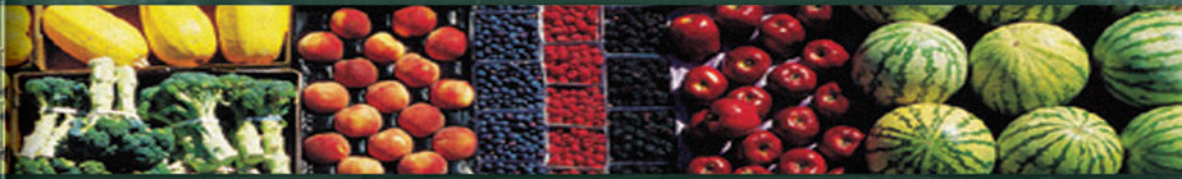
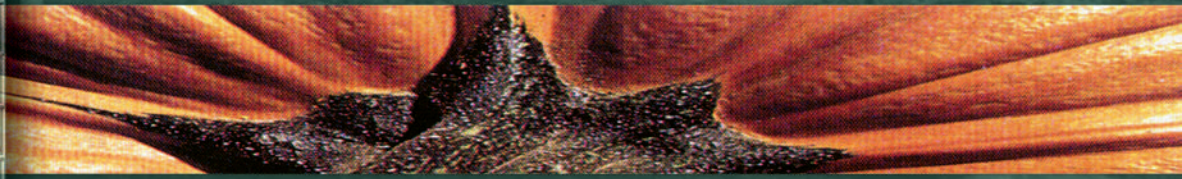
NATIONAL INSTITUTE OF AGRICULTURAL ECONOMICS



ITALIAN AGRICULTURE IN FIGURES 2004



NORTH-WEST

1 Piemonte
2 Valle d'Aosta
3 Lombardy
4 Liguria

NORTH-EAST

1 Trentino-Alto Adige
2 Veneto
3 Friuli-Venezia Giulia
4 Emilia-Romagna

CENTRE

1 Tuscany
2 Umbria
3 Marche
4 Lazio

SOUTH & ISLANDS

1 Abruzzo
2 Molise
3 Campania
4 Puglia
5 Basilicata
6 Calabria
7 Sicily
8 Sardinia

INEA

Italian agriculture in figures 2004

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.

"Italian Agriculture in Figures" is also available in English.
The Italian, English, French and Spanish versions of this publication may be consulted on Internet on the following website:
http://www.inea.it/pubbl/itaco.cfm
They may be quoted providing the source is acknowledged.

The year 2004 marks the 16th consecutive publication of "Italian Agriculture in Figures", edited by the National Institute of Agricultural Economics (INEA). The booklet's main goal is to provide an informative tool, easy to use and up-to-date, for use by operators in the agriculture sector. As in previous years, it contains analyses of major matters of interest in the primary sector, including agriculture's role in the national economy, the links between the food industry and the retail sector, the market, institutions and agricultural policies.

This year, as statistics from the latest Agriculture Census have been distributed, the section on agriculture structures contains an in-depth look at types of farms and specific matters like women's participation in the agriculture sector, farmers' ages and activities associated with primary production. These statistics confirm the enormous vitality of Italian agriculture, which has undergone profound changes in the last few years. More women are actively involved in farming, and there are substantial differences between farms run by younger operators as opposed to their older counterparts. Production is increasingly oriented toward quality, especially organic, PDO (protected designation of origin) and PGI (protected geographical indication) products. Consumers are increasingly interested in all aspects of agriculture, and this has helped to restore agriculture's status as a matter of central importance, a role it had apparently lost in recent years.

In addition to our regular versions in English and French, this year the publication will also be available in Spanish, at http://www.inea.it/pubbl/itaco.cfm. With this effort, INEA once again hopes to demonstrate its commitment in the field of agricultural information, carrying forth the task of providing a handy, easy-to-use tool, with complete, quality statistics.

Gianni Alemanno
Minister for Agricultural
and Forestry Policies

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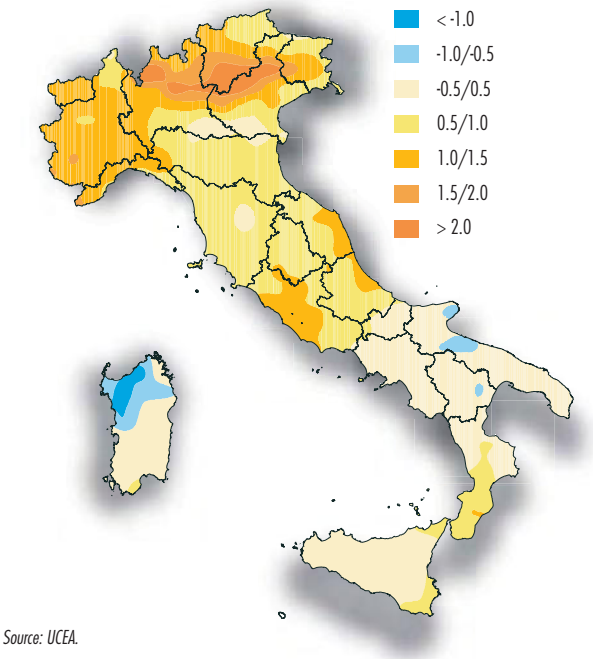
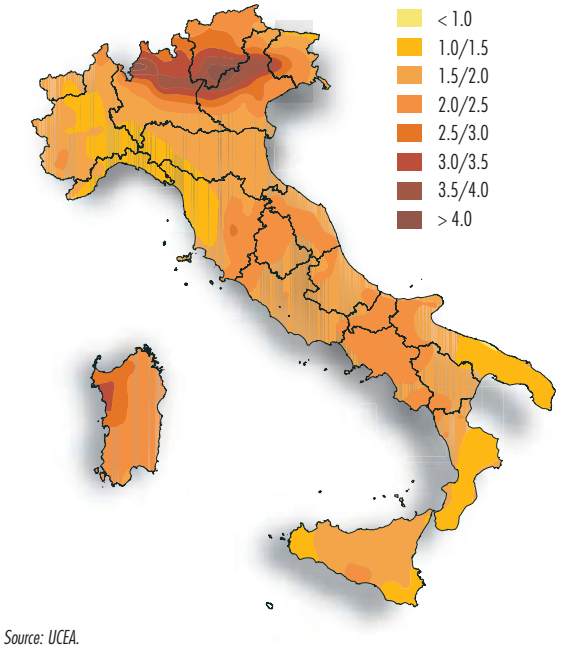
LAND AND POPULATION

Deviations in the lowest annual temperatures compared to the norm (°C), 2002



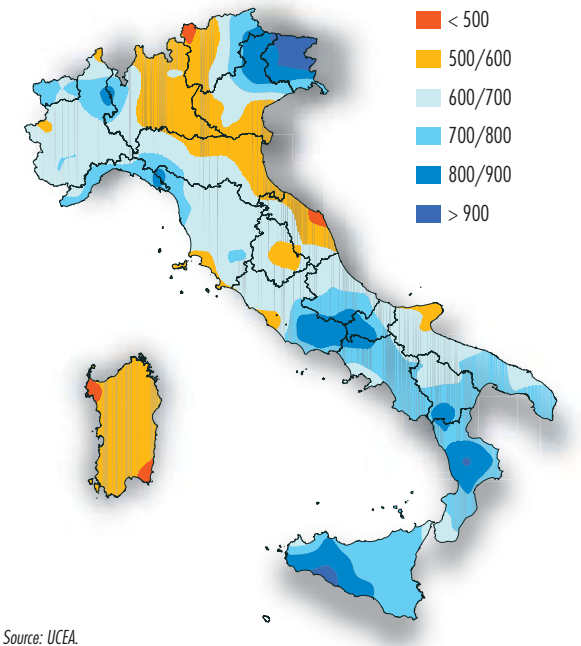
Source: UCEA.

Deviations in the highest annual temperatures compared to the norm (°C), 2002



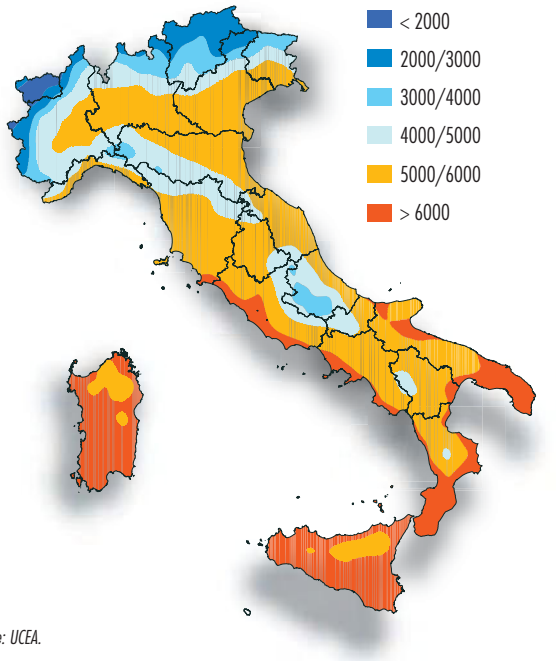
Source: UCEA.

Total annual rainfall (mm), 2003



Source: UCEA.

Accumulated degree-days (>0°C), 2002



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 resident population in 2003 increased 0.84% compared to 2002. This growth is concentrated in North-Central Italy (1.05%), due to increases in foreign immigration and arrivals from the South. The Census confirmed a concentration of the population in lowland areas (47.4%) and hilly areas (39.3%), with only 13% of the population living in mountain areas.

Type of land according to altitude (%), 2003

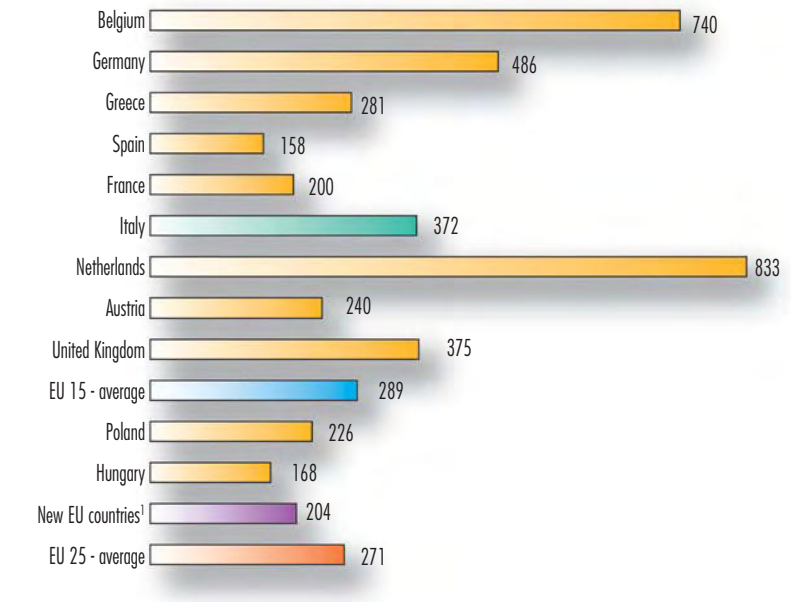
	North	Centre	South	Italy
Mountainous	46.1	27.0	28.5	35.2
Hilly	19.0	63.8	53.2	41.6
Lowland	34.9	9.2	18.3	23.2
TOTAL ('000 ha)	11,993	5,838	12,302	30,133

Land and Population, 2003

	Total area of land km²	UAA[1] %	Population[2] '000	Density inhab./km²	Labour Force[3] '000 units
North	119,931	40.5	26,052	217	11,804
Centre	58,380	41.7	11,097	190	4,806
South & Islands	123,025	48.0	20,655	168	7,540
ITALY	301,336	43,8	57,804	192	24,150
EU 25	3,972,868	42.0	454,900	115	200,463
ITALY per EU 25(%)	7.6	9.2	12.7	-	10.8

[1] *UAA from 2000 Agriculture Census.*
[2] *Resident population as of 31/12/2003, estimate of the General Report on the Economic Situation.*
[3] *EU 25 and Italy per EU data refer to total occupancy.*

Population/agricultural land ratios (inhabitants/100 ha of UAA), 2002



[1] *Countries that joined on 1 May 2004: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia.*

Agricultural area and availability of land

Knowledge of the territory is of fundamental importance for drawing up development and environmental policies. 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 of bare ground (rock, etc) and 3%, or 900,000 hectares, consists of internal waterways, wetlands, glaciers etc. Available agricultural area per inhabitant is 0.26 hectares in Italy, 0.34 hectares on average for EU 15 countries, and 0.49 hectares on average for new Member States, the EU 10. Between 1992 and 2002, the used agricultural area (UAA) in Italy dropped by 10.8% in Italy and 7% in the EU 15, (excluding Italy), with rates varying considerably among Member States.

Use of land for major crops, 2001

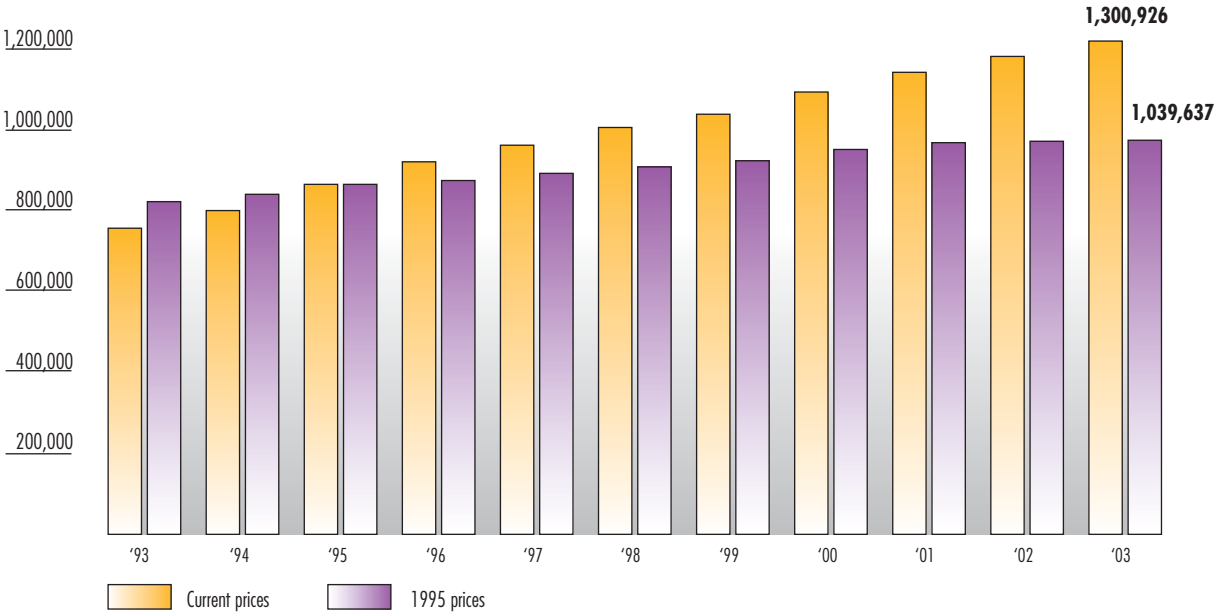
	Italy	EU 15	EU 10*	EU 25
Total area ('000 ha)	30,133	323,430	73,857	397,287
Crops ('000 ha)	15,484	129,974	38,130	168,104
by(%)				
Cereals and rice	26.6	28.4	42.1	31.5
Sugar beets	1.4	1.4	1.4	1.4
Oil-seeds	3.0	4.5	4.3	4.4
Tobacco	0.3	0.1	0.1	0.1
Potatoes	0.5	1.0	3.9	1.6
Dried legumes	0.4	1.3	0.7	1.2
Vegetables	2.1	0.7	1.0	0.8
Fruits and citrus[1]	3.3	2.0	0.1	1.5
Olive trees	7.5	3.6	0.0	2.8
Grapevines	5.8	2.7	0.4	2.2
Flowers and plants	0.1	0.0	0.0	0.0
Fodder crops	6.5	4.3	2.3	3.9
Other crops and permanent pasture	42.5	50.0	43.7	48.6

** Countries that joined on 1 May 2004: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia.*
[1] Apples, pears, peaches, apricots, melons, citrus, almonds.
Source: EUROSTAT, 2001 Lucas pilot survey, preliminary results.

AGRICULTURE AND THE ECONOMY

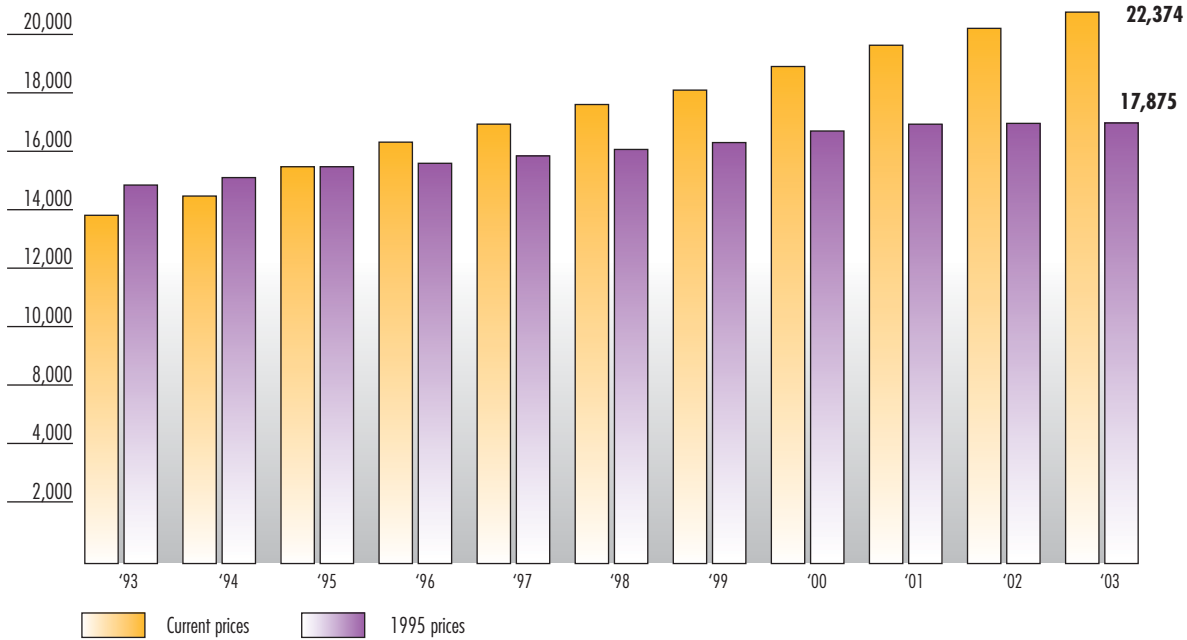
Gross Domestic Product

Trend in GDP (million euro), 1993- 2003*



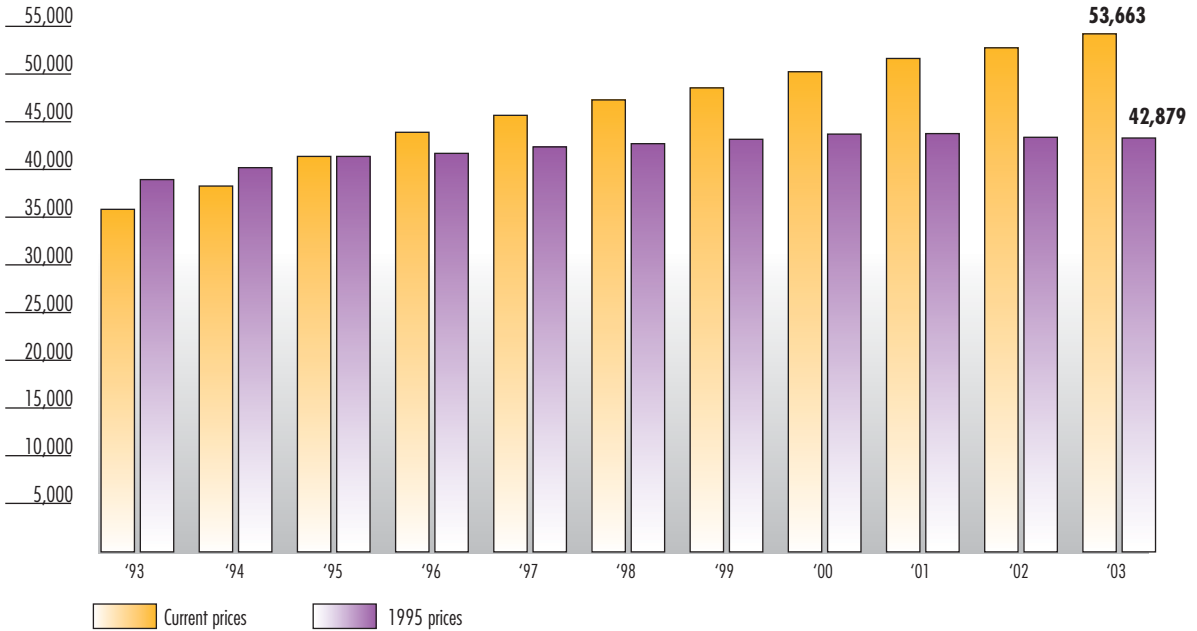
** Figures are in euro from 1999 onward and in eurolire for years before 1999.*

Trend in GDP per inhabitant (euro), 1993- 2003*



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

Trend in GDP per work unit (euro), 1993- 2003*

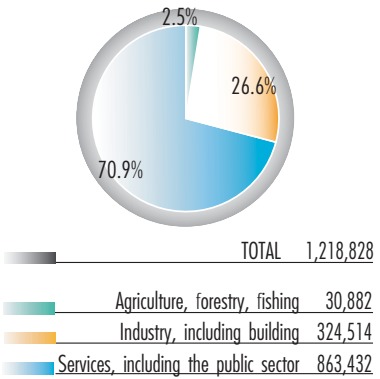


** Figures are in euro from 1999 onwards and in eurolire for years before 1999.*

Value Added

In 2003, value added (VA) at basic prices in the primary sector, including forestry and fishing, increased by 1.2% in value compared to 2002 as the combined result of a 5.7% drop in the volume of production and a 7.3% increase in prices. Agriculture's contribution to total national VA was 2.5%, down from the previous year. In "real" terms (according to 1995 prices), between 1993 and 2003, agriculture's VA contribution to the national total dropped from 3.3% to 2.8%. In the same period, the contribution of industry in the narrow sense sank from 23.6% to 22.9%, and the contribution of the building industry fell from 5.6% to 5.2%. The contribution of the civil service and other public services fell from 19.6% to 18.4%. On the contrary, the contribution of commerce, transport and communications rose from 24.1% to 25.3%, and the contribution of financial services, information technology, research, professional services and business activities rose from 23.8% to 25.4%.

VA at basic prices by sector (million euro), 2003



In the last few years the contribution of agriculture to Italy's overall economy has approached the levels of other North-Central European countries. Nonetheless, strong territorial differences persist; in the Centre-North, agriculture accounts for 2.2% of VA at basic prices and 3.9% of employment (measured in work units), while in the South these figures rise to 4.2% and 9.7%, respectively.

Contribution (%) of agriculture to national economies, 2002

Country	Value Added[1]
Italy	2.3
France	2.1
Spain	3.4
Greece	6.5
Germany	0.8
Netherlands	2.0
United Kingdom	0.7
Austria	1.2
Finland`	1.2
Sweden	0.6
EU 15	1.6
Poland`	2.5
Hungary	3.1
New EU Member States[2]	2.5
EU 25	1.7
USA[3]	1.6
Japan[3]	1.4

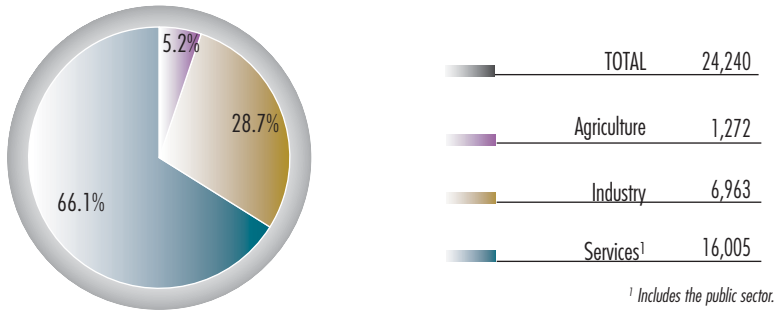
[1] Gross value added at basic prices.
[2] Since 1 May 2004: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia.
[3] World Bank valuations, 2001.

