. The 2000 Census gathered information for the first time on the amount of land left unused from the agricultural point of view but used for recreational activities; this amounted to 18,490 hectares and was divided fairly equally into approximately 4.5 thousand hectares in four of the five

main geographical areas of Italy (North-East, North-West, Centre and South); in the fifth, made up of the two major islands, only 1,215 hectares were used for these activities. Compared to 1990, the largest decreases in UAA regarded permanent grass and pasture (-17.3%) and arable crops (-9.1%). Woodland area also decreased considerably

(-16.1%), amounting in 2000 to just over 4.7 million hectares which was situated for the most part in the North-East and Centre. The decrease in permanent grass and pasture and in woodland was probably the result of large forestry-pastoral businesses being taken out of the field of survey of the Census further to becoming protected areas over the years.

Main uses of agricultural land (hectares), 2000

	UAA			Woodland	Unused farm land	Other land	Total land
	arable crops	permanent tree crops	permanent grass & pasture				
North-West	1,315,450	148,748	773,686	682,581	268,581	121,013	3,310,059
North-East	1,617,179	328,054	675,009	1,131,982	149,483	266,186	4,167,893
Centre	1,523,689	420,352	509,101	1,295,210	164,422	135,127	4,047,900
South	1,821,826	1,080,889	694,114	928,731	223,063	115,210	4,863,832
Islands	1,062,078	479,951	762,528	672,308	123,316	117,231	3,217,411
ITALY	7,340,221	2,457,994	3,414,437	4,710,811	928,865	754,766	19,607,094

Crop Farming

In 2000, cereals continued to be the most widely grown arable crops, planted by 771,000 farms on a total area of 4 million hectares located for the most part (34%) in the South of Italy, where 61% of the production of dried pulses was also concentrated, grown on around 49,000 farms situated especially in the regions of Campania, Calabria, Puglia, Basilicata, Abruzzo and Molise. The area dedicated to industrial

crops amounted to 510,000 hectares, of which 35% were located in the North-East and only 2% on the major islands; cultivation of these crops was concentrated in particular in the Veneto region, where they were grown on 94,000 hectares.

Field vegetables and fruit were grown on just 273,000 hectares of land, of which 42% were located in the South. Of all the regions, Puglia used most land for growing these

crops (46,000 hectares), followed by Emilia-Romagna (44,000 hectares), while Campania had the highest number of farms growing them (57,000 out of the national total of 265,000).

Lastly, flowers and ornamentals were grown on 13,000 hectares of land, with Liguria leading the way with almost 3,000 hectares on approximately 6,000 farms.

Among the permanent tree crops,

Used area by type of crop (%), 2000

	Arable crops					Permanent tree crops			
	field veg. & fruit	rotation fodder	cereals	industrial crops	dried legumes	vines	olives	fruit	citrus
North-West	1.8	18.9	68.4	7.2	0.3	52.7	9.9	34.2	0.1
North-East	4.1	22.8	53.2	11.7	0.3	50.8	2.1	45.0	0.0
Centre	2.5	25.5	53.3	12.8	1.6	29.3	52.0	17.0	0.3
South	6.9	15.9	69.4	3.3	1.7	19.0	61.4	14.5	4.9
Islands	4.1	36.5	56.0	1.3	1.0	31.0	37.3	15.0	16.3
ITALY	4.1	22.8	60.4	7.6	1.0	29.4	44.0	20.3	5.4

vines were grown on 717,000 hectares. Sicily, with 122,000 hectares, was the region with the largest area planted with vines, followed by Puglia with 112,000 hectares and Veneto with 74,000 hectares. Wine grapes were grown on 676,000 hectares over the country, on 770,000 farms. Wine production in Sicily involved 112,000 hectares of land and 76,000 businesses, while the region with most land used to produce quality wines (DOC and DOCG) was Piemonte (39,000 hectares), followed by Tuscany (35,000 hectares) and Veneto (33,000 hectares). The production of dessert grapes was concentrated in Southern Italy (71%) and involved 20,000 farms; the vines were mostly

located in Puglia, where they were grown on 25,000 hectares belonging to 14,000 farms (43% of the national total).

Olives were grown by 1,212,000 farms, which were concentrated chiefly in Southern Italy (53%), on a total land area of over 1 million hectares which was again located mainly in the South (around 78%). Puglia was the region with the most land dedicated to olives (340,000 hectares on 270,000 farms), followed by Calabria (165,000 hectares).

The production of citrus fruit involved 155,000 farms and 133,000 hectares of land; it was concentrated on the two major islands (59% of the national total), especially Sicily, which held first place among all

regions with approximately 72,000 hectares dedicated to citrus fruit on 74,000 farms. Calabria came second with 32,000 hectares.

Fruit trees were grown on 500,000 farms throughout Italy but they occupied only 499,000 hectares of land. Emilia-Romagna was the region with most land planted with fruit trees (86,000 hectares), followed by Campania (69,000 hectares) and, in third place, Sicily (63,000 hectares).

Lastly, nursery plants were grown on around 21,000 hectares of land; these were concentrated mainly in the North-East (32% of total area), while the single region with the most area and farms growing nursery plants was Tuscany, with 4,000

Livestock Farming

In 2000, livestock was reared on 675,835 farms or 26% of total Italian farms (including crop and livestock farms and forestry businesses). The number of farms rearing livestock fell by 35.2% compared to 1990, with the decrease especially affecting cattle (-46%), pigs (-45.4%) and sheep (-40.6%).

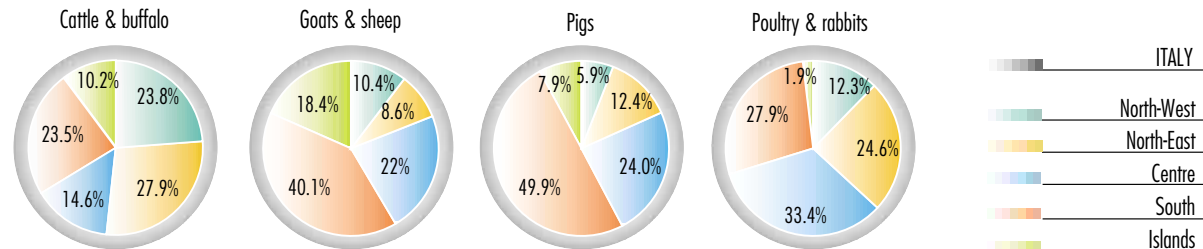
Livestock farming was most widespread in the North-East (42% of farms) and least widespread in the South (only 19% of farms) and on the

Head of livestock by area and category of livestock

	Cattle & buffalo	Goats & sheep	Pigs	Poultry & rabbits	Other (*)
North-West	2,483,525	307,192	4,735,903	43,272,234	8,715
North-East	1,845,981	226,669	2,467,943	92,005,322	10,440
Centre	518,446	1,573,004	659,089	24,910,267	13,700
South	821,732	1,776,905	515,485	18,919,926	10,210
Islands	558,773	3,848,532	235,596	3,120,833	7,170
ITALY	6,228,457	7,732,302	8,614,016	182,228,582	50,235

(*) Horses and ostriches.

Distribution of livestock farms in Italy by category of livestock, 2000



major islands (a mere 9.6%).

Poultry continued to be the most common kind of livestock to be reared on livestock farms (77%), with peaks of over 87% in the Central regions but much smaller percentages on the major islands. Cattle farms, together with the number of head of cattle, were more numerous in the North and in particular in the North-West, where 44.7% of livestock farms reared cattle. In the South, on the other hand, pig farming was particularly widespread, with pigs reared on 48.2% of livestock farms, together with sheep farming, practised on 25.4% of livestock farms.

In terms of number of head, the national cattle population totalled 6.2 million in 2000, 21.2% lower than in 1990. A similar decrease (-22.1%) was registered for sheep, which fell in number from 8.7 million to 6.8 million while poultry, amounting to 171.3 million, showed only a slight variation (-1.2%). The pig population, on the other hand, increased by 2.5% from 8.4 million to 8.6 million.

Farms with cattle, pigs and sheep by area and number of head, 2000

	North-West		North-East		Centre		South & Islands	
	farms	head '000	farms	head '000	farms	head '000	farms	head '000
Cattle	41,393	2,479	48,491	1,843	24,699	484	57,270	1,241
Up to 5 head	11,292	32	15,521	43	11,826	28	17,354	49
6-9	4,431	32	6,019	44	3,114	23	8,548	63
10-19	5,623	77	8,401	116	3,743	51	12,817	175
20-49	7,400	236	9,766	301	3,773	116	12,747	386
50-99	5,513	386	4,818	326	1,449	97	4,192	277
100 and over	7,134	1,716	3,966	1,012	794	170	1,612	290
Pigs	11,495	4,736	24,152	2,468	46,834	659	112,844	751
Up to 5 head	7,624	15	20,725	38	43,352	71	101,227	186
6-9	480	3	804	6	1,215	8	4,465	32
10-19	428	5	637	8	904	12	4,040	51
20-49	306	9	360	11	572	17	2,034	57
50-99	264	17	181	12	221	15	540	35
100 and over	2,393	4,686	1,445	2,393	570	536	538	390
Sheep	6,571	199	5,671	176	25,340	1,504	59,357	4,930
Up to 5 head	3,471	15	2,413	11	13,610	50	19,004	78
10-19	1,446	19	1,448	19	3,557	45	9,577	122
20-49	1,016	29	1,199	34	2,806	82	9,136	267
50-99	289	19	285	18	1,457	99	5,742	392
100 and over	349	118	326	95	3,910	1,228	15,898	4,070

Forms of Agricultural Enterprise

In 2000 there were 2,540,350 one-man agricultural enterprises in Italy, representing 98% of the total and possessing a total land area of 13,612,423 hectares. These enterprises were most widespread in the South of Italy (989,864).

Enterprises run under community of property or collective tenancy amounted to 5,551 with a total land area of 274,283.86 hectares. They were most widespread in the North-East (1,432 units with an area of 133,204 hectares).

There were 38,627 limited and unlimited companies, with 1,914,434 hectares of land. These were located chiefly in the North-East (14,641 units compared to 2,105 on the two major islands).

Cooperatives totalled 1,865, with a total land area of 176,132 hectares, and were found most in the North-East (554 with 56,949 hectares).

There were few producer associations: 63 in all, with over half (32) located on the two major islands.

Agricultural businesses by form of enterprise, 2000

Form of enterprise	North-West	North-East	Centre	South	Islands	ITALY
One-man business	233,142	376,833	466,536	989,864	473,975	2,540,350
Community of property or collective tenancy	452	1,432	1,314	1,411	942	5,551
Limited and unlimited companies	10,434	14,641	8,322	3,125	2,105	38,627
Cooperative	274	554	401	340	296	1,865
Producer association	7	8	3	13	32	63
Public company	1,018	1,298	1,073	1,390	591	5,370
<i>of a local council (%)</i>	71	39.6	37.5	69	38.4	52.6
Other forms of enterprise	304	322	324	218	96	1,264
<i>consortium (%)</i>	0	21.4	4.6	17	3.1	9.8
TOTAL	245,631	395,088	477,973	996,361	478,037	2,593,090

Public companies totalled 5,370, with an area of 3,477,104 hectares, and were most widespread in the South (1,390 units).

There were 1,264 agricultural businesses with 146,167 hectares of land set up under other forms of enterprise; these were most concentrated in the Centre (324) and North-East (322). Consortia amounted to 124, with a total land area of 67,154

hectares; these were found mostly in the North-East whereas there were only 3 on the major islands and practically none in the North-West.

Forms of Farm Management

In 2000 most farm enterprises (94.8%) continued to be run directly by the farmer, according to what is by now consolidated practice. Moreover, over 81% of them were run with family labour only and a substantial percentage (10.2%) with family labour as their main source of manpower. Only 4% of farms used labour from outside

the family as their main source of manpower.

On 5% of Italian farms, farmers employed wage-earning staff; this percentage fluctuated between 10% in the North-East and 4% in Central Italy.

Only 1% of farms were run under share-cropping agreements and these

were mainly found in the South (45% of the national total), especially in Calabria.

Other forms of farm management were practised on 1% of national farms, of which 27% were found in Central regions and 3% on the islands. The region with the highest number of these farms was Trentino-Alto Adige.

Farms by form of management, 2000

Form of management	North-West	North-East	Centre	South	Islands	ITALY
Run directly by farmer	233,247	353,081	459,896	958,129	453,607	2,457,960
<i>only with family labour (%)</i>	95.3	93	94	79	80.1	86
<i>mainly with family labour (%)</i>	4	6	4	14	14	10
<i>mainly with external labour (%)</i>	1.1	1.3	1.6	6.2	5.6	4
Run with wage-earning staff	12,158	41,667	17,543	37,451	24,116	132,935
Run under share-cropping agreement	67	157	340	668	255	1,487
Other forms	159	183	194	113	59	708
TOTAL	245,631	395,088	477,973	996,361	478,037	2,593,090

Farmers

In 2000, approximately 1.9 million farmers (74%) worked full time on their farms and did not carry out any other paid work, increasing significantly as a percentage of total farmers since the last Census in 1990 (+5%).

At the same time, part-time farmers with second jobs dropped to just

19,043 (0.7% of total farmers), decreasing by 1.4% compared to 1990. Of these farmers, 47% had second jobs in the agricultural sector (compared to 69% in 1990) while the percentage with second jobs in the service industry rose considerably, more than doubling since 1990 (from 9.6% to 22.5%).

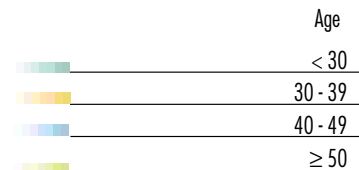
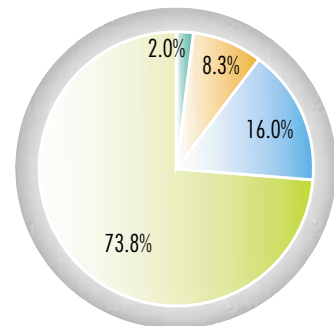
Farmers who work only/mainly on own farm with second job by sector, 2000

	Only on own farm	Mainly on own farm with second job				total
		agriculture	industry	commerce (*)	services (**)	
North-West	197,944	1,310	572	609	1,116	3,770
North-East	295,309	2,607	898	923	1,152	5,803
Centre	343,248	1,304	402	441	742	3,012
South	708,593	2,494	467	387	850	4,366
Islands	346,111	1,183	168	215	416	2,092
ITALY	1,891,205	8,898	2,507	2,575	4,276	19,043

(*) Public services and hotels.

(**) Excludes the civil service.

Farmers by age group (%), 2000



Family Labour

In 2000, on the farms run with family labour, farmers' spouses worked on 1,086,827 farms (42.2% of family-run farms), other family members (ascendants and/or descendants etc) on 450,693 farms (17.5%) and other relatives on 200,059 farms (7.8%).

Spouses who worked on farms were more common in the South whereas other family members working on farms were more common in the North-East (21.7% of farms), where relatives were also more common (11.3% of farms).

Female farmers amounted to 30.9% of the total; 42.3% of them were assisted by their husbands, especially in Southern regions (45.1%), and 21.2% were assisted by other members of the family, especially in the North-East, where the percentage rose to 34.8%.

Farms by kind of family labour, 2000

	Farmer		Spouse (*)		Other family members (*)		Farmer's relatives		Total	
	total	% women	total	% women	total	% women	total	% women	total	% women
North-West	242,569	29.1	87,609	65.1	47,025	35.2	22,770	31.4	242,569	29.1
North-East	390,275	23.9	155,105	78.5	84,633	38.4	44,013	33.7	390,275	23.9
Centre	473,109	30.7	215,936	70.1	76,548	40.6	37,230	32.0	473,109	30.7
South	992,887	34.7	470,517	67.0	165,373	39.4	61,845	33.9	992,887	34.7
Islands	476,259	29.8	157,660	66.4	77,114	29.8	34,201	22.3	476,259	29.8
ITALY	2,575,099	30.9	1,086,827	69.0	450,693	37.3	200,059	31.2	2,575,099	30.9

(*) Employed on the farm.

Members of the farmer's family by number in family, 2000

	Number of members in family						total
	1	2	3	4	5	6 and over	
North-West	59,863	168,170	146,502	143,516	54,385	19,529	591,965
North-East	67,341	242,326	252,909	295,516	154,900	81,826	1,094,818
Centre	101,331	348,180	261,201	312,000	127,980	44,895	1,195,587
South	257,369	694,790	444,702	626,316	357,580	74,108	2,454,865
Islands	137,420	323,608	214,785	289,124	143,850	27,668	1,136,455
ITALY	623,324	1,777,074	1,320,099	1,666,472	838,695	248,026	6,473,690

Annual days of work by family labour, 2000

	Farms with family labour				total family labour
	farmer	working spouse	other working family members	farmer's relatives	
North-West	30,836,987	8,074,985	8,039,477	3,915,030	50,866,479
North-East	36,901,254	10,834,093	10,308,486	4,225,175	62,269,008
Centre	30,435,425	10,067,408	5,975,572	2,204,888	48,683,293
South	53,607,290	19,800,237	10,278,723	3,245,582	86,931,832
Islands	23,652,329	4,851,142	4,829,703	1,778,707	35,111,881
ITALY	175,433,285	53,627,865	39,431,961	15,369,382	283,862,493

Days of Work by External Manpower

Together with the drop in number of farms, in crops grown and in livestock, in 2000 there was a corresponding fall in the employment of external manpower (i.e. other than the farmer and his/her family) in the agricultural sector.

The volume of labour carried out by this external manpower (including managers, white-collar workers and manual workers) dropped between

1990 and 2000 from 79,199,785 to 49,417,517 days of work (-37.6%). These days were worked on a total of 419,891 farms, most of which were located in the South of Italy (221,059 farms and 20,536,308 days).

A number of farms all over the country (342,715) made use of labour employed on a temporary contract, especially in the South (192,723). The region with the highest number

of manual workers on a temporary contract was Puglia, with 92,993 farms on which 7,274,481 days were worked mainly by male workers (89,444 farms out of the total). Sicily was second with 77,780 farms and 5,663,119 days, again worked mainly by male workers (4,722,591 days, in comparison with 225,337 days worked by manual workers hired on a permanent contract).

Number of days of work by area, 2000

	Number of days of work								TOTAL
	below 50	50 - 99	100 - 199	200 - 299	300 - 499	500 - 999	1,000-2,499	2,500 and above	
North-West	1,489,269	2,318,258	5,401,833	5,907,005	13,214,119	17,135,084	8,909,776	1,426,776	55,802,120
North-East	2,878,066	3,458,516	6,710,176	7,109,641	16,328,234	22,110,013	8,566,423	3,086,277	70,247,346
Centre	5,001,032	5,880,025	8,555,141	6,647,924	11,317,611	11,207,463	4,472,296	2,760,705	55,842,197
South	10,977,626	13,459,214	19,492,978	13,791,150	20,574,212	17,427,280	6,552,898	5,192,778	107,468,136
Islands	5,486,722	5,208,276	6,675,085	4,792,657	9,380,380	6,881,000	2,571,566	2,924,515	43,920,201
ITALY	25,832,715	30,324,289	46,835,213	38,248,377	70,814,556	74,760,840	31,072,959	15,391,051	333,280,000

Annual days of work by type of external manpower, 2000

	Managers and white-collar staff				Manual workers			
	permanent		temporary		permanent		temporary	
	total	% women	total	% women	total	% women	total	% women
North-West	541,677	29.2	176,516	23.7	2,930,564	7.0	1,286,884	27.9
North-East	891,619	27.8	351,995	27.9	2,559,245	11.1	4,175,479	38.4
Centre	873,327	28.4	467,005	23.9	2,548,213	9.9	3,270,359	32.0
South	350,817	18.9	1,852,656	32.2	1,238,845	13.7	17,093,990	38.5
Islands	295,698	15.7	667,024	14.5	1,092,255	8.0	6,753,349	16.7
ITALY	2,953,138	25.9	3,515,196	26.9	10,369,122	9.6	32,580,061	32.9

In 2000, 63.4% of Italian farms used at least one piece of agricultural machinery.

The most widely-used piece of machinery remained the tractor, especially in the South of Italy. Many farms also used powered cultivators which were, on the whole, owned by the farms which used them.

Fewer farms, on the other hand, used combine harvesters and these were mostly not farm-owned. In the same way, machinery for automatic harvesting was not commonly used and on the whole was not farm-owned either; moreover, it was concentrated in a small number of regions: Emilia-Romagna (25.9%), Veneto (14.2%) and Campania (11%).

The number of farms which hired out their machinery to other farms amounted to 25,923, with a large percentage of them (just over 40%) located in the South. The regions with the largest numbers of these farms were Puglia (3,060) and Sicily (2,981), while the region with the

lowest number was Liguria (46). Most of the farmers (83.8%) who provided this service used their own machinery while the others used jointly-owned machinery.

The farms which made use of contract services, hiring machinery from other farms, from associative bodies, from specialist contractors or from hire firms, totalled 1,229,333 and were mainly located in the South of Italy (42.4%). Sicily was the region with the highest number of these farms (188,711) while Liguria was again the region with the lowest number (837).

Of all the farms which made use of contract services, only 409,698 used machinery exclusively from external sources; these farms were most common in the South (45.4%) and on the major islands (22.3%).

On farms which used machinery from outside sources for only some of their operations, the machinery was mostly hired for: ploughing, mainly in the South (50%); sowing, which was

common all over the country; applying fertilisers and pesticides, which was common all over the country except for the North-West; mechanised harvesting of fruit, vegetables and other produce, which was concentrated almost exclusively in the North-East and South. The most common combined operation was sowing combined with ploughing or with mechanised harvesting or with both.