Employment

The total labour force in employment in Italy, measured by ISTAT in standard work units (WU), rose by 0.4% in 2003, a lower rate of increase than the previous year. Compared to 2002, employment rose by 2.9% in the building industry and 0.8% in the service industry. Employment dropped by 0.3% in manufacturing and by 5.8% in energy production. In agriculture, it dropped by 3.7%, affecting mainly paid labour (-6.1%) and to a lesser degree independent labour (-2.1%). Contributions by the latter two sectors to total national independent labour were 10.8%, while the contribution of paid labour dropped to approximately 3%. On the whole, agriculture's share of total employment, not only in Italy but in almost all EU countries, is on a markedly downward trend, especially if female labour is taken into account. In 2003, 69.3% of the agricultural workforce, in terms of individuals, was male.

Just under half of the agricultural

Work units per sector ('000 units), 2003



[1] *Includes the public sector.*

The agricultural labour force by sex and geographical area, 2003 averages

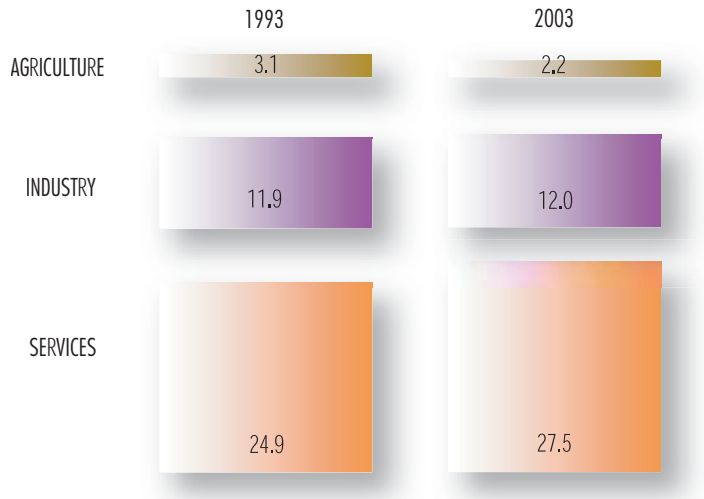
	Total labour force		Women	Men
	'000 units	%	%	%
North	404	37.6	29.2	70.8
Centre	148	13.7	33.8	66.2
South & Islands	524	48.7	31.3	68.7
ITALY	1,076	100.0	30.7	69.3

workforce (49%) was to be found in the South of Italy, while the other half was divided between North (37%) and Centre (14%).

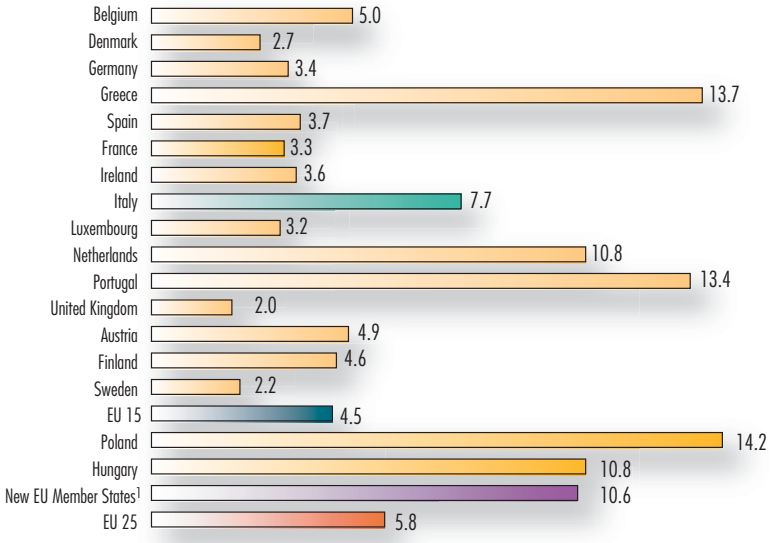
Employment rates by sector

The ratio of agricultural labour to population has undergone rapid changes in the last ten years. In 1993, there were approximately 32 inhabitants for each agricultural work unit; in 2003 there were 45. In the industrial sector, this ratio changed much more slowly, as it did for the service industry, including the public sector, which went from 4.0 to 3.6 inhabitants per work unit over the period.

Employment rates by sector (% of population)



Volume of employment in agriculture in the EU (AWU/100 hectares UAA), 2002



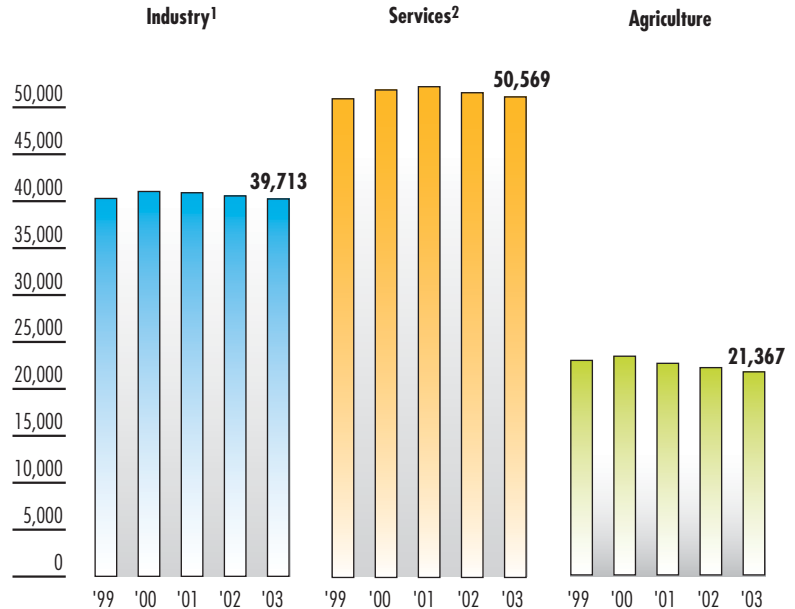
[1] *Joined as of 1 May 2004: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia.*
Source: EUROSTAT.

Employment in agriculture* as % of total employment in EU countries, 2002

Country	Employment	
	Total	Women
Italy	4.9	3.9
France	4.1	2.8
Spain	5.9	4.0
Greece	15.8	17.9
Germany	2.5	2.0
Netherlands	2.9	2.0
United Kingdom	1.4	0.7
Austria	5.7	6.0
Finland	5.5	3.7
Sweden	2.5	1.3
EU 15	4.0	3.1
Poland	19.6	19.0
Hungary	6.1	3.6
New EU Member States[1]	13.4	12.2
USA	2.4	-
Japan	4.0	-

** Including forestry, fishing and hunting.*
[1] *Joined as of 1 May 2004: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia.*

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



** At 1995 prices.*
[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 the agriculture sector, in real terms, is equivalent to approximately 54% of the same figure for industry (including the building sector) and to 42% of the figure for the service industry (commerce, transport, financial services, tourism and other professional services).

In the two years 2002-2003, there was a generalised decrease in VA per work unit, equivalent to -0.2% in agriculture, -0.8% in industry and -0.9% in the service industry.

During the 1990s, Italy's production system, especially the agriculture sector, experienced a process by which the work factor was gradually replaced by capital input (investment in machines, equipment, facilities etc). This process was indispensable in spreading innovations in the production process, and improving the organisation of work and managerial techniques.

Nevertheless, since the end of the 1990s there have been noticeable signs of slowed growth in production, which

has not been accompanied by gains in efficiency. This is shown by analysing overall productivity of factors, measuring the difference between growth in volume of production and growth in all production factors involved (labour, capital and intermediate goods). The table showing the most recent trends in total productivity of factors demonstrates the particular impact for agriculture, which registered the most negative figures. In 2002 these figures reached -2.7%, as opposed to -0.7% for industry and -1.4% for the economy as a whole.

Total productivity of factors: amount of variation, %

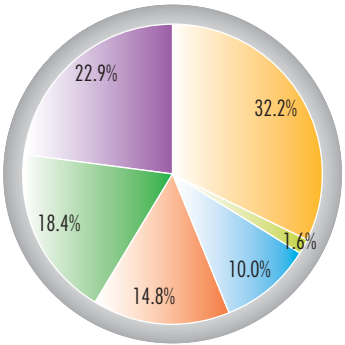
Economic activities	1999/98	2000/99	2001/00	2002/01
Agriculture, forestry and fishing	6.3	-1.9	-0.9	-2.7
Agriculture, hunting and forestry	6.9	-2.4	-1.2	-
Fishing, fish-breeding and associated services	-10.7	13.0	5.0	-
Industry in the narrow sense	0.1	0.6	-0.4	-0.7
Food, drinks and tobacco industries	-0.2	1.2	-0.1	-
Building	-0.5	-0.2	-1.0	-0.7
TOTAL	0.1	1.3	-0.2	-1.4

PRIMARY SECTOR

Gross Agricultural Income

In 2003 the breakdown of gross agricultural income, including production subsidies and indirect taxation, shows contributions of intermediate consumption (seeds, fertilisers, feedingstuffs, energy, services, etc) of 32.2%. Income from paid labour accounted for 14.8%. Remuneration for independent labour (farmers, entrepreneurs and family workers), capital and business was 22.9% after capital depreciation (18.4%).
Contributions and subsidies disbursed by the state, central administrations, the regions and the EU made up approximately 10%.

Breakdown of agricultural income, 2003*



TOTAL	48,458
Intermediate consumption	15,602
Indirect taxation on production	789
Subsidies	4,841
Income from paid labour	7,198
Depreciation	8,933
Net income from independent labour, capital and business	11,095

*Including forestry and fishing.

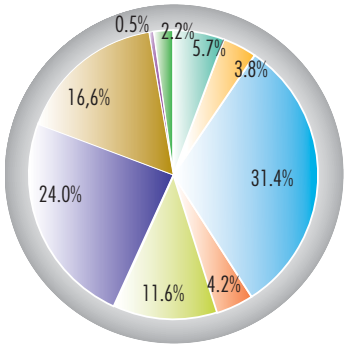
Intermediate Consumption

Expenditure on intermediate consumption, including forestry and fishing, increased in value in 2003 by 0.4% over the previous year; there was an average increase in prices (+2.3%) and a decrease in quantity of inputs used (-1.9%). This appears to confirm a more prudent use of technical means by farmers in order to contain production costs and respect guidelines for environment-friendly agronomy practices laid out for agri-environmental aid.

There was a further fall in spending on pesticides (-2%), whereas there was a slight increase in expenditure on fertilisers (+0.9%). Seeds dropped by 1.0%. Transactions within the industry (fodder production, straw, etc) encountered climatic difficulties and dropped significantly by 15.4%. Consumption of feedingstuffs and various livestock expenditures were up (+2.5%), as was that for motive energy (+3.8%). There was again an increase in spending for other goods and services, like maintenance and trials, processing of farm produce, advertising, etc (+1.5%). There was a drop in intermediate consumption for forestry activities (-3.0%), while it increased for fishing and aquaculture (+1.3%).

Prices showed varying trends, with increases especially in the price of transactions within the industry (+5.6%), motive energy (+3.5%), other goods and services (+2.0%) and pesticides (+1.1%). Prices of seeds and feedingstuffs remained nearly stationary.

Main categories of intermediate consumption in agriculture (million euro), 2002



TOTALE	15,602
Fertilisers	883
Seeds	593
Feedingstuffs[1]	4,905
Pesticides	656
Energy	1,808
Other goods and services[2]	3,748
Transactions within the industry[2]	2,596
I.C. forestry	72
I.C. fishing	341

[1] *Includes other expenses for livestock.*

[2] *This category includes seeds sold to farms by other farms, directly marketed fodder products, products used as animal feed, hay from cereal crops etc.*

Credit for the Agriculture Sector

In 2003 as in 2002, amounts show a downturn in short-term credit (-6.1%) and an upturn in long-term credit (+4.2%). The latter kind of credit rose as a percentage of total credit from 65.5% in 2002 to 67.8% in 2003. There was a notable increase in non-subsidised, medium/long-term loans (+12.7%), while subsidised loans dropped by 15.3%. There was an increase in disbursements, especially for purchase of rural properties (+70.9%), partly with a push from low-interest mortgages. On the contrary, the machinery and equipment sector slackened by 19%, due to a temporary halt on financing provisions (the Sabatini law). Disbursements of subsidised short-term credit dropped by 11.0%. The rate of total credit to agricultural output remained nearly stationary, at 27.8%.

Credit for the agriculture sector* (million euro)

Year	Medium and long term	Short term	Total	% of output[1]
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	8,041	4,578	12,619	27.4
2002	8,428	4,432	12,860	27.9
2003	8,780	4,161	12,941	27.8

** Operations at year end by residents in Italy; includes credit for fisheries.*
[1] At basic prices.
Source: Bank of Italy.

Disbursements of credit for the agriculture sector (million euro), 2003

Type of credit	Total	% of change` 2003/2002	Subsidised loans as % of total
Medium & long term	3,308.6	3.6	11.5
Machinery and equipment[1]	1,803.9	-19.0	18.3
Purchase of rural property[2]	715.8	70.9	5.5
Construction of rural buildings	788.9	44.4	1.4
Short term[3]	169.4	-11.0	-

[1] Includes vehicles and various rural products.
[2] Includes farm land.
[3] Only subsidised credit, cf. Bank of Italy, Statistics Bulletin.
Source: Bank of Italy.

Investments

In 2003 gross fixed investments in the Italian economy decreased in real terms by 2.1%, due to uncertainty in the economic outlook. The drop mainly affected the sectors of machinery, equipment and vehicles (-5.3%), reflecting the weakness in both domestic and foreign demand. Capital expenditure also fell in the agriculture sector (-0.8%), though less than in other sectors, while its incidence on total gross fixed investments remained stable (4.3%). The ratio of investments to value added increased to 33.6%, due however to the more marked reduction in value added. Gross fixed investments per member of the agriculture workforce amounted to approximately 7,200 euro, up 3.0% from 2002.

Net capital stock in the agricultural sector increased, at constant prices, by approximately 1%, an even lower percentage than the modest result for the whole of the economy (+1.8%); net capital stock per member of the agricultural workforce amounted to approximately 99,000 euro.

Over the years, the choice of investment goods has changed considerably: machinery and equipment have become a driving force in the acquisition of fixed capital, accounting in 2001 for around 55% of total spending at constant prices on fixed assets, though the national market shows signs of loss. In 2003, according to UNACOMA valuations, farm machinery manufactured in Italy showed a decrease of 1.6% in value and 3.2% in volume. Trends in individual sectors are also quite varied: production of tractors dropped by approximately 3.5% in value and around 5.2% in volume. The production of farm machinery slowed,

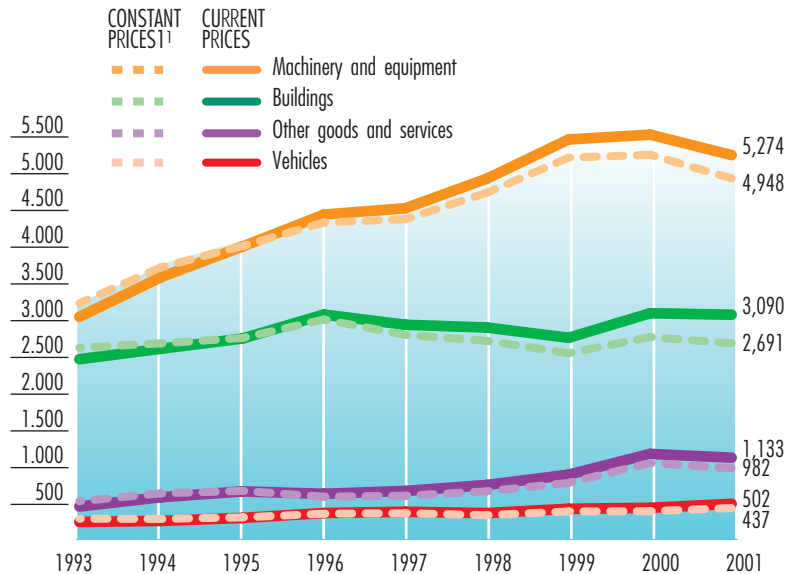
Trends in agricultural investments*

	Current values million euro	1995 price values million euro	% of[1]	
			total investments	VA from agriculture
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	9,598	8,959	4.6	28.9
2000	10,296	9,496	4.5	31.5
2001	9,999	9,058	4.3	30.2
2002	10,429	9,216	4.3	32.0
2003	10,540	9,143	4.3	33.6

** Includes forestry and fishing.*

[1] At 1995 prices, VA from agriculture at basic prices.

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



N.B.: for 2002 and 2003, ISTAT did not publish separate figures for sectors of origin (machinery, equipment, vehicles, buildings, other goods and services.

[1] At 1995 prices.

Characteristic ratios, 2003

	Agriculture	Industry	Services
Gross fixed investment per member of the agricultural workforce			
euro[1]	7,190	8,330	8,996
% of average value	82.5	95.6	103.3
change 2003/2002	3.0	-6.4	-1.3
Capital stock per member of the agricultural workforce			
euro[1]	98,897	81,698	169,575
% of average value	70.3	58.1	120.6
change 2003/2002	5.0	1.0	1.2

[1] Constant values.

decreasing in value by 0.2% and in volume by 2.2%. These figures also dropped for tractor parts, by 3.1% and 4.9%, respectively. Expenditures for agricultural investment varied considerably in different parts of the country: in the South they dropped from 6.3% to 5.6% of total investment between 1995 and 2001; in the Centre-North they dropped from 4% to approximately 3.8%.

Land Market

The appreciable growth in land values in Italy over the past few years continued during 2002. The price of land increased further by 4.1% on a yearly basis, and land values reached an average of 15,000 euro per hectare. In the present phase of economic stagnation and uncertainty about productive investments, land has proven to be a low-risk asset and has been in great demand. The increase in land values has happened more rapidly than the general increase in prices, with a growth in value of land in Italy in real terms, after inflation, of 1.7%. Nationally this situation is uneven: in some areas of Central Italy and most of the regions in the South, the stagnation in exchange and prices has created a gradual drop in land values. Land prices continue to differ between the North and Centre-South.

Overall, the land market continues to show limited purchase-and-sales activity. On the supply side, operators prefer to wait for further increases in value, as they fail to find valid alternatives for savings in other real estate and financial markets, while on the demand side buyers are frustrated by prices that are too high. In a similar situation, non-agriculture operators have become a quasi-structural part of the land market, given the financial capacity they are able to bring to the sector. On average, in 2002, 20% of Italy's agricultural land has value of 25,000 euro per hectare,while two-thirds of surface do not exceed 15,000 euro. The lowland areas in the regions of the North-East continue to register the highest values: one hectare on average is worth 33,000 euro. Actually, land planted to vineyards brings the highest prices: 67,000 euro per hectare in the entire area of the North-East, with higher average values in hilly areas (86,000 euro).

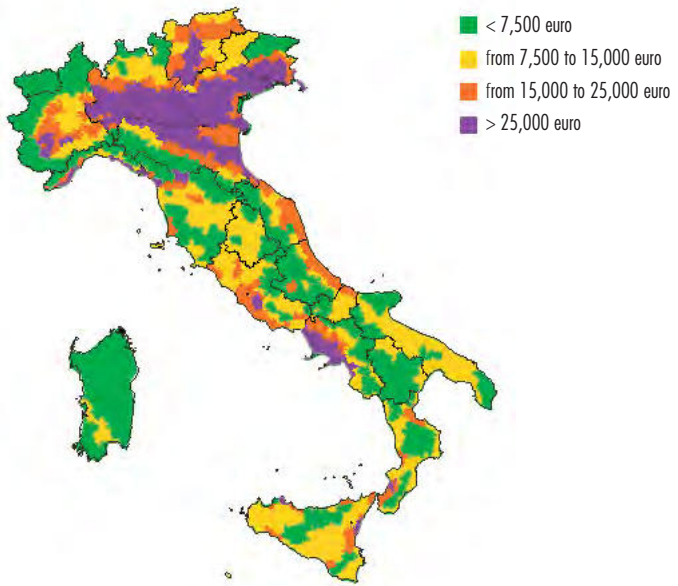
Average land values ('000 euro/hectare), 2002

	TYPE OF LAND (ACCORDING TO ALTITUDE)						% change
	inland mountains	coastal mountains	inland hills	coastal hills	lowland	total	2002/01
North-West	5.4	13.4	16.6	34.3	28.9	19.7	4.8
North-East	17.2	-	26.3	23.9	33.3	27.8	7.7
Centre	6.8	10.9	10.5	15.1	19.1	11.3	1.1
South	6.2	9.9	9.6	14.7	13.9	10.5	1.2
Islands	5.5	9.3	6.9	8.8	11.9	8.0	0.7
ITALY	8.3	9.8	11.3	12.9	24.7	14.8	4.1

Source: INEA Land Values Data Bank.

According to results of the last agriculture census in 2000, rented land in Italy extends over approximately 3 million hectares, and accounts for 23% of UAA. A significant demand for land affected the rental market in 2002 as well, especially in the North. Demand is driven by farmers wishing to expand their farms to obtain scale economies, mainly for irrigated arable lands and vineyards. Supply occurs mostly in mountainous areas and less-fertile land.

Average land values by region, 2002



Production levels

In 2003 the value of agricultural output at basic prices, including output from forestry and fishing, increased slightly compared to 2002 (+0.9%). This was the result of a combination of a 4.4% decrease in volume, also verified for 2004, and a 5.5% increase in prices. The South experienced a drop in agricultural output of 0.5%, while output shrank significantly in the Centre-North, by 6.9%. Value added also dropped in the south (-0.7%) and especially in the Centre-North (-9.2%).

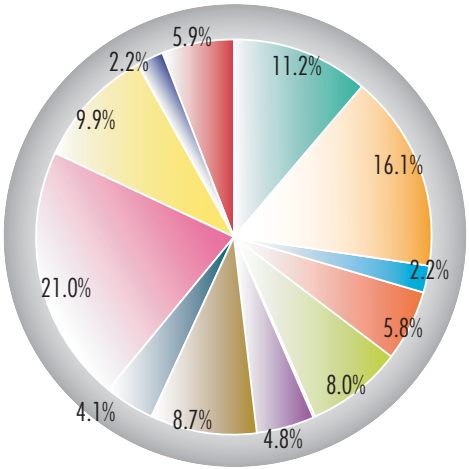
Even more than in the previous year, harvests in 2003 were affected by adverse weather conditions. Late spring frosts in Northern Italy were followed by unusual protracted drought that lasted into late summer. Later in the year, there were storms in areas of the South. Production decreased in the areas of field crops (-8.0%), tree crops (-5.5%) and especially fodder crops (-16.5%), while the livestock sector remained almost stationary (-0.2%). Of field crops, cereals were worst hit by drought (-14.3%), so that there were severe drops in production for all crops, particularly soft wheat (-23.2%), durum wheat (-12.7%), maize (-14.9%) and barley (-13.8%). Production also dropped by 2.1% for grain legumes. Industrial crops decreased by approximately 22%, with marked drops in production of sunflowers (-30.8%) and soya (-25.0%). The beet crop season also suffered (-43.9%), but was partially balanced by recovery of polarimetric yields. There was a slight decrease in flowers (-0.9%) and nursery plants (-0.2%). For the horticul-

Output at basic prices by sector, 2003

	Italy		% change 2003/2002	
	million euro	%	volume	price
Field crops	14,739	31.7	-8.0	8.7
Tree crops	10,507	22.6	-5.5	5.4
Fodder crops	1,811	3.9	-16.5	6.5
Livestock	14,765	31.8	-0.2	3.5
Connected services[1]	2,642	5.7	1.3	2.3
Forestry	399	0.8	-5.2	2.1
Fishing	1,621	3.5	5.0	3.6
TOTAL	46,484	100.0	-4.4	5.5

[1] *Includes 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), 2003



TOTAL[1]	44,464
Cereals and dried legumes[2]	4,964
Vegetables[3]	7,153
Industrial crops[4]	989
Flowers and ornamentals	2,557
Grapes	3,564
Olives	2,130
Fruit and citrus	3,888
Fodder crops	1,811
Meat	9,354
Milk	4,415
Eggs and other[5]	997
Connected services[6]	2,642

[1] *Not including forestry and fishing.*
[2] *Dried legumes account for 66 million euro.*
[3] *Includes potatoes (555 million euro) and fresh legumes (310 million euro).*
[4] *Sugar beets (338 million euro), tobacco (370 million euro), oilseeds, textile fibres and other industrial products (281 million euro).*
[5] *Includes honey (16 million euro) and wool (11 million euro).*
[6] *Includes hiring and supplying contract services, packaging of agricultural produce, maintenance of parks and gardens, new planting, etc.*

Main crop production, 2003*

	Volume		Value[1]	
	'000 tonnes	% change 2002/2001	million euro	% change 2003/2002
Soft wheat	2,517	-23.2	671	-17.1
Durum wheat	3,727	-12.7	1,109	-9.3
Maize	8,985	-14.9	1,841	-9.5
Rice	1,360	-0.8	438	-8.6
Sugar beets	7,137	-43.9	338	-20.8
Tobacco	124	-1.5	370	3.1
Soya	425	-25.0	176	-10.8
Sunflowers	242	-30.8	83	-31.1
Potatoes	1,604	-7.3	555	-10.5
Tomatoes	6,634	15.4	1,206	24.0
Dessert grapes	1,176	3.2	562	7.5
Sold wine grapes	3,537	1.2	994	4.5
Wine[2] ('000 hl)	18,937	-1.7	1,993	2.9
Sold olives	294	-10.2	157	-8.5
Oil[2]	484	-7.4	1,946	-4.9
Apples	1,947	-11.5	722	-9.2
Pears	822	-11.0	411	-8.5
Peaches and nectarines	1,357	-14.7	636	-1.6
Oranges	1,962	13.8	667	19.9
Lemons	549	12.8	277	24.6
Mandarins and clementines	589	2.5	266	7.1
Kiwi	365	-3.9	272	1.9

** Provisional data.*

[1] At basic prices

[2] According to the new methodology of ESA 95, only wine and oil made from the farm's own grapes and olives are counted as production from the agricultural sector; production from cooperatives and the food industry is not included.

tural sector, production remained nearly static (+0.4%), with significant drops for artichokes (-14.6%), potatoes, onions, garlic and leeks (-15.5%), peas (-9.3%) and beans (-7.3%). But production was up considerably for tomatoes (+15.4%), melons (+14.5%), courgettes (+10.5%), fennel (+5.8%) and endive (+5.0%).

For tree crops, production fell for fruits (-15.2%), olives (-7.9%) and vine products (-0.9%). Though olives benefited from a bumper year, production suffered from adverse weather conditions. Fruit production was down for nearly all types: apricots (-44.3%), plums (-29.2%), cherries (-18.75%), peaches (-15.2%), apples (-11.5%) and pears (-11.0%).

Fodder crops were down by 15.7%, due to drought. In the livestock sector, there was a marked growth in production of pigmeat (+6.1%), while rabbitmeat, game and minor meats were down (-1.3%). Cows' milk production slackened somewhat (-0.4%);

sheep and goats' milk dropped even more (-3.9%). Production of honey was also down (-5.4%). Trends in forestry felling dropped by 5.2%.
In EU 15 countries, the volume of agricultural production fell 3.3% compared to 2002. The decrease mainly affected plant products (-6.3%), cereals in particular (-10.6%), sugar beets (-8.4%), potatoes (-8.8%), grapes (-10.2%) and olives (-23.8%). For new Member States of the EU 10, there was an average decrease in overall agricultural production of approximately 10% (excluding Poland and Malta).

Main livestock production, 2003

	Volume[1]		Value[2]	
	'000 tonnes	% change 2002/2001	million euro	% change 2003/2002
Beef	1,617	0.4	3,714	4.6
Pigmeat	1,902	6.1	2,400	1.8
Sheepmeat & goatmeat	78	-3.9	415	46.1
Poultrymeat	1,371	-6.8	1,923	-0.8
Rabbitmeat & game	400	-1.3	849	9.2
Eggs (millions)	12,637	-1.7	969	6.3
Cows' milk[3] ('000 hl)	105,250	-0.4	3,949	0.2
Sheep & goats' milk ('000 hl)	6,277	-3.9	466	2.3
Honey	70	-5.4	16	2.3

[1] *Liveweight for meat.*
[2] *At basic prices.*
[3] *Includes buffalo milk.*

Agricultural output at basic prices in EU countries, 2002

	Output		Intermediate consumption		Intermediate consumption/output
	million euro	%	million euro	%	%
Belgium	7.056	2,2	4.385	2,8	62,1
Denmark	8.348	2,6	5.051	3,2	60,5
Germany	41.454	13,2	24.943	16,0	60,2
Greece	12.189	3,9	2.938	1,9	24,1
Spain	37.335	11,9	13.619	8,7	36,5
France	64.813	20,6	33.207	21,2	51,2
Ireland	5.746	1,8	3.114	2,0	54,2
Italy	43.639	13,9	14.511	9,3	33,3
Luxembourg	256	0,1	129	0,1	50,4
Netherlands	20.114	6,4	11.034	7,1	54,9
Austria	5.704	1,8	3.086	2,0	54,1
Portugal	6.258	2,0	2.993	1,9	47,8
Finland	4.288	1,4	2.658	1,7	62,0
Sweden	4.710	1,5	3.235	2,1	68,7
United Kingdom	24.465	7,8	13.344	8,5	54,5
EU 15	286.375	91,1	138.247	88,5	48,3
Poland	13.241	4,2	8.324	5,3	62,9
Hungary	6.077	1,9	3.975	2,5	65,4
New EU Member States[1]	28.013	8,9	17.926	11,5	64,0
EU 25	314.388	100,0	156.173	100,0	49,7

[1] *Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia.*

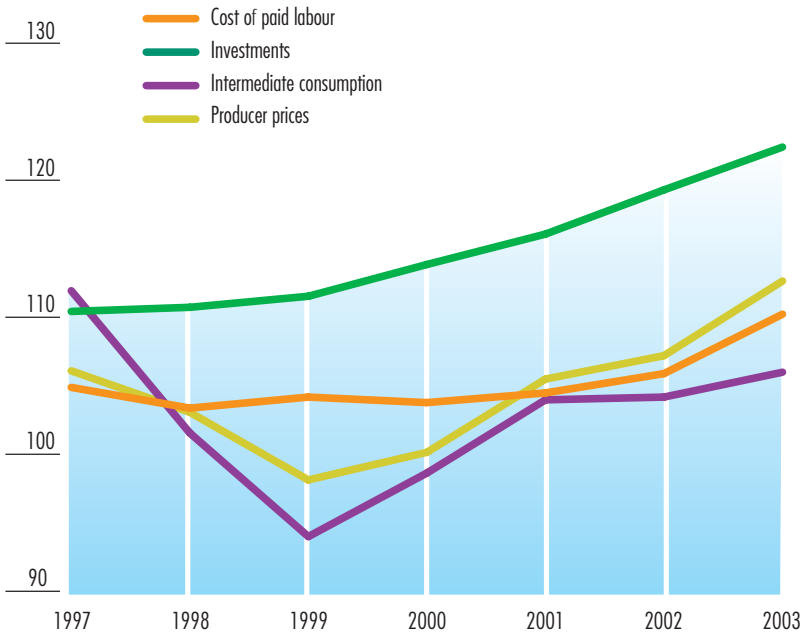
Prices and Costs

In 2003 the price of inputs purchased by farmers (intermediate consumption and investments) rose by an average of 2.2%. The highest price increases regarded investments (+2.6%), especially improvements to property (+4.2%) and farm buildings (+3.3%). Prices for intermediate consumption goods rose on average by 1.7%. The most dramatic increases were for fuel (+3.4%), feedingstuffs (+2.1%), veterinary services (+3.7%) and materials and maintenance of buildings and machinery (+2.1%). Paid labour costs rose by 4.1%, while there was a decrease in gross income assets, wages and outlays (-2.2%), due to a drop in paid labour input within the sector.

Producer prices for commodities sold by farmers presented an average increase of 5%, which was higher than the growth in the general consumer price index (+2.7%).

Increases were registered above all for plant products (+5.8%), especially vegetables (+10.9%). Among vegeta-

Index numbers (1995 = 100)



Source: ISTAT, new series of indices of producer prices and consumer prices; national accounts, income from paid labour.

bles, large increases were seen in the prices of cauliflower (+21.2%), artichokes (+21.0%), lettuce (+17.7%), spinach (+17.0%), cabbage (+16.7%), etc. There were also significant increases for fruit (+5.9%), with peaks for apricots (+32%), peaches (28.0%) and nectarines (+25.5%). The price of cereals rose on average by 1.7%, and that for edible potatoes by 5.1%. The price of grapevine products rose by 2.8% and that for olives by 3.5%. Prices also rose for flowers and plants (+5%) and for oil seeds (+3%). In the livestock sector, prices rose by an average of 3.8%, with the most dynamic increase in veal (+6.1%), poultry (+12.1%) and rabbit and game (+15.1%). The price of milk remained nearly stationary, while eggs went up 9.4%.

The terms of trade for agriculture, measured by the ratio between the producer price index and the intermediate consumption goods index, improved compared to the previous year.

AGRI-INDUSTRIAL SUPPLY CHAIN

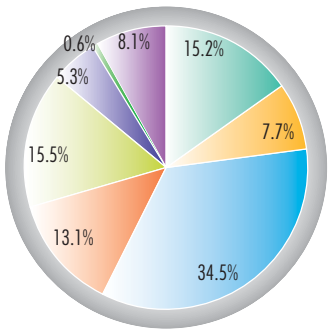
Composition

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

The agri-food sector is estimated to have been worth some 203 billion euro or 15.6% of GDP in 2003. The main contributions were: approximately 30.9 billion from agricultural value added (VA), 15.6 billion from intermediate consumption in agriculture, 16.4 billion from agri-industrial investments, approximately 26.6 billion from VA in the food industry, 31.6 billion from VA in the catering industry and 69.9 billion from commerce and distribution.

If values are calculated at market prices, VA from agriculture and VA from the food industry would be quite dissimilar from basic price data, with values of 28.0 and 34.8 billion euro, respectively. Overall value of agri-food activity would be approximately 208 billion euro; in this case, moreover, the subsidies for both agricultural and food industry production would emerge, amounting respectively to 2.3% and 0.5% of the agri-industrial total.

Main components of the agri- industrial system* at base prices (million euro), 2003



TOTAL	202,941
VA from agriculture	30,882
Intermediate agricultural consumption	15,602
Commerce and distribution	69,924
VA from the food industry	26,631
VA from the catering industry	31,561
Indirect taxes in the agri-industrial sector	10,716
Production subsidies[1]	1,185
Agri-industrial investments	16,440

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

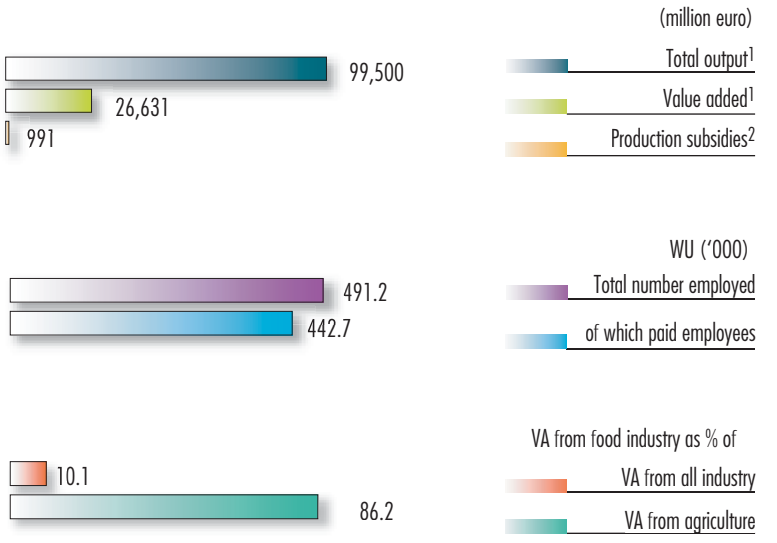
[1]Only "other subsidies" (interest, natural disasters, national and regional aid etc) and non-agricultural sector subsidies (tobacco, sugar beets, wine, processing of tomatoes etc).

Food Industry

According to the 2001 ISTAT census of Industry and Services, there are approximately 67,000 businesses in the food and drinks sector, up 8.1% from 1991. On average, there are 6.6 employees and an output of nearly 1.5 million euro for each business. According to census statistics, the tobacco industry numbers 77 businesses, down 27.4% from 1991. Employment within the sector in 2003 reached approximately 491,000 work units, with a contribution of 9.4% to total industry in the narrow sense. There continue to be marked imbalances geographically: 73% of workers and 75% of value added at basic prices in the Italian food industry are concentrated in the Centre-North, meaning expansion of processing in the South becomes a strategic priority.

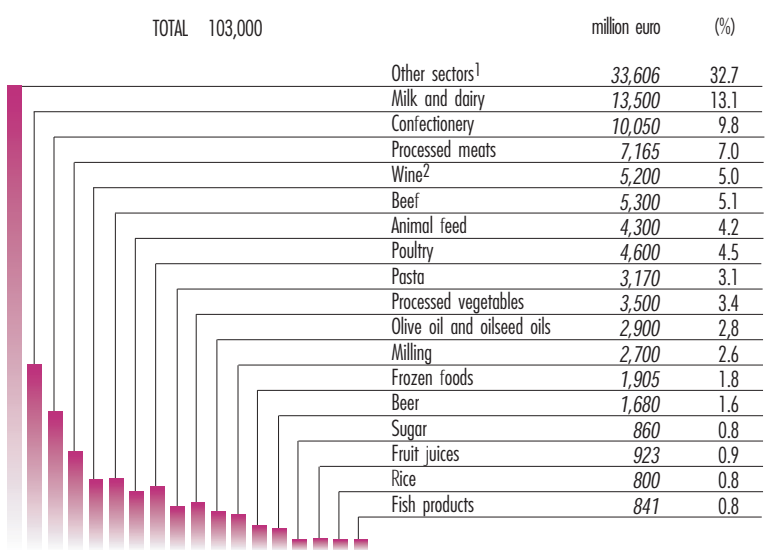
In 2003 production in the food and drinks industry grew in volume by 1.3%, in connection with a negative trend in total industrial production (-0.8%). The tobacco industry

Food industry*: main macroeconomic aggregates, 2003



** Includes drinks and tobacco.*
[1] At basic prices.
[2] Total figure for all subsidies for products and production.
Source: valuations from ISTAT figures

Turnover in the food industry by sector (million euro), 2003



[1] *Of which: baby and diet food (1,165 million euro), soft drinks (1,700 million euro), coffee (2,000 million euro) and mineral water (3,000 million euro).*

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

Source: Federalimentare and ISTAT valuations, May 2004.

showed a notable increase (+7.3%). Overall value added at basic prices exceeded 26,600 million euro, with an increase in value of 5.9% over 2002. VA contribution from the food industry over VA contribution in industry in the narrow sense (mining and manufacturing) and agriculture in 2003 amounted to 10.1% and 86.2%, respectively. As far as single production sectors were concerned, there were increases in volume for: refined rice (+6.2%), milk and dairy products (+2.9%) and slaughtering and meats (+2.2%). Decreases were posted for fruits and vegetables (-2.8%), manufacturing of oils and fats, both vegetable and animal (-3.5%), sugar (-35.0%), wine (-2.7%) and animal feed (-2.9%). Export turnover reached approximately 14%, while European industry exports on average 18% of its turnover, with peak levels of 22% in France.

In the European Union, the agri-industrial sector is one of the leading sectors as far as employment and

value added are concerned. The UK contributed 22.2% of the total of value added in 2000, followed by Germany (19.8%), France (15.1%) and Spain (10.1%). Italy represents only 8.7%, due in part to an underestimation of the contribution from small local factories. The tobacco sector in the EU generated approximately 7.8 billion euro in value added in 2000 and employment of over 51,000 workers. In 2003 compared to 2002, production in the food and drinks industry in the EU

Food industry in the EU, 2001

	Enterprises		Employees	
	Number	% change 2001/91	number	%change 2001/91
Meat	3,672	-2.4	57,769	3.0
Fruit and vegetables	1,933	21.7	30,317	-17.9
Oils and fats	4,416	-6.4	16,216	-15.0
Milk and dairy	3,927	-9.5	54,936	-6.8
Grains	1,966	-26.7	12,310	-16.3
Animal feed	607	8.8	9,097	-11.8
Bread and confectionery	37,476	11.3	154,336	5.5
Sugar	14	-6.7	4,360	-24.1
Pasta	5,250	15.6	22,407	-4.6
Wine	1,994	-18.0	17,865	-18.2
Mineral water and soft drinks	329	-26.7	11,475	-12.6
Other	5,352	69.2	55,697	-6.5
TOTAL FOOD INDUSTRY	66,936	8.1	446,785	-4.2

Source: data processed from ISTAT industry and services census.

Production in Italy by sector (volume)

	% change 2003/2002
Milling[1]	0.5
Pasta	-1.8
Refined rice	6.2
Biscuit and bread-making	0.0
Processing of fruit and vegetables[2]	-2.8
Vegetable and animal oils and fats	-3.5
Slaughter and processing of meat	2.2
Milk and dairy products[3]	2.9
Sugar production	-35.0
Confectionery	7.2
Condiments and spices	7.0
Wine[4]	-2.7
Beer	7.4
Mineral water and soft drinks	9.1
Animal feed	-2.9
TOTAL	1.3

[1] *Includes durum wheat flour and starch products.*
[2] *Includes vegetable and fruit juices (var. -8.6%).*
[3] *Includes production of ice-cream (var. -2.6%).*
[4] *From non home-produced grapes.*

remained stable on average, while employment was down somewhat.

Food industry in the EU*, 2001

	Production	Value added	Workforce	VA/member of the agricultural workforce
	million euro		'000 units	'000 euro
Industries				
of which:				
meat	111,798	21,524	604	35.6
milk and dairy	87,300	14,600	273	53.5
fruit and vegetables	34,214	8,493	187	45.4
bread, pasta and other[1]	142,745	47,227	1,069	44.2
fats	20,692	2,750	43	63.9
drinks	92,000	27,300	311	87.8
EU 10[2]	31,596	7,825	766	10.2
EU 15[3]	593,721	142,411	2,738	52.0

** The total excludes the tobacco industry.*
[1] Sugar, jams, tea, coffee, diet and baby foods.
[2] Cyprus, Estonia, Hungary, Lithuania, Poland, Slovakia, Slovenia; figures not available for Czech Republic, Latvia and Malta.
[3] EU 15, 2001.
Source: EUROSTAT.

Distribution

There were approximately 191,000 fixed retail outlets selling food as their main commercial activity as of 31 December 2003, 0.6% fewer than the previous year.
Among the outlets specialising in single categories of merchandise, there was a decrease compared to 2002 in the number of outlets selling "meat and meat-based products" (-2.0%), "bread and confectionery" (-2.1%) and "other" specialist shops (-4.9%). The decrease in this last kind of outlet was offset by the increase in outlets mostly selling food but not specialised in any one category (+1.6%), a generic category which not only includes large and medium-sized food retail spaces but also most new shops opening in the sector. There was an increase in outlets specialising in wine, oils and drinks (+2.2%). Tendencies varied between the Centre-North, where the number of food outlets dropped by about 1.5%, and the South, where it rose by 0.8%, mainly as a result of an increase in shops

Food retail outlets, 2003*

	North		Centre		South & Islands		Italy	
	number	%	number	%	number	%	number	%
Fruit and vegetables	8,578	12.6	4,775	14.3	9,626	10.8	22,979	12.1
Meat and meat-based products	11,396	16.8	6,370	19.1	20,629	23.1	38,395	20.1
Fish and fish-based products	1,538	2.3	1,395	4.2	5,107	5.7	8,040	4.2
Bread and confectionery	6,080	8.9	2,062	6.2	4,840	5.4	12,982	6.8
Wine, oils and drinks	2,264	3.3	1,021	3.1	1,986	2.2	5,271	2.8
Other foods	7,883	11.6	3,291	9.9	11,259	12.6	22,433	11.8
Non-specialised foods	30,208	44.5	14,372	43.2	35,917	40.2	80,497	42.2
TOTAL	67,947	100.0	33,286	100.0	89,364	100.0	190,597	100.0
% of total outlets	23.8		23.4		28.8		25.8	
DENSITY [1]	382		332		231		303	

** Main premises and local outlets.*
[1] Inhabitants/outlet.
Source: National Observatory of Commerce, Ministry of Productive Activities.

mostly selling food but not specialised in any one category (+5.9%).
In 2003, the value of fixed retail food trade rose by 4.6%, with a difference between small food shops (+2.3%) and large-scale retail businesses (+5.3%). The total of food outlets increased most in the North (+5.0%).

Large- scale retail trade

As of 1 January 2003, there were 6,892 supermarkets in Italy compared to 6,804 the year before (+1.3%). The increase was concentrated in the North (+4.0%), while numbers decreased in the Centre-South (-1.7%). The total area used for retail increased to over 5.8 million m^2 (+1.8%) and the total number of employees rose to over 124,000 (+2.4%). The number of hypermarkets also rose, to 381 (+6.1%), with total retail space of over 2.2 million m^2 (+5.3%) and some 66,300

Large- scale retail food trade by geographical area, 2003*

	Outlets		Sales area[1]		Employees[1]		No. of outlets per 100,000 inhabitants	Sales area m^2/1,000 inhabitants
	number	% change 2003/02	m^2	% change 2003/02	number	% change 2003/02		
North	3,956	4.5	4,824,441	6.3	118,981	5.8	15.2	185.6
Centre	1,463	-1.5	1,534,765	-3.2	38,912	-0.4	13.2	138.7
South & Islands	1,854	-2.0	1,714,046	-1.1	32,643	-1.7	9.0	83.1
TOTAL	7,273	1.5	8,073,252	2.7	190,536	3.1	12.6	139.9

** Supermarkets and hypermarkets. As of 1 January 2003.*
[1] Figures for sales areas refer to all departments in stores, not only food departments.
Source: National Observatory of Commerce, Ministry of Productive Activities.

employees (+4.6%). This growth was concentrated however in the North, where numbers rose by 12.3%, sales area increased by 9.9% and employees increased by approximately 8.6%. Compared to 2002, sales increased by 5.3% in supermarkets, by 3.9% in hypermarkets and by 5.3% in discount stores, against a more modest increase (+2.3%) in traditional food shops with a small retail area.

As regards wholesale trade, as of 31 December 2003 the National Observatory of Commerce counted approximately 11,400 businesses specialised in primary agricultural commodities (cereals, seeds, flowers etc) and live animals, plus around 47,700 businesses specialised in wholesale fruit, other food products and drink. Commercial intermediaries also assumed greater importance, increasing to approximately 40,000 in the food, drink and tobacco sector.

Street trade and alternative forms of selling food, 2003*

Form of sale	No.	%	% food sales of total sales
Fixed street vendor	32,693	73.7	35.8
Mobile street vendor	6,933	15.6	17.6
Selling by correspondence	3,033	6.8	48.9
Door-to-door selling	598	1.3	11.2
Vending machines	1,135	2.6	55.2
TOTAL[1]	44,392	100.0	30.8

** Figures as of 31/12/2003. 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 2003 household expenditure on food and drink in Italy amounted to about 121,000 million euro, a 3.5% increase in value over 2002. Overall consumption levels, at constant prices, rose by 0.8%. There was an increase in the consumption of bread and cereal-based products (+2.3%), of milk and dairy produce and eggs (+1.6%), of oils and fats (+3.0%) and of mineral water, fizzy drinks and juices (+2.0%), whereas vegetable and potato consumption levels remained practically unchanged (+0.2%). There was a lower consumption of meat (-0.8%) and fruit (-1.9%). Expenditure on food dropped to 15.3% of total household expenditure, compared to 19.5% in 1993.