The days worked by farms which used their own machinery totalled 686,416, of which 12.8% were worked in the Veneto. The number of days worked by farms which used their machinery on other farms was higher (759,771), and these too were most concentrated (12.6%) in the Veneto. The average number of days worked by farms providing contract services was higher in the North-West and North-East than in the South and on the major islands. The number of days worked by farms using jointly-owned machinery was decidedly

Farms which use machinery, 2000

	Tractors		Powered cultivators		Combine harvesters		Automatic harvesters		Other machinery	
	total	farm-owned %	total	farm-owned %	total	farm-owned %	total	farm-owned %	total	farm-owned %
Piemonte	84,824	88.9	66,362	96.2	31,664	12.3	4,346	59.1	115,574	87.7
Valle D'Aosta	3,597	82.1	5,024	95.6	2	50.0	1,249	57.5	4,925	82.6
Lombardy	63,965	78.2	39,055	91.5	27,625	9.6	4,707	24.6	80,158	71.5
Trentino-Alto Adige	38,260	78.1	32,583	89.8	154	40.3	666	79.9	71,910	81.8
Veneto	183,823	53.9	116,681	87.5	97,682	2.3	12,178	22.1	270,814	45.4
Friuli-Venezia Giulia	34,157	62.2	15,068	89.2	22,242	3.3	1,145	24.9	42,690	56.3
Liguria	7,896	96.2	29,334	98.2	66	65.2	137	92.0	16,188	99.0
Emilia-Romagna	116,388	68.5	73,207	90.5	49,124	6.0	22,252	27.6	167,158	70.6
Tuscany	82,249	75.2	66,875	93.1	22,751	11.9	1,984	42.6	63,214	85.1
Umbria	37,871	67.5	30,550	89.5	19,996	5.4	983	36.6	23,980	69.1
Marche	52,211	77.6	34,520	92.8	35,046	4.4	6,640	15.2	62,338	67.3
Lazio	109,492	59.8	92,680	84.1	23,250	7.3	4,661	46.9	71,190	71.3
Abruzzo	62,766	68.3	45,328	88.8	24,490	4.7	2,945	33.7	55,760	74.4
Molise	26,012	50.7	19,573	83.1	18,409	3.9	1,178	16.2	21,153	52.3
Campania	154,574	43.3	128,021	74.3	41,349	4.2	9,476	31.1	92,355	72.0
Puglia	156,309	41.6	234,382	74.0	48,848	6.4	6,616	49.9	126,601	54.1
Basilicata	53,799	37.7	37,390	70.2	32,664	5.3	459	33.6	32,909	51.9
Calabria	122,895	21.1	65,546	58.9	19,604	4.2	1,628	39.2	13,659	47.1
Sicily	188,389	30.9	196,980	71.8	62,343	2.3	1,291	28.2	126,272	47.8
Sardinia	64,473	37.1	40,094	79.5	12,386	4.1	1,501	28.1	25,950	60.7
ITALY	1,643,950	53.3	1,369,253	80.9	589,695	5.2	86,042	32.1	1,484,798	64.2

lower (73,355) and was concentrated mainly in Sicily (13.3%). Liguria came last as regards the number of days worked in all three cases.

The number of days worked on farms using machinery provided by other farms, by associative bodies, by specialist contractors or by hire firms

totalled 4,547,925. Of these, 2,453,691 days were worked on farms which hired machinery from other farms, with Puglia using the highest number of days (19.2%) followed by Sicily (15.8%). The days worked on farms using machinery from specialist contractors and hire

firms amounted to 1,755,105, of which 16.7% were worked in Sicily and 12.5% in Veneto (219,773). Lastly, the days worked on farms using machinery belonging to associative bodies amounted to 339,129, with Puglia leading again (17.4%), followed this time by Calabria (13%).

Farms which use machinery from external sources by type of operation, 2000

	For all operations	For some operations							
		ploughing	sowing	fertilising	applying insecticides	mechanised harvesting of fruit & veg.	ploughing & sowing	sowing & mechanised harvesting (*)	ploughing, sowing & mechanised harvesting (*)
North-West	15,248	9,226	14,862	5,836	10,448	485	5,615	13,562	4,975
North-East	68,693	55,860	83,381	35,882	48,164	2,352	43,000	74,030	37,075
Centre	48,195	32,902	25,240	11,726	14,346	843	13,805	20,460	10,801
South	186,032	184,879	37,129	29,456	41,949	2,118	30,043	25,868	20,821
Islands	91,530	86,512	25,188	18,989	13,643	247	21,396	17,295	14,864
ITALY	409,698	369,379	185,800	101,889	128,550	6,045	113,859	151,215	88,536

(*) For harvesting products which are not fruit or vegetables.

Inputs

All Italian farms purchase inputs of some kind, which can be divided between goods consumed fully in one production season and those consumed over more than one season.

Among the goods fully consumed in one production season, fertilisers stood out as purchased by over 65% of Italian farms and in particular by farms in the South (712,074 or 42% of the national total). At regional level, Puglia with 254,711 farms and Sicily with 220,446 farms were the regions in which the highest number

of farms bought them whereas Friuli-Venezia Giulia and Abruzzo were the regions in which they were purchased by the highest percentage of regional farms (around 83% each).

Over 39% of national farms purchased plant protection products; in this case too, purchases were made by the highest number of farms in the South, while the area in which the highest percentage of farms bought them was the North-East (56.4%). At regional level, the highest number of farms was in Puglia

(152,472) while the highest percentages were in Veneto (59.7%), Friuli-Venezia Giulia (58.1%) and Emilia-Romagna (57.9%).

Seeds and plants were purchased by 39.5% of national farms. The regions in which the highest number of farms purchased them were Veneto (131,429) and Campania (119,634) while the highest percentage of farms to buy them was registered in the North-East (60.6% of farms) and especially in Friuli-Venezia Giulia (over 80%).

Farms which purchase inputs, 2000

	<u>Goods consumed over more than one season</u>			<u>Goods fully consumed in one season</u>					
	livestock	maintenance	others	fertilisers	plant health products	seeds & plants	feed & fodder	medicines	fuel & lubricants
North-West	21,464	103,094	1,523	148,390	109,794	131,848	46,597	25,479	166,147
North-East	39,503	149,421	2,372	275,352	222,906	239,411	71,335	30,672	266,986
Centre	38,385	133,668	1,452	295,450	172,927	201,031	81,504	23,201	255,776
South	47,512	224,932	5,012	712,074	375,593	326,740	72,621	52,952	410,677
Islands	6,138	105,818	1,145	262,825	139,340	125,313	27,482	26,917	194,111
ITALY	153,002	716,933	11,504	1,694,091	1,020,560	1,024,343	299,539	159,221	1,293,697

Fuels and lubricants were purchased by 1,293,697 farms, almost half of the total. The region in which the highest number of farms bought these products was Sicily (151,820) but the highest percentages were registered in the North-West and North-East (67.6% of farms, with Emilia-Romagna leading with 78.1%), bearing witness to the high degree of mechanisation in agriculture in the North.

Medicines were purchased by only 6.1% of national farms. The region in which the highest number of farms purchased medicines was Campania (18,266) while the highest percentage was found in the North-West (10.4%) and, among the regions, in Lombardy (17.6%).

Feedingstuffs and fodder were purchased by 299,539 farms. The region in which the highest number of farms purchased these products was Veneto (33,479) while the area in which the highest percentage of

farms bought them was the North-West (19%), in which Valle d'Aosta led with 26.5%.

Wood was purchased by 77,758 farms only, with Campania leading in number of farms (16,654); it was Central Italy, however, in which the highest percentage of farms purchased this input (4.5%), especially Abruzzo (8.6%).

Other goods consumed within one production season were purchased by 29,851 farms, of which 8,308 were located in Sicily, making the two major islands into the geographical area in which the highest percentage of farms purchased these goods (1.9%). The single region with the highest percentage, however, was Trentino-Alto Adige (2.6%).

Among goods consumed over more than one season, livestock was bought by 153,002 farms, with Veneto leading numerically with purchases by 22,804 farms; as a result, it was the North-East to

emerge as the area in which the highest percentage of farms purchased these goods (10%), although the region to register the highest percentage (14.8%) was Marche.

Ordinary maintenance and the purchase of spare parts involved 716,933 farms. Numerically, Sicily led the way with 82,907 farms but thanks to the greater mechanisation of farms in the North, the North-West emerged as the area in which the highest percentage of farms bought these items (42%) and Emilia-Romagna emerged as the leading region (46.9%).

Other goods consumed over more than one season were purchased by 11,504 farms. At regional level, it was Calabria in which the highest number of farms purchased these goods (2,620) while the highest percentages of farms were found in the North-West and North-East (0.6%), with Trentino-Alto Adige coming first at regional level (2%).

Use of Computer Equipment

In 2000, a total of 42,662 farms used their own computer equipment; approximately 38% used the equipment for administrative purposes and 33.6% for managing livestock and crops.

The highest number of farms with computers used for administrative purposes was registered in Lombardy (2,431), followed by Veneto (1,980) and, in third place, Emilia-Romagna (1,940). In the South of Italy, on the

other hand, the number of farms was much lower, fluctuating between 630 farms in Puglia and 94 in Molise.

Farms which used computers to manage livestock and crops were most common in the North-East of Italy. At regional level, however, Lombardy was again in first place, with 2,865 farms (1,257 for managing crops and 2,063 for managing livestock), followed by Emilia-Romagna with 1,593 farms with computers for managing

crops and 899 for livestock.

Internet was used by the highest number of farms in Tuscany (1,429), compared to just 41 in Valle d'Aosta. The largest number of farms with an Internet site was also to be found in Tuscany: 1,263 or 20% of the national total. The same region also boasted the largest number of farms using e-commerce, for the sale of their products (392) or the purchase of inputs (193).

Use of computer equipment by farms, 2000

	Administrative purposes	Crop and/or livestock management			Other purposes	Use of Internet	Internet site	E-commerce
		total	of which crops	of which livestock				
North-West	4,167	4,384	2,304	2,700	863	1,793	1,395	776
North-East	5,659	5,596	4,018	2,167	1,531	2,168	1,572	954
Centre	3,483	2,216	1,696	837	886	2,318	1,981	859
South	2,052	1,420	1,151	401	472	1,147	867	563
Islands	933	740	551	260	189	645	496	293
ITALY	16,294	14,356	9,720	6,365	3,941	8,071	6,311	3,445

Of the farms which marketed their crop products in 2000, 973,000 did so without contractual obligations; the largest percentage of these were to be found in the South of Italy (38.3%).

The farms which sold their produce directly to the consumer amounted to around 330,000, which were concentrated in the South (47.7%) with the highest percentages found in Campania and Puglia.

On the contrary, the highest number of farms with contractual obligations to industrial firms (approximately 70,000) was found in the North of the country (39% of the total).

Most of the 116,067 farms with contractual obligations to sell their produce to commercial firms were located in the South (41%).

Lastly, most of the 531,081 farms

which sold their products to associative bodies were concentrated in the North, with percentages ranging between 35% of farms in the North-East and 7% in the North-West.

As far as livestock products were concerned, 81,046 or 12% of livestock farms sold directly to the consumer and were mainly concentrated in the South (34.9%). Farms with contractual obligations to sell their livestock products to industrial firms numbered 157,458 (23.3% of livestock farms) and were distributed over the country with percentages ranging between 26.2% in the South and 15.2% in the Centre. Of farms selling their livestock products without contractual obligations, 29% were located in the South, whereas the farms which sold their products to associative bodies were mostly concentrated in the

North (50% of the total).

Processed crop and livestock commodities were sold directly to the consumer especially in the South (47% of the total), while the farms selling forestry products directly to the consumer ranged between 26% in the South and 7% on the islands.

Farms with contractual obligations to sell their produce to industrial firms were most common in the North-West (27%) while farms with obligations to commercial firms were most concentrated in the Centre (27%). The largest percentage of farms selling their products to associative bodies was also found in the Centre (794 farms or 39% of the total). Lastly, farms which sold their products without any contractual obligations were more concentrated in the North-East (24% of the total).

Farms by type of production and mode of sale, 2000

	Crop farms					Livestock farms				
	direct to consumer	by contract to industr. firms	by contract to comm. firms	without any contract	to associative bodies	direct to consumer	by contract to industr. firms	by contract to comm. firms	without any contract	to associative bodies
North-West	36,313	11,143	16,060	123,964	35,786	13,353	27,618	5,188	25,747	7,360
North-East	35,635	27,498	27,432	186,288	187,069	14,137	35,347	4,587	26,833	25,634
Centre	48,080	13,106	14,474	110,559	84,509	13,703	23,915	3,643	16,976	5,020
South	157,059	15,444	47,780	373,011	157,277	28,288	41,224	7,984	39,691	4,879
Islands	52,430	2,828	10,321	179,245	66,440	11,565	29,354	4,185	26,519	8,685
ITALY	329,517	70,019	116,067	973,067	531,081	81,046	157,458	25,587	135,766	51,578

	Farms with processed crop and livestock products					Forestry businesses				
	direct to consumer	by contract to industr. firms	by contract to comm. firms	without any contract	to associative bodies	direct to consumer	by contract to industr. firms	by contract to comm. firms	without any contract	to associative bodies
North-West	34,451	131	615	3,372	640	7,870	301	461	3,651	161
North-East	17,602	209	505	2,967	1,020	9,368	252	543	4,096	139
Centre	75,826	293	1,184	7,847	3,374	8,467	197	577	3,931	313
South	188,933	514	2,017	30,673	24,471	9,731	240	455	3,852	124
Islands	88,890	196	574	18,110	4,547	2,680	119	89	1,433	57
ITALY	405,702	1,343	4,895	62,969	34,052	38,116	1,109	2,125	16,963	794

ECONOMIC RESULTS ACCORDING TO THE FADN

Incomes in 2000

The Farm Accountancy Data Network (FADN) was set up in 1965 under Council Reg. (EEC) 79/65 in order to gather business data on farms throughout the European Community with the same methodology, for the purpose of calculating farm income and analysing farm management. The FADN sample currently includes approximately 60,000 farms throughout the EU, representing around 4 million farms which cultivate 90% of Europe's UAA and are

responsible for over 90% of Europe's agricultural production. In Italy, the sample fluctuates currently between 15,000 and 18,000 farms.

The FADN field of survey only includes so-called "commercial" farms, i.e. market-oriented farms which are able to guarantee the farmer a sufficient income.

For every farm, around 1,000 variables are recorded regarding size and structure as well as economic and accounting characteristics, including

details of any access to and use of CAP measures. The data which is collected is also used to classify each farm by its produce (Farm Type - FT) and by its economic size (European Size Unit - ESU), and this makes it possible to compare data from the sample with the universe to which it refers.

In Italy, the data is verified, processed and fed into a national data bank, and then published in specialist publications. More detailed information is available from INEA offices.

Average farm data according to altitude of territory, 2000

	Farms number	UAA ha	WU	VFO	Variable costs	Fixed costs	Net income
					'000 lire		
Mountain areas	3,514	33.69	1.59	92,668	42,328	23,349	40,290
Hill areas	7,099	21.98	1.49	96,801	37,494	24,012	41,178
Lowland	4,110	21.12	1.66	152,344	64,096	37,926	60,228
TOTAL	14,723	24.54	1.56	111,320	46,074	27,738	46,284

Source: FADN.

Average farm data by geographical area, 2000

	Farms number	UAA ha	WU	VFO	Variable costs	Fixed costs	Net income
				'000 lire			
North	5,474	24.81	1.86	156,046	66,743	40,448	62,288
Centre	3,023	25.18	1.53	110,868	42,115	32,566	41,251
South & Islands	6,226	23.99	1.31	72,215	29,824	14,219	34,656
TOTAL	14,723	24.54	1.56	111,320	46,074	27,738	46,284

Source: FADN.

Farm data by geographical area - changes 2000/99 ('000 lire)

	VFO			Variable costs			Fixed costs			Net income		
	1999	2000	% change 00/99	1999	2000	% change 00/99	1999	2000	% change 00/99	1999	2000	% change 00/99
North	159,978	156,046	-2.46	68,681	66,743	-2.82	41,272	40,448	-2.00	62,185	62,288	0.17
Centre	106,135	110,868	4.46	38,448	42,115	9.54	29,137	32,566	11.77	41,071	41,251	0.44
South & Islands	70,932	72,215	1.81	28,562	29,824	4.42	13,923	14,219	2.12	34,665	34,656	-0.02
TOTAL	113,652	111,320	-2.05	46,649	46,074	-1.23	27,899	27,738	-0.58	46,999	46,284	-1.52

Source: FADN.

Average farm data by ESU, 2000

	Farms number	UAA ha	WU	VFO	Variable costs	Fixed costs	Net income
					'000 lire		
2 - 4 ESU	745	6.41	0.91	20,736	7,321	6,989	8,377
4 - 8 ESU	2,364	11.03	1.02	32,809	12,640	10,015	13,690
8 - 16 ESU	4,166	17.28	1.22	55,016	21,848	14,859	23,961
16 - 40 ESU	4,910	27.17	1.61	105,231	43,097	26,320	45,329
40 - 100 ESU	2,067	40.72	2.31	235,123	102,127	54,976	96,224
Over 100 ESU	471	86.75	4.44	666,812	274,517	158,670	258,067
TOTAL	14,723	24.54	1.56	111,320	46,074	27,738	46,284

Source: FADN.

Average farm data by type of farm, 2000

	Farms number	UAA ha	WU	VFO	Variable costs	Fixed costs	Net income
					'000 lire		
Arable crops	4,049	28.36	1.28	87,711	33,578	25,416	30,176
Horticulture	857	2.07	1.92	120,253	45,252	25,154	49,806
Permanent tree crops	3,483	10.36	1.56	105,996	30,399	27,488	48,206
Herbivorous livestock	3,350	40.86	1.74	140,859	73,299	31,888	61,771
Granivorous livestock	88	11.37	1.7	306,324	142,584	38,854	133,005
Mixed crops	1,257	17.98	1.57	87,558	30,864	24,249	35,026
Mixed livestock	301	21.75	1.59	107,198	55,276	22,025	45,819
Mixed crops/livestock	1,338	31.04	1.67	127,368	62,929	30,511	53,970
TOTAL	14,723	24.54	1.56	111,320	46,074	27,738	46,284

Source: FADN.

Profitability of Crops*

Figures are provided below for the costs and revenues involved in growing different types of crops.

They have been prepared with the data from INEA's FADN data bank, by means of simple calculations in the case of the average values for revenues and specific costs and by means of valuations in the case of imputed costs, i.e. those costs incurred by the farm on the whole (such as the use of farm machinery, maintenance and fixed expenses for improving farm property, general and administrative expenses and the consumption of fixed capital) which are attributed to each crop on a pro rata basis.

The results for each main crop sector are given below.

Cereals - In 2000, this sector showed a fall in the value of production due

to a considerable fall in yields (-7%) which was only partially offset by a rise in selling prices (+5%). This overall situation, however, was produced by widely varying results among the single crops in this sector, which can be summed up, nationally, as follows: the worst result was for rice, with a 12% fall in yield and only a 2% increase in selling price; durum wheat showed a 3% drop in productivity, due to a fall in yield which was double the increase in the selling price; the revenue from soft wheat remained unchanged from the previous year; maize showed a substantial increase in production.

Industrial crops - Industrial crops showed better economic results than cereals. Compared to 1999, the average value of production in this sector increased thanks to a higher rise in

selling prices than drop in yields. Nationally, the results of each crop can be summed up as follows: the best result was obtained by potatoes which dropped a mere 5% in yield but were sold at a considerably higher price than in the previous year; soya showed a similar trend in yield to the potato but its selling price increased less; sunflowers presented virtually the same economic results as the previous year.

Field vegetables and fruit - This sector showed the best economic results: with an increase in yields of about 5% and an increase in prices, the national average value of production rose considerably. The crops with the best results included strawberries, melons, tomatoes and green beans. These crops showed higher selling prices, which only in the case

** This year the figures for the North-East and consequently those for national totals are provisional in that, because of changes in procedures for gathering and processing data in Emilia-Romagna, the data for the farms in this region is not yet available.*

of strawberries and melons were due in part to lower yields. The selling price of asparagus and courgettes, on the other hand, dropped by 5%, but this was offset by good increases in yields.

Tree crops - On the whole this sector showed a fair improvement in value of production in 2000, which was due, as in the other sectors, almost exclusively to higher selling prices. The crops which stood out for their results were dessert grapes, peaches and olives for eating. In the case of peaches, the increase in the selling price of the product was due in part to a considerably lower yield. The variations in prices and yields of the other crops in this sector were in the norm, at least if considered nationally.

The terms used in the following tables are defined below to help the reader interpret the data correctly.

- **Crop**: only crops grown in the open

are taken into consideration; crops grown in industrial nurseries or glasshouses are not included.

- **Yield**: quantity of main product harvested in a certain year.

- **Selling price**: average selling price of main product sold in the year; this can include production from previous years (left-over stock).

- **Gross output**: value of production of the main crop and of secondary products, excluding public subsidies and premiums. Gross output does not equate to the product of "yield" x "selling price" in that these refer to the main product only; the selling price can also differ from the average value of the product in the year if there is a time lag between production and sale or if products are not sold but used differently (e.g. transactions within the industry, own consumption etc).

- **Premiums and subsidies**: public aid payments for crops and/or crop products; excludes environment-

related and generic subsidies and payments for other processes.

- **Specific costs**: expenditure on "raw materials" (seeds and plants, fertilisers, pesticides, herbicides, irrigation water and other specific expenses) and on "machinery, energy and services" (i.e. specific fuels and electricity, specific insurance premiums, mechanisation costs); the latter includes hire charges as well as expenditure on and depreciation of machinery, and is estimated for each crop on a pro rata basis. The cost of casual labour is not included.

- **Gross margin** = Total revenue minus specific costs.

- **Imputed costs**: are broken down into:

- land capital (rents, interest calculated at 1% and depreciation of property) estimated on a pro rata basis for each crop;

- working capital (interest calculated at 2%) estimated on a pro rata basis for each crop;

- other fixed costs (a pro rata share of common expenses such as general and administrative expenses and expenses for buildings and fixtures; taxes and duties related to the crop concerned); the cost of fixed family or paid labour is not included.
- **Total cost** (excluding labour) = Specific costs plus imputed costs.
- **Income from activity** = Gross output plus premiums and subsidies minus total cost (excluding labour). Equivalent to sum available for remuneration of business activity and labour.

Profitability of crops in Italy ('000 lire/ha), 2000

	Yield	Selling price	Revenue			Costs		Income	
	q/ha	lire/q	gross output	premiums and subsidies	total	specific	imputed	total	from labour and business
CEREALS									
Durum wheat	30	29,451	962	927	1,946	816	462	1,278	667
Soft wheat	46	28,631	1,461	433	1,974	954	550	1,505	470
Maize	104	24,893	2,530	823	3,386	1,700	986	2,686	700
Rice	50	58,588	2,941	614	3,642	1,803	1,035	2,839	804
INDUSTRIAL CROPS									
Soya	33	40,120	1,344	1,307	2,693	1,116	731	1,847	846
Potatoes	232	42,933	8,541	0	8,588	3,427	1,974	5,401	3,187
Sunflowers	21	31,493	666	933	1,716	752	442	1,194	522
FIELD VEGETABLES AND FRUIT									
Asparagus	53	407,199	21,113	0	21,131	4,905	2,757	7,663	13,469
Strawberries	207	313,331	53,102	0	53,135	22,163	7,577	29,740	23,394
Melons	231	73,067	15,448	0	15,552	5,695	2,420	8,115	7,437
Tomatoes	533	28,503	13,227	0	13,285	4,712	2,171	6,883	6,402
Courgettes	248	85,937	17,587	0	17,642	4,582	2,844	7,426	10,216
Green beans	82	180,387	14,797	0	14,841	3,924	2,839	6,762	8,079

Source: FADN.

continued

Profitability of crops in Italy ('000 lire/ha), 2000

	Yield	Selling price	Revenue			Costs			Income
	q/ha	lire/q	gross output	premiums and subsidies	total	specific	imputed	total	from labour and business
TREE CROPS									
Kiwi	183	82,090	14,790	0	15,425	3,354	3,317	6,671	8,754
Oranges	180	45,802	8,009	0	8,469	1,928	1,246	3,174	5,295
Apples	373	45,151	18,691	0	19,063	5,983	6,304	12,287	6,777
Peaches	139	88,796	11,383	0	11,704	2,796	2,066	4,862	6,842
Dessert grapes	198	87,272	15,133	0	15,274	5,280	2,572	7,852	7,422
Grapes for quality wine	110	117,289	12,221	0	12,919	3,349	3,642	6,990	5,928
Grapes for ordinary wine	126	62,920	7,681	0	7,949	1,954	1,859	3,813	4,136
Olives for eating	40	169,812	6,704	0	6,961	1,290	871	2,161	4,800

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Durum wheat				Soft wheat			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	44	53	37	27	51	60	44	26
Selling price (lire/q)	28,516	32,264	28,487	29,990	27,204	27,232	29,081	32,907
Total revenue	2,109	2,514	2,249	1,775	2,229	2,348	1,837	1,297
of which gross output	1,372	1,734	1,101	883	1,616	1,759	1,351	1,076
of which premiums and subsidies	508	651	1,055	857	495	574	398	220
Specific costs	952	1,122	1,018	703	1,064	1,054	908	674
of which raw materials	408	443	399	291	456	431	370	253
of which machinery, energy & services	544	679	618	412	608	623	538	421
GROSS MARGIN	1,156	1,392	1,231	1,072	1,165	1,294	929	622
Imputed costs	600	732	627	369	634	705	513	270
of which land capital	369	380	370	220	391	352	302	161
of which working capital	121	134	133	83	127	129	109	60
of which other general costs	110	218	124	67	116	225	102	49
Total cost (1)	1,552	1,854	1,645	1,072	1,698	1,759	1,421	944
per quintal (lire)	35,582	35,240	44,898	41,123	33,648	29,496	32,234	37,450
INCOME FROM LABOUR AND BUSINESS	557	660	603	703	531	589	417	353

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Maize				Potatoes			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	108	115	76	44	254	317	292	191
Selling price (lire/q)	25,529	22,014	28,152	38,594	44,284	40,459	38,879	44,300
Total revenue	3,611	3,388	3,017	2,092	9,273	12,190	10,886	6,976
of which gross output	2,744	2,522	2,112	1,614	8,994	12,185	10,848	6,971
of which premiums and subsidies	812	863	836	467	0	0	0	0
Specific costs	1,808	1,742	1,465	830	3,833	4,823	4,221	2,798
of which raw materials	837	912	611	326	1,683	2,631	2,028	1,580
of which machinery, energy & services	971	829	854	504	2,150	2,192	2,193	1,218
GROSS MARGIN	1,804	1,646	1,552	1,262	5,441	7,367	6,665	4,178
Imputed costs	1,027	1,039	842	435	2,742	3,104	2,840	1,302
of which land capital	633	506	496	259	1,608	1,695	1,696	680
of which working capital	206	189	179	97	569	576	579	310
of which other general costs	188	345	167	78	565	835	565	312
Total cost (1)	2,834	2,781	2,306	1,265	6,575	7,927	7,061	4,100
per quintal (lire)	26,365	24,108	30,157	31,258	32,212	26,334	25,308	24,219
INCOME FROM LABOUR AND BUSINESS	777	607	711	827	2,698	4,263	3,825	2,876

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Sunflowers				Asparagus			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	22	25	22	14	31	58	47	51
Selling price (lire/q)	33,119	29,175	31,524	30,341	406,869	524,682	316,254	280,004
Total revenue	2,054	1,739	1,728	1,398	12,836	28,802	15,043	13,694
of which gross output	754	729	685	434	12,707	28,802	14,927	13,694
of which premiums and subsidies	1,143	1,010	919	929	0	0	0	0
Specific costs	927	835	765	523	2,378	5,772	5,103	3,935
of which raw materials	342	457	285	158	573	1,573	2,918	2,394
of which machinery, energy & services	585	378	480	366	1,806	4,199	2,186	1,541
GROSS MARGIN	1,128	904	963	874	10,458	23,031	9,939	9,759
Imputed costs	607	469	451	261	2,487	3,447	2,667	1,893
of which land capital	356	228	269	136	1,464	1,480	1,498	881
of which working capital	126	94	92	62	521	758	574	446
of which other general costs	125	147	90	63	501	1,209	595	567
Total cost (1)	1,534	1,304	1,216	784	4,865	9,219	7,771	5,828
per quintal (lire)	68,858	52,183	55,987	68,898	155,761	161,841	162,358	125,310
INCOME FROM LABOUR AND BUSINESS	520	435	512	613	7,971	19,584	7,272	7,866

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Strawberries				Melons			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	61	96	124	252	323	270	327	155
Selling price (lire/q)	490,896	368,686	303,480	276,620	42,595	73,323	60,539	84,998
Total revenue	30,741	34,068	37,951	60,454	14,263	19,787	19,960	12,586
of which gross output	30,590	34,068	37,913	60,437	13,793	19,767	19,847	12,530
of which premiums and subsidies	0	0	0	0	0	0	0	0
Specific costs	12,987	14,457	11,674	25,371	4,995	7,768	8,868	3,648
of which raw materials	7,929	9,453	6,503	18,613	2,799	4,911	5,886	2,186
of which machinery, energy & services	5,058	5,003	5,171	6,759	2,196	2,857	2,982	1,462
GROSS MARGIN	17,754	19,612	26,277	35,083	9,268	12,019	11,092	8,938
Imputed costs	5,955	4,461	6,729	8,356	2,763	2,117	3,539	1,740
of which land capital	3,507	1,712	3,778	3,887	1,627	1,029	1,987	809
of which working capital	1,247	983	1,449	1,968	579	464	762	410
of which other general costs	1,200	1,766	1,502	2,501	557	624	790	521
Total cost (1)	18,942	18,917	18,404	33,727	7,758	9,885	12,407	5,387
per quintal (lire)	301,002	214,130	148,628	147,256	24,275	36,668	37,652	36,270
INCOME FROM LABOUR AND BUSINESS	11,799	15,151	19,548	26,727	6,505	9,902	7,553	7,198

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Tomatoes				Courgettes			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	558	578	672	468	184	161	139	354
Selling price (lire/q)	20,234	23,982	21,600	33,624	85,331	119,102	135,047	62,092
Total revenue	10,241	13,920	14,061	13,706	16,177	17,880	13,038	20,705
of which gross output	10,140	13,866	13,989	13,663	16,128	17,858	12,834	20,705
of which premiums and subsidies	0	0	0	0	0	0	0	0
Specific costs	3,691	4,763	5,914	4,485	4,538	5,075	3,489	5,024
of which raw materials	1,775	2,421	3,330	2,621	2,239	2,460	1,687	2,622
of which machinery, energy & services	1,916	2,342	2,584	1,863	2,299	2,616	1,802	2,401
GROSS MARGIN	6,550	9,157	8,147	9,221	11,639	12,804	9,549	15,681
Imputed costs	1,984	5,557	2,493	1,895	3,134	2,645	2,312	2,862
of which land capital	1,168	2,400	1,400	881	1,846	1,026	1,298	1,331
of which working capital	416	731	537	446	656	459	498	674
of which other general costs	400	2,426	556	567	632	1,160	516	857
Total cost (1)	5,675	10,320	8,407	6,379	7,671	7,720	5,801	7,886
per quintal (lire)	11,356	17,848	12,982	15,094	40,642	50,299	58,678	24,065
INCOME FROM LABOUR AND BUSINESS	4,566	3,600	5,654	7,327	8,506	10,159	7,237	12,820

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Green beans			Rice North-West	Soya North-West	Oranges South & Islands
	North-West	North-East	South & Islands			
Yield (q/ha)	83	78	78	50	30	180
Selling price (lire/q)	177,513	202,781	185,432	58,588	39,549	45,802
Total revenue	14,727	14,739	15,499	3,642	2,553	8,469
of which gross output	14,678	14,644	15,499	2,941	1,176	8,009
of which premiums and subsidies	0	0	0	614	1,281	0
Specific costs	3,829	4,435	4,195	1,803	1,137	1,928
of which raw materials	1,536	1,891	2,429	868	443	825
of which machinery, energy & services	2,292	2,543	1,766	936	694	1,103
GROSS MARGIN	10,898	10,304	11,304	1,839	1,416	6,541
Imputed costs	2,853	4,189	2,142	1,035	755	1,246
of which land capital	1,680	1,665	997	638	443	666
of which working capital	598	687	505	208	157	240
of which other general costs	575	1,835	641	189	156	340
Total cost (1)	6,681	8,623	6,337	2,839	1,892	3,174
per quintal (lire)	80,835	117,872	72,425	56,783	64,316	18,291
INCOME FROM LABOUR AND BUSINESS	8,045	6,116	9,162	804	661	5,295

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Kiwi				Apples			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	213	176	154	138	227	437	218	146
Selling price (lire/q)	69,505	70,480	123,534	82,556	52,963	38,626	73,489	86,704
Total revenue	15,323	12,760	21,119	11,845	13,111	21,462	14,670	11,832
of which gross output	14,419	12,283	20,804	11,413	11,998	21,306	14,094	11,573
of which premiums and subsidies	0	0	0	0	0	0	0	0
Specific costs	3,121	3,782	4,597	1,860	4,507	6,631	5,205	2,907
of which raw materials	596	1,657	1,474	506	2,273	2,507	2,946	1,447
of which machinery, energy & services	2,524	2,125	3,123	1,355	2,234	4,124	2,258	1,460
GROSS MARGIN	12,203	8,978	16,522	9,984	8,604	14,831	9,465	8,925
Imputed costs	3,005	4,821	3,699	1,743	2,571	7,875	2,570	1,741
of which land capital	1,510	1,877	1,984	932	1,292	3,133	1,378	931
of which working capital	715	503	816	335	612	871	567	335
of which other general costs	779	2,441	900	476	666	3,871	625	475
Total cost (1)	6,125	8,603	8,296	3,603	7,078	14,506	7,774	4,648
per quintal (lire)	28,963	48,893	52,066	26,080	31,504	32,407	39,973	37,510
INCOME FROM LABOUR AND BUSINESS	9,198	4,157	12,822	8,241	6,033	6,956	6,895	7,184

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Peaches				Dessert grapes South & Islands	Olives for eating South & Islands
	North-West	North-East	Centre	South & Islands		
Yield (q/ha)	207	152	89	133	198	40
Selling price (lire/q)	52,759	86,630	106,063	93,227	87,272	169,812
Total revenue	11,294	12,783	9,906	12,082	15,274	6,961
of which gross output	10,288	12,535	9,406	11,957	15,133	6,704
of which premiums and subsidies	0	0	0	0	0	0
Specific costs	3,161	3,813	2,740	2,546	5,280	1,290
of which raw materials	1,306	1,748	1,258	1,097	2,449	549
of which machinery, energy & services	1,855	2,064	1,482	1,449	2,831	740
GROSS MARGIN	8,133	8,970	7,166	9,536	9,994	5,672
Imputed costs	2,214	4,003	1,735	1,778	2,572	871
of which land capital	1,113	1,874	931	951	1,245	543
of which working capital	527	405	383	342	565	113
of which other general costs	574	1,725	422	486	762	216
Total cost (1)	5,375	7,816	4,475	4,324	7,852	2,161
per quintal (lire)	27,703	55,094	50,168	33,963	44,499	64,183
INCOME FROM LABOUR AND BUSINESS	5,919	4,967	5,431	7,758	7,422	4,800

(1) Excludes labour.

Source: FADN.

Profitability of single crops by area ('000 lire/hectare), 2000

	Grapes for ordinary wine				Grapes for quality wine			
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	95	169	111	121	93	127	101	91
Selling price (lire/q)	96,368	66,748	71,066	57,319	130,239	109,051	121,952	111,170
Total revenue	10,111	11,260	8,142	6,795	13,059	14,140	12,116	9,656
of which gross output	9,060	11,221	7,729	6,551	12,006	13,809	10,980	9,524
of which premiums and subsidies	0	0	0	0	0	0	0	0
Specific costs	3,117	2,935	2,022	1,577	3,686	3,612	3,057	2,367
of which raw materials	1,157	1,340	740	503	1,026	1,449	948	869
of which machinery, energy & services	1,960	1,595	1,282	1,074	2,660	2,163	2,110	1,498
GROSS MARGIN	6,993	8,326	6,120	5,218	9,374	10,527	9,059	7,290
Imputed costs	1,974	4,156	1,849	1,184	2,488	5,187	2,864	1,648
of which land capital	981	2,016	926	573	1,237	2,520	1,434	798
of which working capital	507	907	353	260	638	793	547	362
of which other general costs	486	1,233	570	351	613	1,874	884	488
Total cost (1)	5,092	7,091	3,871	2,762	6,174	8,799	5,921	4,015
per quintal (lire)	54,543	42,191	35,539	23,989	66,698	69,125	66,545	46,963
INCOME FROM LABOUR AND BUSINESS	5,019	4,169	4,271	4,033	6,886	5,341	6,195	5,642

(1) Excludes labour.

Source: FADN.

Profitability of Farms in Europe

The data used to calculate the figures quoted in this chapter came from the public data bank belonging to the European FADN. It should be pointed out that the figures for gross output (GO) include production subsidies for crops and livestock and therefore measure the sum actually received by farmers for their produce, in accordance with the principle of basic prices used in the European System of National Accounts (ESA '95). It should also be remembered that the figures refer to all the activities of farms, so in addition to the crops in which a farm specialises on the basis of the European farm type classification, other crops and/or livestock may have contributed to the results presented here.

EU methodology guarantees the total consistency of data among member countries. In the following pages a first overview is presented of average farm results achieved by national and European farms specialising in three important sectors of Italian agricul-

ture: arable crops (cereals, oilseeds and protein crops), grape and wine production and olive production. The countries selected for the comparison of results were chosen on the basis of the volume of output; the four countries (including Italy) with the highest output in each sector were selected.

Cereals, oilseeds and protein crops

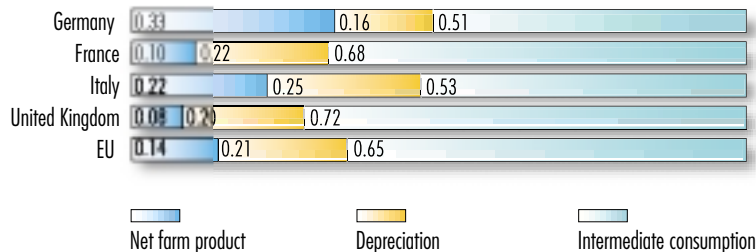
The average results of Italian farms which specialise in growing arable crops (cereals, oilseeds and protein crops) diverge distinctly from those of British, French and German farms and also from the EU average, in terms both of the break-down of GO and of labour and area productivity indicators.

As regards the break-down of GO, intermediate consumption represents a much smaller proportion of GO on Italian farms than the European average whereas depreciation is slightly higher; as a result, the net product of

Italian farms represents a greater share of GO. Germany appears to be the EU country with the most effective production techniques, showing intermediate consumption and depreciation below the EU average values; on British farms, on the contrary, three quarters of the value of production serve to cover the costs of intermediate consumption.

In terms of labour and area productivity, Italian farms show contrasting results which differ substantially from both the EU average and the other three countries considered. Productivity per work unit is considerably lower, the main reason for this being the smaller size of Italian farms: just over 15 hectares compared to an EU average of over 51 hectares and peaks of 139 in the UK and 105 in Germany. Moreover, on Italian farms the contribution of labour per hectare is almost three times higher than the EU average and almost three and a half times the German figure. Productivity per hectare, on the other

***Farms which specialise in arable crops (cereals, oilseeds and protein crops):
% breakdown of gross output (1997/98/99 average)***



Source: calculations using data from EU-FADN, European Commission, DG-Agriculture.

***Farms which specialise in arable crops (cereals, oilseeds and protein crops):
average farm results, in euro (1997/98/99 average)***

	GO/WU	VA/WU	GO/ha	VA/ha
Germany	77,482	37,899	1,338	654
France	63,278	20,331	882	283
Italy	17,904	8,363	1,071	500
United Kingdom	70,962	19,865	930	260
EU	35,831	12,570	761	267

Source: calculations using data from EU-FADN, European Commission, DG-Agriculture.

hand, is decidedly positive and consistently higher than the European average.

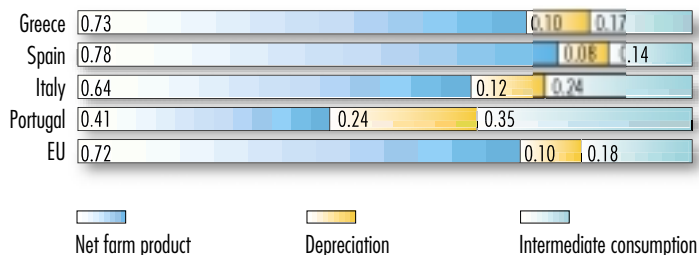
It would seem that Italian farms specialising in arable crops - traditionally extensive crops - are still suffering from the structural heritage of national agriculture: a limited endowment of the area factor together with an over-endowment of the labour factor.

Olive production

European specialist olive farms show a heterogeneous picture in terms of economic results. Each country appears to be a case to itself, differing from one another in the use and productivity of factors.

As regards the break-down of GO, intermediate consumption and depreciation account for a slightly higher share of GO on Italian farms than the EU average, with the result that the net farm product is lower. Italian olive growers are mostly specialist farms, with olive production representing

Farms which specialise in olive production: % breakdown of gross output (1997/98/99 average)



Source: calculations using data from EU-FADN, European Commission, DG-Agriculture.

Farms which specialise in olive production: average farm results, in euro (1997/98/99 average)

	GO/WU	VA/WU	GO/ha	VA/ha
Greece	7,387	6,101	2,763	2,282
Spain	18,548	16,040	2,037	1,761
Italy	15,307	11,634	2,495	1,896
Portugal	6,616	4,305	309	201
EU	12,196	11,031	2,217	2,006

Source: calculations using data from EU-FADN, European Commission, DG-Agriculture.

82% of their GO. Spain and Portugal make an interesting contrast: Spanish farms are very efficient in their production of olives, with intermediate consumption and depreciation accounting for very low shares of their GO, whereas in Portugal these are very high. One reason for this particularly noticeable disparity in results is the difference in the degree of specialisation: in Spanish farms olive production represents 97% of total farm GO whereas on Portuguese farms it represents only 51% of the total value of farm production.

In terms of area and labour productivity, Italian farms show good results on all indices, although the depressing effect of high intermediate consumption on the value added indices should be noted. Greek and Spanish farms show opposite results: the former compensate for low labour productivity with the highest area productivity, whereas the latter show the highest labour productivity and lower area productivity. These performances are

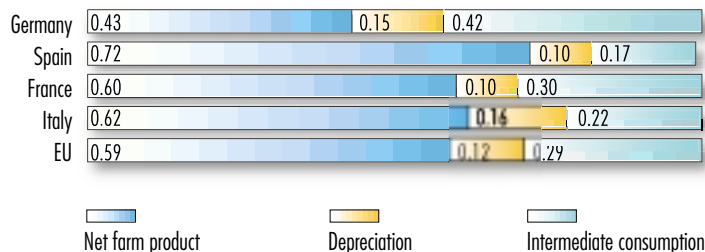
partly explained by factor endowment: Spanish farms have an average area of around 14 hectares whereas Greek and Italian farms are far smaller with 4 and 5 hectares respectively. As far as the contribution of labour per hectare is concerned, Greek farms employ 0.43 WU/ha opposed to 0.13 WU/ha on Spanish farms and 0.16 WU/ha on Italian farms.

Grape and wine production

The picture of European specialist wine farms that emerges from the European FADN data is a variegated one; the economic results suggest the existence of two groups, one made up of France and Germany and the other made up of Italy and Spain.

As regards the break-down of GO, the performance of Italian farms is similar to the average European performance, with only slight differences in values except for depreciation, which is higher than average. French farms fully reflect the European averages whereas German and Spanish farms

Farms which specialise in grape and wine production: % breakdown of gross output (1997/98/99 average)



Source: calculations using data from EU-FADN, European Commission, DG-Agriculture.

Farms which specialise in grape and wine production: average farm results, in euro (1997/98/99 average)

	GO/WU	VA/WU	GO/ha	VA/ha
Germany	38,826	22,513	10,697	6,202
Spain	20,867	17,232	1,734	1,432
France	70,814	49,409	8,240	5,749
Italy	24,372	18,946	5,423	4,216
EU	37,385	26,711	5,896	4,213

Source: calculations using data from EU-FADN, European Commission, DG-Agriculture.

show a considerable divergence in intermediate consumption, which accounts for just 17% of GO in Spain but as much as 42% in Germany. As a result, the net product from farms in the two countries varies from 72% of GO in Spain to 43% in Germany.

Factor productivity also varies considerably both among the different countries and between labour and area factors. French farms show the highest labour productivity with results almost twice as high as those achieved by German farms and the EU average, while Spanish and Italian farms show modest performances, falling even below the EU average.

Area productivity, on the other hand, is highest in Germany, followed closely by France. Italian farms go part of the way to reaching French and German performances and are well ahead of Spanish farms, which show a far poorer performance per hectare than the European average.

It is interesting to note that in terms of factor endowment, the four countries fall into different groups from the productivity groups mentioned above: France and Spain are in fact very similar, with low values for labour per hectare (0.12 WU/ha on French farms and 0.10 WU/ha on Spanish farms) and a high average area plant-

ed with vines (14.6 and 12.4 ha respectively). Germany and Italy, on the other hand, show a low average area planted with vines (5.4 ha on German farms and 4.2 ha on Italian farms) but more labour per hectare (0.32 and 0.27 WU/ha respectively). The level of land and labour endowment does not, therefore, appear to be the main reason for the different economic results of the specialist wine farms in the European accountancy network. The reason perhaps lies in the different evaluation of grape and wine production by the market in the four wine-producing countries.



AGRICULTURE AND THE ENVIRONMENT

Alongside its vertical strategy consisting in the creation of a legislative framework, in the last few years the European Union has also felt the need to integrate environmental concerns into its social and economic policies, with the aim of pursuing lasting and sustainable development in order to guarantee the population a quality of life which ensures adequate levels of human consumption on the one hand and the stability of the ecosystem on the other. The new European strategy for sustainable development, approved in June 2001 by the European Council at Gothenburg, indicated a series of specific objectives as well as the measures needed to achieve them: the management of fresh water, energy efficiency and the management of biodiversity and ecosystems.

Another important step taken by the EU was the one towards the stabilisation of the concentration of greenhouse gases in the atmosphere, which was the end objective of the 1994 UN Convention on climate change; in

2002 the Community approved (Decision 2002/358/EC) the 1997 Kyoto Protocol, which established the urgent and priority commitments of the Convention in the period following the year 2000, and Member States began the ratification process.

At the same time, 2002 was recognized by the UN General Assembly as the "International Year of Mountains", aimed at spreading awareness of the ecosystems in mountain areas and the way they work, and at protecting and promoting the cultural and social heritage of mountain populations.

Lastly, mention should be made of the implementation in Italian legislation (Law 391/2001) of the 1999 Rome agreement for the creation of a sanctuary in the Mediterranean to protect sea mammals and their habitats.