According to ISTAT valuations, expenditure on eating out (in canteens, snack bars, restaurants etc) amounted to 57,500 million euro in 2003, with a 3.5% increase due mainly to price increases, since volume remained the same. Between 1993 and 2003, the value of consumption from eating out rose from 34.8% to about 47.4% 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 (26,000 million euro), bread and cereal-based products (21,200 million euro) and milk and dairy produce and eggs (16,400 million euro). Since 1993, there has been a decline in the share of total consumption represented by meat, vegetables and potatoes, oils and fats, wine and other alcoholic drinks, while the share

Break- down of food consumption, 2003

Product	% of total food expenditure	Average annual rate of change 2003/2004 (%)	
		volume	price
Meat	21.5	-1.0	2.3
Bread and cereal-based products	17.5	1.7	2.1
Milk and dairy produce and eggs	13.5	0.2	3.0
Vegetables and potatoes	11.3	0.5	3.7
Fish	7.0	0.6	3.0
Fruit	6.5	-0.6	3.6
Sugar and confectionery[1]	6.5	1.5	3.1
Mineral water and soft drinks[2]	4.9	2.1	2.3
Oils and fats	4.8	-0.5	3.2
Wine and alcoholic drinks	4.7	-1.8	3.7
Coffee, tea and cocoa	1.5	-0.1	2.9
Other foods[3]	0.3	-0.6	2.2
OVERALL	100	0.2	2.8

[1] *Jams, 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-15
Cereals and cereal products[1]	124.1	84.8	77.6	152.9	83.8	87.9	80.3	90.6
Refined rice[2]	6.0	5.3	6.5	5.1	3.3	4.8	3.3	5.0
Potatoes[2]	43.0	50.5	86.8	86.1	68.6	101.7	55.6	75.3
Vegetables[3]	218.5	n.d.	193.6	310.6	92.5	n.d.	100.4	n.d.
Fresh fruit and citrus[3]	140.8	n.d.	116.2	171.7	108.1	n.d.	92.8	n.d.
Milk[4]	70.6	97.2	131.9	n.d.	90.8	131.3	98.8	n.d.
Cheese	21.1	25.1	9.2	n.d.	20.2	8.9	16.9	n.d.
Eggs	12.6	15.1	17.8	10.9	13.5	12.8	13.8	13.6
Butter	3.0	8.3	0.8	n.d.	6.5	3.0	4.7	n.d.
Total meat	93.0	107.8	136.1	82.3	89.0	82.6	96.8	95.9
beef	24.7	27.8	16.1	17.8	12.3	18.6	18.6	17.9
pigmeat	38.6	36.5	67.9	27.9	53.7	25.1	55.9	43.1
Oils and vegetable fats	26.6	14.8	47.8	n.d	14.7	n.d	n.d.	n.d.
Sugar[5]	25.2	33.1	28.0	34.8	34.3	36.0	38.9	32.9
Wine[6]	51.7	56.3	34.0	23.5	23.9	18.0	29.9	32.3

** Figures for crop products and wine refer to 2001/02; figures for milk and dairy products, meat and eggs to 2002.*
[1] Cereals and cereal products in flour equivalents.
[2] France, average UE 2000/01.
[3] Italy, Spain 1999/00; Greece 1998/99; other countries 2000/01.
[4] Includes other fresh products.
[5] White sugar equivalent.
[6] Litres per capita, 2002/03, average UE, 2000/01.

represented by bread and cereal-based products, fish, fruit, mineral water and non-alcoholic drinks has risen.

Across the country, there were significant differences in average family expenditures, calculated by dividing the total expense of buying a product by the number of families bearing that expense. The results show that average monthly expenditure for veal and tender beef is higher in the North-West (48.6 euro) and less in the North-East (36.9 euro). In the South the least was spent on processed meats (about 28 euro per month), while in the North this expenditure was around 33 euro.
Average monthly expenditure for fruit and vegetables did not vary greatly nationwide; nonetheless families in the Centre spent the most on fresh fruit (over 40 euro per month). Expenditures for oils and fats confirm the popularity of the Mediterranean diet; in all geographical areas families spent approximately 21 to 24 euro a month for olive oil, as compared to around 18 euro total for seed oil, butter, margarine and other fats.
As for wine, average expenditure was over 27 euro per month, with the most spent in the North-West (33.1 euro) and the least in the South (around 21 euro).

Foreign Trade

In 2003 the balance deficit in the agri-industrial sector was 7,400 million euro. The year experienced a slight drop in sales against a limited rise in buying, while there was an overall "stasis" in foreign trade. All indicators of commercial performance were down: the degree of trade cover dropped from 73.5% to 71.5%; propensity to export decreased from 26.5% to 25.4%, while the degree of self-sufficiency went from 91.3% to 90.8%. Propensity to import also dropped by 0.6 percentage points, due primarily to an increase in agri-industrial output (+3%).

The drop in agri-food trade conceals an extremely variable figure with regard to various geographical areas. As regards exports, the largest reductions were to Central and South America (-11.7%) and non-EU Mediterranean countries (-11.4%). On the contrary, Italian sales did not lose much ground with regard to areas that represent solid outlet markets for our products. In particular, there was a 3% reduction in exports to North America, while within the EU, which absorbs the greater part of Italian agri-food sales abroad (65%), exports remained basically stable. As for imports, the greatest increase was with non-EU Mediterranean countries (+14%), while for the EU, in which Italian importation amounts to 68%, purchases increased by 4.5%.

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

		1995	2002	2003
MACROECONOMIC AGGREGATES				
Total agri-industrial output[1]	(P)	54,805	70,937	73,115
Imports	(I)	23,703	25,545	26,019
Exports	(E)	13,527	18,777	18,596
Balance	(E-I)	-10,176	-6,768	-7,423
Volume of trade[2]	(E+I)	37,230	44,322	44,615
Apparent consumption[3]	(C = P+I-E)	64,981	77,705	80,538
INDICATORS (%)				
Degree of self-sufficiency[4]	(P/C)	84.3	91.3	90.8
Propensity to import[5]	(I/C)	36.5	32.9	32.3
Propensity to export6[6]	(E/P)	24.7	26.5	25.4
Degree of trade cover[7]	(E/I)	57.1	73.5	71.5

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

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

[2] Sum of exports and imports.

[3] Agri-industrial output plus imports minus exports.

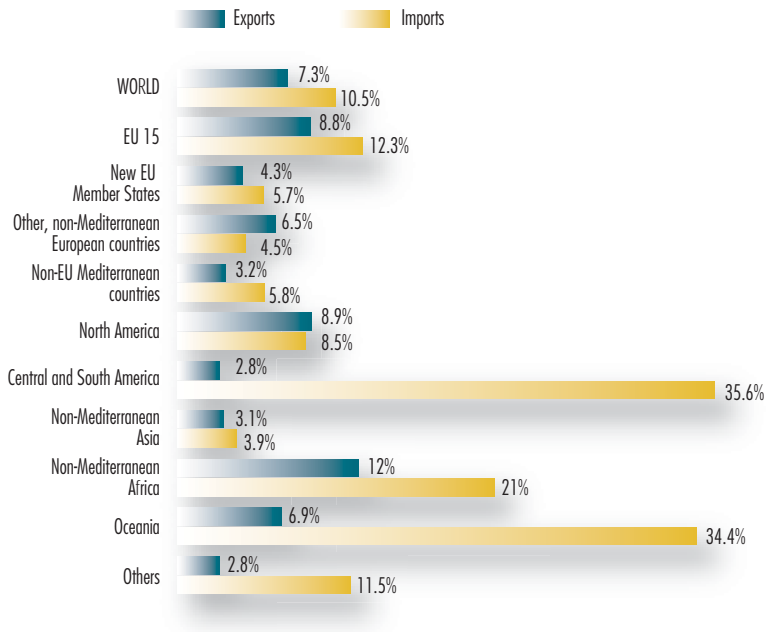
[4] Output-consumption ratio.

[5] Imports-consumption ratio.

[6] Exports-output ratio.

[7] Exports-imports ratio.

The agri- food trade as a percentage of Italy's total trade with different geographical areas, 2002



Primary sector products represented 35% of agri-food imports and 22% of exports, demonstrating the dominance of processed food over agricultural produce. In particular, the greater importance of primary sector products as regards imports highlights Italy's role in agri-food trade as primarily a processing country that imports raw agricultural materials and exports food industry products with higher value added.

By distinguishing products based on trade balance pluses and minuses, it is possible to analyse Italian agri-food trade by net export or import. Among the former, fruit and vegetables stand out among fresh produce, while the most important processed goods are those recognised by foreign consumers as "Made in Italy". The most significant of these are pasta and refined rice, bread products, cheeses, wines and non-virgin olive oil. Net exports accounted for 74% of foreign sales, with a normalized balance of 59%. Net imports were led by sown prod-

Foreign trade by main agri- food sector (million euro), 2003

	Imports	Exports	Nb* (%)
Cereals	1,440	62	-91.7
of which from seed	66	14	-64.9
Fresh legumes and vegetables	674	781	7.4
of which from seed	147	49	-49.9
Dried legumes and vegetables	90	25	-56.1
Citrus	240	87	-46.7
Fresh fruit	982	1,812	29.7
Dried fruit and nuts	381	156	-42
Raw textile fibres	317	13	-92.4
Oilseeds and fruits	438	15	-93.5
of which from seed	6	5	-8.4
Cocoa, coffee, tea and spices	602	33	-89.5
Flowers and ornamental plants	363	458	11.5
Uncured tobacco	147	260	27.6
Live animals	1,392	43	-94
of which animals for breeding	82	22	-58
of which animals for rearing and slaughtering	1,287	15	-97.7
of which other live animals	23	6	-56.9
Other livestock products	456	38	-84.8
Forestry products	729	102	-75.5
of which wood	480	10	-96
Fish and game	809	154	-68
Other products	135	114	-8.3
TOTAL PRIMARY SECTOR	9,194	4,152	-37.8

	Imports	Exports	Nb* (%)
Cereal products	571	2,573	63.7
of which pasta	23	1,181	96.2
Sugar and confectionery	1,015	664	-20.9
Fresh and frozen meat	3,182	557	-70.2
Processed meat	164	680	61.1
Processed and preserved fish	2,359	250	-80.8
Processed vegetables	671	1,229	29.3
Processed fruit	437	700	23.1
Dairy products	2,692	1,369	-32.6
of which milk	639	4	-98.8
of which cheese	1,153	1,087	-3
Oils and fats	1,725	1,080	-23
Oilcake and oilseed flour	930	157	-71.1
Drinks	1,144	3,704	52.8
of which wine	232	2,640	83.9
Other food industry products	1,935	1,483	-13.2
TOTAL FOOD INDUSTRY	16,825	14,444	-7.6
TOTAL AGRI-FOOD BALANCE	26,019	18,596	-16.6
Cured tobacco	1,380	14	-98
TOTAL AGRI-INDUSTRIAL BALANCE	27,286	18,608	-18.9

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

Foreign trade in the agri- food sector by region (million euro), 2003

	Primary sector		Food industry		Total		% change 2003/02	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Piemonte	1,266	241	1,061	2,170	21,059	29,686	3.1	-0.6
Valle d'Aosta	10	0	16	16	403	395	-5.1	24.2
Liguria	511	272	618	246	7,227	3,616	0.3	-7
Lombardy	1,629	286	4,472	2,766	95,801	73,697	0.1	1.9
Trentino-Alto Adige	154	387	599	767	4,563	4,690	2.3	8.7
Veneto	1,458	469	2,075	1,834	28,254	36,402	-0.9	-7.5
Friuli-Venezia Giulia	246	89	253	374	4,443	8,242	-11.5	-8.6
Emilia-Romagna	1,004	632	2,651	2,215	18,973	31,223	2.1	-2
Marche	181	38	181	109	3,807	8,694	3.1	-10.1
Tuscany	313	227	1,335	1,038	14,770	20,168	-9.8	-6.1
Umbria	134	110	227	180	1,886	2,394	-8.4	4.8
Lazio	584	146	1,084	347	21,798	10,383	-3.6	-2.8
Abruzzo	160	35	245	233	3,741	5,363	-2.5	-6.4
Molise	7	2	40	42	292	517	25	-3
Campania	557	255	889	1,433	7,634	6,825	3.4	-5
Puglia	435	531	488	313	4,777	5,642	0.7	2.6
Basilicata	53	19	23	13	496	1,523	5.8	-36.3
Calabria	69	45	121	49	530	309	0.9	11.6
Sicily	191	295	374	277	12,337	5,096	-2.6	-9.4
Sardinia	120	8	108	160	4,053	2,448	-0.8	-0.7
ITALY	9,088	4,089	16,860	14,588	257,091	258,188	-0.6	-2.3

ucts, livestock and livestock-based products and fish products, and represented about 80% of total agri-food imports in Italy, with a normalized balance of -83%.

STRUCTURE OF THE FARMING INDUSTRY

Agricultural Census for 2000

The National Institute of Statistics is preparing distribution of final results of the fifth general agriculture census of 2000, with publication of regional booklets in the series "Typological Characteristics of Farms". These will present preliminary census results of farm types, as well as various aspects of particular importance.

What emerges is a production structure that is undergoing profound changes. On the one hand farmers are older on average, while on the other new farms are operated by farmers under 40, and these are larger in terms of UAA and more and more are being run by women. There has also been an increase in businesses that are no longer limited to agricultural production alone, but oriented as well toward offering consumers added services, such as catering and hospitality.

Economic Scale

In 2000 there were a large number of small-scale farms, mainly identified by small farm area and/or low-return output. 71% of farms did not exceed 4 ESU (European Size Units) of SGM (Standard Gross Margin), with only 11.8% of the national SGM; but only 1.1% of farms competed for 29.4% of national SGM.

Compared to 1990, the number of small farms of less than 4 ESU and 8.2% to 13.4% of SGM decreased by between 13.1% and 15.6%, counter-balanced by increases of between 10.2% and 21.2% in farms of 100 ESU or more and 11.4% to 14.8% of SGM.

The census revealed the economic diversity of Italian farms according to their geographical distribution.

In the southern regions, smaller farms (less than 4 ESU) account for only 1/5 of national SGM, with those in the North making up less than 6%. Contrarily, in the South the SGM of larger farms is only slightly more than 9% on average, against 23% for those

Used Agricultural Area by economic size and geographical area (in hectares), 2000

	Less than 4 ESU	4-16	16-40	40-100	100-250	250 and over	Total
	% of total						
North-West	8.2	16.4	19.1	22.3	17.5	16.5	2,243,565
North-East	12.1	19.6	20.0	19.8	14.5	14.0	2,617,778
Centre	18.9	23.4	19.3	18.7	12.6	7.2	2,446,269
South	21.9	29.6	20.4	13.8	8.3	6.1	3,563,466
Islands	21.3	30.5	25.1	14.4	4.5	4.0	2,275,519
ITALY	16.9	24.3	20.7	17.5	11.2	9.3	13,146,598

Source: ISTAT, 2000 Agriculture Census.

Farms by economic size and geographical area, 2000

	Less than 4 ESU	4-16	16-40	40-100	100-250	250 and over	Total
	% of total						
North-West	56.8	23.1	10.2	6.3	2.8	0.9	231,519
North-East	57.2	24.0	11.2	5.5	1.6	0.4	378,862
Centre	77.0	15.7	4.6	2.0	0.6	0.2	461,983
South	74.6	19.6	4.2	1.3	0.3	0.1	976,874
Islands	76.8	16.9	4.7	1.3	0.2	0.1	457,376
ITALY	71.1	19.4	6.0	2.5	0.8	0.2	2,506,614

Source: ISTAT, 2000 Agriculture Census.

located in regions of the North-West. A significant amount of labour was necessary to arrive at 1 ESU, according to economic size. In fact, for smaller farms to achieve 1 ESU, average workdays required ranged from 37 in the Islands to 80 in the regions of the North-West (46 on a national level), while for larger farms (250 ESU and over) each ESU produced required an average of 3 workdays in the North-West and 8 workdays in the Islands (5 on a national level).

Standard Gross Margin for farms by economic size and geographical distribution, 2000

	Less than 4 ESU	4-16	16-40	40-100	100-250	250 and over	Total
	% of total						
North-West	4.2	11.2	14.9	22.9	23.9	23.0	4,002,362
North-East	5.7	14.7	20.9	24.6	17.8	16.3	5,148,178
Centre	14.0	20.3	18.9	19.8	13.9	13.1	2,804,290
South	19.6	28.1	19.2	14.4	9.4	9.4	5,156,922
Islands	18.9	27.6	23.5	15.9	7.3	6.8	2,201,283
ITALY	11.8	19.8	19.2	19.8	15.1	14.3	19,313,034

Source: ISTAT, 2000 Agriculture Census.

Number of workdays by economic size and geographical distribution, 2000

	Less than 4 ESU	4-16	16-40	40-100	100-250	250 and over	Total
	% of total						
North-West	24.2	25.3	18.4	16.1	10.5	5.6	55,560,722
North-East	18.6	26.1	24.0	18.0	8.0	5.2	69,958,989
Centre	40.0	26.6	14.8	9.7	4.8	4.0	55,507,404
South	38.4	32.5	14.8	7.7	3.7	2.9	106,833,244
Islands	35.5	30.6	18.7	9.1	3.3	2.8	43,071,930
ITALY	31.7	28.7	17.9	11.8	5.9	4.0	330,932,289

Source: ISTAT, 2000 Agriculture Census.

Production Categories

In 2002, there were 2,506,614 businesses in Italy classified as crop and livestock farms, with 13.1 million hectares of UAA, a Standard Gross Margin equivalent to 19.3 million ESU, and 330.9 million workdays annually. In effect, each farm's production activities averaged 7.7 million ESU and 132 workdays per year, on approximately 5 hectares of UAA.

Compared to 1990, crop and livestock farms decreased by 14.8%, with a reduction in UAA (-12.3%), in volume of farm work (-27.5%) and in SGM produced (-4.6%). The number of specialised farms went down by 7.9%, while SGM remained stable; mixed farms decreased by 43.3% and corresponding SGM shrank by 24.3%.

There was a decrease in both mixed and specialised categories of farms, with the exception of those with permanent crops (+5.4%).

Change in number of farms and related SGM between the 1990 and 2000 Censuses, by farm type

	% change 2000/1990 Farms	SGM
FARMS SPECIALISED IN:	-7.9	-
Arable crops	-24.1	-7.6
Market gardening and floriculture	-3.2	7.2
Permanent crops	5.4	-10
Herbivorous livestock	-26.4	33
Granivorous livestock	-18.9	-7.3
MIXED FARMS WITH COMBINATIONS OF:	-43.3	-24.3
Diversified agriculture	-33.4	-19.5
Diversified livestock	-65.8	-32.9
Crops-Livestock	-55	-28.5

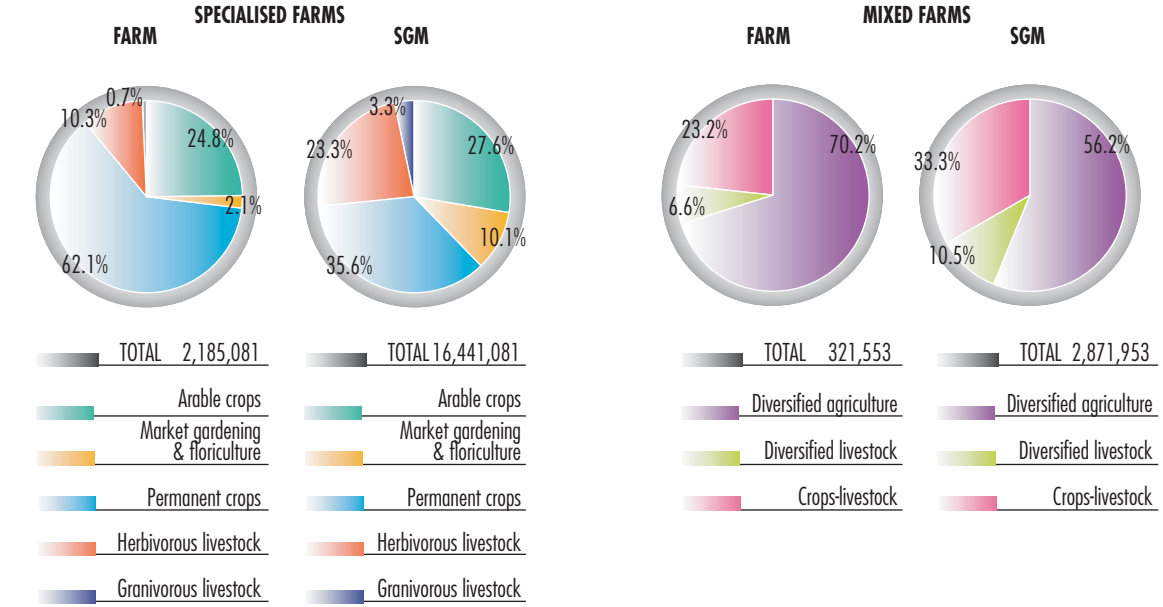
Source: ISTAT, 2000 Agriculture Census.

Farms by type and geographical distribution, %

	Specialised farms						Mixed farms				General total '000
UAA	Arable crops	Market gardening & floriculture	Permanent crops	Herbivorous livestock	Granivorous livestock	Total '000	Diversified agriculture	Diversified livestock	Crop-Livestock	Total '000	
North-West	41.8	0.7	8.6	47.1	1.8	1,956	29.1	11.5	59.4	287	2,244
North-East	47.1	0.7	15.3	35.8	1.1	2,208	56.8	8.2	34.9	409	2,618
Centre	52.8	1.0	24.7	21.1	0.4	1,921	57.4	7.3	35.4	525	2,446
South	38.3	1.2	40.2	20.2	0.1	2,869	61.3	8.0	30.7	695	3,563
Islands	25.2	1.3	29.5	43.9	0.1	1,878	47.9	9.6	42.5	398	2,276
ITALY	41.0	1.0	24.8	32.5	0.7	10,832	53.3	8.6	38.1	2,314	13,147
SGM											
North-West	27.1	9.1	13.3	42.8	7.6	3,484	27.3	19.2	53.5	518	4,002
North-East	31.2	5.1	31.2	27.9	4.6	4,344	54.8	10.3	34.9	804	5,148
Centre	38.2	13.7	34.2	12.1	1.8	2,320	64.2	7.2	28.5	484	2,804
South	23.0	12.3	54.0	10.2	0.5	4,393	69.5	8.0	22.5	764	5,157
Islands	18.1	14.2	46.0	21.5	0.3	1,900	63.2	7.7	29.1	301	2,201
ITALY	27.6	10.1	35.6	23.3	3.3	16,441	56.2	10.5	33.3	2,872	19,313
ANNUAL WORKDAYS											
North-West	23.3	8.3	28.6	36.0	3.7	46,059	40.6	12.1	47.3	9,502	55,561
North-East	25.3	4.0	37.3	30.6	2.7	57,305	57.4	10.4	32.1	12,654	69,959
Centre	29.7	6.6	49.6	12.9	1.2	43,259	63.8	8.9	27.3	12,248	55,507
South	21.7	5.0	63.7	9.3	0.4	86,771	67.0	9.5	23.5	20,062	106,833
Islands	11.9	9.6	54.5	23.5	0.5	37,130	57.2	9.4	33.4	5,942	43,072
ITALY	22.7	6.2	48.6	20.9	1.6	270,524	59.2	10.0	30.8	60,408	330,932

Source: ISTAT, 2000 Agriculture Census.

Farms and related SGM by farm type



Source: ISTAT, 2000 Agriculture Census.

Age of Farmers

Census figures indicate a progressive rise in the average age of farm operators. In 2000, compared to the previous census, there were 2% more farmers over 55 and 6% more over 65. In effect, 61% of farmers in Italy are 55 or older, and of these 33% are 65 or older. Geographically speaking, 65% of farmers in Central Italy and 63% in the North-East and the Islands are over 55. In the North-West, these figures drop to 61%, and in the South to 60%.

"Elderly" farmers (over 55 years old) operate 67% of smaller farms, but only 43% of larger operations. On the contrary, on small farms 9% of farmers were 40 and under, a figure that rose to 22% for larger farms.

Nearly all farmland is owned by "older" farmers; on the other hand, rental agreements were more common among young farmers, around 26% overall.

Among farmers under 40, 52.8% worked full-time; 46.8% of those

Farmers by age and sex

	Men		Women		Total
	2000	% change 2000/90	2000	% change 2000/90	% change 2000/90
under 40	182,900	-18.4	79,690	-0.1	-13.6
40 - 54	479,790	-25.7	230,010	4.4	-18.0
55 and over	1,118,451	-17.2	485,953	0.8	-12.4
TOTAL	1,781,141	-19.8	795,653	1.7	-14.2

Source: ISTAT, 2000 Agriculture Census.

Farmers by age and workdays

	Fewer than 10	10-50	50-200	over 200	Total
	% of total				
TOTAL FARMS					
under 40	12.3	39.8	22.9	24.9	262,590
40 - 54	13.4	47.2	24.3	15.1	709,800
55 and over	15.9	48.7	25.8	9.6	1,604,404
TOTAL	14.9	47.4	25.1	12.6	2,576,794
WORKDAYS					
under 40	0.5	7.8	21.4	70.3	26,984,207
40 - 54	0.7	12.9	29.1	57.3	53,377,344
55 and over	1.0	16.2	38.8	43.9	95,210,277
TOTAL	0.8	13.9	33.2	52.1	175,571,828

Source: ISTAT, 2000 Agriculture Census.

between 40 and 55 farmed full-time, while full-time farmers over 55 accounted for 89% in that age range. Compared to 1990, the number of farmers-in-charge with university degrees rose by 3% in 2000; those with no formal education were fewer. Overall, 51% of farmers-in-charge had a primary school education, and 11% had no formal education certification. Of those with some level of formal education, 3% held qualifications in agrarian studies, while 24% held the lower-school diploma. Of farmers who held diplomas in agrarian studies, 34% were younger farmers, while of farmers-in-charge with a primary school education 80% were over 55. Of those with no educational certificate, 94.3% were over 55.

Women in Agriculture

In 30 years, the percentage of women as heads of farms has increased considerably, from 18.9% in 1970 to 30.9% in 2000. There is at least a female component on 83.6% of farms surveyed in 2000. In absolute numbers, there are 3,393,461 women working in the agriculture sector, or 43% of the total agriculture workforce. Compared to the 1990 Census, however, there are fewer women working on farms but more in the general workforce. While there are 16% fewer women on farms, the percentage of women working on farms increased from 34.3% in 1990 to 37.2% in 2000. In effect, of 100 women present on farm-sites, 62 take active part in farming activities.

As regards the makeup of the agricultural workforce, women make up 45.6% of family labour and 27.5% of labour outside the family. Women's workdays in 1999-2000 amounted to 101,637,753, accounting for 34.3% of total workdays, down 27.6% from 1990. Women worked an average of 47.8 workdays during the year.

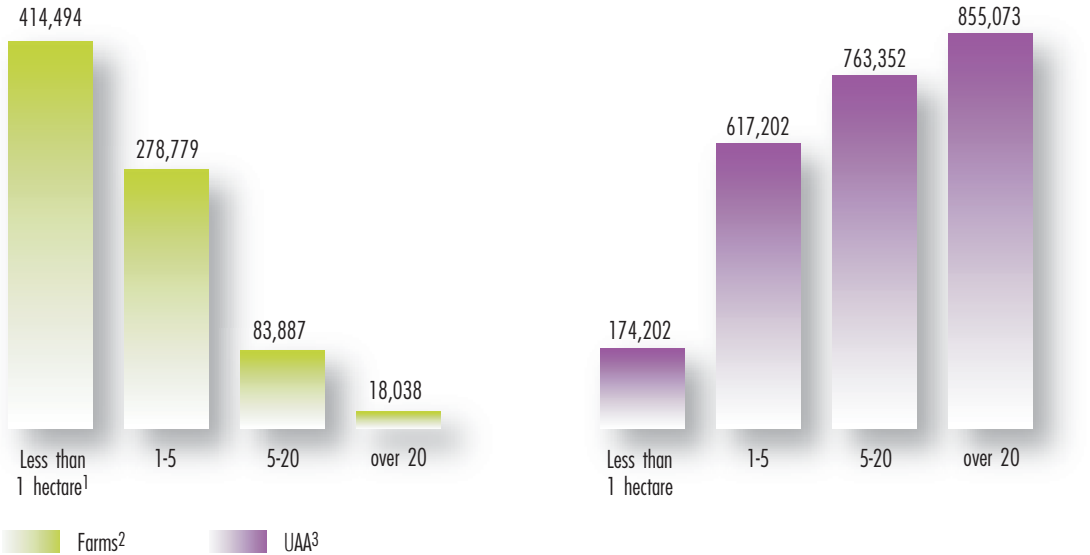
Southern Italy alone accounts for 34.7% of farms operated by women, with 14,039,636 workdays, or 38.7% of workdays for women farmers. Between 1990 and 2000, there was a 10% increase in women farmers in all regions of the Centre-South. In the North, especially the North-West, this figure dropped by 33.1%.

Farms operated by women, by age, 2000

	Under 25	25-44	45-54	Over 55	Total
	% of total				
FARMS SPECIALISED IN:	0.5	17	21.4	61.1	676,355
Arable crops	0.4	16.7	21.2	61.7	167,915
Market gardening and floriculture	0.8	27.8	25.9	45.4	11,839
Permanent crops	0.5	16.5	21.5	61.6	433,516
Herbivorous livestock	0.6	19.1	21.2	59.1	59,082
Granivorous livestock	0.6	14.7	18.3	66.4	4,003
MIXED FARMS WITH COMBINATIONS OF:	0.5	18.6	23.2	57.7	86,543
Diversified agriculture	0.4	17.5	22.8	59.2	62,981
Diversified livestock	0.7	22.5	25.2	51.6	5,489
Crops-Livestock	0.6	21.3	24.1	54	18,073

Source: ISTAT, 2000 Agriculture Census.

Farms operated by women with related Used Agricultural Area (UAA), 2000



[1] *Includes farms with no area.*
[2] *Compared to 1990 Agriculture Census, farms operated by women increased by about 2%.*
[3] *Compared to 1990 Agriculture Census, UAA of farms operated by women increased by about 12%.*
Source: ISTAT, 2000 Agriculture Census.

Agri-tourism

Agri-tourism (Tourist and Recreational Services on Farms) has taken on new economic, social and environmental importance as one of the various specific roles that agriculture plays in improving society and the general quality of life. Agri-tourism is one of the various activities on a farm not directly related to farming but connected to agriculture, something that contributes to the definition of a multi-purpose farming operation by introducing recreation, craftsmanship, the manufacturing of farm products, woodworking and the production of renewable energy.

Of farms surveyed in 2000, about 0.5% were declared to be involved in agri-tourism – 12,434 farms – an increase of 53% compared to the previous census. Total area of farms that offer agri-tourism was 568,204 hectares, or 2.9% of the area of all farms surveyed. This included 298,595 hectares of UAA (2.3%). Average area was 45.71 hectares of total area (24.02 hectares of UAA), with greatest average total area in Friuli Venezia Giulia (88.78 hectares), Sardinia (86.63) and Tuscany (83.82).

As regards form of agricultural enterprise, 90.4% of agri-tourism farms were individually operated, with only a small percentage represented by corporate types of farming (4.9% simple companies and 1.8% limited liability companies), while the most prevalent type was directly run by the farmer.

There were 7,413 livestock farms that offered agri-tourism, or 59.6% of the total. Most of the farms have total area of between 10 and 20 hectares (22.9% of livestock farms). The most common type of livestock raised on agri-tourism farms was poultry, on 71% of livestock farms for a total of 1.6 million head. Next were cattle, on 43.5% of livestock farms for a total of 98,839 head, followed by swine, on 40.4% of farms with 112,032 head.

Of such farms, 95.4% use family labour and only 31.2% employ outside help. Of more than 6 million workdays on agri-tourism farms in 1999/2000, family labour accounted for 68.6%, while outside help represented 31.4%.

Of agri-tourism farms, 90.4% are operated individually, and only a small number are run on corporate schemes (4.9% simple and 1.8% lim-

Agri- tourism farms by land use

	Arable crops	Tree crops	Household plots	Grass & pasture	UAA	Arboriculture	Woods	Total area
North-West	997	854	703	880	1,506	121	946	1,516
North-East	1,630	1,994	1,952	2,277	3,727	91	2,485	3,739
Centre	3,016	3,198	1,378	1,506	3,762	360	2,669	3,779
South & Islands	2,375	2,799	1,103	965	3,384	175	1,243	3,396
ITALY	8,018	8,845	5,136	5,628	12,379	747	7,343	12,430
UAA LESS THAN 1 HECTARE	416	884	397	204	1,160	37	361	1,211
1-5	1,852	2,766	1,595	1,212	3,519	121	1,759	3,519
5-20	3,230	3,149	2,195	2,457	4,682	248	3,048	4,682
> 20	2,520	2,046	949	1,755	3,018	341	2,175	3,018
TOTAL	8,018	8,845	5,136	5,628	12,379	747	7,343	12,430
FORM OF MANAGEMENT								
Run directly by the farmer	7,151	7,992	4,907	5,123	11,256	596	6,570	11,296
Only with family labour	5,269	5,487	3,896	4,034	8,329	375	4,968	8,369
Mainly with family labour	1,340	1,844	832	794	2,170	152	1,165	2,170
Mainly with external labour	542	661	179	295	757	69	437	757
Run with wage-earning staff	863	848	226	501	1,116	151	771	1,127
Other forms	4	5	3	4	7	0	2	7
TOTAL	8,018	8,845	5,136	5,628	12,379	747	7,343	12,430

Source: ISTAT, 2000 Agriculture Census.

ECONOMIC RESULTS ACCORDING TO THE FADN

FADN - Farm Accountancy Data Network

The Farm Accountancy Data Network (FADN) is an information tool geared to provide information about economic conditions on European farms. It was set up in 1965 under Council Reg. (EEC) 79/65, which established its principles and organisation. A yearly sample survey, carried out using the same methodology in all Member States of the European Union, serves as the basis for the entire system and supplies information to European data bases. FADN is the only co-ordinated source of micro-economic information, and thus ensures production of comparable data on a European level: the principles for gathering data are the same for all countries and are indicated in their guidelines.

Farms that participate in FADN are chosen on the basis of a sampling plan. The survey observation field does not include every farm, only those considered professional, i.e. those with enough economic substance to guarantee the farmer and his family a sufficient income. FADN information is used for micro-economic studies and research, and is widely used in managing agricultural policies for the purposes of planning and assessment.

FADN uses a broad sample each year: at the EU level it includes approximately 60,000 farms, of which 18,000 are in Italy, selected from a population of some 4 million farms that cover about 90% of total UAA (Used Agricultural Area) and account for more than 90% of the EU's total agricultural production.

Responsibility and management of FADN in Italy (FADN-INEA) are entrusted to a connecting body, INEA.

Italy: average farm data according to altitude of territory, 2002*

	Farms	UAA	WU	VFO	Variable costs	Fixed costs	Net income
	number	ha		euro			
Mountain areas	3,812	32.63	1.64	59,393	25,516	14,337	26,918
Hill areas	8,202	22.96	1.60	64,398	24,292	15,989	27,710
Lowland	5,219	29.00	1.96	114,620	49,802	30,302	40,397
TOTAL	17,233	26.93	1.72	78,500	32,289	19,958	31,377

** Provisional figures.*

Source: FADN-INEA.

Information gathered by FADN for each individual farm involves approximately 2,000 variables, which refer to both physical and structural data (location, crop area, head of livestock, labour etc), as well as economic data, including production figures, sales and purchases, liabilities, production quotas and property ownership matters. In addition to this set of data, FADN also currently offers a series of information that is particularly relevant as regards the application of agricultural policy, as well as extensive information on matters not dealing with accountancy. Over the years, in keeping with changes in agriculture and developments in common agricultural policy, there have been some changes in FADN's established objectives. As set forth in Council Reg. (EEC) 79/65, FADN was specifically set up to gather accountancy figures for yearly determination of agricultural income, and to provide economic analysis of farms. Today, however, FADN's objectives are much more diversified, and the information available through the accountancy network meets the following new goals:

- monitoring developments in agricultural income, on a general level or in specific regions, or for specific types of production;
- comparison of farm results, in terms of income within the sector and/or with respect to other groups;
- acquisition of specific information, by type of production, about costs, volume, the impact of production on the environment etc;
- development, updating and evaluation of European Community, national and regional agricultural policies.

Average farm data by geographical area, 2002*

	Farms	UAA	WU	VFO	Variable costs	Fixed costs	Net income
	number	ha		euro			
North	6,175	31.21	2.06	122,029	52,263	33,091	44,970
Centre	3,345	29.13	1.67	73,714	27,382	21,403	28,925
South & Islands	7,713	22.54	1.46	45,727	18,425	8,817	21,558
TOTAL	17,233	26.93	1.72	78,500	32,289	19,958	31,377

** Provisional figures.*

Source: FADN-INEA.

*Italy: average farm data by ESU, 2002**

	Farms	UAA	WU	VFO	Variable costs	Fixed costs	Net income
	number	ha		euro			
4 - 8 ESU	1,819	7.43	0.96	14,813	5,118	5,304	5,570
8 - 16 ESU	4,814	12.35	1.17	25,476	9,073	7,418	10,975
16 - 40 ESU	6,343	22.86	1.55	51,141	19,194	13,241	22,326
40 - 100 ESU	3,164	42.19	2.24	113,228	46,820	27,714	46,829
Over 100 ESU	1,093	102.97	4.86	476,274	213,686	116,108	171,974
TOTAL	17,233	26.93	1.72	78,500	32,289	19,958	31,377

** Provisional figures.* *Source: FADN-INEA.*

*Italy: average farm data by type of farm, 2002**

	Farms	UAA	WU	VFO	Variable costs	Fixed costs	Net income
	number	ha		euro			
Arable crops	4,324	36.49	1.46	67,336	24,669	20,531	23,012
Horticulture	927	2.29	2.21	76,589	27,953	14,944	33,740
Permanent tree crops	4,880	11.55	1.70	66,409	19,726	18,331	28,465
Herbivorous livestock	3,780	40.03	1.85	95,994	49,386	21,426	41,995
Granivorous livestock	110	21.02	3.04	568,960	316,931	66,934	195,381
Mixed crops	1,700	24.73	1.76	67,935	26,000	19,561	23,726
Mixed livestock	341	25.90	1.71	66,045	32,875	15,424	27,032
Mixed crops/livestock	1,171	36.93	1.76	88,052	43,235	21,339	35,220
TOTAL	17,233	26.93	1.72	78,500	32,289	19,958	31,377

** Provisional figures.* *Source: FADN-INEA.*

Profitability of Crops

Figures are provided below for the costs and revenues involved in growing different types of crops. They have been obtained from figures from INEA's FADN data bank, using simple calculations to obtain the average values for "specific" costs and revenues and using valuations to calculate "imputed" costs, i.e. the part of those costs incurred by the farm as a whole (such as the use of farm machinery, maintenance and fixed expenses for improving farm land, general and administrative expenses and the consumption of fixed capital) which are attributed to each crop on a pro rata basis.
Results are given for each crop sector and then for each main crop product.

Cereals - For crops in this sector, 2002 showed good levels of unit production. Nevertheless, there was a trend toward a drop in selling prices, which kept crop profitability figures basically unchanged compared to 2001, and in some cases, like durum wheat, profitability was actually lower. There was an opposite trend for maize: though yields were approximately the same as the previous year, production value increased by about 10%.

Oilseeds - Trends in yield and profitability for crops in the sector were altogether similar to those for cereals. In this case, however, the cause for the decrease in profitability of crops (in the presence of increased yields) was due to the withdrawal of specific subsidies for oilseeds. There was a counter-trend for rape-seeds, which showed a marked increase in yield, up approximately 20% compared to 2001.

Field vegetables and fruit - The economic results for crops in this sector were quite varied, based on the type of crop. Basically, the year was one of fairly widespread decreases in yields, and, on the contrary, of good economic results. This was obviously because of the effect of more-than-proportional increases in product selling prices. This was especially true for strawberries and courgettes, which were up in price by 20% and 30% respectively over the previous year.

Tree crops - The same was also true for this sector, which experienced widespread decreases in crop yields and general increases in product selling prices. Price increases, however, were less marked than those for field fruit and vegetables, with peak figures for apples (+15%) and dessert grapes (+12%). Consequently, economic results for crops remained basically stable, and, in some cases, even dropped, as in the case of kiwi fruit and oranges, which had good yields (+7% and +5% respectively) and a decrease in product price (-2% and -5% respectively).
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 the year.
- **Selling price**: average selling price of the main product sold in the year; this can also be applied to production from previous years (left-over stock).
- **Gross output**: value of production of the main crop and of secondary products, not including public subsidies and premiums. Gross output does not equate to "yield" x "selling price" in that these refer to the main crop 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 disbursed during the year for crops and/or crop products; excludes generic subsidies and payments for other processes.
- **Specific costs**: expenditure on raw materials (purchase/use of farm-produced seeds and plants, purchase/use of farm-produced fertilisers, pesticides and herbicides, irrigation water and other specific expenses) and on machinery, energy, and services, i.e. specific fuel and electricity, specific insurance premiums, mechanisation costs (hire charges, specific machinery-related costs such as fuel, lubricants, maintenance and insurance, 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 - specific costs.
- **Imputed costs**: are broken down into:
  - land capital (rents, ordinary maintenance, depreciation of improvements to property and interest calculated at 1% of the value of land capital), estimated on a pro rata basis for each crop;
  - working capital (interest calculated at 2.5% on the value of capital paid out in advance and at 2% on the value of machinery and tools), estimated on a pro rata basis for each crop;
  - other fixed costs (general and administrative expenses, taxes and duties; does not include the cost of family or paid labour), estimated on a pro rata basis for each crop.
- **Total cost** (excluding labour) = Specific costs + imputed costs.
- **Income from activity** = Gross output from crop + premiums and subsidies - total cost (excluding labour). Equivalent to sum available for remuneration of business activity and labour.

Profitability of crops in Italy (euro/ha), 2002

	Yield	Selling	Revenue			Costs			Income
		Price	gross	premiums	total	specific	imputed	total	from labour
	q/h	euro/q	output	and subsidies					and business
CEREALS									
Durum wheat	30	16.54	528	475	1,004	435	248	683	320
Soft wheat	53	14.41	808	335	1,143	515	373	888	255
Maize	104	13	1,261	479	1,740	822	558	1,380	360
Rice	54	30	1,604	392	1,995	946	546	1,492	504
OILSEEDS									
Soya	42	22.58	951	446	1,397	535	516	1,052	346
Rape	25	16.33	407	186	594	238	113	351	242
Sunflowers	23	21.70	503	278	781	355	183	538	243
FIELD VEGETABLES AND FRUIT									
Strawberries	160	187.34	27,892	38	27,930	10,597	5,679	16,277	11,653
Melons	223	34.52	8,250	17	8,267	3,024	1,468	4,492	3,775
Tomatoes	553	9.95	5,052	385	5,438	2,282	963	3,245	2,193
Courgettes	220	47.08	9,489	23	9,512	3,134	1,427	4,561	4,951
TREE CROPS									
Kiwi	173	55.89	9,650	184	9,834	2,183	2,133	4,315	5,518
Oranges	166	24.42	3,986	47	4,034	938	623	1,562	2,472
Apples	328	36.07	11,461	285	11,745	3,202	2,705	5,907	5,839
Peaches	135	48.11	6,185	122	6,307	1,484	1,035	2,518	3,789
Dessert grapes	213	46.18	9,565	66	9,632	2,867	1,646	4,513	5,118
Grapes for quality wine	107	60.71	6,164	300	6,465	1,689	1,520	3,208	3,256
Grapes for ordinary wine	129	32.94	4,177	105	4,282	1,200	914	2,114	2,167
Olives for olive oil	39	40.15	1,535	957	2,492	621	586	1,207	1,285

Source: FADN-INEA.

Profitability of single crops by area (euro/ha), 2002

	Durum wheat		Soft wheat				Maize			
	Centre	South & Islands	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	37	25	52	57	47	26	108	110	75	55
Selling price (euro/q)	16.59	16.5	13.38	14.54	14	16.62	12.74	11.59	15.07	17.30
Total revenue	1,163	899	1,209	1,206	983	661	1,838	1,760	1,563	1,221
of which gross output	644	452	819	852	716	531	1,369	1,271	1,044	930
of which premiums and subsidies	519	447	390	354	267	130	469	489	519	291
Specific costs	535	369	545	528	491	330	884	826	736	541
of which raw materials	223	159	240	247	199	111	422	441	317	226
of which machinery, energy & services	312	210	305	281	292	220	462	385	419	315
GROSS MARGIN	628	530	663	678	492	331	954	934	827	680
Imputed costs	324	199	330	431	274	146	503	629	436	270
of which land capital	190	113	208	244	161	83	316	357	256	153
of which working capital	68	43	68	48	58	31	104	70	92	58
of which other general costs	66	43	54	139	56	32	82	202	88	59
Total cost[1]	860	568	876	959	765	476	1,387	1,455	1,172	811
per quintal (euro)	23	23	17	17	16	20	13	13	16	15
INCOME FROM LABOUR AND BUSINESS	304	331	333	247	218	185	451	305	391	410

[1] *Excludes labour.*
Source: FADN-INEA.

Profitability of single crops by area (euro/ha), 2002

	Rice	Soya	Rape		Sunflowers			
	North-West	North-East	North-West	South & Islands	North-West	North-East	Centre	South & Islands
Yield (q/ha)	54	42	24	25	27	31	23	18
Selling price (euro/q)	30.05	22.58	18.86	15.69	18	18.41	22.16	21.93
Total revenue	1,995	1,397	888	519	913	1,060	772	591
of which gross output	1,604	951	458	395	486	566	513	376
of which premiums and subsidies	392	446	430	124	427	494	259	215
Specific costs	946	535	437	188	418	377	361	242
of which raw materials	464	212	244	166	159	155	163	90
of which machinery, energy & services	482	324	193	72	259	222	198	152
GROSS MARGIN	1,049	862	451	331	495	683	411	349
Imputed costs	546	516	252	78	259	391	172	89
of which land capital	344	297	149	40	153	225	99	45
of which working capital	113	49	54	18	55	37	36	21
of which other general costs	89	171	49	20	51	129	37	23
Total cost[1]	1,492	1,052	690	266	677	768	533	331
per quintal (euro)	28	25	28	11	26	25	23	18
INCOME FROM LABOUR AND BUSINESS	504	346	199	253	236	291	238	260

[1] *Excludes labour.*
Source: FADN-INEA.

Profitability of single crops by area (euro/ha), 2002

	Strawberries		Melons			Tomatoes		
	North-West	North-East	North-East	Centre	South & Islands	North-West	North-East	Centre
Yield (q/ha)	105	212	387	202	173	570	519	681
Selling price (euro/q)	208.83	167.32	45.99	34.44	30	12.35	8	10.11
Total revenue	22,037	33,421	18,443	7,060	5,069	5,545	4,172	7,093
of which gross output	21,973	33,407	18,421	7,039	5,058	5,495	4,136	6,886
of which premiums and subsidies	65	14	23	21	11	50	37	207
Specific costs	10,139	11,024	5,946	2,975	1,841	1,949	2,056	2,976
of which raw materials	6,611	6,819	3,585	2,036	1,260	915	1,247	1,888
of which machinery, energy & services	3,528	4,205	2,361	939	581	1,034	808	1,088
GROSS MARGIN	11,898	22,396	12,498	4,085	3,228	3,596	2,117	4,118
Imputed costs	4,164	7,091	3,913	1,174	702	1,048	885	1,180
of which land capital	2,420	4,079	2,251	639	347	609	509	642
of which working capital	932	793	438	234	151	235	99	236
of which other general costs	812	2,219	1,224	301	204	204	277	302
Total cost[1]	14,303	18,115	9,859	4,149	2,543	2,997	2,941	4,155
per quintal (euro)	135	90	25	20	15	7	6	6
INCOME FROM LABOUR AND BUSINESS	7,734	15,305	8,584	2,910	2,526	2,548	1,232	2,938

[1] *Excludes labour.*
Source: FADN-INEA.

Profitability of single crops by area (euro/ha), 2002

	Courgettes				Kiwi			Oranges
	North-West	North-East	Centre	South & Islands	North-West	North-East	South & Islands	South & Islands
Yield (q/ha)	133	129	179	244	214	165	144	166
Selling price (euro/q)	57.99	98.59	77.3	38.54	56	56.62	51.98	24.42
Total revenue	8,235	11,905	11,554	9,309	12,356	9,479	7,573	4,034
of which gross output	8,151	11,905	11,462	9,308	12,081	9,329	7,378	3,986
of which premiums and subsidies	83	0	92	1	276	150	195	47
Specific costs	2,665	3,545	3,198	3,192	2,316	2,352	1,223	938
of which raw materials	1,480	2,047	1,779	2,203	513	993	253	434
of which machinery, energy & services	1,185	1,498	1,419	988	1,803	1,359	970	504
GROSS MARGIN	5,569	8,359	8,356	6,117	10,040	7,127	6,350	3,095
Imputed costs	1,556	2,526	1,922	1,289	2,198	2,325	1,170	623
of which land capital	904	1,453	1,046	637	1,104	1,159	642	342
of which working capital	348	283	384	278	503	255	204	109
of which other general costs	303	790	492	374	591	911	324	172
Total cost[1]	4,221	6,071	5,120	4,481	4,514	4,677	2,393	1,562
per quintal (euro)	30	47	34	19	21	29	17	10
INCOME FROM LABOUR AND BUSINESS	4,013	5,834	6,434	4,827	7,842	4,802	5,180	2,472

[1] *Excludes labour.*
Source: FADN-INEA.