EU initiatives for protecting the environment

LIFE III - the financial instrument which supports the EU's environmen-

tal policy. It is now in its third phase (2000-04) and has been allocated an appropriation of 640 million euro. The programme is subdivided into three parts: Nature (allotted 47% of the total appropriation), Environment and Third Countries. LIFE-Nature contributes to the creation of a European network for protected areas - Natura 2000 - the purpose of which is to manage and conserve the EU's most precious habitats, flora and fauna. Italy has been granted financing for 21 LIFE-Nature projects and 19 LIFE-Environment projects.

Directive 92/43/EEC for the conservation of natural and semi-natural habitats, wild animals and flowers. The main object of this directive is to protect biodiversity; for this purpose, Special Areas of Conservation (SACs), which constitute the Natura 2000 network, are identified.

Directive 79/409/EEC for the conservation of wild birds. This directive provides for the creation of Special

Implementation of the Natura 2000 Network (*)

Member State	Directive 79/409			Directive 92/43		
	number of SPAs	total area km ²	% of national land area	number of SACs	total proposed area km ²	% of national land area
Belgium	36	4,313	14.1	274	1,788	5.8
Denmark	111	9,601	22.3	194	10,259	23.8
Germany	448	27,058	7.6	3,352	30,974	8.7
Greece	110	8,111	6.2	236	27,228	20.7
Spain	303	61,832	12.3	1,219	115,636	22.9
France	117	8,989	1.6	1,109	37,980	6.9
Ireland	109	2,236	3.2	364	9,953	14.1
Italy	342	13,707	4.6	2,425	41,799	13.8
Luxembourg	13	160	6.2	38	352	13.6
Netherlands	79	10,000	24.1	76	7,330	17.7
Austria	83	12,080	14.4	130	8,915	10.6
Portugal	47	8,468	9.2	94	16,502	17.9
Finland	451	27,500	8.1	1,381	47,154	13.9
Sweden	403	24,892	5.5	3,453	57,476	13.9
United Kingdom	233	13,115	5.4	567	23,541	9.7
EU	2,885	232,062	-	14,912	436,887	-

(*) Some of the sites may have been proposed, fully or partially, for both directives so the figures for the SPAs and SACs cannot be summed together. Situation at 18 March 2002.

Source: European Commission Environment DG's Nature Newsletter, May 2002.

Protection Areas (SPAs) which will be part of the Natura 2000 network.

Directive 2000/60/EC on water, which provides for the creation of catchment areas inside which protected areas - and Natura 2000 sites in particular - must be mapped out, so that measures proposed for the whole of the catchment basin can be assessed.

LEADER+, a Community Initiative Programme which promotes pilot schemes for rural development, including the development of natural and cultural resources and projects related to Natura 2000.

Among the legislative measures recently approved, we would mention **Directive 2001/42/EC**, which provides for an assessment to be carried out on the effects of certain plans and programmes on the environment (strategic environmental assessment), and **Decision 466/2002**, which establishes a community action programme

to promote non-governmental organizations operating principally in the field of environmental protection.

The environment and agricultural policy

The environmental component in the CAP has been considerably reinforced further to the Agenda 2000 reforms. Thanks in particular to the provisions for the development of rural areas, the agri-environment and forestry measures which were again adopted for the 2000-2006 planning period have been incorporated into the wider framework of rural development measures. At the same time, within the market organizations in the various commodity sectors, Member States have been given the power to subject the payment of direct subsidies guaranteed by the CAP to fulfilment of minimum environmental

requirements.

National policies for the benefit of the environment

Protection of the “environmental heritage” is now a fully consolidated principle in Italy and has been turned into reality through the introduction of innovative policies in several sectors: the protection of water and air; the protection of soil; the development of protected areas.

Italy was the first European country to ratify the Kyoto Protocol (Law 120/2002), committing itself to reducing carbon dioxide emissions by 65%, while the growing attention of public opinion towards policies for the conservation of natural resources has been met by the ratification of the Aarhus Convention on environmental information (Law 108/2001).

Through the programmes it has set up

under community policy schemes, and through negotiated planning for the local development of specific zones and protected areas, Italy has worked towards converting production and consumption according to ecological principles, implementing modern and environment-friendly infrastructure schemes and making better use of the cultural and environmental heritages by promoting historical centres, the arts and agri-food traditions. Furthermore, a fund was set up through Law 93/2001 to encourage local, provincial and regional councils to adopt local Agenda 21 programmes for sustainable development, while specific schemes for the development of mountain areas were financed through the National Mountain Fund (set up by Law 97/1994), with a sum of 56,810 million euro for 2001.

Protected Areas

Protected areas constitute over three million hectares or approximately 10% of total land area in Italy. There are almost a thousand protected areas, divided into 22 national parks, 16 State marine reserves, 143 State nature reserves, 112 regional nature parks, 254 regional nature reserves and hundreds of other nature zones protected by the consolidation act which contains all legislative provisions for our cultural and environmental heritages (Legislative Decree 300/99). Campania, Abruzzo and Trentino-Alto Adige are the regions containing most protected land, around 300,000 hectares each.

As regards action aimed at safeguarding protected areas, Law 426/98 gave a boost to the creation of the National Ecological Network which represents a planning instrument within the 2000-06 Development Programme for the South, aimed at combining territorial development projects with the protection and enhancement of areas in which there is a greater concentration

of urban settlements. With this in view, the Ministry for the Environment, using its authority to promote planning agreements for sustainable development in the territory inside parks, has set in motion the following initiatives: APE (Apennine Park of Europe), ITACA (minor islands in the Mediterranean) and CIP (protected Italian coastlines).

Established national parks ()*

- Abruzzo, Lazio e Molise (**) 50,683 hectares
- Appennino Tosco-Emiliano (***) 26,000 hectares
- Arcipelago della Maddalena 5,100 hectares of land and 15,046 hectares of sea
- Arcipelago Toscano 16,996 hectares of land and 56,766 hectares of sea
- Asinara 5,354 hectares of land and 21,790 hectares of sea
- Aspromonte 78,314 hectares
- Calabria 11,803 hectares
- Cilento e Valle di Diano 178,172

hectares

- Cinque Terre 3,959 hectares
- Circeo 5,616 hectares
- Dolomiti Bellunesi 15,132 hectares
- Foreste Casentinesi, Monte Falterona e Campigna 31,038 hectares
- Gargano 116,211 hectares
- Golfo di Orosei e del Gennargentu 73,935 hectares
- Gran Paradiso 66,497 hectares
- Gran Sasso e Monti della Laga 141,341 hectares
- Maiella 62,838 hectares
- Monti Sibillini 69,733 hectares
- Pollino 171,448 hectares
- Stelvio 133,325 hectares
- Val Grande 11,340 hectares
- Vesuvio 7,259 hectares

(*) Source: 3rd update of the Official List of Protected Natural Areas (Official Gazette n. 19 of 24/01/01).

(**) New name for the Abruzzo National Park (art. 8, Law 93/01).

(***) Established by Presidential Decree dated 12 May 2001.

National parks in the process of being established (with the relevant law)

- Alta Murgia (Law 426/98)
- Costa Teatina (Law 344/97, Law 93/01)
- Sila (Law 344/97)
- Val d'Agri e Lagonegrese (Law 394/91, Law 426/98)

Recently-established protected areas

- Gargano national park, new perimeter, Presidential Decree dated 18/05/01
- Portofino regional nature park, establishment of perimeter and special provisions for the relative plan, Liguria Region Law n. 29 dated 3/9/01
- Portovenere regional nature park, Liguria Region Law n. 29 dated 3/9/01

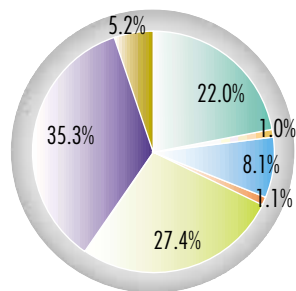
Distribution of types of protected area by region (%)

Region	National park (*)	State nature reserve	Regional nature park	Regional nature reserve	Other protected areas	Total
Piemonte	26.4	2.1	57.6	6.6	7.4	100.0
Valle d'Aosta	89.5	0.0	9.1	1.3	0.0	100.0
Liguria	17.8	0.1	81.9	0.1	0.1	100.0
Lombardy	45.2	0.2	47.7	7.0	0.0	100.0
Trentino-Alto Adige	26.0	0.0	72.6	0.7	0.7	100.0
Veneto	16.2	20.8	60.7	2.3	0.0	100.0
Friuli-Venezia Giulia	0.0	0.8	86.7	12.6	0.0	100.0
Emilia-Romagna	19.0	10.0	68.9	2.0	0.2	100.0
Tuscany	21.0	7.2	32.6	19.5	19.8	100.0
Umbria	30.6	0.0	69.4	0.0	0.0	100.0
Marche	72.0	2.5	25.5	0.0	0.0	100.0
Lazio	12.8	10.1	54.8	20.8	1.5	100.0
Abruzzo	72.6	5.9	18.6	2.6	0.4	100.0
Molise	63.2	18.7	0.0	0.0	18.2	100.0
Campania	55.4	0.6	40.9	3.0	0.1	100.0
Puglia	91.6	7.8	0.1	0.0	0.5	100.0
Basilicata	69.3	0.8	28.0	1.0	0.8	100.0
Calabria	91.3	8.3	0.0	0.4	0.0	100.0
Sicily	0.0	0.0	92.7	7.3	0.0	100.0
Sardinia	91.1	0.0	5.6	0.0	3.3	100.0
ITALY	45.6	4.1	43.1	5.1	2.0	100.0

(*) Excludes Appennino Tosco-Emiliano National Park, established by Presidential Decree dated 12 May 2001.

Source: Environment Ministry, Nature Conservation Service, EUAP, 2001.

Distribution of protected marine areas by region (%)



	TOTAL	258,435
	Tuscany	56,766
	Liguria	2,656
	Puglia	20,872
	Lazio	2,787
	Sicily	70,712
	Sardinia	91,142
	Calabria	13,500

- Historical and environmental geomineral park of Sardinia, Environment Ministry Decree dated 16/10/01
- “Bosco di Cassine” Protection Zone, Piemonte Region Law n. 29 dated 14/11/01
- “Tavolara - Punta coda di cavallo” protected marine area, rectification of institutive decree, Environment Ministry Decree dated 28/11/01
- “Lecceta di Torino di Sangro” guid-

- ed nature reserve, Abruzzo Region Law dated 19/12/01
- “Cascate del Verde” guided nature reserve, Abruzzo Region Law dated 19/12/01
- Amiata mine museum/park, Environment Ministry Decree dated 28/2/02
- “Colline Metallifere Grossetane” technology and archaeology park, Environment Ministry Decree dated 28/2/02.

Source: Environment Ministry, Nature Conservation Service, EUAP, 2001.

Management of Forests

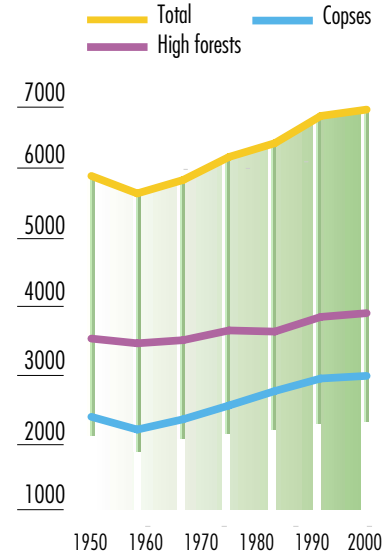
The area covered by forests in Italy amounts to approximately 6.8 million hectares and represents around one third of the country's total land area. Of this wooded area, 2.9 million hectares are covered by high forests, copses and Mediterranean scrub (ISTAT, 2001), while almost 4 million hectares are covered by minor formations.

The ownership of forests is mainly private (66%), especially in Tuscany (83%) and Emilia-Romagna (79%). In order to improve the forestry industry and to protect, increase and manage the national heritage of forests, Legislative Decree 227/2001 was passed, modernizing and providing guidance for the sector. Wooded areas are, moreover, subject to hydro-geological and landscape restrictions which limit their being used for productive purposes.

The gravest danger faced by Italian forests is fire, caused in 60% of cases by arson. According to the State Forestry Corps, in 2001 there were

7,124 fires and 37,470 hectares of woodland were destroyed, of which 4,257 hectares were inside protected areas. A fairly significant percentage of annual fires is connected to agricultural activity, in particular to an incorrect use of fire in rural areas which then spreads to adjacent woodland. In order to deal with this problem, a framework law on forest fires has been passed (n. 353/2000) providing for a whole series of measures to be enacted by the regions. For 2001, alongside EU subsidies of 1,703,545 euro for measures protecting forests against fire under Reg. (EEC) 2158/1992, national co-financing amounted to over two million euro.

Evolution of forest area, 1950-2000
(*'000 ha*)



The White Paper "Strategy for a future policy on chemicals" (2001) pursues the objective of rendering the development of the chemical industry in the single market sustainable. Based on the precautionary principle, it provides for incentives for the replacement of substances which cause the greatest health problems and places the so-called onus of proof on the industry.

The Convention of Stockholm promoted by UNEP (UN Environment Programme), endorsed in May 1991 by 90 countries from all over the world, promotes the progressive elimination of persistent organic pollutants (POP), which include substances used in insecticides and fungicides.

The new CAP guidelines and agri-environment measures, which offer incentives to farmers adopting integrated and organic farming techniques, have led European countries to reduce the use of chemicals in agriculture.

Evolution in the use of fertilisers ('000 tonnes)

	1997	1998	1999	2000	2001
Nitrogen	894.0	876.1	863.0	871.6	876.0
Phosphorus	528.0	506.9	491.7	491.0	491.0
Potassium	397.5	393.5	385.6	387.5	383.6
TOTAL USE	1,819.5	1,776.5	1,740.3	1,750.1	1,750.6

Source: Assofertilizzanti.

Since 1997, the use of fertilisers based on nitrogen, phosphorus and potassium has fallen considerably in Italy, remaining practically unchanged over the last three years.

As regards pesticides, in 2001 the highest quantities were used in the North (55.8%), followed by the South (30.3%), where usage dropped slightly from the previous year. The lower overall use of these chemicals in 2001 is due in particular to the reduction in fumigants and fungicides used on farms as a result of favourable weather

conditions, the decrease in cultivated areas, the introduction of new, low-dosage products and legislation on the subject. The EU has placed more than 20,000 maximum limits on the residues of active substances from plant protection products tolerated in cereals, in products of animal origin, in products of plant origin (including fruit and vegetables) and in commodities destined to become food. On the basis of a 1989 Community directive, the Ministry of Health produces an annual inspection and verification

Evolution in the use of pesticides ('000 tonnes)

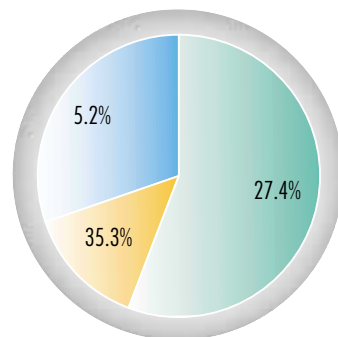
Type	1997	1998	1999	2000	2001
Herbicides	25.0	23.1	20.6	20.8	21.8
Insecticides & acaricides	30.0	29.0	27.3	26.7	28.0
Fumigants & nematocides	5.2	6.0	5.4	4.6	4.0
Fungicides	45.8	47.6	47.7	46.9	42.3
Others	4.5	3.9	4.0	3.6	3.5
TOTAL DOMESTIC MARKET	110.5	109.6	105.0	102.6	99.6

Source: Agrofarma.

plan for consumers' safety, consisting in a series of analyses on samples taken from markets and distribution outlets. In 2000, only 1.8% of sam-

ples of fruit and vegetables showed chemical residues over the legal limits, and these did not constitute any risk for consumers' health.

Use of pesticides by geographical area (tonnes), 2001



TOTAL	99,661
North	55,655
Centre	13,837
South	30,169

Source: Agrofarma.

Irrigation

The protection of water and water resources is becoming an environmental emergency of the highest priority because of pollution and the limited availability of this resource. Climate change leads to increasingly frequent droughts, not only in southern regions. At the same time the consumption of water for civil use and for other productive activities is rising, creating competition between the different sectors using water. Water is considered a limited resource and therefore needs to

be managed rationally, to be protected and to be used with respect for its natural equilibrium, according to the principles of sustainable development. In this context, irrigation in agriculture plays a fundamental role in the correct management of water resources, in view of the fact the agricultural sector uses it more than other productive sectors (60% of total national use) and therefore must contribute more than others to saving it. The latest ISTAT statistics show how

irrigation is used throughout Italy. According to ISTAT, the area irrigated in Italy in 2000 (2,467,787 hectares) amounts to 18.7% of overall UAA. This percentage rises to 32.5% in the North and falls to 7.3% and 12% in the Centre and South respectively. According to ISTAT, there was an irrigable area in Italy of 3,887,409 hectares or 29.4% of total UAA in 2000, of which 48.2% was located in the North, 15.4% in the Centre and 19.8% in the South.

Irrigable and irrigated land by geographical area

	Land			Use of irrigated land by type of crop (%)						
	irrigable ha	irrigable/UAA %	irrigated/UAA %	wheat	grain maize	sunflowers	field fruit & veg	vines	fruit	other area
North-West	1,186,544	53.0	42.0	1.4	38.8	0.2	1.7	0.3	2.0	55.5
North-East	1,155,068	44.1	24.4	1.7	32.0	0.2	7.5	8.2	16.1	34.2
Centre	378,087	15.4	7.3	5.4	20.4	4.6	14.4	3.7	7.8	43.7
South	792,966	22.0	13.5	10.8	3.0	0.5	15.1	16.2	8.8	45.7
Islands	374,744	16.3	9.7	5.9	0.4	0.2	12.3	18.9	4.6	57.6
ITALY	3,887,409	29.4	18.7	4.0	25.2	0.6	7.7	7.4	7.7	47.4

Organic farming is a system of agricultural production, of both crops and livestock, which favours management practices rather than recourse to external production factors and which forbids the use of synthetic chemicals, in order to protect the environment and promote lasting agricultural development (FAO/WHO Codex alimentarius).

At EU level, the criteria and rules which must be observed for crop and livestock products to be recognized as organic are set out in Regulations (EEC) 2092/91 and (EC) 1804/99 respectively. In order to guarantee the traceability of organic commodities in the various stages of the supply chain and conformity of commodities with EU regulations, Reg. (EC) 2491/2001 was adopted to amend the inspection system. Organic farming is in fact subject to inspection by private bodies which are accredited on the basis of UNI EN 45011 certification regulations; these bodies are in turn authorised and supervised by

Government institutions. In Italy, there are thirteen inspection bodies recognized by the Ministry for Agricultural and Forestry Policies, nine of which have been authorised to operate on the whole of national territory and four in the Autonomous Province of Bolzano only. A special advisory committee has been set up by the Ministry (Official Gazette n. 2 dated 3/1/02) to promote and provide incentives for organic and eco-compatible farming.

Incentives for organic farming are included in the agri-environment measures set out in Regulation (EC) 1257/99 on EAGGF support for rural development, consisting in nationally co-financed schemes within the Rural Development Programmes (RDPs).

The identikit of an organic farm

In 2000, 130,290 farms were certified as organic or under organic conversion in the EU, while the area of

organic land reached 3.8 million hectares. Countries in the North of Europe were the greatest consumers of organic produce whereas countries in the South were above all producers. Italian agriculture continued to be the “greenest” in Europe; in 2000 the number of Italian farms engaged in organic production rose to 54,004, with over a million hectares of land used for organic farming or under conversion. Italy in fact possessed 27.5% of total organic UAA in the EU.

Fodder and cereals represent 72.5% of Italian organic crops. Among tree crops, olives and vines are grown on 12% of organic UAA, while fruit and vegetables account for 7.7%. According to the databank of the Ministry for Agricultural and Forestry Policies (BIOL), 67% of organic operators are found in the South of Italy, 12% in the Centre and 21% in the North. The distribution of organic production in Italy is such that while most organic farms are

Organic farming in the EU, 2000

	Farms number	UAA ha	% total EU farms	% total UAA in EU	% organic UAA/ total UAA
Belgium	628	20,263	0.5	0.5	1.5
Denmark	3,466	165,258	2.7	4.4	6.2
Germany	12,732	546,023	9.8	14.5	3.1
Greece	5,270	24,800	4.0	0.7	0.7
Spain	13,424	380,838	10.3	10.1	1.3
France	9,283	371,000	7.1	9.8	1.2
Ireland	1,014	32,355	0.8	0.9	0.7
Italy	51,120	1,040,377	39.2	27.5	6.8
Luxembourg	51	1,030	0.0	0.0	0.8
Netherlands	1,391	27,820	1.1	0.7	1.4
Austria	19,031	271,950	14.6	7.2	8.2
Portugal	763	50,002	0.6	1.3	1.3
Finland	5,225	147,423	4.0	3.9	6.7
Sweden	3,329	171,682	2.6	4.5	5.2
United Kingdom	3,563	527,323	2.7	14.0	3.3
EU	130,290	3,778,144	100.0	100.0	2.8

Source: *Söl-Stiftung Ökologie-D Landbau*, updated at 31/12/2000.

found in the South (70%), most processing enterprises and importers are found in the North (48% and 90% respectively), confirming the fact that the South is the most important producer of organic commodities but is without an efficient processing industry.

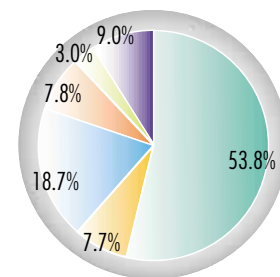
According to a 2001 survey by the “Coldiretti” Farmers Association and the Labour Ministry, the identikit of an organic farm is as follows: average UAA of 21 hectares; organic products representing 80% of farm production (in 32.8% of cases with rented land); machinery and vehicles for an average total of 116 HP per farm, with machinery also frequently hired from outside sources; most of the labour on the farm supplied by family members, with recourse to temporary workers in 46% of cases; average turnover per farm of 27,888 euro. Moreover, 6.3% of organic farms offer farm tourism services and also process their own organic products.

Organic enterprises and UAA in Italy, 2000 (*)

	production	Enterprises processing	mixed	total	Organic UAA ha
Piemonte	2,698	224	65	2,996	44,557
Valle d'Aosta	11	0	2	13	157
Lombardy	849	286	78	1,225	17,658
Trentino-Alto Adige	420	77	27	526	3,715
Veneto	882	264	95	1,249	13,092
Friuli-Venezia Giulia	166	41	19	226	1,226
Liguria	200	42	29	277	1,624
Emilia-Romagna	4,084	418	81	4,606	101,777
Tuscany	1,242	220	153	1,619	55,752
Umbria	678	72	86	837	21,073
Marche	1,593	95	48	1,736	35,805
Lazio	2,096	150	74	2,320	36,346
Abruzzo	516	81	42	639	7,772
Molise	447	24	8	479	6,563
Campania	1,606	117	55	1,779	14,887
Puglia	6,376	263	119	6,758	132,932
Basilicata	398	20	16	434	12,174
Calabria	8,192	85	107	8,384	92,537
Sicily	9,211	290	114	9,616	162,486
Sardinia	8,125	48	112	8,285	307,206
ITALY	49,790	2,817	1,330	54,004	1,069,339

(*) The regional UAA figures are from BioBank. The national UAA figure is from the Ministry for Agricultural and Forestry Policies.
Source: Ministry for Agricultural and Forestry Policies, from data supplied by inspection bodies updated at 31/12/2000.