Profitability of single crops by area (euro/ha), 2002

	Apples				Peaches			Dessert grapes
	North-West	North-East	Centre	South & Islands	North-West	Centre	South & Islands	South & Islands
Yield (q/ha)	281	364	217	137	192	103	129	213
Selling price (euro/q)	32.04	36.01	41.52	43.81	27	67.27	48.45	46.18
Total revenue	9,266	12,973	9,350	6,187	5,421	7,254	6,294	9,632
of which gross output	8,848	12,730	8,930	6,075	5,147	7,079	6,218	9,565
of which premiums and subsidies	418	243	420	112	274	175	76	66
Specific costs	2,521	3,579	2,324	1,440	1,520	1,715	1,423	2,867
of which raw materials	1,107	1,430	821	717	667	693	686	1,368
of which machinery, energy & services	1,414	2,148	1,502	723	853	1,021	737	1,500
GROSS MARGIN	6,746	9,394	7,026	4,747	3,900	5,539	4,871	6,765
Imputed costs	1,648	3,182	1,781	956	964	1,382	973	1,646
of which land capital	828	1,586	984	525	484	763	534	741
of which working capital	377	349	364	167	221	283	170	340
of which other general costs	443	1,247	432	265	259	335	269	565
Total cost[1]	4,169	6,761	4,104	2,396	2,485	3,096	2,396	4,513
per quintal (euro)	15	20	19	19	13	30	19	22
INCOME FROM LABOUR AND BUSINESS	5,097	6,212	5,245	3,791	2,936	4,157	3,898	5,118

[1] *Excludes labour.*

Source: FADN-INEA.

Profitability of single crops by area (euro/ha), 2002

	Grapes for quality wine				Grapes for ordinary wine				Olives for olive oil	
	North-West	North-East	Centre	South & Islands	North-West	North-East	Centre	South & Islands	Centre	South & Islands
Yield (q/ha)	87	115	91	123	87	136	107	131	39	39
Selling price (euro/q)	72.63	62.23	64.71	45.84	57	34.56	37.9	30.49	67.89	36.27
Total revenue	6,610	7,377	5,584	5,770	5,218	4,849	4,091	3,977	3,627	2,342
of which gross output	6,198	7,090	5,286	5,524	4,940	4,756	3,868	3,893	2,622	1,382
of which premiums and subsidies	412	286	299	246	277	93	224	85	1,004	959
Specific costs	1,743	1,976	1,429	1,447	1,523	1,582	1,151	989	733	600
of which raw materials	545	814	471	570	657	815	479	390	239	158
of which machinery, energy & services	1,198	1,162	958	876	866	767	672	599	494	442
GROSS MARGIN	4,867	5,400	4,156	4,324	3,694	3,266	2,941	2,988	2,894	1,741
Imputed costs	1,378	1,972	1,376	1,028	1,078	1,272	1,012	694	705	555
of which land capital	657	1,065	725	463	514	687	532	312	435	282
of which working capital	308	280	253	213	241	181	186	144	140	89
of which other general costs	413	627	399	353	323	404	293	238	130	183
Total cost[1]	3,121	3,948	2,805	2,475	2,601	2,854	2,162	1,683	1,438	1,155
per quintal (euro)	37	35	34	20	31	21	21	13	37	30
INCOME FROM LABOUR AND BUSINESS	3,489	3,428	2,779	3,295	2,616	1,995	1,929	2,294	2,189	1,186

[1] *Excludes labour.*
Source: FADN-INEA.

Profitability of Farms in Europe

The European FADN network currently involves approximately 60,000 farms throughout the European Union, which represent a population of reference of some 4 million agricultural businesses that plant over 90% of UAA and are responsible for over 90% of European farm production. As of 2004, in the EU 25 countries, a total of around 81,000 units are participating in FADN.

Approximately 1,000 information variables - physical, structural, economic and accountancy-related - are recorded for each farm. Information is also gathered relating to access and use of CAP measures. Survey figures are also used in classifying each farm by farm type and economic size (FT and ESU), indicators that are also used to classify farms surveyed during censuses. This makes it possible to compare data from the sample with those from the universe of reference.

FADN methodology ensures consistency among figures for Member States, making it possible to carry out valid comparisons between their farms.

On the following pages is an overview of average results achieved by European Community farms that specialise in raising dairy cattle, beef cattle, sheep and goats, and granivorous livestock. The countries selected were chosen on the basis of their volume of output, with the top four listed for each type of livestock. Data used for calculations are from the FADN Europe network data bank. Definitions of the main variables used are as follows:

Gross output: value of output from crops, livestock and other farm products; includes sales, transactions within the industry, own consumption, variations in live stocks and in stocks of crop/livestock products. Gross output (GO) includes production subsidies for crops and livestock and therefore measures 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).

Intermediate consumption: the sum of specific costs (including transactions within the sector) and general production costs (not specifically attributable to any single production: ordinary maintenance of buildings and machinery, energy, contract services for water, production insurance, consumption rates etc) incurred in the year concerned.

Value added: equivalent to (gross output - intermediate consumption + balance of subsidies and current taxes). The latter figure refers to subsidies and tax deriving from production activity during the accounting year concerned, and is equivalent to: (farm subsidies + VA balance on current operations - taxes).

Depreciation: calculated for planta-

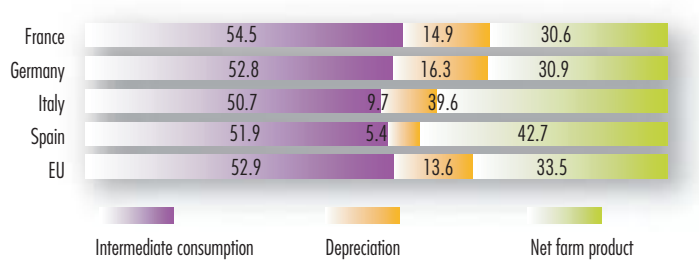
tions (including forestry), buildings, fixtures, land improvements, machinery and tools, on the basis of their replacement value.

Net farm product: equivalent to value added minus depreciation. Represents remuneration of fixed production factors, independently of whether they belong to the family or are from outside the family.
A last point to note is that the figures in the tables refer to the farm considered in its entirety, so in addition to livestock 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.

Dairy cattle

A comparison of FADN data for Italian farms that specialise in dairy cattle with average European figures and those of partners under examination suggests an affinity in terms

Farms which specialise in raising dairy cattle: average farm figures in euro (1999/2000/2001)



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

Farms which specialise in raising dairy cattle: average farm figures, in euro (1999/2000/2001)

	GO/WU	VA/WU	GO/UAA	VA/UAA
France	68,535	31,160	1,854	843
Germany	63,817	30,129	2,543	1,201
Italy	58,738	28,972	4,533	2,236
Spain	38,048	18,295	3,778	1,817
EU	63,187	29,712	2,609	1,227

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

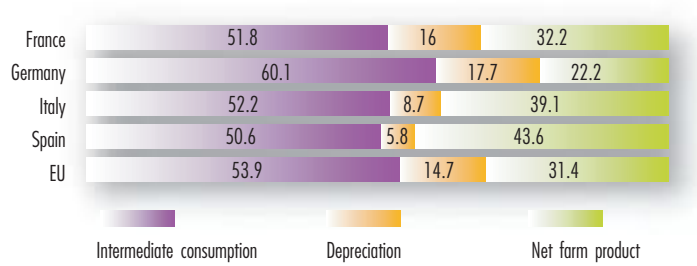
of structures and economic results between Germany and France on one hand, and between Spain and Italy on the other. In terms of percentage breakdown of GO, Italian and Spanish farms recorded lower figures for both intermediate consumption and depreciation. Substantial differences emerged among the countries for figures that make up intermediate consumption: animal feed costs made up for almost two-thirds on farms in Italy and Spain (67% and 72% respectively) but only slightly over one-fourth for farms in Germany (26%) and France (30%). All other figures of intermediate consumption were quite low for Italy and Spain (around 5%), while for Germany and France contract services, ordinary maintenance of buildings and machinery and other general costs made up between 10% and 20%.

As regards productivity indicators of land and labour, the countries under consideration behaved in a manner contrary to the European average. French and German farms had more work units but less area; the opposite was true for Italy and Spain. The difference in structure was of key importance: in France and Germany, farms have an average area of over 40 hectares (60.6 and 41.6 respectively), with a low number of work units per surface area (0.03 and 0.04 WU/ha). In Italy and Spain, farms are much smaller on average (25 and 14 hectares respectively). On the contrary, the work factor per surface unit is more than double: 0.8 in Italy and 0.10 in Spain. Furthermore, Italy and Spain tend toward more intensive livestock systems: herd density reaches 2 livestock units (LU) per hectare in Italy, and 2.2 LU/ha in Spain, as against an EU average of 1.5 LU/ha and 1.2 LU/ha in France. In any case, the WU/LU ratio is higher in Italy and Spain (0.39 and 0.46 respectively) compared to French and German farms (0.23 and 0.26 respectively). In summary, though Spanish and Italian farms exploit area more intensively, they are less efficient as far as labour is concerned. In all four countries there was a reduction in the ratio of public subsidies to GO: the EU average is 5.5%; among the countries in question Germany had the highest level, at 8.1%, and Spain had the lowest, at 1.4%. In all four cases, compensatory payments were higher, while specific payments for the milk sector were negligible.

Beef cattle

In results for farms specialising in beef cattle, Germany and Spain represented the two extremes. In terms of the breakdown of GO, German farms recorded higher figures for intermediate consumption and depreciation, and as a result the net product was less than the EU average and almost half that of Spain. Italian and French farms, on the other hand, were more in line with

Farms which specialise in raising beef cattle: average farm figures in euro (1999/2000/2001 average)



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

Farms which specialise in raising beef cattle: average farm figures, in euro (1999/2000/2001 average

	GO/WU	VA/WU	GO/UAA	VA/UAA
France	57,450	27,678	1,052	507
Germany	60,122	23,972	1,822	726
Italy	42,629	20,371	1,927	921
Spain	24,302	11,999	632	312
EU	38,620	17,799	1,064	490

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

the European average, even though depreciation in Italy was almost half of that in France. Animal feed accounted for nearly three-fourths of intermediate consumption in Spain and Italy, while other figures in the breakdown were all less than 5%. On German and French farms, however, feedingstuff expenditure accounted for about one-fourth (27% and 22% respectively); among other expenses, general production costs were significant, at levels between 9% and 19%.

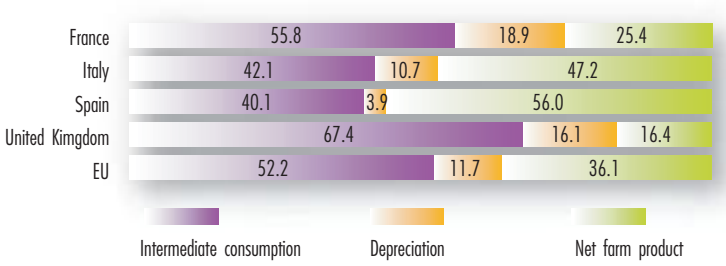
As regards land and labour indicators, Spanish farms were less efficient economically, and for all four indicators under consideration recorded figures well below European averages. Italian farms achieved above-average results, showing better performance in land indicators than in those for labour. The difference in performance for the two production factors was due to greater labour density per surface area (0.045 WU/ha as opposed to

0.028 for the EU) and the fact that Italian farms are smaller than the EU average (32 ha in Italy, 48 ha in the EU on average). Herd density on Italian farms was 1.35 LU/ha, while in Germany it was 1.5 LU/ha, with a WU/ha ratio of only 0.02.
As for the effect of public subsidies on management results, it should be noted that subsidies for Italian farms amount to less than half of those in the rest of the EU: only 10% as opposed to a European average of 22%. On a European average, the greatest subsidies are those specifically designated for meat livestock (17% of GO), followed by compensatory payments (3% of GO).

Sheep and goats

In the EU the raising of sheep and goats differs from country to country in types of farm and economic results. In terms of percentage breakdown of GO, farms in Italy and Spain are similar, but different from their counterparts in France and the UK; in Italy and Spain, intermediate consumption and depreciation are well below the European averages, while these figures are much higher in France and Britain. Spain and the UK are at the two extremes: net product represents over half of GO on Spanish farms (56%), but only one-fourth in Britain. The breakdown of intermediate consumption is also substantially different in the two groups of countries: in Italy and Spain, expenditure for animal feed is more than two-thirds (67% and 72% respectively), while it accounts for only about a third in France (32%) and the UK (31%), where ordinary maintenance of buildings and machinery, contract services and other general production expenses are higher than EU averages.
Productivity indicators for land and labour reflect differences in types of farm structure: Italian farms are very efficient in land use but not in labour management; British farms are the opposite. British farms occupy 200 hectares on average, as opposed to the European average of about 65 ha; Italian farms are smaller by comparison, just under 36 hectares on average. Labour density figures are the reverse: only 0.008 WU/ha in the UK, as opposed to an EU average of 0.022 and 0.036 in Italy. Herd density, on the other hand, is quite similar in all the countries considered, going from a minimum of 0.66 LU/ha on British farms to a maximum of 0.76 in France and Spain, with Italy in a middle position (0.71). Levels of specialisation were different: in the UK, head of sheep and goats accounted for 63% of farm livestock, while in Spain this figure rose to 85%. Public subsidies played an important part in production: 20% in the EU, with the highest level of 33% in the UK. Italian farms were less effective at capturing public resources (only 7% of GO). On a

Farms which specialise in raising sheep and goats: average farm figures, in euro (1999/2000/2001 average)



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

Farms which specialise in raising sheep and goats: average farm figures, in euro (1999/2000/2001 average)

	GO/WU	VA/WU	GO/UAA	VA/UAA
France	43,081	19,060	960	425
Italy	28,165	16,304	1,021	591
Spain	39,726	23,808	868	520
United Kingdom	49,364	16,076	371	121
EU	31,629	15,125	705	337

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

European level, the highest specific subsidies were disbursed for sheep and goats (12%), followed by premiums for beef cattle (around 5.8%) and compensatory payments (1.8%).

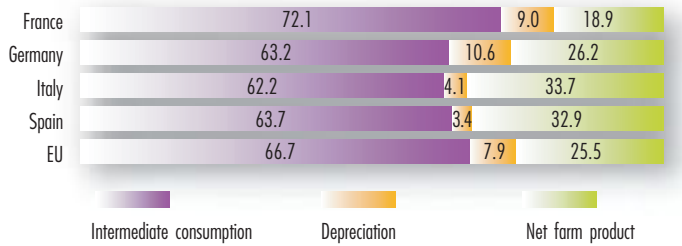
Granivorous livestock

The diversity of EU-FADN data makes it possible to analyse the structural characteristics and economic results for farms that specialise in raising grain-eating livestock, but without distinguishing between poultry (meat and eggs) and swine (open and closed cycles). These two types of livestock raising are both highly specialised, very intensive, and have very rapid production cycles, as evidenced by the percentage breakdown of GO: intermediate consumption accounts on average for two-thirds, with peak levels of over 70% in France. Depreciation is around 8% on average; as a result, GO varies from a bit less than 20% in France, to about 33%

in Italy and Spain, and slightly over 26% in Germany, close to the European average. The breakdown of intermediate consumption on farms that specialise in grain-eating livestock is similar among the various countries: the main figure is expenditure for purchase of livestock, which varies from 83% in Spain to 55% in Germany, with an EU average of 72%. For German farms, the other figures are higher, especially energy (8% compared to the EU average of 5%), ordinary maintenance of machinery and buildings (7% against the 4% EU average) and other general production costs (11% in Germany as opposed to 6% on average for the EU).

As regards performance indicators for land and labour, Germany's farms are less efficient than those of her partners in the use of both production factors. Germany's non-competitive results are explained by the larger size of farms, lower stock density per surface unit, and the

Farms which specialise in raising granivorous livestock: average farm results, in euro (1999/2000/2001 average)



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

Farms which specialise in raising granivorous livestock: average farm results, in euro (1999/2000/2001 average)

	GO/WU	VA/WU	GO/UAA	VA/UAA
France	156,299	43,593	10,370	2,892
Germany	116,616	42,925	6,397	2,355
Italy	155,547	58,807	22,871	8,647
Spain	109,160	39,679	14,595	5,305
EU	144,561	48,182	12,834	4,278

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

higher labour density per head of stock. Italian farms achieved better use of land for labour, recording figures higher than the EU average for all indicators. Finally, subsidies played a minor part in GO: 3% on average, with a minimum of 1% for farms in Spain and a maximum of 5% for those in Germany.

AGRICULTURE AND THE ENVIRONMENT

European Union actions in favour of the environment

Shortly a year after the world summit in Johannesburg on sustainable development, the first review of environmental policy adopted by the European Commission in December 2003 restated the need for a consolidated effort among all countries in facing major planetary emergencies, and in joining objectives of economic growth and modernisation on local and global levels to the protection of the environment. To reinforce efforts toward reducing carbon dioxide emissions by 8% by 2012 - the objective of the Kyoto Protocol - with the 2003/87/EC directive, a system was established for inter-country exchange of limits on greenhouse gas emissions, which would go into effect in 2005. Early in 2004, the Commission issued guidelines for monitoring and communications regarding greenhouse gas emissions, updating control mechanisms with new rules that include setting up plans and national registers as well as sending data to the EU. The European Polluting Emissions Register (EPER) was also established. As for the strategy for battling climatic changes, the EU regulation no. 2152/03 launched a monitoring system for forests and environmental interaction (Forest Focus), with financing of 52 million euro for the three-year period from 2003 to 2006. In June 2003, to encourage production with low environmental impact, the EU Commission launched the strategy called "integrated product policy - to develop the concept of environmental life-cycle", while the 2004/35/EC directive set up a single European regime for prevention and compensation for environmental damages, by extending to every individual and juridical person potentially damaged by pollution the legitimate right to seek reparations from those responsible.
In June 2003, with the purpose of identifying and preventing new threats to human health caused by environmental factors, the European Commission launched the European Strategy for Environment and Health. In its first cycle, which ends in 2010, its goal is to reduce the number of environment-related illnesses among vulnerable populations, like children.
For ten years, LIFE has been the financial instrument for the EU's environmental policy, divided into 3 project areas: nature, environment and non-EU countries. In 2003 in Italy, financing was provided for 14 LIFE-Nature projects (7.9 million euro) and 14 LIFE-Environment projects (8.1 million euro). As to the Natura 2000 ecological network, new species and types of habitat were introduced, characteristic of the ten Member States that entered the EU as of 1 May 2004, and three new regions that brought to 9 the subdivisions of the European continent. In December 2003, the EU Commission approved the list of sites in the Alpine

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 SCIs	total proposed area (km^2)	% of national land area
Belgium	36	4,313	14.1	271	3,184	10.4
Denmark	111	9,601	22.3	194	10,259	23.8
Germany	466	28,977	8.1	3,536	32,151	9
Greece	151	13,703	10.4	239	27,641	20.9
Spain	416	78,252	15.5	1,276	118,496	23.5
France	155	11,749	2.1	1,202	41,300	7.5
Ireland	109	2,236	3.2	381	10,000	14.2
Italy	392	23,403	7.8	2,330	44,237	14.7
Luxembourg	13	160	6.2	47	383	14.9
Netherlands	79	10,000	24.1	141	7,505	18.1
Austria	95	12,353	14.7	160	8,896	10.6
Portugal	47	8,671	9.4	94	16,500	17.9
Finland	452	28,373	8.4	1,665	47,932	14.2
Sweden	436	27,236	6.1	3,420	60,372	13.4
United Kingdom	242	14,704	6	601	24,721	10.1
EU 15	3,200	273,731	8.6	15,557	453,577	14.3

**Some of the sites may have been presented, fully or partially, for both directives so the figures for the SPAs and SCIs cannot be summed together. Situation at 12 May 2004.*

Source: Nature Barometer, published by the Environment DG of the European Commission.

bio-geographical region that are of importance to the European Union (SCI), including 959 sites; 452 of these are in Italy, with area of 12,441 km^2, and include 71 habitats and 84 species of importance to the European Union.

The environment and agricultural policy

Recent reforms to the CAP approved in June 2003 focussed heavily on protection of the eco-system and shifted the emphasis of support from product to producer, with the introduction of single payments per farm beginning in 2005, on condition that farmland be maintained in "good agricultural and environmental condition" and that it should respect a complete set of environmental regulations. These are based on provisions of the Habitat and Birds directives, explicitly set forth for the first time, and apply to food safety and animal welfare.

EAGGF had a stronger role in Natura 2000 financing, and only areas within the ecological network were placed under environmental restrictions.

National policy in favour of the environment

In 2003 the first programmes were launched to implement measures of the Environmental Action Strategy for Sustainable Development and the National Plan for Greenhouse Gas Emissions Reduction. Among other measures, these include promotion of the "21 Agendas" for sustainable local development, protection and re-qualification of vulnerable urban areas in the South, and protection and extension of forests and national woodlands. Moreover, by putting into effect bilateral agreements and within the scope of multilateral programmes, projects have been launched in 21 cities and towns, with co-financing from the Ministry for the Environment and Land Protection. In recent years, through structural policy programmes and negotiated planning measures, several local initiatives have been launched: these include environment-friendly infrastructure schemes, ecological re-conversion of certain production sectors, and enhancement of environmental heritage through the promotion of historic towns, the arts and food and wine specialities. Also in 2003, 61.6 million euro were earmarked for initiatives in favour of mountain areas, and over 10 million euro were set aside for fire-fighting in national woodlands.

April of 2004 saw the publication of the National Plan to assign industrial limits for carbon dioxide emissions, in accordance with the directive 2003/87/EC, with maximum acceptable levels set to go into effect in 2005.

New laws included: the Plan for Protecting Water Resources for 2003; the establishment of seven protected sea zones; the Minister's Decree 185/03 setting technical regulations for re-use of refluent water; the Minister's Decree 367/03 setting quality standards for internal surface water along seacoasts; and the Minister's Decree 391/03 which identifies 5 ecological classes for verifying the health of lakes. As regards landscape, Law 378/03 dictated measures for the protection and enhancement of rural architecture, while Legislative Decree 42/04 set forth the code for cultural and landscape properties, thus synchronising national and regional systems.

Protected Areas

According to the report from the Programme for the Environment of the United Nations and the World Conservation Union, there are 102,102 protected areas in the world, with 18.8 million km^2 of area, or over 12% of the earth's surface. Like other European countries, Italy is still short of the goal - dictated by the EU - of 15% of total area under protection; it has 3.5 million hectares of protected areas, or 11.6% of national territory. There are about a thousand protected areas, divided among 22 national parks, 20 State marine reserves, 146 State nature reserves, 105 regional nature parks, 335 regional nature reserves, and hundreds of other areas protected and/or conserved by legislative provisions governing Italy's cultural and environmental heritage. Protected sea surface areas are still few, accounting for only 2.8% of the nation's coastal waters. For land development and the protection and enhancement of areas with large urban settlements, specific accords have been established for programmes promoted by the Ministry for the Environment - APE (Apennine Park of Europe), ITACA (minor islands in the Mediterranean) and CIP (protected Italian coastlines) - financed through the National Ecological Network (REN), which is part of the European Natura 2000 network.

In June 2003, the National Committee for Protected Areas was established, and the Italian Association of Park Townships was formed. In November 2003, an agreement was signed between Federparchi and the Centre of Operations for Defence and Recovery of the Environment, to protect the Mediterranean and conserve its bio-diversity.

An agreement was signed in Durban in September 2003 to re-establish co-operation between the World Conservation Union and the Ramsar Convention Bureau, to protect wetlands of international importance. The Ramsar Convention currently includes 138 countries, including Italy. In June 2003, Italy promoted a wetlands charter that was signed by major environmentalist organisations. There are 1,367 sites in the world, covering over 120 million hectares, which are recognised as habitats for aquatic birds and as ecosystems with high levels of biodiversity. Italy has 50 such sites, 4 of which were recognised in May 2003.

Established national parks (*)

- Abruzzo, Lazio and Molise 49,680 hectares
- Appennino Tosco-Emiliano 22,792 hectares
- Arcipelago di La Maddalena 5,100 hectares of land and 15,046 hectares of sea
- Arcipelago Tuscano 16,996 hectares of land and 56,766 hectares of sea
- Asinara 5,170 hectares
- Aspromonte 76,053 hectares
- Cilento and Vallo di Diano 178,172 hectares
- Circeo 5,616 hectares

- Dolomiti Bellunesi 15,132 hectares
- Foreste Casentinesi, Monte Falterona and Campigna 31,038 hectares
- Gargano 118,144 hectares
- Golfo di Orosei and del Gennargentu 73,935 hectares
- Gran Paradiso 70,318 hectares
- Gran Sasso and Monti della Laga 141,341 hectares
- Maiella 62.838 hectares
- Monti Sibillini 69,722 hectares
- Pollino 171,132 hectares
- Sila 73,695 hectares
- Stelvio 133,325 hectares
- Val Grande 11,340 hectares
- Vesuvio 7,259 hectares

(*) Source: 5th update of the Official List of Protected Natural Areas (Official Gazette n. 214 of 12/09/02).

National parks in process of being established

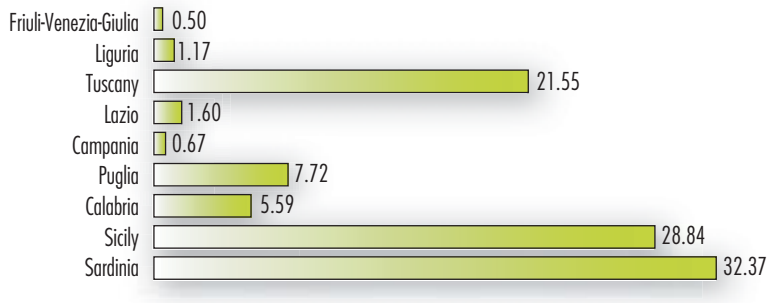
- Alta Murgia
- Costa Teatina
- Val d'Agri e Lagonegrese

Distribution of protected land areas by type and region (%)

Region	National park	State nature reserve	Regional nature park	Regional nature reserve	Other protected areas
Piemonte	26.9	2	56.7	6.5	8
Valle d'Aosta	85.4	0	13.4	1.2	0
Lombardy	45.9	0.2	46.7	6.7	0.5
Trentino-Alto Adige	26	0	72.7	0.8	0.6
Veneto	16.2	20.8	60.7	2.3	0
Friuli-Venezia-Giulia	0	0.7	86.2	13.1	0
Liguria	15.1	0.1	84.6	0.1	0.1
Emilia-Romagna	35.9	9.2	52.9	1.9	0.2
Tuscany	24.3	7	32.5	19.5	16.8
Umbria	28.4	0	64.5	0	7.2
Marche	68.6	6.8	24.2	0.4	0
Lazio	12.4	12.1	53.3	20.2	1.9
Abruzzo	72.4	5.9	18.6	2.8	0.4
Molise	62.2	18.8	0	0.8	18.3
Campania	57	0.6	39.2	3.1	0.1
Puglia	91.8	7.7	0.1	0	0.5
Basilicata	69.3	0.8	28	1.8	0
Calabria	93.4	6.4	0	0.3	0
Sicily	0	0	68.5	31.5	0
Sardinia	91.1	0	5.6	0	3.3
ITALY	46.1	4.2	40.4	7.4	2

Source: Environment Ministry, Nature Conservation Service, EUAP, 2002.

Geographical distribution of protected marine areas (%)



Source: Environment Ministry, Department of Nature Protection, 2003.

Wetlands of international importance

Region	No. sites	Area (ha)
Lombardy	6	3,930
Veneto	2	599
Trentino-Alto Adige	1	37
Friuli-Venezia-Giulia	2	1,643
Emilia-Romagna	10	23,112
Tuscany	4	4,315
Umbria	1	157
Lazio	5	2,457
Abruzzo	1	303
Campania	2	568
Puglia	3	5,431
Basilicata	2	1,455
Calabria	1	875
Sicily	2	1,706
Sardinia	8	12,572
TOTAL	50	59,160

Source: The Ramsar Convention Bureau.

Recently-established protected areas

- "Oasi di Castelvolturno o Varicori" wetland of international importance
- "Lago di S. Giuliano" wetland of international importance
- "Oasi del Sele - Serre Persano" wetland of international importance
- "Pantano di Pignola" wetland of international importance
- Roero Woodland and Rocks protected area
- Alto Garda Bresciano Natural Park
- Adamello Natural Park

With the 2004/259/EC decision, the EU approved the Protocol of the UN Convention on trans-border atmospheric pollution, which seeks to limit, reduce or eliminate the use of 13 POPs (persistent organic pollutants). Approval of the protocol came three years after the signing of the UN Convention of Stockholm regarding 12 other POPs which were considered top-priority - including DDT, heptachloride, mirex, PCB, dioxins and furans - which went into effect on 17 May 2004 with the fiftieth ratification by 91 countries, including those that joined the EU in May 2004. The goal of reducing the impact of these substances on human health and the environment, and at the same time ensuring proper protection for crops, was the basis for the European Commission's work on a strategy for sustainable use of pesticides. The use of active ingredients in plant protection products requires authorisation by the European Union before such products may be marketed; in order to enforce adherence to maximum acceptable residue levels in foodstuffs and feedingstuffs periodically set by the EU, the Commission orders yearly checks co-ordinated by Member States. At a legislative level, the new EC regulation no. 2003/03 on fertilisers makes it mandatory to indicate the name and address of the maker on the label, thus regulating "traceability" and distinguishing between "complex" and "mixed" fertilisers.

In the last fifteen years in Italy, overall consumption of plant protection products has dropped, due to the adoption of more specifically targeted defence systems and the use of low-dosage products. In 2003, compared to a slight increase (+0.9%) over the previous year, the agri-pharmaceuticals sector experienced a drop in volume of products used (-2.9%). This was due mainly to reduced rainfall, which significantly limited treatments with fungicides (-6.9%) and herbicides (-3.8%). The introduction of new application techniques resulted in a major increase in value (+18.4%) and volume (+17.5%) of fumigants and nematocides. The regions of the North used more plant protection products (53.2%), followed by those in the South (33.1%).

Evolution in the use of fertilisers ('000 tonnes)

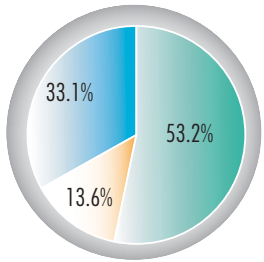
	1999	2000	2001	2002	2003
Nitrogen	863.0	871.6	876.0	873.4	858.2
Phosphorous	491.7	491.0	491.0	485.6	497.7
Potassium	385.6	387.5	383.6	384.0	387.1
TOTAL USE	1,740.3	1,750.1	1,750.6	1,743.0	1,743.0

Source: Assofertilizzanti.

As far as inspections were concerned, in 2003 2% of fresh fruit and vegetable samples showed chemical residues that were above legal limits. In 942 inspections carried out by the NAS branch of the Carabinieri police corps, 47 penal infractions and 230 administrative infractions were discovered.

In the last fifteen years, Italy's overall use of nitrogen, phosphorous and potassium-based fertilisers has remained constant, with a total of 1.7 million tonnes used in 2003. Commercially speaking, there was greater use of specialised and innovative products like water-soluble and mixed organic fertilisers, which were widely used in greenhouse and organic crops in the regions of the South. A register of fertilisers for organic production, set up in 2001 by the Experimental Institute for Plant Nutrition and updated on 10 May 2004, lists 2,032 registered products.

Use of plant protection products by geographical area (tonnes), 2003



TOTAL	90,595
North	48,231
Centre	12,355
South & Islands	30,009

Source: Agrofarma.

Evolution in the use of plant protection products ('000 tonnes)

Type	1999	2000	2001	2002	2003
Herbicides	20.6	20.8	21.8	21.2	19.7
Insecticides & acaricides	27.3	26.7	28	23.6	22.7
Fumigants & nematocides	5.4	4.6	4	4.7	5.7
Fungicides	47.7	46.9	42.3	41.4	39.8
Others	4	3.6	3.5	3.5	3.6
TOTAL NATIONAL MARKET	105	102.6	99.6	94.4	91.5

Source: Agrofarma.

Sustainability Indicators

From the many and often conflicting definitions of sustainability which exist, the most widely accepted is certainly the one in the Bruntland Report (Our Common Future, 1997) of the World Commission on Environment and Development set up by the United Nations. It states that what is sustainable is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Independently of the adopted definition, the "operative" interpretation of the concept of sustainability has many dimensions and includes ecological, social and economic objectives. Adapting public policies to the objectives of sustainability, by encouraging their integration within sector policies, is one of the European Union's declared priorities.

Indicators furnish a basis for evaluating progress toward long-term goals of sustainable development: a goal that makes sense only if progress and its attainment can be evaluated in an objective way.

Sustainability in agriculture can be analysed by making distinctions among the following dimensions: economic (efficiency and profitability of agricultural production), social (equity and equal opportunity among economic sectors, social groups and between men and women) and environmental (management and conservation of natural resources). Simultaneous evaluation of progress in all three dimensions makes it possible to have a complete overview of the situation.

Based on indicators proposed by the European Commission and other international organisations such as OECD and the European Environment Agency, INEA has used 38 indicators of agricultural sustainability, thereby offering an initial schematic valuation based primarily on their trends.

Following is a meaningful selection of these indicators.

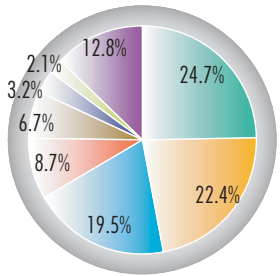
	North West	North East	Centre	South & Islands	ITALY
SOCIAL DIMENSION					
Human resources					
Index of aging among farmers	☺	☹	☹	☹	☹
Educational level among farmers	☹	☺	☺	☺	☺
Equal opportunity					
Labour breakdown in agriculture	☺	☺	😐	😐	☺
Resident population in rural communities	😐	😐	😐	😐	😐
ECONOMIC DIMENSION					
Efficiency					
Profitability of labour	☺	☺	☺	☺	☺
Profitability of land	☺	☺	☺	☺	☺
Vitality					
Marginalisation	☹	☹	☹	☹	☹
Labour diversification among farmers	☺	☺	☺	☺	☺
ENVIRONMENTAL DIMENSION					
Land					
Herd density	☹	☹	☹	☹	☹
Phosphorous balance	☹	☹	☹	☹	☹
Atmosphere					
Methane emissions (CH4)	☹	☹	☹	☹	☹
Ammonia emissions (NH3)	☺	☺	☺	☺	☺
Carbon dioxide emissions (CO2)	☹	☹	☹	☹	☹
Water resources					
Nitrogen balance	☹	☹	☺	☹	☹
Potential leaching of nitrates	☹	☹	☹	☹	☹
Application of fertiliser plan	☺	☺	☺	☺	☺
Bio-diversity					
Areas affected by forest fires	☹	😐	☹	☹	☹
Agri-environmental measures	☺	☺	☺	☺	☺
Landscape					
Intensification	☺	☺	☺	☺	☺
Concentration	☹	☹	☹	☺	☹
Handmade and natural elements	☺	☺	☺	☹	😐

Legend ☺ = Positive 😐 = Stable ☹ = Negative

Organic Farming

Organic farming avoids the use of plant protection products and synthetic fertilisers, herbicides, plant regulators and genetically modified organisms, as well as antibiotics for preventive treatments of livestock and hormones in crop and animal agriculture, thereby contributing to sustainability of the ecosystem. The criteria and rules which must be observed for crop and livestock products to be recognized as organic by the EU are set out in Regulations (EEC) 2092/91 and (EC) 1804/99 respectively. Organic production is subject to inspection by private bodies which are accredited on the basis of EN 45011 certification regulations; these bodies are in turn authorised and supervised by institutional bodies. In Italy, there 17 inspection bodies recognized by the Ministry for Agricultural and Forestry Policies, 13 of which have been authorised to operate in the whole of national territory and four in the Autonomous Province of Bolzano. Regulation (EC) 392/04 permits exchange of information among authorities and inspection bodies for the purpose of improving traceability, and extends to 1 July 2005 application of new notification and inspection requirements for imported products from non-EU countries and for sales points, when products are not sealed at points of origin. Following consultation on the future of organic farming launched on the Internet by the European Commission, conclusions of the council on strategy for a European Action Plan on organic farming and organic products (EAP) were published on 17 December 2003. At the end of the year, the EU Agriculture Council approved the strategy of the Italian presidency of the EU for the EAP, which among other things called attention to the need for extending inspections to the entire organic network, and to guarantee protection of GEO-free structures (those free of genetically engineered organisms).
Incentives for organic farming are

Organic farmland and land under organic conversion by type of production (ha), 2002



TOTAL	1,168,212
Fodder crops	289,009
Grassland and pasture	261,263
Cereals	227,263
Olives	102,055
Fruit & Vegetables	78,299
Vines	37,380
Industrial crops	23,967
Other crops	148,976

Source: Ministry for Agricultural and Forestry Policies from data supplied by inspection bodies updated to 31/12/2002.

Organic farming in the EU, 2002

	Farms number	% total national farms	% total EU farms	% change 2002/01	Area ha	% total national area	% total EU area	% change 2002/2001
Belgium	710	1.2	0.5	2.3	24,874	1.8	0.5	11
Denmark	3,714	6.4	2.5	5.4	178,360	6.7	3.3	2.8
Germany	15,626	3.3	10.5	6.3	696,978	4.1	13	10.3
Greece	6,047	0.7	4.1	-9.5	28,944	0.8	0.5	-7
Spain	16,521	1.3	11.1	5.9	665,055	2.5	12.4	37.1
France	11,288	1.7	7.6	8.9	517,965	1.9	9.7	23.4
Ireland	923	0.7	0.6	-7.4	29,850	0.7	0.6	-0.7
Italy	51,401	2.4	34.6	-8.9	1,168,212	8.9	21.8	-5.6
Luxembourg	48	1.6	0	0	2,004	1.6	0	-6.4
Netherlands	1,560	1.5	1.1	2.1	42,610	2.1	0.8	12.1
Austria	18,576	9.3	12.5	1.6	295,000	8.7	5.5	3.3
Portugal	1,059	0.3	0.7	9.1	85,912	2.2	1.6	21.2
Finland	5,071	6.3	3.4	1.8	156,692	7.1	2.9	5.1
Sweden	5,268	6.5	3.6	46.8	214,120	7	4	10.6
United Kingdom	4,057	1.7	2.7	1.9	724,523	4.6	13.5	6.6
EU 15	141,869	-	-	-0.4	4,831,099	3.8	-	8.6
Cyprus	45	0.1	0	50	166	0.1	0	66
Czech Republic	717	1.9	0.5	9.6	235,136	5.5	4.4	7.8
Estonia	583	1.5	0.4	58	30,263	3	0.6	50.3
Hungary	995	2.6	0.7	-4.3	103,671	1.8	1.9	30.9
Latvia	352	n,d,	0.2	60	16,935	0.7	0.3	60.5
Lithuania	594	0.9	0.4	31.4	13,685	0.4	0.3	36.6
Malta (*)	-	-	-	-	-	-	-	-
Poland	1,977	0.1	1.3	10.6	53,515	0.3	1	19.3
Slovakia	88	1.2	0.1	7.3	49,999	2	0.9	-14.8
Slovenia	1,150	1.3	0.8	30.2	15,404	3.2	0.3	54
EU 25	148,370	1.7	100	0.3	5,349,873	3.2	100	9.1

Source: Institute of Rural Studies, University of Wales, updated to 16/03/04.
(*) This country has organic farms, but data on hectares of area were not available.

Organic farms in Italy, 2002

	Production	Processing	Importation	Total		
				number	%	% change 2002/01
Piemonte	3,236	342	15	3,593	6.4	0.5
Valle d'Aosta	18	2	0	20	0.0	0.0
Lombardy	1,037	453	32	1,522	2.7	6.8
Trentino-Alto Adige	614	107	2	723	1.3	11.2
Veneto	1,326	423	26	1,775	3.2	6.4
Friuli-Venezia Giulia	292	68	5	365	0.7	20.9
Liguria	370	75	9	454	0.8	18.5
Emilia-Romagna	4,356	594	38	4,988	8.9	-2.3
Tuscany	2,226	364	9	2,599	4.6	15.6
Marche	1,777	138	3	1,918	3.4	-1.0
Umbria	1,266	98	2	1,366	2.4	32.2
Lazio	2,397	240	1	2,638	4.7	-0.1
Abruzzo	997	117	3	1,117	2.0	5.7
Molise	411	36	0	447	0.8	-12.4
Campania	1,824	198	7	2,029	3.6	3.5
Puglia	5,502	379	2	5,883	10.5	-13.9
Basilicata	1,566	35	0	1,601	2.9	132.4
Calabria	6,206	154	0	6,360	11.4	-19.9
Sicily	9,410	424	1	9,835	17.6	-22.2
Sardinia	6,570	99	0	6,669	11.9	-15.4
ITALY	51,401	4,346	155	55,902	100.0	-7.6

Source: Ministry for Agricultural and Forestry Policies, from data supplied by inspection bodies updated to 31/12/2002.

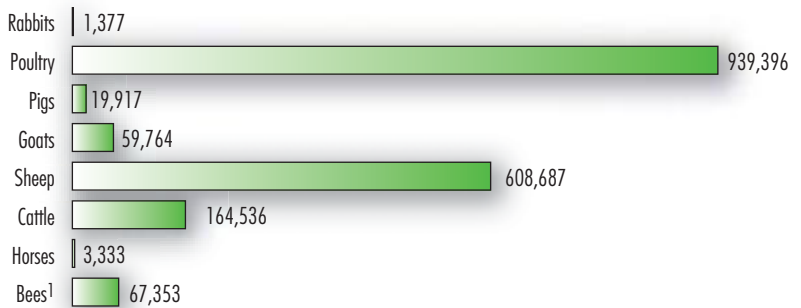
included in the agri-environmental measures set out in Regulation (EC) 1257/99 on support for rural development, which translate as co-financing measures for RDPs for 2000-06.

Production

In 2002, 141,869 farms in Europe were certified as organic or undergoing conversion, basically stable compared to 2001 (+0.4%), with a growth in planted area of 8.6% for a total of 4.8 million hectares. When figures are added for new Member States that joined the EU on 1 May 2004, UAA of organic and conversion farms totals 5.3 million hectares, while the number of farms rises to more than 146,000.
After years of growth, organic farming in Italy has levelled off: UAA of organic farms and those under conversion dropped to 1.1 million hectares (-5%), equivalent to 8.9% of UAA nationwide, while the number of organic farms dropped from 56,440 to 51,401

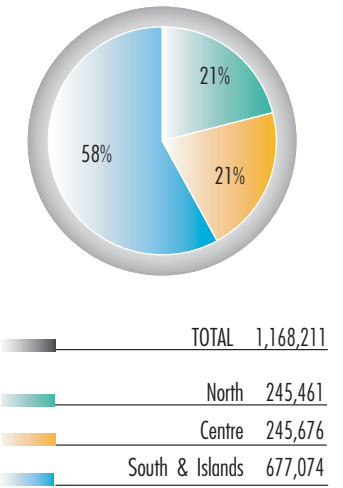
(-8.9%). Nonetheless, Italy remained a leader in Europe in number and area of farms using organic methods, equivalent to 24.2% of organic UAA in the EU. The overall picture in Italy reflected the abandonment of organic production methods in many parts of the South (especially in Puglia, Calabria, Sicily and Sardinia) due to fewer incentives provided for by Regulation (EEC) 2078/92. The reduction in area mainly affected fodder crops (-27.4%)

Organic production (including production undergoing conversion) in Italy by category of livestock, 2002*



* Number of head.
[1] Number of beehives.
Source: Ministry for Agricultural and Forestry Policies, from figures supplied by inspection bodies for organic agriculture, updated to 31/12/2002.

Organic land by geographical area, 2002



Source: Ministry for Agricultural and Forestry Policies, from figures supplied by inspection bodies for organic agriculture, updated to 31/12/2002.

and industrial crops (-25%). Cereals, fodder crops, grassland and pasture together represent over 65% of organic UAA, while the greatest number of organic tree crops are olives (8.7%) and vines (3.2%). There were more product transformation businesses, including wholesalers, retailers and merchants, up 10% for a total of 4,346. Authorised importers also increased to 155 (+27%). 61% of organic farm operators were concentrated in the South of Italy, 24% in the North and 15% in the Centre. Organic farm producers were most prevalent in the South (63%), while converters of raw materials into finished products (82%) and importers (48%) dominated in the North, confirming the fact that the South continues to be the most important area of production but lacks an efficient system of production and distribution. More head of livestock were raised organically compared to 2001, mainly poultry, sheep and goats.

Market

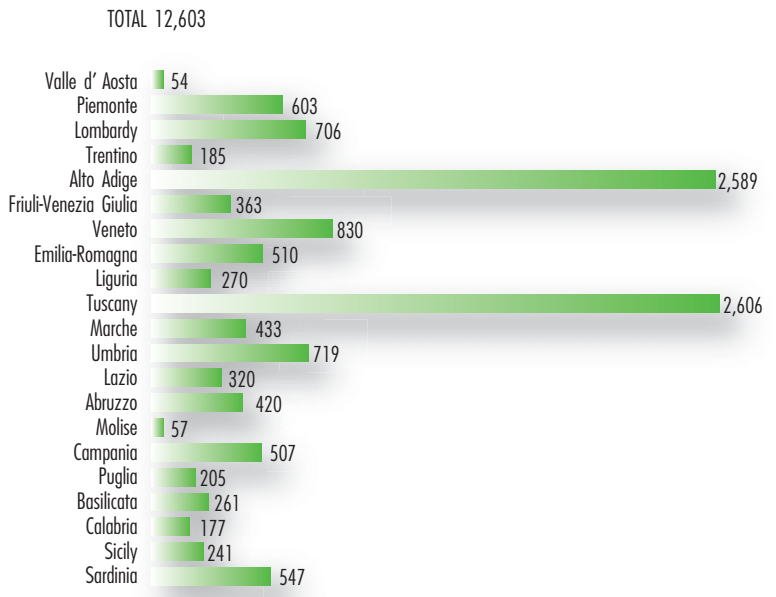
In 2002, volume of the organic market in the EU was valued by IFOAM at over 10 billion euro. Germany was in first place, with 2.9 billion euro, followed by the United Kingdom (1.6 billion) and Italy (1.3 billion). According to Databank, Italy's organic proceeds at factory prices in 2002 were 688.2 million euro (+16.9%). Fruit and vegetables made up the most important segment, with 187.9 million euro (+7%), followed by baked goods (+31%), milk and yoghurt (+19%), fruit preserves (+18%) and pasta and cereals (+15%). According to the Institute of Services for the Agricultural and Food Market (ISMEA), Italian families' expenditure for packaged organic products rose by 20.7% in 2002.
More updated figures are available for distribution: in 2003, according to ACNielsen, organic numbers in the GDO, Italy's major sales channel, grew by 18.9%, representing with 380 million euro 2.2% of the national food market. According to Bio Bank, specialist retail dropped by 8.1%, with 1,026 sales points registered as of September 2003; at that time, there were 1,005 farms and agri-tourism facilities operating by direct sales, and 95 buying groups (+29%). There were 152 channels of extra-domestic consumption registered with Bio Bank, mostly in the North (52%), 40% of which are associations or cultural organisations with complementary activities spanning from sales of organic and herbal products to health spas. There were 69 agri-tourism facilities operated by certified organic farms that offer food services, or 9% of organic agri-tourism sites. There were 561 school canteens that used at least 80% organic ingredients, especially fruit and vegetables, providing a total of 785,000 lunches.

Tourist and Recreational Services on Farms

In recent years, agri-tourism has diversified beyond accommodations and hospitality to include recreation, cultural and educational activities as well as tastings of farm products and wine. Every region has further defined its agri-tourism activities with specific legislative provisions, and has created laws regarding family-operated Bed & Breakfasts.