Organic farm land and land under organic conversion by type of production, 2000



	TOTAL	945,780
Fodder crops	558,912	
Fruit and vegetables	79,969	
Cereals	194,616	
Other crops	81,034	
Vines	31,249	
Olives	93,863	

Source: Ministry for Agricultural and Forestry Policies from data supplied by inspection bodies updated at 31/12/2000.

Farm Tourism

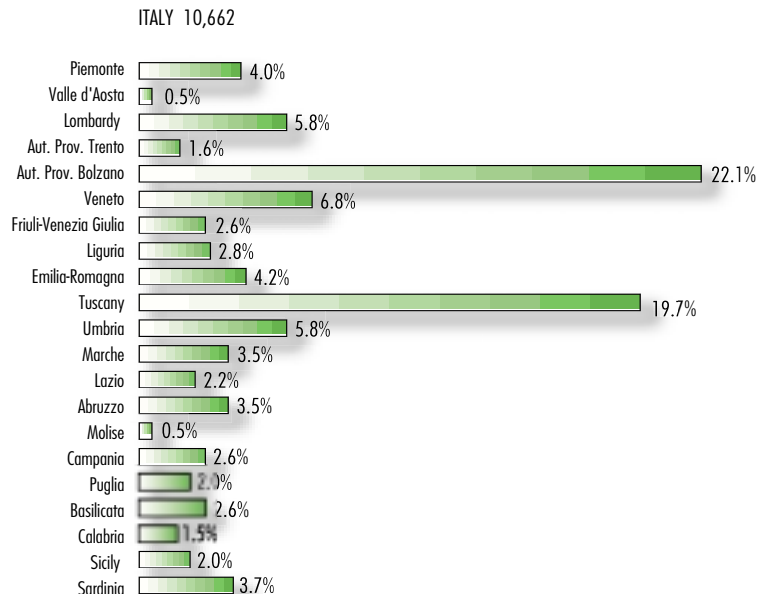
“Agriturismo” or farm tourism is defined by Law 730/85 as the reception of guests and hospitality practised by farmers through the use of their farms. Each region has successively developed and added to the definition through its own regulations.

Farm tourism benefits from the new rules modernizing and guiding the agricultural sector introduced by Legislative Decree 228/2001, which extends the title of “farming business” to cooperatives and consortia and includes under farm tourism the organization of recreational, cultural and teaching activities, of sports, hiking and horse riding and the tasting of farm produce, including wine.

Legislative Decree 226/2001 defined “ittiturismo” or “fishing tourism” as the provision of accommodation, food and facilities in structures managed by professional fishermen, and placed it on a par with farm tourism.

Law 221/2001 set out regulations for Bed and Breakfast hospitality, allowing families in rural situations to offer

Farms offering tourism services by region, 2001



Source: Agriturist, February 2002.

this kind of accommodation.

The phenomenon of “educational farms” is on the increase, with farms offering teachers and students the possibility of learning about agriculture and its traditions; at the same time the number of farms which offer tourist services and grow organic produce is growing constantly.

The farm tourism sector is developing and raising the level of its services. Today it is able to offer a diversified range of facilities and services in addition to traditional hospitality and genuine food.

In 2001, according to Agriturismo figures, 2.3 million people (+24% compared to 2000) stayed on farms; a quarter of them came from abroad. The number of farms offering tourist services rose by 5%, reaching a total of 10,662, with the majority located in the North and Centre. Turnover in 2001 is estimated at about 620 million euro (+20%).

The expansion in this sector is a testimonial to the increasing demand for an alternative to traditional cultural and recreational services. According to Agriturismo, 75% of people who stay on

farms choose this type of holiday for cultural reasons, for the contact with nature or because they consider it more healthy, while only 12% choose it for financial reasons.

Over half of the farms providing tourist services offer meals, with food and drink mainly deriving from the farm’s own produce, some of which is organic. About 9% offer camping facilities and 14% the possibility of horse riding. There are 111,000 beds available on Italian farms, an average of 13 per farm, and the average stay is for 5.4 days at a time.

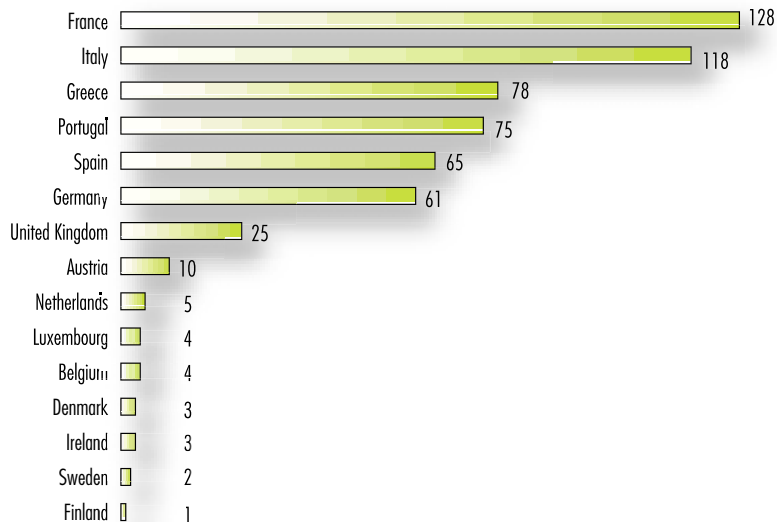
**PRODUCTS OF DESIGNATED ORIGIN
AND REGIONAL SPECIALITIES**

Designation of Origin

Protected designations of origin and geographical indications for agricultural products were defined by Regulation (EEC) 2081/92, the purpose of which was to recognize and protect commodities whose specific character derives from the geographical environment in which they were produced, including natural and human factors in that environment.

At present, 118 Italian products are registered with a PDO or PGI. Of these products, 30 are cheeses, 25 are olive oils, 29 are fruit or vegetables and 25 are cold meats. Over the last year, a PDO was granted to “salamini italiani alla cacciatora” and to olive oil from Veneto Valpolicella, Euganei Berici e del Grappa, while a PGI was awarded to white asparagus from Cimadolmo, Marostica cherries, Sorana beans and Coppia Ferrarese bread. Mozzarella made from cows’ milk remains the only Italian product with a certificate of specific character. The registered products include both the so-called niche commodities,

Agri-food products with a registered food name (PDO or PGI) in the EU ()*



(*) Situation updated at Reg. (EC) 1097/2002 dated 24 June 2002.

List of Italian agri-food products with a registered food name (PDO or PGI)(*)

Cheeses

PDO
Asiago (Veneto and Trentino)
Bitto (Lombardy)
Bra (Piemonte)
Caciocavallo Silano (Puglia, Calabria, Campania, Basilicata, Molise)
Canestrato Pugliese (Puglia)
Casciotta d'Urbino (Marche)
Castelmagno (Piemonte)
Fiore Sardo (Sardinia)
Fontina (Val d'Aosta)
Formai de Mut dell'alta Valle Brembana (Lombardy)
Gorgonzola (Lombardy, Piemonte)
Grana Padano (Lombardy, Piemonte, Veneto, Trentino, Emilia-Romagna)
Montasio (Veneto e Friuli-V.G.)
Monte Veronese (Veneto)
Mozzarella di Bufala Campana (Lazio, Campania)
Murazzano (Piemonte)
Parmigiano Reggiano (Emilia-Romagna)
Pecorino Romano (Lazio, Sardinia)
Pecorino Sardo (Sardinia)
Pecorino Siciliano (Sicily)
Pecorino Toscano (Tuscany, Umbria, Lazio)
Provolone Valpadana (Veneto, Trentino, Lombardy)
Quartirollo Lombardo (Lombardy)

Ragusano (Sicily)
Raschera (Piemonte)
Robiola di Roccaverano (Piemonte)
Taleggio (Piemonte, Lombardy, Veneto)
Toma Piemontese (Piemonte)
Valle d'Aosta Fromadzo (Valle d'Aosta)
Valtellina Casera (Lombardy)

Fruit, vegetables and cereals

PDO
"Nocellara" olive from Belice (Sicily)
"La Bella" olive from Daunia (Puglia)
San Marzano tomatoes from Agro Sarnese-Nocerino (Campania)
PGI
Sicilian blood oranges (Sicily)
White asparagus from Cimadolmo (Veneto)
Pantelleria capers (Sicily)
Monte Amiata chestnuts (Tuscany)
Montella chestnuts (Campania)
Marostica cherries (Veneto)
Calabrian clementines (Calabria)
Sorana beans (Tuscany)
Vallata Bellunese Lamon beans (Veneto)
Sarconi beans (Basilicata)
Garfagnana spelt (Tuscany)
Borgatano mushrooms (Tuscany, Emilia-Romagna)
Castelluccio di Norcia lentils (Umbria)

Costa d'Amalfi lemons (Campania)
Sorrento lemons (Campania)
Castel del Rio chestnuts (Emilia-Romagna)
Mugello chestnuts (Tuscany)
Giffoni hazelnuts (Campania)
Piedmont hazelnuts (Piemonte)
Genzano home-made bread (Lazio)
Senise peppers (Basilicata)
Emilia-Romagna pears (Emilia-Romagna)
Mantua pears (Lombardy)
Romagna nectarines and peaches (Emilia-Romagna)
Red "radicchio" (kind of chicory) from Treviso (Veneto)
Variegated "radicchio" from Castelfranco (Veneto)
Nano Vialone Veronese rice (Veneto)
Romagna shallots (Emilia-Romagna)
Canicattì table grapes (Sicily)

Bakery products

PGI
Ferrara "coppia" (Emilia-Romagna)
Genzano home-made bread (Lazio)

Vinegars

PDO
Traditional balsamic vinegar from Modena (Emilia-Romagna)
Traditional balsamic vinegar from Reggio Emilia (Emilia-Romagna)

Non-food products

PDO

Bergamot from Reggio Calabria - Essential oil (Calabria)

Olive oils

PDO

Aprutino Pescarese (Abruzzo)

Brisighella (Emilia-Romagna)

Bruzio (Calabria)

Canino (Lazio)

Chianti Classico (Tuscany)

Cilento (Campania)

Collina di Brindisi (Puglia)

Colline Salernitane (Campania)

Colline Teatine (Abruzzo)

Dauno (Puglia)

Garda (Lombardy, Veneto)

Laghi Lombardi (Lombardy)

Lametia (Calabria)

Monti Iblei (Sicily)

Penisola Sorrentina (Campania)

Riviera Ligure (Liguria)

Sabina (Lazio)

Terra di Bari (Puglia)

Terra d'Otranto (Puglia)

Terre di Siena (Tuscany)

Umbria (Umbria)

Valle di Mazara (Sicily)

Valli Trapanesi (Sicily)

Veneto Valpolicella, Euganei Berici e del Grappa (Veneto)

PGI

Toscana (Tuscany)

Processed meats

PDO

Calabrian "capocollo" (kind of salami) (Calabria)

Piacenza "coppa" (cured neck of pork) (Emilia-Romagna)

Zibello "culatello" (kind of ham) (Emilia-Romagna)

Calabrian bacon (Calabria)

Piacenza bacon (Emilia-Romagna)

Carpegna ham (Marche)

Modena ham (Emilia-Romagna)

Parma ham (Emilia-Romagna)

San Daniele ham (Friuli-V.G.)

Tuscan ham (Tuscany)

Veneto Berico-Euganeo ham (Veneto)

Brianza salami

Piacenza salami (Emilia-Romagna)

Varzi salami (Lombardy)

Calabrian sausage (Calabria)

Italian "salamini cacciatora" (kind of small salami)

Calabrian "soppressata" (kind of salami) (Calabria)

Valle d'Aosta "Jambon de Bosses" (Valle d'Aosta)

Valle d'Aosta "Lard d'Arnad" (Valle d'Aosta)

PGI

Valtellina "bresaola" (cured beef) (Lombardy)

Modena "cotechino" (kind of porkmeat sausage) (Emilia-Romagna, Lombardy, Veneto)

Bologna "mortadella" (Emilia-Romagna, Piemonte, Lombardy, Veneto, Trentino, Marche, Lazio, Tuscany)

Norcia ham (Umbria)

Alto Adige "speck" (Trentino-Alto Adige)

Modena "zampone" (Emilia-Romagna, Lombardy, Veneto)

Fresh meats

PGI

Sardinian lamb (Sardinia)

Young white bovine meat from the Central Apennines (Emilia-Romagna, Tuscany, Lazio, Umbria, Marche, Abruzzo, Molise, Campania)

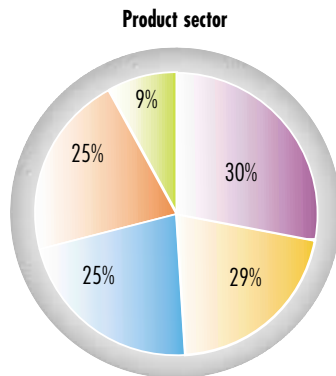
(*) Situation updated at Reg. (EC) 1097 dated 24 June 2002.

which are produced on a small scale in very limited areas of the country where the interaction between the variety or species and the environment confers particular organoleptic qualities on the product, and commodities produced on a large scale for sale on national and international markets.

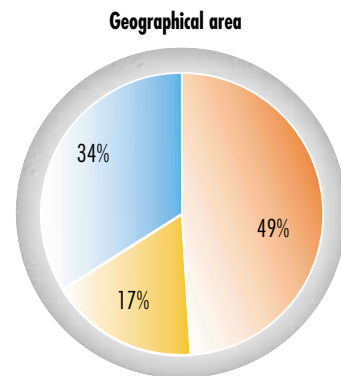
About half of Italy's PDO and PGI products come from the North, the reason for this being not so much the richer agri-food heritage to be found there but the rooted tradition of forming associations and consortia which has enabled producers to make the most of their products. Many PDO and PGI products are placed on the market without certification and therefore do not exploit their registered name. This is above all the case for olive oils, fruit and vegetables, for which there is a large gap between production potential and the certification of production by the control bodies.

PDO and PGI products are only a tiny

Registered Italian commodities (PDO or PGI), by commodity sector and geographical area



	TOTAL	118
	Cheese	30
	Fruit & vegetables	29
	Olive oil	25
	Processed meats	25
	Others (*)	9



	TOTAL	118
	North	59
	Centre	22
	South	19

(*) Includes cereals, bakery products, vinegar, meat, etc.

Traditional agri-food products (*)

	Natural & processed vegetable products	Pasta & bakery products	Meat & processed meats	Cheeses	Distilled drinks & liqueurs	Products of animal origin	Fish & molluscs	Oils & fats	Condiments	Total
Piemonte	99	75	64	55	16	6	4	1	-	320
Valle d'Aosta	-	-	5	9	2	3	-	4	-	23
Lombardy	22	60	53	57	-	4	4	1	-	201
Aut. Prov. Bolzano	16	57	24	17	11	1	-	-	-	126
Aut. Prov. Trento	6	9	30	16	1	1	2	-	-	65
Veneto	102	70	98	30	10	19	19	1	-	349
Friuli-Venezia Giulia	13	12	39	14	6	-	2	3	1	90
Liguria	57	33	16	17	4	3	4	1	8	168 (1)
Emilia-Romagna	24	43	31	7	1	4	2	1	1	114
Tuscany	165	87	65	27	4	6	8	3	-	365
Umbria	12	31	13	5	-	-	6	-	2	69
Marche	30	42	23	10	3	-	-	3	3	114
Lazio	45	82	19	8	4	3	-	1	1	163
Abruzzo	23	14	16	15	1	1	1	2	-	73
Molise	4	49	30	11	-	-	7	-	-	101
Campania	92	55	27	30	16	12	6	3	-	241
Puglia	40	35	13	16	11	-	3	-	1	119
Basilicata	5	11	9	16	-	-	-	-	-	41
Calabria	62	43	19	25	10	6	10	2	-	177
Sicily	56	19	-	26	3	7	2	1	2	126 (2)
Sardinia	15	47	8	10	4	14	4	1	1	104
ITALY	888	874	602	421	107	90	84	28	20	3,149

(*) Products for which processing, preservation and ageing methods have been consolidated over time (at least 25 years).

(1) Includes a further type of product (Composite Dishes), with 25

specialities.

(2) Includes a further type of product (Gastronomic Products), with 10 specialities.

Source: Processing of data from the National List of Traditional Agri-Food Products produced by the Ministry of Agricultural and Forestry Policies, published further to Ministerial Decree dated 8 May 2001.

part of our traditional foods: the national register of traditional agri-food products published by the Ministry for Agricultural and Forestry Policies, updated to 2001, lists over 3,000 different commodities; half of these are fresh or processed crop products, pasta and bakery products while processed meats and cheeses

amount together to around one thousand different specialities. The contribution of registered foods to Italy's agri-food economy is far from marginal. Around 7.5% of the value of total agricultural output becomes a registered commodity (Ismea 2000), with a turnover of over 6,500 billion lire at production and

12,000 billion lire at consumption. Processed meats and cheeses are the main PDO and PGI products as regards both the number of enterprises involved in producing and processing them and in the value of output. Suffice it to say that over 60% of milk produced in Italy is used to make PDO cheeses.

The term “designation of origin” refers to the use of the geographical name of a particularly specialised wine-growing area to indicate a well-known quality product which possesses characteristics related to the natural and human environment in which it is produced (Law n. 164 dated 10/02/1992).

Wines may be classified as follows:

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

The latest classifications involving Italian wines are as follows: Bardolino superiore and Soave superiore have been upgraded to DOCG; Moscato di Sanzo (Lombardy) and Riesi (Sicily) have been registered as DOC; Golfo dei Poeti and Colline del Genovesato (Liguria) have been registered as IGT.

According to statistics updated in 2000, the production of origin-classified wines has reached approximately 11.8 million hectolitres or 22% of total wine production in Italy.

DOCG, DOC and IGT wines by region ()*

	DOCG	DOC	IGT
Piemonte	7	50	-
Valle d'Aosta	-	1	-
Lombardy	2	17	12
Trentino - Alto Adige	-	7	4
Veneto	3	24	10
Friuli - Venezia Giulia	-	9	3
Liguria	-	8	2
Emilia - Romagna	1	21	10
Tuscany	6	41	5
Umbria	2	13	6
Marche	-	11	1
Lazio	-	25	5
Abruzzo	-	3	9
Molise	-	3	2
Campania	1	20	8
Puglia	-	25	6
Basilicata	-	1	2
Calabria	-	12	13
Sicily	-	20	7
Sardinia	1	20	15
ITALY	23	325	115

(*) At 30 June 2002.

N.B. The national totals for DOC and IGT wines are lower than the sum of the regional totals for these wines because some of them are inter-regional.

COMMON AGRICULTURAL POLICY

Market Policies

Application of the CAP

Arable crops - In 2000/01, the first marketing year in which the changes made by Agenda 2000 were applied, the arable area for which claims for aid were made in Italy amounted to 4.4 million hectares, of which 81% was planted with cereals, 12% with oilseeds and 5% was set-aside. Agenda 2000 led to a steep increase in land cultivated under the simplified scheme (+500%), which brought its share of the total to 12% and led to a 20% drop in the area cultivated under the main scheme. The area planted with cereals, amounting to 3.6 million hectares, remained virtually the same compared to the previous year (+1%); of this, 63% came under the simplified scheme (+5%) and the remaining 37% under the main scheme (-6%). In contrast to trends at EU level, in Italy the area planted with oilseeds in the 2000/01 year increased by

3%. There was a sharp rise in the area of oilseeds included under the simplified scheme (from 16,000 to 196,000 hectares) and a steep drop in the area under the main scheme (-34%). For 2001 too, the amount of arable area for which claims were made remained below the national base area. The separate base area for maize was yet again overshoot, resulting in an 11.6% decrease in area payments, and the maximum guaranteed area for semi-traditional areas of durum wheat production was also overshoot. The area planted, in fact, amounted to 10,804 hectares, against a maximum guaranteed area of 4,000 hectares. In terms of management of the common organization of the market, the Ministry for Agricultural and Forestry Policies reviewed its regionalization plan and reduced the separate base area for maize.

Olive oil - It is estimated that Italy submitted claims for subsidies for

Arable crops - areas for which aid was paid (2000/01 marketing year)

	Italy	
	'000 ha	%
TOTAL BASE AREA	5,801	
- maize	1,200	
TOTAL AREA	4,439	100
Fodder area	26	0.6
Set-aside	221	5
Cultivated area	4,191	94.4
cereals and ensiled crops	3,609	81.3
- maize	1,183	
oilseeds	519	11.7
SMALL GROWERS	2,527	100
cereals and ensiled crops	2,277	90.1
- maize	518	
oilseeds	196	7.8
PROFESSIONAL GROWERS	1,885	100
Set-aside	210	11.1
Cultivated area	1,675	
cereals and ensiled crops	1,331	70.6
- maize	664	
oilseeds	323	17.1
DURUM WHEAT - TRADITIONAL AREAS	1,526	
DURUM WHEAT - SEMI-TRADITIONAL AREAS	18	

Source: calculations using EU Commission data.

540,000 tonnes of oil in the 2000/01 marketing year (-32% compared to the previous year), which represented around 27% of total EU oil production.

Following the abundant harvests in Spain and Greece, prices for extra virgin olive oil were the lowest they had been in the last few years in all the main producing countries. In Italy, the average producer price for the first 11 months of the 2000/01 year remained similar to the same figure for the previous year (224 euro/100 kg, -1%) whereas the average producer price for virgin lamp oil dropped by 11%.

Fruit and vegetables - EU market intervention in the 2000/01 marketing year showed a 17.5% drop in withdrawn quantities due mostly to tomatoes, aubergines and peaches. There was, however, a steep increase in market intervention for oranges (over 50% more), lemons (3 times more) and apples (+54%). In Italy,

Application of the CAP in the arable sector in EU countries ('000 hectares), 2000/2001 marketing year

	Base area	Set-aside	Arable area (*)			
			simplified scheme	%	main scheme	%
Belgium	479	22	248	55.1	202	44.9
France	13,526	1,485	1,677	12.2	12,058	87.8
Germany	10,156	1,132	1,495	14.9	8,568	85.1
Italy	5,801	221	2,527	57.3	1,885	42.7
Luxembourg	43	1	17	43.6	22	56.4
Netherlands	437	15	277	68.6	127	31.4
Denmark	2,018	213	249	12.3	1,780	87.7
Ireland	346	30	87	26.2	245	73.8
United Kingdom	4,461	552	195	4.5	4,176	95.5
Greece	1,492	29	1,194	93.7	80	6.3
Portugal	1,015	76	355	44.0	451	56.0
Spain	9,220	1,274	2,493	28.6	6,223	71.4
Austria	1,203	106	430	38.3	693	61.7
Finland	1,591	176	887	56.8	674	43.2
Sweden	1,737	254	381	22.1	1,346	77.9
EU	53,522	5,586	12,512	24.5	38,530	75.5

(*) Excludes land planted to fodder crops.
Source: European Commission, DG Agriculture.

the fall in volume of fresh produce subject to intervention operations involved cauliflowers, tomatoes, peaches and nectarines while there were sharp increases for apples and pears compared to the previous year. As far as processed fruit and vegetables were concerned, implementation legislation was enacted at both Community and national levels for the new support regime for processed foodstuffs based on fruit and vegetables and for the aid regime for citrus producers under Regs. (EC) 449/2001 and 1092/2001. For processed fruit and vegetables (tomatoes, peaches and pears), transitory measures were adopted for contracts drawn up between processors and single growers for the 2001/02 marketing year. In the same year, a further decrease was registered in the EU in fresh fruit and vegetables withdrawn from the market for intervention operations (-53%). In Italy, the overall decrease in withdrawals amounted to almost

60% and concerned all products except melons (+9.6%). For the first time, in the 2000/01 marketing year, producer prices for products due to be processed were established through free negotiation between the parties concerned. In Italy, industry and producer organizations signed an agreement establishing a farmgate price for tomatoes bound for the processing industry in production areas in the Centre-North, while industry paid on average a lower price in the South. In Spain and Italy, the quantity of tomatoes sent to the processing industry overshot the ceilings set by Reg. (EC) 2699/2000. Greece, Spain, France, Italy and the Netherlands also faced a drop in subsidies for pears because they overshot the processing ceilings in the three previous years. Processing ceilings were overshot for citrus fruit too, resulting in lower subsidies: in Spain and France for grapefruit and pomelos, in Italy for lemons, man-

darins and clementines.

Wine - As far as measures for controlling and managing production potential were concerned, the 2000/01 year was above all characterized by the commencement of schemes for restructuring and converting areas planted with vines. Italy received an allocation of around 114 million euro, amounting to about 26% of the EU total. Overall, approximately 9,100 claims were met, involving over 18,000 hectares of vineyards and payments for over 115 million euro. The brilliant results achieved by Italy, and by Spain too, had a positive impact on the appropriation decided by the EU for 2001/02. In fact, Italy was awarded over 116 million euro, representing almost 28% of the EU total.

As far as market support measures were concerned, here too there were important new developments. For the first time, the two optional distil-

lation schemes set out in the new common organization of the market were started up. The distillation of wine for obtaining alcohol for use in food led to 12.7 million hectolitres of wine being withdrawn in the EU of which almost 5 million hectolitres, just under 40% of the EU total, came from Italy and over 7 million (57%) from Spain. There were also 7 crisis distillation operations in all the EU, leading to withdrawal from the market of a further 7.2 million hectolitres of wine, of which over 1.3 million were produced in Italy. In view of the low intervention prices set by the EU for extraordinary measures, the payment of additional national aid was authorised, but only for France, Portugal, Germany and Italy and for certain kinds of wine.

On the whole, Italy sent a total of around 6.3 million hectolitres of wine for distillation through the two optional schemes, including 1.3 million hectolitres of quality wine (Moscato d'Asti and Asti).

The distillation schemes involved large quantities of wine in the 2001/02 year too. In fact, authorization was granted for the withdrawal of 12 million hectolitres of wine throughout the EU, in three consecutive tranches, for distillation for obtaining alcohol for use in food. Crisis distillation was authorised in Italy and France, for 4 million of hectolitres each; in this case too, payment of additional national aid was authorised.

Tobacco - The introduction of a variable component in the production premium for tobacco, linked to a cultivation contract being drawn up between the initial processor and a producer association, has favoured the creation of tobacco producers' associations. This has led to a concentration of agricultural supply which could improve the negotiating position of producers, especially in the system of selling by auction. Reg. (EC) 2162/1999 set a fixed ratio

between the variable part and the total amount of the premium for every variety of raw tobacco for all tobacco-producing countries.

Subsequently, Reg. (EC) 546/2002 modified the regime of selling by auction in order to make the system more flexible, allowing cultivation contracts for single varieties of tobacco to be sold by auction. Other changes to the support regime include a number of reductions in premiums for single varieties of tobacco to encourage producers to give up growing varieties which are hard to place on the market, such as "sun cured".

Milk - As far as the management of the common organization of the market for milk was concerned, in the 2000/01 marketing year Italy was again the country to register the largest excess of production with respect to its quota. According to Agea figures, despite the first tranche of the increase in the national quota, excess production for the 2000/01

marketing year came close to 400,000 tonnes, exceeding the increase in quota granted to Italy for 2001/02. This surplus resulted in a fine for Italy of approximately 140 million euro.

Beef - In 2001 the beef sector was severely affected by the BSE crisis. The main new measures adopted by the EU in 2001 were aimed at limiting the damage caused by the crisis (chiefly slaughtering livestock considered at risk and market intervention measures). There was a substantial overall increase in intervention stocks, which amounted to 252,700 tonnes, mainly from purchases in France, Spain, Germany, Italy and Ireland; the “safety net scheme” was only used in Germany and to a lesser extent in the Netherlands. Approximately 240,000 tonnes of beef were also removed from the market thanks to the disposal scheme designed to eliminate livestock considered at risk, while

around 166,000 tonnes were placed into storage thanks to the “special purchase scheme”. Alongside the decline in production following the sharp drop in national and foreign demand, prices remained fairly stable, showing a tendency to improve even if they did not reach pre-crisis levels.

As far as spending from the national envelope was concerned, in 2001 Italy confirmed the strategy it had adopted after the approval of the spending portfolio, using over 80% of its allocation to supplement the adult male bovine slaughter premium and 20% to supplement the premium for beef heifers and cows. Part of the sum allocated to male bovines was reserved for organic farms and farms rearing certified breeds; a smaller portion was reserved for quality protection through observance of production rules.

Goatmeat and sheepmeat - In 2001 the reform of the common organiza-

tion of the market for goatmeat and sheepmeat was approved, with premiums per head of livestock and a national envelope under Regs (EC) 2529/2001 and 2550/2001. With the reform, every link between subsidies and the trend in market prices was eliminated. The premium was set at 21 euro per head of livestock for heavy lambs and 16.8 euro for light lambs and goats. The additional aid scheme for livestock farms in less favoured areas remained operative, with a premium of 7 euro per head. Every Member State was given a premium ceiling to respect. Italy's national envelope amounted to 6.92 million euro, out of the 72 million made available for the whole Community.

Mention must be made of the slaughter schemes carried out during 2001 especially in the United Kingdom, France and Spain, connected with the outbreak of a number of diseases. These schemes, together with the resulting restrictions on the flow of

imports, led to an explosion of prices. The price increases involved all types of livestock but particularly light lambs (+20%). The limited supply and high prices caused much tension on the markets, especially in the periods of the year in which there

***EAGGF Guarantee Section
expenditure in Italy by commodity
sector, 2001***

	million euro	%
Arable crops	1,919.60	35.1
Olive oil	848.3	15.5
Fruit & vegetables	348.2	6.4
Grapes & wine	379.7	6.9
Tobacco	338.3	6.2
Milk & dairy products	91.6	1.7
Beef	296.5	5.4
Sheepmeat & goatmeat	143.2	2.6
Rural development	658.4	12
Other measures	442.4	8.1
TOTAL EAGGF Guarantee Section	5,466.80	100

Source: calculations using EU Commission data.

was a concentration of consumption. This was the case in Italy too, with considerable fluctuations on some markets reaching peaks of around 20%.

EAGGF expenditure

In 2001 expenditure in Italy by the Guarantee Section of the EAGGF amounted to nearly 5,467 million euro, although this sum should be reduced by approximately 2.6% to account for financial adjustments chargeable to Italy for the closing of accounts for previous years. Overall, Guarantee Section expenditure increased in Italy by almost 6% compared to 2000, a far higher increase than the EU average (3%). As a consequence, the proportion of the EU total spent in Italy rose to above 12.8% and our country took fourth place among the beneficiaries of EU spending under the CAP and rural development measures.

The increase in expenditure is above all attributable to crop products, which alone accounted for over three quarters of the total sum. Among these products, payments rose especially for arable crops (cereals and above all oilseeds), for olive oil and, to a lesser degree, for grape/wine products. Among livestock products, there was an increase in beef payments in Italy as well as the rest of the EU, thanks to the new subsidies introduced with the 1999 reform.

The accompanying measures, on the other hand, showed for the first time a downward tendency as a result of the gradual reduction in spending commitments made during the previous planning period and the related payments. Despite this, the overall package of alternative measures to market support represented an important element of public expenditure on agriculture in Italy, accounting for 9% of the total, to which a further 3% should be added for other support measures included

EAGGF Guarantee Section expenditure by country, 2000 and 2001

	2000		2001		% change
	million euro	%	million euro	%	2000/2001
EU direct payments	18.0	0.0	28.0	0.1	55.6
Belgium	954.6	2.4	934.5	2.3	-2.1
Denmark	1,304.7	3.2	1,111.6	2.7	-14.8
Germany	5,641.9	14.0	5,857.6	14.1	3.8
Greece	2,597.2	6.4	2,612.1	6.3	0.6
Spain	5,469.0	13.6	6,175.7	14.9	12.9
France	8,981.7	22.3	9,221.0	22.2	2.7
Ireland	1,678.3	4.2	1,584.3	3.8	-5.6
Italy	5,031.3	12.5	5,323.9	12.8	5.8
Luxembourg	20.6	0.1	29.3	0.1	42.2
Netherlands	1,396.6	3.5	1,104.1	2.7	-20.9
Austria	1,018.5	2.5	1,052.5	2.5	3.3
Portugal	652.0	1.6	873.8	2.1	34.0
Finland	727.6	1.8	815.4	2.0	12.1
Sweden	798.0	2.0	779.7	1.9	-2.3
United Kingdom	4,058.7	10.1	3,996.9	9.6	-1.5
EU	40,348.6	100.0	41,500.3	100.0	2.9

Source: calculations using EU Commission data.

under rural development.

Overall, the trends recorded in 2001 showed a slight upturn in the Mediterranean element of public expenditure on agriculture, due mainly to the progress in payments in the above-mentioned sectors of olive oil and grape/wine products. It is also to be noted that with the coming into effect of the new provisions approved as a result of Agenda 2000, there was a clear increase in the relative importance of the sectors which have undergone reform (arable crops, beef and wine).

However, a comparison between the contributions made by the different commodities towards national agricultural output and their share of funding under the EAGGF Guarantee Section reveal considerable imbalances. In fact, a general tendency emerged for commodities supported through direct payments to win much higher portions of the funding than their comparative volume of production. This was the case

Italy: contribution of each commodity sector to VFO and share of EAGGF Guarantee Section expenditure

	2000	
	% VFO	% expenditure
Cereals and oilseeds (1)	11.1	31.8
Rice	1.1	2.4
Sugar	1.3	2.9
Olive oil (2)	5.1	12.5
Fruit & vegetables	28.2	7.7
Grape & wine products	9.6	5.1
Tobacco	0.9	6.5
Milk & dairy products (3)	10.1	2.3
Beef	8.3	3.7
Sheepmeat & goatmeat	0.9	3.2
Pigmeat	5.2	0.4
Eggs & poultry	6.6	0.0

(1) Protein crops are not included in the contribution to VFO but are included in the share of expenditure.

(2) Two-yearly averages.

(3) For the contribution to VFO, only milk has been considered as it is the only figure available in the annual EU Report.

Source: calculations using EU Commission data.

for arable crops, which absorbed a percentage of funding which was around three times greater than their contribution to national output, and also for rice, for olive oil, for goats and sheep and especially for tobacco, which accounted for less than 1% of national output but absorbed over 6% of Community expenditure in Italy. Among Mediterranean commodities, the case of fruit and vegetables and grape/wine products should be noted in that they were particularly penalized in this comparison. Beef also received a decidedly more modest portion of funding compared to its importance in terms of production; this should, however, improve once the Agenda 2000 reform is applied in full.

The amount received by each commodity sector appears firmly linked to the type of support granted through the mechanisms of the different market organizations. It should be pointed out that in Italy, as in the rest of the EU, most of total

expenditure (over 65%) is on production-related subsidies, and this is due in particular to the increase in spending on the arable, olive oil and beef sectors, which benefit from direct payments. On the other hand, expenditure on export refunds, on reduction of production potential and on consumption aid is comparatively low in Italy, representing a marginal proportion of total expenditure on agriculture. The proportion spent on storing and managing intervention stocks - to which the wine sector and in 2001 the beef sector especially contributed - is slightly higher, as well as aid for the food processing sector, driven mainly by fruit and vegetables.

If the ratios of expenditure to certain significant parameters such as VFO, employment and hectares of UAA in the different EU countries are compared, there are considerable fluctuations from one country to another in the expenditure/work unit ratio and the expenditure/hectare ratio, while

Italy: EAGGF Guarantee Section expenditure by type of scheme, 2000 and 2001

	2000 million euro	%	2001 million euro	%	% change 2000/2001
Export refunds	309.1	5.6	237.8	4.3	-23.1
cereals & derivatives	59.7	1.1	24.8	0.5	-58.5
milk & derivatives	26.1	0.5	22.3	0.4	-14.6
beef	44.8	0.8	29.0	0.5	-35.3
Intervention purchases and storage	356.2	6.5	335.5	6.1	-5.8
cereals	-4.2	-0.1	-1.2	0.0	-71.4
grape & wine products	161.4	2.9	177.8	3.3	10.2
milk & dairy products	71.9	1.3	41.3	0.8	-42.6
beef	-1.5	0.0	49.8	0.9	-3,420.0
Reduction in production potential	113.5	2.1	121.1	2.2	6.7
withdrawals	92.6	1.7	73.3	1.3	-20.8
Consumption aid	29.2	0.5	8.2	0.1	-71.9
olive oil	19.3	0.4	0.2	0.0	-99.0
milk & dairy products	9.9	0.2	8.0	0.1	-19.2

	2000 million euro	%	2001 million euro	%	% change 2000/2001
Processing subsidies	440.6	8.0	343.4	6.3	-22.1
grape & wine products	114.7	2.1	84.3	1.5	-26.5
fruit & vegetables	286.3	5.2	222.0	4.1	-22.5
milk & dairy products	17.0	0.3	30.9	0.6	81.8
Production subsidies	3,141.3	57.2	3,527.8	64.5	12.3
arable crops	1,584.0	28.8	1,818.5	33.3	14.8
olive oil	661.8	12.0	842.7	15.4	27.3
tobacco	357.4	6.5	338.3	6.2	-5.3
fruit & vegetables	71.7	1.3	83.2	1.5	16.0
beef	137.3	2.5	170.2	3.1	24.0
sheepmeat & goatmeat	177.6	3.2	143.2	2.6	-19.4
Other aid	1,104.3	20.1	893.0	16.3	-19.1
accompanying measures	700.0	12.7	500.1	9.1	-28.6
TOTAL EXPENDITURE ON AGRICULTURE	5,494.2	100.0	5,466.9	100.0	-0.5

Source: calculations using EU Commission data.

the expenditure/VFO ratio is slightly more evenly balanced among countries. The results are particularly significant in the case of Italy, which presents the lowest results in all three cases.

EAGGF Guarantee Section expenditure by country in relation to VFO, AWUs and UAA

		2000	
	expenditure/VFO %	expenditure/AWU '000 euro	expenditure/UAA '000 euro
Belgium	13.8	12.9	684.8
Denmark	15.7	17.7	481.1
Germany	12.9	8.7	328.9
Greece	24.4	4.8	662.7
Spain	16.4	5.8	189.3
France	14.4	8.8	300.0
Ireland	28.9	9.0	379.9
Italy	12.3	4.2	326.7
Luxembourg	8.2	4.8	162.2
Netherlands	7.3	6.4	704.3
Austria	20.5	5.9	298.7
Portugal	11.7	1.2	167.0
Finland	20.0	6.3	330.6
Sweden	16.1	10.9	259.9
United Kingdom	16.9	12.0	249.8
EU	14.7	6.6	299.3

Source: calculations using EU Commission data.

The regulations for planning rural development measures for the 2000-06 period are contained in Reg. (EC) 1257/1999 and in Reg. (EC) 445/2002, which contains application provisions and replaces the previous Reg. (EC) 1750/1999.

The measures which were previously implemented through nine separate regulations have been concentrated in one single regulation and Rural Development Programmes (RDPs) have been introduced together with other planning tools. Reg. (EC) 1257/1999 provides for twenty-two different measures, introducing in Art. 33 a series of schemes for “promoting the adjustment and development of rural areas”.

Financing for rural development measures comes from both the Guidance and Guarantee Sections of the EAGGF. The financing comes from one or the other Section according to location and the kind of measure being implemented.

Only Objective 1 regions are financed

by both Sections of the Fund whereas for other regions financing for rural development comes exclusively from the Guidance Section.

In Objective 1 regions, the measures formerly called “accompanying measures” (early retirement, agri-environment measures, afforestation of agricultural land) and compensatory payments for less favoured areas and areas with environmental restrictions are financed by the Guarantee Section and are planned through the RDPs; these were all approved by the EU Commission during the course of 2001. The remaining measures for rural development are financed by the Guidance Section through the Regional Operational Programmes (ROPs). The Guidance Section schemes have been integrated into the programmes of the other Structural Funds under the priority planks laid down in the Community Support Framework (CSF): exploitation of natural and environmental resources; exploitation of cultural

and historical resources; exploitation of human resources; improvement in the quality of towns and local institutions and in the quality of life connected with them; local development systems; service networks and junctions. The CSF and the ROPs were all approved in the course of 2000 but the full operativity of the schemes was dependent on the preparation of a further document, the Programme Complement. This was introduced by Reg. (EC) 1260/1999 (which lays down general provisions on the Structural Funds) and is defined as the “document implementing the assistance strategy and priorities and containing detailed elements at measure level” (Art. 9).

The measures in the CSF financed by the EAGGF Guidance Section have been allocated 2,982.66 million euro for the whole 2000-06 planning period.

Most of the measures dedicated to agriculture and rural development are included in Plank IV (“local sys-

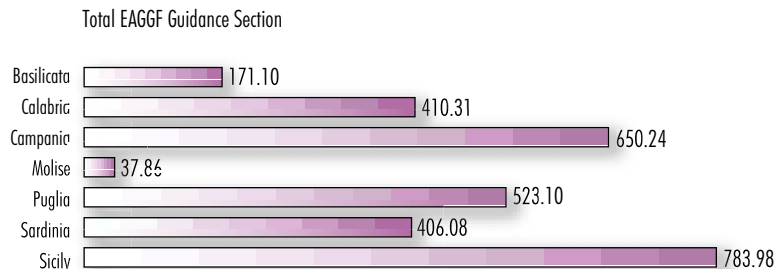
tems”), which has been allocated approximately 75% of total funding. A break-down of funding by region highlights the considerable sums available for each region with the exception of Molise, which is paying for its new status of phasing out of Objective 1. Sicily is the region to receive the highest share.

In non-Objective 1 regions, on the other hand, all rural development measures, including the measures for rural areas in Objective 2, are incorporated in the RDPs and are all financed by the EAGGF Guarantee Section.

The planning phase ended on 29 September 2000; all the Rural Development Programmes for the regions in the Centre-North had been approved by the European commission on that date.

A National Board for Supervision of the Implementation of Rural Development Programmes has been set up (by CIPE Resolution dated 21/12/1999), for the purpose of

EAGGF Guidance Section funding by region (million euro)



Source: calculations by INEA using data from the finance sheets of the RDPs.

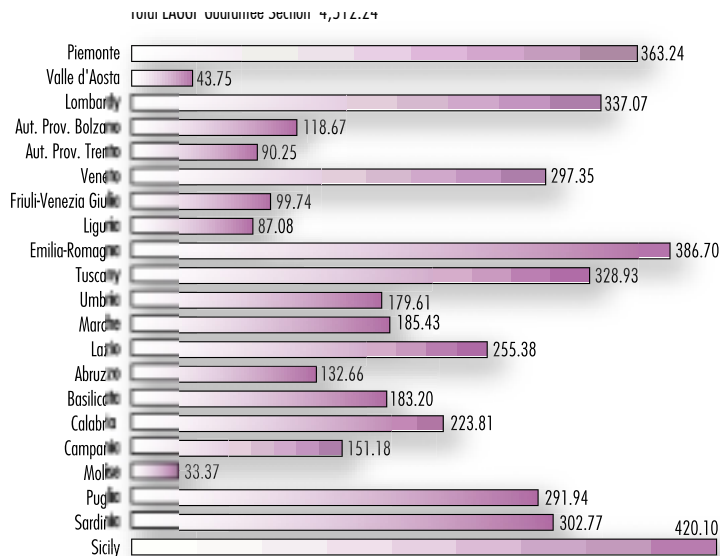
ensuring all measures are carried out efficiently.

As far as EAGGF Guarantee Section funding for rural development in the 2000-06 planning period is concerned, the sum of 4,165 million euro initially allocated to Italy was subsequently increased by indexation to 4,512 million euro (Dec. 426/2000).

Among the non-Objective 1 regions, Emilia-Romagna received the largest percentage of resources (over 8%), followed by Piemonte, Lombardy and Tuscany.

The Italian regions chose to carry out a very high number of measures, with Piemonte, Liguria, Marche, Umbria and Campania starting up

EAGGF Guarantee Section funding for rural development measures by region (million euro)



Source: calculations by INEA using data from the finance sheets of the RDPs.

some 20 out of 22. Valle d'Aosta was the exception to this, deciding to include only a very small number of co-financed measures (just 5) in its RDP, but it also started up other schemes to fulfil the objectives of its RDP, financed exclusively with regional resources.

Among the other regions which chose to start up a limited number of measures were Friuli-Venezia Giulia with 10 measures, Abruzzo with 12, Molise with 13 and Emilia-Romagna with 14.

Looking at the measures chosen by the regions, it emerges that measures b and e are the only ones - in addition to the obligatory measure f - to be included in all the RDPs. They are followed by measures a, c, g and i, which were started up by nearly all regions.

As far as the distribution of available funding is concerned, the agri-environment measures stand out among the various programmed measures for absorbing over half of the total;

Rural development measures in the RDPs and ROPs

Non-Objective 1	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	Total approved measures
Piemonte	20
Valle d'Aosta	5
Lombardy	18
Aut. Prov. Bolzano	16
Aut. Prov. Trento	16
Veneto	19
Friuli Venezia-Giulia	10
Liguria	20
Emilia-Romagna	14
Tuscany	19
Umbria	20
Marche	20
Lazio	17
Abruzzo	12
Objective 1	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	
Molise	13
Campania	20
Puglia	15
Basilicata	15
Calabria	19
Sicily	18
Sardinia	18

Source: calculations by INEA using data from the RDPs and ROPs.

EAGGF funding by measure

Measure	EAGGF-Guarantee	EAGGF-Guidance %
a. Investments in farms	7.48	25.43
b. Setting up young farmers	3.91	7.25
c. Training	0.56	1.58
d. Early retirement	0.55	-
e. Less favoured areas and areas with environmental restrictions	6.61	-
f. Agri-environment measures	52.42	-
g. Improvement of processing and marketing conditions	4.06	15.29
h. Afforestation of agricultural land	10.99	-
i. Other forestry measures	3.12	6.77
j. Improvements to farm property	0.36	-
k. Recomposition of farm holdings	0.1	3.41
l. Commencement of management assistance and replacement services	0.42	1.04
m. Marketing of quality agricultural products	0.6	1.4
n. Essential services for the rural population and economy	0.68	1.71
o. Restoration/improvement of villages and conservation of rural heritage	0.49	2.44
p. Diversification of activities in the agricultural sector and connected activities	1.17	3.83
q. Management of water resources in agriculture	1.27	10.77
r. Development and improvement of rural infrastructure	1.45	8.94
s. Incentives for tourist and handicraft activities	0.49	0.71
t. Protection of the environment	0.82	7.95
u. Rebuilding agricultural potential damaged by natural disasters	0.42	1.1
v. Financial engineering	0.24	0.35
Measures already under way	1.53	0.05
Evaluation	0.25	-

Source: calculations by INEA using data from the RDPs and ROPs.

they are followed by measures which were already incorporated in previous programmes such as the afforestation of farm land (11%), investments on farms (7.5%) and compensatory payments for less favoured areas and areas subject to environmental restrictions (6.6%). The resources allocated to these four measures plus those allocated to measures for improving processing and marketing conditions and for helping young people set up farm businesses (around 4% each) account for over 85% of the total.

The remaining 15% is divided among the other measures, with only very small sums allocated to many of the rural development measures included in Art. 33 of Reg. 1257/1999 and which represented one of the innovations of the current planning round.

As regards the allocation of resources from the Guidance Section of the EAGGF, considering that the four measures included in the RDPs and

EAGGF Guarantee Section expenditure, 2001 (million euro)

Description	Expenditure			Total public exp.
	EAGGF	National	Regional	
a. Investments in farms	36,257	51,146	21,92	109,323
b. Setting up young farmers	41,983	30,679	12,978	85,639
c. Training	3,495	2,447	1,049	6,991
d. Early retirement	438	261	0	699
e. Less favoured areas (compensatory allowance)	38,477	34,996	7,465	80,938
f. Agri-environment measures	69,054	56,931	0	125,986
g. Improvement of processing & marketing	17,106	19,011	8,151	44,268
h. Afforestation of agricultural land	3,861	906	0	4,766
i. Other forestry measures	6,288	6,215	2,663	15,167
j. Improvements to farm property	472	486	208	1,166
k. Recomposition of farm holdings	0	0	0	0
l. Commencement management assistance/ replacement services	3,028	3,218	1,379	7,625
m. Marketing of quality agric. commodities	410	372	159	941
n. Essential services for rural population & economy	1,778	2,38	1,02	5,178

Description	Expenditure			Total public exp.
	EAGGF	National	Regional	
o. Restoration/improvement of villages & conservation rural heritage	288	302	130	720
p. Diversification of agricultural & connected activities	3,047	3,547	1,52	8,115
q. Management of water resources in agriculture	3,953	3,78	1,621	9,354
r. Development & improvement of rural infrastructure	3,406	2,59	1,11	7,106
s. Incentives for tourist and handicraft activities	424	578	248	1,249
t. Protection of the environment-agriculture, forestry, animal welfare	1,469	2,001	858	4,328
u. Rebuilding agricultural potential damaged by natural disasters	129	236	101	465
v. Financial engineering	375	613	263	1,25
Evaluation	123	64	27	214
Measures under way	2,094	3,27	1,401	6,766
Reg. 2078/92 agri-environment measures, old regime	343,8	202,755	0	546,555
Reg. 2079/92 early retirement, old regime	2,104	1,126	0	3,23
Reg. 2080/92 forestry measures, old regime	74,583	48,872	0	123,455
TOTAL 2001	658,443	478,782	64,27	1,201,495

Source: calculations by INEA using AGEA data.

financed by the Guarantee Section are not included in the ROPs, the non-Art. 33 measures receive larger percentage shares than the same measures in the Centre-North regions. Among these measures, particular attention is given to measures which aim at improving the fabric of regional infrastructure - the management of water resources in agriculture (11%) and the development of rural infrastructure (9%) - and at protecting the environment (8%).

In 2000, public expenditure on measures financed by the EAGGF Guarantee Section amounted to around 1,206 million euro of which, however, a good 75% was spent on payments belonging to the old regime of agri-environment measures (Reg. 2078/1992). Payments were disbursed for only five measures of the new planning round during 2000; these were mostly spent on helping young people set up farm businesses (6% of public expenditure in 2000), a measure which required less time to

Actual EAGGF Guidance Sector expenditure by region (euro)

Region	Total cost 2000/2006	Actual expenditure (*)	
		total (euro)	% total cost
Molise	116,952.83	38.73	0.03
Campania	1,254,758.98	5,636.62	0.45
Puglia	1,069,547.69	4,649.63	0.43
Basilicata	458,237.32	16,406.35	3.58
Calabria	1,273,398.00	8,285.93	0.65
Sicily	2,458,731.87	1,179.37	0.05
Sardinia	1,285,893.00	5,725.26	0.45
TOTAL	7,917,519.70	41,921.91	0.53

(*) At February 2002.

Source: Ministry for Agricultural and Forestry Policies.

implement in that it was based on consolidated procedures.

In 2001, on the other hand, payments were disbursed for all the measures - with the exception of the measure for the recomposition of farm holdings - for total public expenditure of around 1,200 million euro. A significant percentage of public expenditure (45% of the total)

continued to be spent on payments deriving from the old regime.

Among the measures included in Reg. 1257/1999, the greatest sums were paid out for agri-environment measures (10%), investments on farms (9%), helping young people set up farm businesses (7%), compensatory payments for less favoured areas (7%) and improvements in

processing and marketing conditions (4%). The delay in drawing up the ROPs and the requirement to draw up the respective Programme Complements affected the start-up phase of rural development measures in regions in the South. Expenditure by the EAGGF Guidance Section up to February 2002 represented just 0.53% of the total, the trend being similar for all Southern regions apart from Basilicata, where a larger portion of available funding was used (3.6%).

The LEADER+ Community Initiative

For the 2000-06 planning period, a portion of the Structural Funds (5%) has been allocated to four Community Initiative Programmes: LEADER+, INTERREG, URBAN and EQUAL.

LEADER schemes are co-financed by the EAGGF Guidance Section; Italy has been allotted 284.17 mil-

Distribution of LEADER+ funds by region

Region	EAGGF-Guidance funds		National funds	Total
	total ('000 euro)	%		
Piemonte	11.32	3.98	11.32	22.64
Valle d'Aosta	2.14	0.75	2.14	4.28
Lombardy	7.22	2.54	7.22	14.44
Aut. Prov. Bolzano	7.75	2.73	7.74	15.49
Aut. Prov. Trento	3.69	1.30	3.69	7.38
Veneto	13.74	4.84	13.74	27.48
Friuli Venezia-Giulia	5.65	1.99	5.65	11.30
Liguria	5.30	1.87	6.62	11.92
Emilia-Romagna	9.78	3.44	14.07	23.85
Tuscany	13.34	4.69	17.66	31.00
Umbria	7.57	2.66	7.57	15.14
Marche	7.86	2.77	7.86	15.72
Lazio	13.55	4.77	13.55	27.10
Abruzzo	17.67	6.22	17.67	35.34
Molise	8.24	2.90	2.75	10.99
Campania	23.63	8.32	7.88	31.51
Puglia	25.76	9.06	8.59	34.35
Basilicata	17.03	5.99	5.68	22.71
Calabria	21.23	7.47	7.08	28.31
Sicily	29.31	10.31	9.77	39.08
Sardinia	26.89	9.46	17.03	43.92
TOTAL	278.67	98.06	195.26	473.93
Network	5.50	1.94	5.50	11.00
TOTAL	284.17	100.00	200.76	484.93

Source: calculations by INEA using RLP data.

lion euro for the 2000-06 period. The objective of the LEADER+ programme is to exploit resources in rural areas through integrated and innovative schemes which particularly promote cooperation among all the players in the areas concerned,

in order to improve the organizational capabilities of rural communities.

In accordance with the new guidelines set out for the Structural Funds, schemes are planned through Regional LEADER Programmes

(RLPs) and the related Programme Complements. Between September 2001 and January 2002 all the RLPs were approved by the European Commission and the regional authorities are now busy drawing up the Complements.

NATIONAL AND REGIONAL POLICIES

Main policies and laws

The Government's Economic and Financial Planning Document (DPEF) for 2002-2006 identified the following objectives for the agricultural sector: greater competitiveness of the national agri-food chain, food safety for consumers and preservation of the country's agricultural enterprises and natural resources. These objectives are to be achieved through the following policies, which focus in particular on improving competitiveness:

- an increase in the size of farms and relaunch of producer organizations (associations, cooperatives, inter-branch organizations);
- simplification of bureaucratic obligations (through self-certification, computerization etc);
- reduction in tax pressure;
- reorganization of social security;
- provision of subsidized credit;
- promotion of agri-food specialties and quality products;
- rationalization of water resources.

Constitutional Law n. 3 dated 18 October 2001. "Amendments to Title V of the second part of the Constitution". Operational commencement of the reform of the State towards federalism, with the equalization of institutional parties and a different distribution of legislative powers, including the cancellation of the limit on the number of issues which come under the jurisdiction of the regions. New Article 117 of the Constitution states that agriculture is an issue over which regions have exclusive legislative authority, limited by respect of the Constitution and compliance with obligations arising from EU regulations and international commitments.

Law n. 135 dated 29 March 2001. "Reform of national legislation on tourism." Defines basic principles and policy instruments for tourism, with a view to supporting the strategic use of rural spaces and of marginal local economies, in the context of integrat-

ed rural development.

Law n. 142 dated 3 April 2001. "Review of regulations pertaining to cooperatives, with special reference to the position of working partners". Sets out regulations for working partners of cooperatives regarding their individual and collective rights, remuneration and social security.

Law n. 305 dated 25 July 2001. Extends the time limits on measures regarding the bovine spongiform encephalopathy (BSE) emergency. Measures include the disposal of specific risk material and derived products, as well as the public purchase and storage of low-risk animal protein.

Law n. 317 dated 3 August 2001. Sets out regulations concerning the organization of Government, including the creation of the Ministry for Productive Activities, with responsibilities for different sectors including

agri-industrial products.

Law n. 330 dated 4 August 2001. Sets out measures on duties on oil products and other urgent measures. Regulates the distribution of quantities of biodiesel among beneficiaries of quotas and exempts glasshouse crops from duties from 1 July 2001 - 30 September 2001.

Law n. 357 dated 28 September 2001. Sets out urgent provisions on use of diesel oil in agriculture. Amends time limits and arrangements for certain obligations connected with concessions for oil products used in agriculture.

Law n. 383 dated 18 October 2001. “First measures for relaunching the economy”. The aim of the law is to relaunch the economy through incentives and simplification of procedures for businesses. The principal measures include: measures for coming out of the black economy; tax

incentives for investments and development; simplification measures; the reorganization of financial administration.

Law n. 387 dated 22 October 2001. Sets out further measures to increase epidemiological surveillance of BSE, including a rapid diagnosis test for all bovines, buffalo and bison slaughtered over 24 months of age.

Law n. 409 dated 23 November 2001. Sets out urgent provisions in view of the introduction of the euro.

Law n. 418 dated 30 November 2001. Sets out measures regarding duties on oil products. Exempts farmers from payment of duties on diesel oil used for growing crops from 1 October - 31 December 2001 and also provides for greater reductions in the cost of diesel oil and LPG used in mountain areas and for district heating networks run on biomass or geothermal power.

Law n. 441 dated 21 December 2001. Lays down “Urgent provisions concerning the Payments Agency for Agriculture (AGEA), the bovine register and the Umbro-Tuscan Irrigation Agency”. Sets out provisions correcting previous regulations, changing the organization of AGEA with a view to guaranteeing greater promptness in the payment of aid, subsidies and premiums due under the CAP.

Law n. 443 dated 21 December 2001. “Delegating the Government as regards strategic productive plants and infrastructure and other schemes for relaunching productive activities”. Provides for construction of the infrastructure necessary to modernize the country, with simplified procedures.

Law n. 448 dated 28 December 2001. “Provisions for the annual and multiannual State budgets (2002 Finance or Budget Law)”. Introduces measures to encourage investments and curb tax pressure in the agricul-

tural sector:

- Tax policies: extension of the 1.9% rate for business income tax (IRAP) on 2001 incomes; extension to 2002 of the special VAT rate for agriculture, which is also extended to consortia and other producer associations; abolition of tax on the increase of the real value of estate (INVIM) from 1 January 2002; extension of tax reductions to 31 December 2003 for creating and adding to crop holdings; tax breaks for maintenance of woodland carried out for the benefit of the environment and against hydrogeological upheaval.
- Encouragement of investments: extension of the tax credits for investments in less favoured areas, granted by the 2001 Budget Law, to farm businesses, including cooperatives.
- Local development: provisions for redistributing funds allotted to negotiated planning schemes in the agricultural sector which have been

decommitted because beneficiaries have renounced them or have not fulfilled their obligations. The funds can be recycled to other schemes involving specialised territorial pacts and programme contracts in the agricultural sector. The Ministry of Productive Activities issued instructions for recycling funds in a circular dated 18 February 2002.

- Mountain areas: protection of the integrity of farm holdings in mountain areas through total tax exemption on operations creating a “single business entity”, in order to encourage human activity in these areas and reduce the cost of productive structures.
- Energy: confirmation of nil duty in 2002 on diesel oil used for growing glasshouse crops; re-calculation of average quantities per hectare and per type of crop in granting this exemption.
- Businesses: re-assessment of purchase values of building land destined for agriculture, with positive

effects on farms; establishment of new estimated tariffs connected with decisions of provincial and central census boards (land value contentious cases); involvement of the Deposit and Loan Institute in financing the purchase of farm land; amnesty for illegal vineyards; support for horse farms treating horses and carrying out genetic improvement.

- Businesses run by women: allocation of a further 77.5 million euro to the Single Fund for business incentives in order to aid businesses, including those run by women.
- Health: provision of 24.8 million euro for the “blue tongue” emergency and provision of 40 million euro a year for the three-year period 2002-04 for the BSE emergency.
- Natural disasters: cooperatives and consortia are allowed to set up insurance funds on behalf of farmers for wider cover of risks (National Solidarity Fund).
- AGEA: extra financing, amounting

to 30 million euro, for national aid through AGEA.

Law n. 463 dated 31 December 2001. Sets out extensions and deferrals of deadlines. Includes the extension to 30 June 2002 of the deadline for regulations on cooperatives laid down in Law n. 142/01.

Law n. 39 dated 1 March 2002. “Provisions for fulfilment of obligations deriving from membership of the EU (Community Law 2001)”. The law delegates the Government to issue legislative decrees implementing about sixty Community directives on various subjects. These include implementation of Directive 2001/77/EC promoting the production of electricity from renewable sources, implementation of Directive 1999/31/EC on rubbish dumps and amendment of Law n. 157/92 regarding the protection of wildlife and hunting.

Law n. 118 dated 18 June 2002. Sets

out urgent provisions for the livestock sector and for fighting forest fires. In order to deal with the BSE crisis, the law provides for the payment of subsidies from 1st January - 31 October 2002 to ensure the destruction of material which cannot be used in any production cycle because it is considered to be at risk. The law also provides for traceability in the productive process of all parts of animals raised and slaughtered on national territory. Incentives are granted for the use of materials considered at risk for the production of energy, with a total sum of approximately 12.9 million euro allocated to regions and autonomous provinces. Farmers whose cattle have been slaughtered further to positive results from BSE testing are granted up to a maximum premium of 413 euro. Subsidies are available for repurchasing livestock. For the fight against forest fires, the law authorizes expenditure for approximately 25.8 million euro a year from 2002 to 2004.

Other laws and provisions

CIPE Resolution n. 5 dated 14 February 2002. “Criteria and guidelines for incentives for entrepreneurs and the self-employed”. So that the best possible use is made of financing available for young entrepreneurs, the Resolution sets out the criteria which “Sviluppo Italia” should follow in assessing applications for funding presented according to Legislative Decree n. 185/2000.

Legislative Decree n. 212 dated 24 April 2001. “Implementation of Directives 98/95/EC and 98/96/EC concerning the marketing of seeds, the common catalogue of varieties of agricultural crop species and the related inspections”. The law introduces numerous provisions regulating the cultivation of crops from genetically modified seeds and related penalties.

CIPE Resolution n. 36 dated 3 May

2002. “Distribution of funds for less favoured areas 2002-04”. The Resolution implements the provisions of the 2002 Budget Law, allocating 2,744.36 million euro to finance schemes in less favoured areas. The portion allocated to regions and autonomous provinces (76.5% of the whole) will finance development through schemes included in the institutional Programme Agreements.

CIPE Resolution dated 14 June 2002. Sets out programme contracts, the National Water Programme for Agriculture and other schemes. The Resolution approves seven new programme contracts, three of which concern agriculture: the “Sikelia Consortium” which aims at developing the Sicilian wine supply chain; the “Nuova biozenit” contract (Calabria) for exploitation of

agricultural biomass for the production of electricity; the “Progetto agricoltura” or “Agriculture Project” (Sicily) to improve the fruit and vegetable supply chain. The National Water Programme for Agriculture provides for the completion of irrigation schemes in the South of Italy, the use of purified sewage water and improvements to the water distribution system.

Regional Expenditure

The sums paid out by the regions in support of agriculture come mainly from the regions' own resources, from the Ministry for Agricultural and Forestry Policies, from the EU and from the Economy and Finance Ministry. The percentage of financing from the Ministry for Agricultural and Forestry Policies decreased between 1995 and 1999 while the percentage of financing from the regions increased. EU financing also rose considerably, especially for the conclusion of the 1994-99 planning cycle of the Structural Funds.

The sums paid by the regions to the agricultural sector in 1999 are estimated at just over 7,200 billion lire, 2.8% less than the previous year. A comparison with 1995, the year in which the effects of Law 752/86 came to a definitive end and all residual responsibility was transferred to the regions (by Law 549/95, attached to the 1996 Budget Law), shows, however, an increase of 11.6%.

In the 1995-99 period, payments

Financial support for agriculture (billion lire)

	Spendable amount		Total payments	
	1995	1999	1995	1999
Piemonte	959	1,179	245	366
Valle d'Aosta	223	263	124	142
Lombardy	852	1,040	264	378
Aut. Prov. Trento	383	580	205	275
Aut. Prov. Bolzano	431	530	238	282
Veneto	719	1,008	255	356
Friuli-Venezia Giulia	668	744	124	196
Liguria	167	365	55	140
Emilia-Romagna	778	927	292	352
Tuscany	650	636	317	342
Umbria	357	405	134	103
Marche	487	613	156	218
Lazio	847	1,110	240	313
Abruzzo	599	763	152	206
Molise	350	448	77	130
Campania (1)	1,175	578	338	237
Puglia	1,809	1,266	290	340
Basilicata	547	999	184	369
Calabria	1,628	1,904	686	710
Sicily	3,795	2,969	1,225	1,004
Sardinia	2,233	2,267	875	797
TOTAL	19,658	20,593	6,476	7,226

(1) Provisional data.

Source: INEA, databank on regional spending on agriculture.

Financial support for agriculture by functional destination (%)

	Technical assistance and services (*)		Investment & management aid		Infrastructure		Forestry activities		Other		Total payments billion lire	
	1995	1999	1995	1999	1995	1999	1995	1999	1995	1999	1995	1999
Piemonte	12.1	10.8	46.2	40.7	16.0	13.8	12.0	15.5	13.6	19.2	245	336
Valle d'Aosta	13.3	8.2	52.1	51.2	0.2	2.0	4.7	4.1	29.7	34.4	124	142
Lombardy	19.0	20.3	43.8	57.3	14.5	7.2	9.6	3.2	13.1	12.0	264	378
Aut. Prov. Trento	18.2	13.0	23.0	20.1	10.2	21.2	9.3	14.8	39.2	30.9	205	275
Aut. Prov. Bolzano	14.7	17.8	67.2	50.8	4.6	2.6	6.2	10.2	7.4	18.7	238	282
Veneto	25.6	24.2	43.9	51.7	13.5	12.0	2.1	1.8	14.9	10.3	255	356
Friuli-Venezia Giulia	10.7	11.0	45.1	24.3	21.2	46.0	11.2	4.8	11.7	13.9	124	196
Liguria	4.9	20.7	51.7	43.3	7.3	2.2	12.2	20.6	23.9	13.1	55	140
Emilia-Romagna	22.1	17.5	66.7	62.8	8.8	10.5	0.5	5.9	2.0	3.3	292	352
Tuscany	7.4	8.5	60.3	38.0	6.9	4.6	14.9	15.8	10.6	33.1	317	342
Umbria	25.3	24.8	29.7	33.2	17.5	7.4	21.3	19.1	6.1	15.3	134	103
Marche	17.0	20.2	47.6	59.7	11.5	8.9	10.6	3.9	13.4	7.3	156	218
Lazio	18.1	22.0	50.4	27.9	11.6	6.9	1.3	0.4	18.5	42.9	240	313
Abruzzo	16.7	6.5	37.5	55.2	20.7	10.2	2.3	13.0	22.7	15.1	152	206
Molise	12.2	3.0	52.5	71.5	19.2	7.0	3.1	3.4	13.1	15.1	77	130
Campania (1)	6.7	16.4	19.4	45.3	42.8	23.4	14.1	4.9	16.9	9.9	338	237
Puglia	2.3	16.7	25.6	11.4	33.5	43.2	5.0	2.8	33.6	25.9	290	340
Basilicata	6.5	7.0	35.3	36.1	5.9	5.6	12.6	17.3	39.7	34.1	184	369
Calabria	1.5	1.3	16.6	11.4	0.5	1.1	64.3	56.1	17.1	30.1	686	710
Sicily	2.4	6.3	34.5	32.7	28.1	20.7	15.4	15.8	19.5	24.5	1,225	1,004
Sardinia	5.8	13.7	27.8	14.5	1.3	1.2	20.7	28.1	44.3	42.5	875	797

(1) Provisional data.

(*) "Technical assistance & services" includes schemes classified elsewhere under "Technical assistance", "Research & experimentation" and "Promotion & marketing".

Source: INEA, databank on regional spending on agriculture.

fluctuated between 8-10% of the value of agricultural output in regions with an ordinary statute and 28-32% in regions with a special statute, the latter showing not only a greater volume of payments but also a greater facility in disbursing them.

The regions supported various schemes, grouped together under a number of main headings, and showed a certain variety in their choices. The schemes on which the highest sums of regional resources were spent were those supporting investments by farm businesses and providing management aid, and it was the regions in the North and Centre which spent most of their resources on these schemes. These were followed by the schemes providing technical assistance and services, and it was again the regions in the North and Centre which spent more of their resources on them. Regions in the South, on the other hand, allocat-

ed a relatively higher portion of their financial support to infrastructure and forestry schemes.

Important new developments in support for agriculture will be introduced with the application at regulatory, organizational and procedural levels of the law on fiscal federalism (Law n. 56/00) and in particular with the amendment of Title V of the Constitution (Law n. 3/01), which changes jurisdictional powers in the agricultural sector and gives the regions greater financial independence and decision-making powers.

The regions do not have jurisdiction over matters which are reserved exclusively for the State but they share jurisdiction over other matters:

- Exclusive jurisdiction of the State: foreign policy and international relations of the State, institutional relations with the EU, protection of competition, the tax system, administrative organization of the

State and of national public bodies, law and order, security, social security, customs, protection of national borders and international prophylaxis, statistical and computerised coordination of national, regional and local administrative data, protection of the environment, of the ecosystem and of the cultural heritage:

- Concurrent jurisdiction of the State and regions: international relations and relations with the EU, foreign trade, protection and safety at work, scientific and technological research, support for innovation in productive sectors, health protection, nutrition, civil defence, territorial management (reclamation of land, major environmental infrastructure networks), the development and promotion of the cultural and environmental heritage (gas-tronomy), regional land and agricultural credit institutions.

The new regulations on State aid for the agri-food sector and rural areas are designed to ensure consistency between programmed State aid schemes and the aid granted under the common agricultural policy and rural development measures.

The European Commission has specifically laid down rules for State aid in the agricultural sector for the 2000-2006 planning period in its publication "Community guidelines for State aid in the agricultural sector". These guidelines, together with Community regulations, form a juridical basis on which the compatibility of national schemes with Community measures can be assessed in the next few years. Articles 51 and 52 of Reg. (EC) 1257/1999 contain specific provisions on State aid; they provide for certain kinds of aid schemes to be authorized without separate notification, allowing them to be notified together with schemes co-financed

by the EU, in a special section of the programming documents. The kinds of State aid which can be notified in this way are:

- top-up payments, which consist in the possibility of increasing the rate of total public co-financing above the limits set by Reg. (EC) 1257/1999 for certain schemes;
- additional payments, which consist in the possibility of increasing public aid for co-financed schemes in the Rural Development Programmes, provided the Programme implementation rules are respected.

The regional programming documents show how regions use additional State aid in different ways. Hardly any Objective 1 regions, in fact, have included additional aid in their Programmes but instead are taking steps to update and integrate their regional laws so that they comply with the new regulations. Non-Objective 1 regions have adopted a different approach.

State aid in the Rural Development Programmes (RDPs) in Non-Objective 1 regions

Non-Objective 1 regions have implemented the contents of Reg. (EC) 1257/1999. By using funds in regional budgets, many regional authorities in the Centre-North have either supplemented the appropriations for co-financed structural measures in their Programmes or they have fully financed measures for which Community co-financing was not available. It should be pointed out that this analysis only regards the State aid contained in the Rural Development Programmes.

In conformity with the regulations, the regions of Valle d'Aosta, Friuli-Venezia Giulia and Liguria have fully financed certain aid schemes in their RDPs with their own resources, for a total of 435.62 million euro, of which 90% comes from the Valle d'Aosta

Non-Objective 1 RDPs: additional State aid as a percentage of total aid (), by type of scheme and region*

Region	Modernization of structures	Training	Rural development			Environment	Less favoured areas/ with environmental restrictions	Other measures	Total
			Diversification	Infrastructure	Services				
Piemonte	23.5	33.3	8.9	30.2	3.8	1.2	0.0	0.0	10.3
Valle d'Aosta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lombardy	22.7	56.9	0.0	15.2	39.8	5.3	75.2	0.0	14.0
Aut. Prov. Bolzano	8.2	50.0	1.7	15.2	15.5	8.4	43.9	4.5	14.2
Aut. Prov. Trento	51.0	49.4	54.5	71.0	0.0	45.8	29.8	0.0	51.3
Veneto	7.1	0.0	28.5	0.0	19.5	3.3	0.0	0.0	6.3
Friuli Venezia-Giulia	22.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6
Liguria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emilia-Romagna	0.8	10.9	5.5	5.0	0.0	0.0	0.0	0.0	0.9
Tuscany	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
Umbria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Marche	4.3	0.0	3.1	0.0	0.0	4.0	0.0	0.0	3.5
Lazio	11.2	10.8	29.5	28.3	29.5	1.6	0.0	0.0	8.5
Abruzzo	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	12.7	14.6	9.9	19.9	12.4	3.9	12.4	1.9	8.7

(*) Total aid = sum of EAGGF aid, national aid and additional State aid.

Source: Financial attachments to RDPs.

budget.

In all the other Centre-North regions, only additional payments based on Articles 51 and 52 of Reg. (EC) 1257/1999 have been planned. A first analysis of the financial programmes only takes into account public expenditure (i.e. it does not consider private financing) and the extra payments disbursed in the form of additional State aid. In all, the sums allocated in the form of additional aid amount to 635.9 million euro or 8.7% of total public expenditure. This percentage, however, varies from scheme to scheme and from region to region.

The Autonomous Province of Trento has supplemented the funding for its RDP most, with 51.3% of total public expenditure made up of additional aid, which is divided fairly equally among the various schemes. The Region of Lombardy and the Autonomous Province of Bolzano come next, with 14%, followed by Piemonte, which has allocated addi-

Non-Objective 1 RDPs: total financing of main types of schemes (million euro)

Measure	Public expenditure	EAGGF expenditure	State aid (*)	% aid/total
Modernization of structures	1,981.80	729.8	419.6	39.2
Training	50.6	25.2	11.1	1
Rural development	843.7	326.8	418.3	39
<i>Diversification</i>	281.9	102.1	81.2	7.6
<i>Infrastructure</i>	399.6	163.9	306	28.6
<i>Services for enterprises & population</i>	162.1	60.8	31.1	2.9
Environment	3,235.70	1,578.10	166.8	15.6
Less favoured areas & areas with environmental restrictions	366.3	168.2	52	4.8
Other measures	195.2	77.8	3.7	0.3
TOTAL	6,673.4	2,905.9	1,071.5	100.0

(*) Sum of additional and exclusive State aid.

tional State aid to the schemes in its Programme for an overall sum of 100 million euro or 10.3% of total public expenditure.

As regards the different kinds of aid schemes, the highest proportions of additional aid are allocated to rural development measures (Art. 33, Reg. 1257/1999) and in particular to

infrastructure schemes, for which around 20% of public expenditure is made up of additional regional aid. The figure for training schemes is also worthy of note, with 14.6% of public expenditure consisting in State aid, followed by schemes for modernization of structures (12.7%) and direct income support (12.4%).

APPENDIX

Glossary

AWU - Annual Work Unit

According to the EU definition for structural surveys, one AWU is equivalent to the labour input of a person who works at least 2,200 hours a year.

Contract services

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

ESU - European Size Unit

It is a multiple of the ecu and is used to measure the standard gross margins (SGM) attributed to farms. FADN has adopted the 1986 SGM since 1995, according to which 1 ESU = 1,200 ecu = 1,783,200 lire. ISTAT adopts the average SGM for 1993, 1994 and 1995, so that 1 ESU = 1,200 ecu = 2,308,608 lire.

FT - Farm Type

The classification of farms into types is based on the financial potential of

the various agricultural activities of the farm and the combination of these activities.

In order to classify a farm, 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 classification 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 long-term factors of production - depreciation, interest, land rent, wages for permanent hired labour - or all those costs which do

not vary, in the short term, according to production.

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

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

Intermediate consumption in agriculture

ESA 95 led to important changes in the calculation of total expenditure by farms on inputs (seeds, fertilisers,

pesticides, feedingsuffs, energy, irrigation water and various services). Thanks to the availability of FADN data, alongside traditional inputs it has been possible to identify previously excluded inputs and to calculate the cost of others in a more complete manner. These include: servicing of and repairs to farm machinery and tools; veterinary services; processing and bottling of commodities; trials and technical tests; advertising, market studies and research services; producer organization membership, insurance, banking and financial services; legal and accountancy services. The cost of transactions within the agricultural industry has also been added, including own use of products on farms and the sale of products between farms.

Net Income

Net income is the return on all factors 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 (ownership or tenancy).

Output at basic prices

With ESA 95, in the agricultural account the concept of a “local kind-of-activity unit” (KAU) is adopted in order to describe production processes and the revenue obtained from them and to compare enterprises as regards their economic results and types of production. The “national farm” concept, which was used previously, has been superseded,

replaced by the sum of all KAUs operating in the agricultural sector, classified according to their main productive activity. These units together constitute the “agricultural industry”, which includes not only agricultural activities in the strict sense but also correlated secondary activities such as the processing of agricultural products by farms, the provision of certain services and other productive activities (forestry etc).

Related to the concept of the KAU is the concept of “output” which according to ESA 95 methodology does not only include products destined for the market at an economically significant price (saleable production) but also those used by producers as final consumption or investment (production for own final use). The new system therefore supersedes the old concept of “final output” by including in the concept of output not only production sold on the market or kept as stock or con-

sumed on the farm, but also the part of production used as an intermediate input in the same year by the unit which produced it.

Another fundamental innovation concerns the system of prices and the value given to output. According to ESA 95, all output - whether destined for sale or for other uses - must be valued at basic prices, which include production-related subsidies and therefore measure the sum actually received by the producer; subsidies which are not directly related to production but are of a more general nature (eg accompanying measures, set-aside, national and regional aid), are, however, excluded.

Production-related subsidies

Premiums and supplements 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 agri-

cultural activities by subtracting the sum of certain specific costs (seeds, fertilisers, pesticides, feedingstuffs, forage etc but not labour and machinery) from the value of saleable output. The gross margins calculated in this way are said to be "standard" in that the value of output and costs are calculated on average values from a three-year period and in relation to the altitude zone of the region. SGMs are expressed in ecu and are updated by INEA during structural surveys and ISTAT agricultural censuses.

The sum of the SGMs of all a farm's activities equates to the economic size of the farm, which is expressed in ESU.

Total Farm Area

For structural surveys of farms, total farm area includes UAA, cultivated woodland (woods and poplar groves), unused agricultural land and any other land within the farm perimeter. It differs therefore from

the definition used in current agricultural statistics, which also includes other untended areas of land not belonging to any farm.

UAA - Used 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 in each sector and the value of the intermediate goods and services consumed in producing them. It is equivalent to the sum of income and depreciation in each sector.

With ESA 95, estimates of value added and output are no longer presented at factor cost because of the introduction of the concept of basic prices. Basic prices include all subsidies directly related to the value of products - and exclude, for example,

compensatory aid not directly related to quantities produced - and they exclude specific taxes on products. Therefore, unlike value added at factor cost, value added at basic prices includes other taxes on production and excludes other production subsidies. Output less intermediate consumption gives value added at basic prices.

Variable costs

Costs incurred for factors of production which are subject to total consumption - energy, hire of machinery, casual labour - or all those costs which vary according to production.

WU - Standard Work Unit

This is a national accounts term used to measure the total volume of work used for productive activities in the country, expressed in standard amounts of working time. The volume of labour expressed in work units (or “employee equivalents”) includes labour by unofficial workers, undeclared employees, non-resident foreigners and workers with a second job.

Useful Addresses and Websites

Ministero delle Politiche agricole e forestali (Ministry for Agricultural and Forestry Policies)

Via XX Settembre, 20 - Roma
www.politicheagricole.it

REGIONAL DEPARTMENTS OF AGRICULTURE

Abruzzo

Il Dipartimento
Via Catullo, 17 - Pescara
085/7672977
www.regione.abruzzo.it

Basilicata

Via Anzio, 44 - Potenza
0971/448710
www.regione.basilicata.it

Autonomous Province of Bolzano

Via Brennero, 6 - Bolzano
0471/992111
www.provinz.bz.it

Calabria

Via S. Nicola, 5 - Catanzaro
0961/744359
www.regione.calabria.it

Campania

Centro direzionale isola A/6 - Napoli
081/7533510
www.regione.campania.it

Emilia-Romagna

Viale Silvani, 6 - Bologna
051/284516
www.regione.emilia-romagna.it

Friuli-Venezia Giulia

Via Caccia, 17 - Udine
0432/555111
www.regione.fvg.it

Lazio

Via Rosa Raimondi Garibaldi, 7 - Roma
06/5168130
www.regione.lazio.it

Liguria

Via D'Annunzio, 113 - Genova
010/5485722
www.regione.liguria.it

Lombardy

Piazza IV Novembre, 5 - Milano
02/67652505
www.regione.lombardia.it

Marche

Corso Tiziano, 44 - Ancona

071/8063661

www.agri.marche.it

Molise

Via Nazario Sauro, 1 - Campobasso
0874/4291
www.siar.molise.it

Piemonte

Corso Stati Uniti, 21 - Torino
011/4321680
www.regione.piemonte.it

Puglia

Lungomare N. Sauro, 1 - Bari
080/5405202
www.agripuglia.it

Sardinia

Via Pessagno, 4 - Cagliari
070/302977
www.regione.sardegna.it

Sicily

Viale Regione Siciliana, 2675 ang.
Via Leonardo da Vinci - Palermo
091/6966066
www.regione.sicilia.it

Autonomous Province of Trento

Località Melta, 112 - Trento
0461/495111
www.provincia.trento.it

Tuscany

Via di Novoli, 26 - Firenze

055/4383777

www.rete.toscana.it

Umbria

Centro direzionale Fontivegge - Perugia

075/5045130

www.regione.umbria.it

Valle d'Aosta

Quart - loc. Amerique, 127/a - Aosta

0165/275411

www.regione.vda.it

Veneto

Palazzo Balbi - Dorsoduro 3901 - Mestre

041/2792832

www.regione.veneto.it

NATIONAL RESEARCH BODIES

ANPA

Agenzia Nazionale per la Protezione dell'Ambiente (National Agency for the Protection of the Environment)

Via Vitaliano Brancati, 48 Roma

www.sinanet.anpa.it

APRE

Agenzia per la Promozione della Ricerca Europea (Agency for the Promotion of European Research)

www.apre.it

CNR

Consiglio Nazionale delle Ricerche (National Research Council)

Roma - Piazzale Aldo Moro, 1

www.cnr.it

ENEA

Ente per le nuove tecnologie, l'energia e l'ambiente (Agency for New Technology, Energy and the Environment)

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

www.enea.it

INEA

Istituto Nazionale di Economia Agraria (National Institute of Agricultural Economics)

Roma - Via Barberini, 36

www.inea.it

INFS

Istituto Nazionale

per la Fauna Selvatica (National Institute for Wild Fauna)

Ozzano dell'Emilia - Bologna - Via Cà Fornacetta, 9

INN

Istituto Nazionale della Nutrizione (National Institute of Nutrition)

Roma - Via Ardeatina, 546

www.inn.ingrm.it

ISMEA

Istituto per Studi Ricerche e Informazioni sul Mercato Agricolo (Institute for Studies, Research & Information on the Agricultural Market)

Roma - Via Nizza, 128

www.ismea.it

ISTAT

Istituto Nazionale di Statistica (National Statistics Institute)

Roma - Via Cesare Balbo, 16

www.istat.it

Istituto Guglielmo Tagliacarne (Guglielmo Tagliacarne Institute)

Roma - Via Appia Pignatelli, 62

www.tagliacarne.it

Istituto Nazionale di Apicoltura

(National Institute of Apiculture)

Bologna - Via di Saliceto, 80

www.inapicoltura.org

Istituto Superiore di Sanità (Higher Health Institute)

Roma - Viale Regina Margherita, 299

www.iss.it

NOMISMA

Bologna - Strada Maggiore, 44

www.nomisma.it

UCEA

Ufficio Centrale di Ecologia Agraria (Central Office of Agricultural Ecology)

Roma - Via del Caravita, 7/a

www.ucea.it

INSTITUTES FOR AGRICULTURAL RESEARCH AND EXPERIMENTATION

Istituto Agronomico per l'Oltremare (Overseas Agronomy Institute)

Firenze - Via Cocchi, 4

www.iao.florence.it

Istituto Centrale per la Ricerca Scientifica e Tecnologica Applicata al Mare (Central Institute for Scientific and Technological Research Applied to the Sea)

Roma - Via Lorenzo Respighi, 5

www.icram.org

Ist. Sper. Agronomico

(Experimental Institute of Agronomy)

Bari - Via Celso Ulpiani, 5

www.inea.it/isa/isa.html

Ist. Sper. Lattiero Caseario

(Experimental Institute for Dairy Produce)

Lodi (MI) - Via A. Lombardo, 11

www.ilclodi.it

Ist. Sper. per l'Agrumicoltura (Experimental Institute for the Cultivation of Citrus Fruit)

Acireale (CT) - Corso Savoia, 190

www.gte.it/piante

Ist. Sper. per l'Assestamento Forestale e l'Apicoltura

(Experimental Institute for Forest Settlement and Apiculture)

Trento (Villazzano) - P.zza Nicolini, 6

www.isafa.it

Ist. Sper. per la Cerealicoltura (Experimental Institute for the Cultivation of Cereals)

Roma - Via Cassia, 176

www.cerealicoltura.it

Ist. Sper. per le Colture Foraggere (Experimental Institute for Forage Crops)

Lodi (MI) - Viale Piacenza, 29

www.isnet.it/iscffg

Ist. Sper. per le Colture Industriali (Experimental Institute for Industrial Crops)

Bologna - Via di Corticella, 133

www.inea.it/isci

Ist. Sper. per la Elaiotecnica

(Experimental Institute for Olive Oil Production)

Pescara - Via Cesare Battisti, 198

www.inea.it/udi/Ricerca/Elaio

Ist. Sper. per l'Enologia

(Experimental Institute for Wine Production)

Asti - Via Pietro Micca, 35

www.politicheagricole.it/mipa/Servi zi/Ricerca/irsa/ISEnol.htm

Ist. Sper. per la Floricoltura

(Experimental Institute for Floriculture)

Sanremo (IM) - Corso degli Inglesi, 508

www.inea.it/istflo/istinfo.htm

Ist. Sper. per la Frutticoltura
(Experimental Institute for the Cultivation of Fruit)

Roma (Ciampino) - Via Fioranello, 52

www.inea.it/isf/Institute/italy.html

Ist. Sper. per la Meccanizzazione Agricola (Experimental Institute for Mechanisation in Agriculture)

Monterotondo (Roma) - Via della Pascolare, 16 (Via Salaria, km. 29,200)

www.inea.it/udi/Collab/ISMA/Index.html

Ist. Sper. per la Nutrizione delle Piante (Experimental Institute for Plant Nutrition)

Roma - Via della Navicella, 2

www.isnp.it

Ist. Sper. per l'Olivicoltura

(Experimental Institute for the

Cultivation of Olives)

Rende (CS) - Contrada "Li Rocchi" Vermicelli

www.politicheagricole.it/mipa/Servi zi/Ricerca/irsa/ISOLiv.htm

Ist. Sper. per l'Orticoltura

(Experimental Institute for the Cultivation of Vegetables)

Pontecagnano (SA) - Via dei Cavalleggeri, 25

www.inea.it/udi/Ricerca/ISOR/

Ist. Sper. per la Patologia Vegetale (Experimental Institute for Crop Diseases)

Roma - Via Carlo G. Bertero, 22

www.inea.it/ispave/homeispave.html

Ist. Sper. per la Selvicoltura (Experimental Institute for Forestry)

Arezzo - Viale Santa Margherita, 80

www.selvicoltura.org

Ist. Sper. per lo Studio e la Difesa del Suolo (Experimental Institute for the Study and Defence of the Soil)

Firenze - Piazza M. D'Azelio, 30

www.inea.it/issds/index.htm

Ist. Sper. per il Tabacco

(Experimental Institute for Tobacco)

Scafati (SA) - Via P. Vitiello, 66

www.inea.it/ist/home.htm

Ist. Sper. per la Valorizzazione Tecnologica dei Prodotti agricoli

(Experimental Institute for the Technological Development of Agricultural Produce)

Milano - G. Venezian, 26

www.politicheagricole.it/mipa/Servi zi/Ricerca/irsa/ISVTPA.htm

Ist. Sper. per la Viticoltura

(Experimental Institute for the Cultivation of Grapes)

Conegliano (TV) - Via 28 Aprile, 26

www.inea.it/isv/isv.html

Ist. Sper. per la Zoologia Agraria

(Experimental Institute for the Study of Livestock)

Firenze - Via Lanciola, 12a

www.inea.it/isza/sede/default.htm

Ist. Sper. per la Zootecnia

(Experimental Institute for Livestock Farming)

Roma - Via O. Panvinio, 11

www.politicheagricole.it/mipa/Servi zi/Ricerca/irsa/ISZ.htm

ITALIAN INSTITUTIONS

Ministry of the Environment

www.minambiente.it

Senate of the Italian Republic

www.senato.it

Chamber of Deputies

www.camera.it

Agriculture Committee, Chamber of Deputies

www.camera.it/attivita/lavori/02.commissioni/13.agricoltura.asp

EUROPEAN UNION

European Union

www.europa.eu.int

European Commission

www.europa.eu.int/comm

DG VI - Agriculture

www.europa.eu.int/comm/agriculture/index_it.htm

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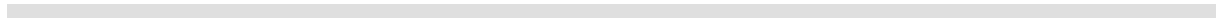
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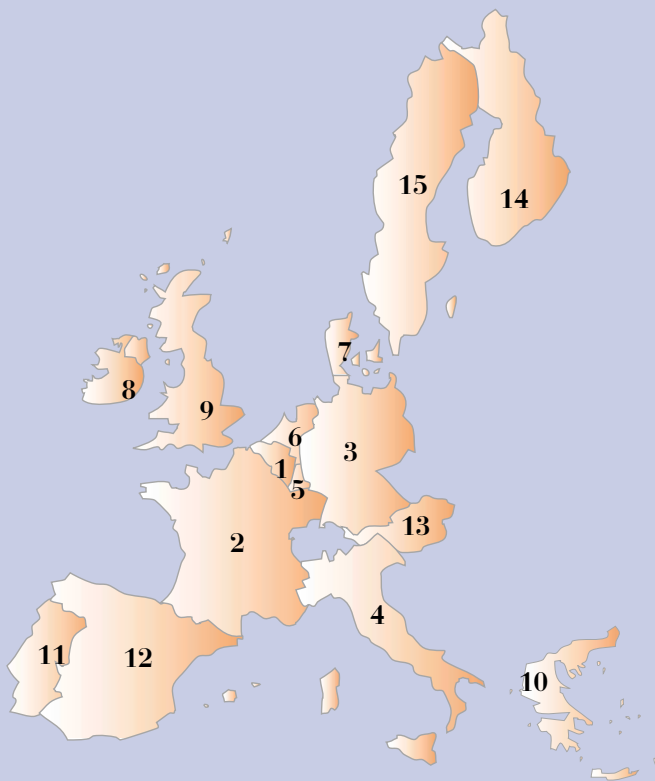
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