According to Agriturist, more than 2.2 million people stayed in agri-tourism facilities in 2003, a slight increase over the previous year (+0.9%). The number of foreign visitors dropped (-19%), compensated for by an increase in Italians, with short stays (weekends) that accounted for an overall drop in overnight stays (-1.8%), a result of the unfavourable combination of factors affecting tourism. The trend in offerings, however, confirmed that the sector is attractive to investment; in 2003 the number of agri-tourism farms increased (+8.7%), with 12,603 structures in Italy, mainly

Farms offering tourist services by region, 2003



Source: Agriturist.

concentrated in Tuscany, the province of Bolzano, and Veneto, with a national total of 129,000 beds (+8.5%). Turnover in the sector was 780 million euro (+5.4%). 62% of agri-tourism farms offer food service, with the farm's own produce, while 15% offer tastings of food and wine. 12% of agri-tourism facilities offer horseback riding and 8% provide camping sites.

In 2003 there were 746 agri-tourism sites operated by certified organic farms (+8.8%), 9% of which offer only meals. According to Bio Bank, these structures account for 6% of agri-tourism farms in Italy, and are concentrated mainly in the Centre (43%) and the North (30%).

In June 2003, the National Bed & Breakfast Observatory registered some 5,000 such structures; they exist in all provinces, with a concentration in Lazio, and 52.5% use the network for promotional purposes.

In recent years, nearly all of Italy's regions have developed educational farms, that is, agri-tourism structures that offer teachers, students and families a chance to rediscover agriculture and its traditions. Educational farms are structured in local networks ("Open Farms" in Emilia-Romagna, for example) or by national projects ("School on the Farm" or "Learning about our friend the countryside"). According to Agriturist, there were 600 such farms in 2003, mostly in the North, and 45% of these were organic-certified.

It should be noted that the "Agriturist Quality" programme of certification was set up in 2003, for agri-tourism farms seeking to offer hospitality in an agricultural setting with wine and food and ecological and cultural offerings.

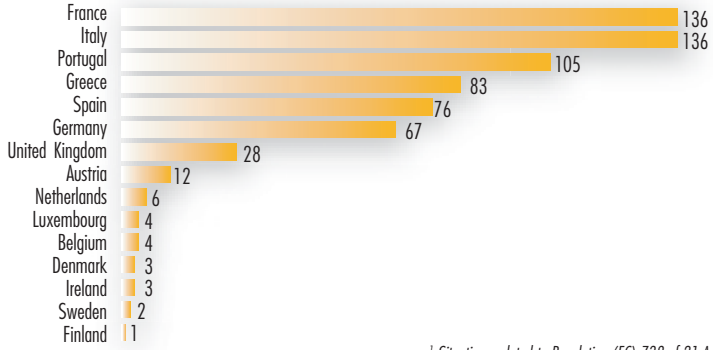
QUALITY PRODUCTS

Designation of Origin

Protected designations of origin (PDO) and protected geographical origin indications (PGI) of agricultural products were defined by Regulation (EEC) 2081/92, the purpose of which was to recognize and protect commodities with a specific character deriving from the geographical environment in which they were produced and in which both natural and human factors play a role. Italy has caught up with France in the number of registered products, with 136 products presently recognized PDO and PGI, with fruit and vegetables in first place, followed by cheeses and extra-virgin olive oil. Last year Italy received 13 recognitions: olive oils - "Upper Crotone", "Romagna Hills", "Molise", "Mount Etna" and "Pretuziano of the Teramane Hills"; fruit and vegetables - "Paestum artichokes", "Garafagna neccio flour", "Etna prickly-pear", "San Zeno chestnuts", "Val di Non apples" and "Gulf of Taranto clementines"; cheese - "Spressa delle Giudicarie"; and bread - "Pane di Altamura". Many products pending European Union recognition have been granted transitory protection within Italy, including: "Latina kiwi fruit", "San Gimignano saffron", "L'Aquila saffron", "Roman ricotta" and "Bronte green pistachios". Mozzarella made from cows' milk remains the only Italian product registered as a traditional speciality guaranteed: in all the EU only 15 products are registered as TSG.

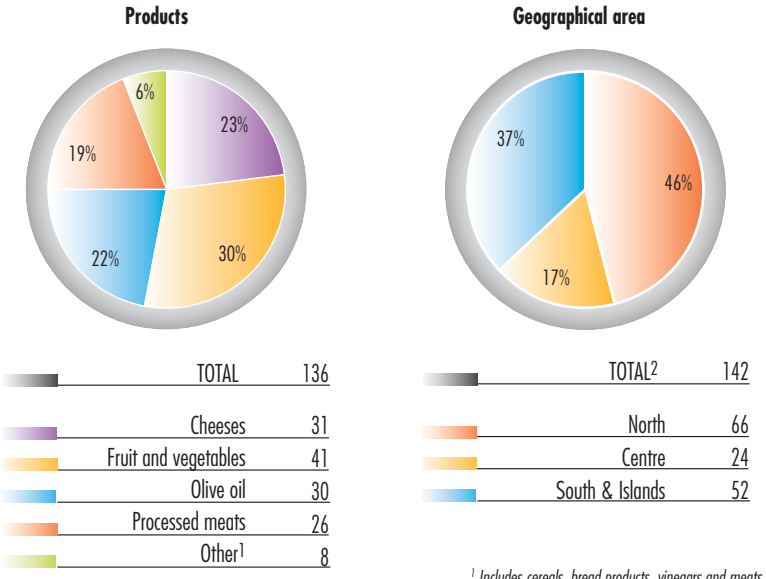
Important new guidelines have been set for PDOs and quality products in general: the modified Regulation (EEC) 2081/92 and the new support system for rural development. EC Regulation 692 of 8 April 2003 introduced important changes to Regulation

Agri- food products recognised by the EU as PDO and PGI[1]



[1] *Situation updated to Regulation (EC) 738 of 21 April 2004.*

Italian PDOs and PGIs by product and geographical area



[1] *Includes cereals, bread products, vinegars and meats.*
[2] *Some products are inter-regional.*

2081/92, extending the list of agricultural products which may benefit from protection to other types of food- and non-food products. It also excludes mineral and spring waters from protection, and provides, for the purposes of regulating production, that the conditioning phase must take place within the geographical area of production. It also defines rules governing cases in which products have similar names, and for reciprocity of protection with non-EU countries. The basic goal of the new regulation is the EU's desire to extend the system of geographical designations on an international level.

The new EAGGF regulation on support for rural development is aimed at broadening instruments for promoting the quality of food products, and provides support for farmers who commit to respecting quality systems in Italy and within the EU. New in Italy is the added mention "mountain product" for PDOs and PGIs from mountain areas.

*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 and 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)
Quartirolo Lombardo (Lombardy)
Ragusano (Sicily)
Raschera (Piemonte)
Robiola di Roccaverano (Piemonte)
Spressa delle Giudicarie (Piemonte)
Taleggio (Piemonte, Lombardy, Veneto)
Toma Piemontese (Piemonte)
Valle d'Aosta Fromadzo (Val 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 Samese-Nocerino (Campania)
Prickly pear from Etna (Sicily)
San Zeno chestnuts (Veneto)
Val di Non apples (Veneto)

PGI

Sicilian blood oranges (Sicily)
White asparagus from Cimadolmo (Veneto)
Green asparagus from Altedo (Emilia-Romagna)
Pantelleria capers (Sicily)
Paestum artichokes (Campania)
Roman artichokes from Lazio (Lazio)
Monte Amiata chestnuts (Tuscany)
Montella chestnuts (Campania)
Marostica cherries (Veneto)
Clementines from the Gulf of Taranto (Puglia)
Calabrian clementines (Calabria)
Vallata Bellunese Lamon beans (Veneto)
Sarconi beans (Basilicata)
Sorana beans (Tuscany)
Garafagnana neccio flour (Tuscany)
Garafagnana spelt (Tuscany)
Borgotaro 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)
Piemonte hazelnuts (Piemonte)
Senise peppers (Basilicata)
Emilia-Romagna pears (Emilia-Romagna)
Mantua pears (Lombardy)
Romagna peaches and nectarines (Emilia-Romagna)
Pachino tomatoes (Sicily)
Red "radicchio" (kind of chicory) from Treviso (Veneto)
Variegated "radicchio" from Castelfranco (Veneto)
Nano Vialone Veronese rice (Veneto)
Romagna shallots (Emilia-Romagna)
Canicattì grapes (Sicily)
Mazzarone grapes (Sicily)

Bakery products

PDO

Altamura bread (Puglia)

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

Alto Crotonese (Calabria)

Aprutino Pescarese (Abruzzo)

Brisighella (Emilia-Romagna)

Bruzio (Calabria)

Canino (Lazio)

Chianti Classico (Tuscany)

Cilento (Campania)

Collina di Brindisi (Puglia)

Colline di Romagna (Emilia-Romagna)

Colline Salernitane (Campania)

Colline Teatine (Abruzzo)

Dauno (Puglia)

Garda (Lombardy, Veneto)

Laghi Lombardi (Lombardy)

Lametia (Calabria)

Molise (Molise)

Monte Etna (Sicily)

Monti Iblei (Sicily)

Penisola Sorrentina (Campania)

Pretuziano delle Colline Teramane (Abruzzo)

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 e Berici, del Grappa (Veneto)

PGI

Toscano (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 (Lombardy)

Piacenza salami (Emilia-Romagna)

Varzi salami (Lombardy)

Italian miniature game salami

Calabrian sausage (Calabria)

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

Vicenza "sopressa" (Veneto)

Valle d'Aosta "Jamon 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

Carni

PGI

Sardinian lamb (Sardinia)

Young white bovine meat from the Central Apennines

** Situation updated to Reg. (EC) 738 dated 21 April 2004.*

Traditional Agri-Food Products

Products with a protected designation of origin or geographical indication represent only a small part of Italy's traditional foods: the national register of traditional agri-food products published by the Ministry for Agricultural and Forestry Policies, updated in 2003, lists 3,714 commodities. The most common categories, from North to South, are "pasta, bread, biscuits, pastries and confectionery" and "natural crop products". Only Liguria and Sicily have registered certain speciality dishes as "traditional".

Traditional agri- food products*

	Pasta & bakery products	Natural & processed vegetable products	Meat & processed meats[1]	Cheeses	Spirits & liqueurs	Fish & molluscs	Speciality dishes	Oils, fats and condiments
Piemonte	100	109	78	55	17	4	-	6
Valle d'Aosta	-	-	8	9	2	-	-	4
Lombardy	60	19	56	50	-	4	-	1
A.P. Bolzano	35	18	16	14	6	-	-	-
A.P. Trento	22	13	35	19	8	2	-	-
Veneto	70	103	116	30	10	19	-	1
Friuli-Venezia Giulia	13	16	49	14	6	3	-	4
Liguria	55	79	23	18	7	6	35	11
Emilia-Romagna	45	35	34	7	2	2	-	2
Tuscany	91	169	88	32	6	9	-	3
Umbria	31	13	13	5	-	6	-	2
Marche	44	43	33	12	6	1	-	11
Lazio	116	57	44	31	5	1	-	2
Abruzzo	14	23	19	15	4	1	-	2
Molise	69	30	33	12	5	10	-	-
Campania	68	125	46	30	16	6	-	4
Puglia	35	41	14	18	11	3	-	1
Basilicata	11	5	9	16	-	-	-	-
Calabria	54	70	29	29	10	11	-	4
Sicily	64	64	9	32	4	2	28	3
Sardinia	62	21	28	12	7	13	-	2
ITALY	1,059	1,053	780	460	132	103	63	63

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

[1] Also includes products of animal origin.

Source: Processing of data from the National List of Traditional Agri-Food Products produced by the Ministry for Agricultural and Forestry Policies, updated by Ministerial Decree dated 25 July 2003.

DOC Wines

Law 164/92 lays down the criteria and regulations for the designation of origin of wines. The term "designation of origin" refers to the use of the geographical name of a specialised wine-growing area to indicate a well-known quality product possessing characteristics related to the natural and human environment in which it is produced.

Wines may be classified as follows:

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

There are 330 Italian wines classified in this way, of which 28 are DOCG. The latest wines to be recognised are from the South: the "Greco di Tufo" and the "Fiano di Avellino" have been upgraded to DOCG status, and the "Terre dell'Alta Val d'Agri" is Basilicata's second wine to attain DOC status. Liguria was recognised for its DOC "Pornassio", but DOC status was revoked for the "Riviera Ligure di Ponente". A new IGT wine was recognised in Lombardy, the "Valcamonica".

According to ISTAT preliminary estimates, 13.8 million hectolitres of DOC and DOCG wines were produced in Italy in 2003, the equivalent of 33% of the nation's total. When IGT wines are included, the total of quality wines produced in Italy rises to 60% of total. Northern Italy produces the most DOC and DOCG wines: 7.9 million hectolitres, or 57.3% of national production.

In 2003, three new rules came out regarding DOC wines. The first and most controversial has to do with inspections of quality production, which legislators want to turn over to protection consortia, but this would run contrary to the "voluntary" nature and the structural inadequacies of most consortia. In an attempt to reach an agreement among the various branches of the industry, legislators chose to suspend turning

DOCG, DOC AND IGT wines by region*

	DOCG	DOC	IGT
Piemonte	7	45	-
Valle d'Aosta	-	1	-
Lombardy	3	15	13
Trentino-Alto Adige	-	7	4
Veneto	3	20	10
Friuli-Venezia Giulia	1	9	3
Liguria	-	7	1
Emilia-Romagna	1	20	10
Tuscany	6	34	5
Umbria	2	11	6
Marche	-	12	1
Lazio	-	26	5
Abruzzo	1	3	9
Molise	-	3	2
Campania	3	17	8
Puglia	-	25	6
Basilicata	-	2	2
Calabria	-	12	13
Sicily	-	20	7
Sardinia	1	19	15
ITALY	28	302	115

** At 30 June 2004.*
N.B. The national totals for DOC and IGT wines are lower than the sum of the regional totals because some of the wines are inter-regional.

over inspections to consortia, at the same time experimenting with 10 consortia that made proposals for this purpose.

A second provision makes it possible to limit bottling to the area where grapes are grown and processed, in order to contribute to redistributing income within areas concerned. A final provision established a register of bottlers of wines of designated origin.

COMMON AGRICULTURAL POLICY

The Fischler Reform

The reform of June 2003 and the publication of Regulations (EC) 1782/2003 and 1783/2003 brought to a close the complex process of market reorganisation of European Community support for agriculture and rural development that began in 1992. The Fischler reform signalled a decisive step toward more selective support, aimed at conservation and enhancement of the environment, and explicitly linked to beneficiaries' mode of conduct.

One relevant aspect of the reform is that it offers Member States some options for putting decisions taken in common into action. In substance, it grants countries and local institutions an ample role, also in the area of market policies, and abandons the idea of a mechanistic, "single" policy for the entire EU.

In April of 2004, regulations were published containing methods of application (Regs. 795/2004 and 796/2004, and Reg. 817/2004).

The single- payment scheme

Under the single-payment scheme, beginning on 1 January 2005 and not later than 1 January 2007, the majority of CAP direct aid would be made in one payment. The new system is strongly decoupled, that is, not directly connected to what the farmer produces. Nevertheless, in order to safeguard particular production sectors and avoid abandoning them, some specific aid payments would be provided for such products as durum wheat, high-protein products, rice, nuts, energy crops and starch potatoes, payments which would limit the effect of decoupling and maintain links to production.

Beneficiaries of the single payment are those who in 2000-2002 received direct payments for at least one of the listed regimes. The three-year average of overall payments a farmer receives becomes the reference figure for calculating right to aid. Thus every farmer is given one entitlement per hectare, calculated by dividing the reference figure by the average number of hectares for the three-year period (including area planted to fodder) for which he receives direct payments.

Right to payment is contingent on possession of a number of hectares equal to the number of rights held. The corresponding area may be used for any kind of agricultural activity other than permanent crops, fruit and vegetables, and edible potatoes. Moreover, farmers are required to maintain land in good agronomic and environmental condition.

A national ceiling is set for the amount of single-payment support, on a rising scale from 2005 to 2007, based on average past payments. To maintain this, there may be a linear reduction in amounts.

Member States must set up a national reserve, using linear reduction, of a maximum of 3% of amounts received. The reserve is primarily used to help farmers in particularly difficult situations. Member States

had until 1 August 2004 to decide whether or not to apply the single-payment scheme on the regional level, with two possibilities: the general or "historic" scheme, or based on a flat-rate. Partial application of the single-payment scheme is also possible, that is, to subtract part of direct payments for arable crops, sheep and goats, and cattle from the total decoupling, but keeping part of the payment related to the product.
Member States may withhold 10% of available financing for a given sector, to be used for payments to aid specific types of agriculture which are considered important for protection or enhancement of the environment, or for improving quality and marketability of farm products.

Modulation in direct subsidies

Modulation becomes a required instrument for Member States. This calls for progressive cuts in the amounts of aid each farm may receive, beginning in 2005 and ending in 2012. Cuts are set at 3% for the first year, 4% for the second and 5% from the third year onwards.
Direct payments, with a ceiling of 5,000 euro per farm, remain exempt from reductions (franchise), since they are returned to the farmer in the form of additional aid. The national total of additional aid is subject to a fixed ceiling, which would involve a possible linear cut in paybacks to farms. Remaining funds are added to financial support for rural development policies of EAGGF-Guarantee, as set forth in Regulation 1257/1999.
A quota of 1% of resources made available by the cut remain to the Member State, while the rest reverts to the EU, to be redistributed based

National options provided for in Articles 66, 67 and 68 of Regulation 1782/2003

Arable crops:
a) retain "coupling" up to 25% of payments, or alternately
b) retain coupling up to 40% of supplementary payment for durum wheat.
Sheep and goats:
a) retain coupling up to 50% of payments.
Cattle:
a) retain coupling up to 100% of the butcher premium for calves.
This option comes with the following alternatives:
a1) retain coupling up to 100% of milk cow premiums and up to 40% of butcher premium for non-veal cattle;
a2) retain coupling up to 100% of the butcher premium for non-veal cattle;
a3) retain coupling up to 75% of special premium for male cattle.

on objective criteria: UAA (65%); farm labour (35%); and the per capita GDP, expressed in purchasing power as a correction factor. So the Member State keeps 33.3% of the cut the first year, 25% the second year, and 20% from 2007 onwards. Every Member State should in any case recoup 80% of domestically drawn resources.
Modulation will not apply to new Member States until direct payments for these countries reach the same levels as for the rest of the EU.

Conditions of direct subsidies

The new horizontal regulations impose rules for uniform management of direct payments, as well as guaranteeing that support to farmers meets certain requirements. Among these rules is the instrument of conditionality, which must be applied by Member States. This establishes that farmers who receive direct subsidies must respect "obligatory management criteria" and keep land in "good agro-

Modulation in the EU 15

	Cut million euro	Additional aid	Funds for RD[1]	Balance	Mod/RDP %
Belgium	26.6	7.2	13.4	-6	26
France	427.8	88	256.1	-83.7	35.2
Germany	280.7	67.3	165.2	-48.1	22
Italy	199.7	102.6	142	44.9	22
Luxembourg	1.6	0.3	1.2	0	9.2
Netherlands	39.9	11.5	26.6	-1.8	44.6
Denmark	51.7	12.9	23.9	-14.9	49.8
Ireland	65	25.2	33.6	-6.1	9.8
United Kingdom	193.9	29	126.1	-38.8	75.6
Greece	97.1	68.2	73.3	44.3	51.6
Portugal	29.9	18.3	48.9	37.3	22.6
Spain	242.8	94.2	205.5	56.9	41.3
Austria	36	20.2	43.1	27.3	9.4
Finland	27.4	13.6	19.9	6	6.3
Sweden	37.3	10.9	24.3	-2.1	15
EU 15	1,757.2	569.5	1,187.7	0	25.9

[1] *Figures derived from redistribution of cut, net of additional aid, from EU calculations.*

nomic and environmental condition", even if they quit producing. The "management criteria", to go into effect between 2005 and 2007, are defined on a European Union level based on public health, health of plants and animals, the environment and animal welfare.
The rules for keeping land in "good agronomic and environmental condition" are not defined at a central level, but mandated to national or regional authorities which must specify them according to their particular characteristics (soil, climate, systems, farm practices and structures etc).
Failure to observe the rules (either voluntarily or by omission) will result in the loss of rights to full subsidy payments.

The farm consulting system

By 1 January 2007, Member States must activate a voluntary system of consulting – entrusted to one or more authorities, public or private – that gives support to farmers to facilitate more modern production methods and better quality.
Access priority has been established for farmers who receive over 15,000 euro per year in direct payments. Furthermore, the modification rules for rural development grant maximum support of 1,500 euro to sustain up to 80% of the cost of setting up the consulting system. Further aid of 10,000 euro paid over five years will cover the costs of adapting to new and more rigorous forms of conditionality to be introduced by the EU, as well as labour safety measures.

EAGGF- Guarantee Section expenditure

In 2003 expenditure in Italy by the Guarantee Section of the EAGGF dropped to below 5.4 billion euro, down 5.3% compared to the previous year, as against an average increase of 2.6% for the EU as a whole. This meant a backward step for Italy in total agricultural expenditure, just over 12%. This is the result of two contradictory tendencies in the areas of plant crops and livestock. In fact, nearly all plant products recorded a drop in expenditure, except for sugar and rice, which were in any case relatively modest in absolute value. The biggest drop was for arable crops (-28.7%), but they remained in first place for both the EU average and Italy. Expenditure also decreased for fruit and vegetables (-7.2%) and grapes and wine (-11.8%) On the contrary, expenditure picked up for all livestock sectors, especially beef cattle (+87.8%) and sheep and goats (+157%).
Total expenditure for rural development remained basically stable because of two opposing trends. In fact, traditional measurements showed a further downward movement (-10%), offset by a significant increase in other measures for rural development (+25%). Seen as a whole, measures of rural develop-

EAGGF Guarantee Section expenditure in Italy by commodity sector, 2003

	million euro	%
Arable crops	1,614.5	30.1
Olive oil	725.1	13.5
Rural development	655.6	12.2
Beef	607.7	11.3
Fruit & vegetables	408.5	7.6
Grapes & wine	383.9	7.1
Tobacco	328	6.1
Sheepmeat & goatmeat	218.8	4.1
Sugar	155.5	2.9
Milk & dairy products	148.7	2.8
Rice	130.5	2.4
Pigmeat	7.9	0.1
Eggs & poultry	0.2	0
Other measures	-12.4	-0.2
TOTAL EAGGF Guarantee Section	5,372.5	100

Source: calculations using EU Commission data.

EAGGF Guarantee Section expenditure by country, 2003

	million euro	%	% change 2003/02
Belgium	1,017.0	2.3	8
France	10,419.1	23.5	6.8
Germany	5,843.3	13.2	-13.9
Italy	5,372.7	12.1	-5.3
Luxembourg	43.3	0.1	17.3
Netherlands	1,359.7	3.1	20.1
Denmark	1,220.1	2.8	-0.1
Ireland	1,945.2	4.4	13.8
United Kingdom	3,971.4	9	9
Greece	2,757.1	6.2	4.7
Portugal	849.5	1.9	12.7
Spain	6,459.1	14.6	8.9
Austria	1,124.5	2.5	3.2
Finland	874.4	2	4.3
Sweden	865.6	2	6
EU	217	0.5	-15.4
TOTAL	44,339.0	100	2.6

Source: calculations using EU Commission data.

EAGGF Guarantee Section direct payments by country, 2003

	million euro	%	% change 2003/02
Belgium	419.1	1.4	12.1
France	7,732.9	25.7	7.6
Germany	4,058.4	13.5	-20.1
Italy	3,518.7	11.7	-7.7
Luxembourg	25.9	0.1	13.1
Netherlands	432.6	1.4	14.8
Denmark	854.8	2.8	2.2
Ireland	1,097.8	3.7	24.1
United Kingdom	3,132.3	10.4	14.9
Greece	1,872.8	6.2	5.2
Portugal	524.6	1.7	37.2
Spain	4,688.6	15.6	15.8
Austria	607.3	2	5
Finland	446.9	1.5	2
Sweden	627.3	2.1	8
TOTAL	30,040.0	100	3.2

Source: calculations using EU Commission data.

ment were quite important, taking third place in Italy in absolute values of expenditure.
In a comparison of European partners, Italy in 2003 showed a significant decrease in expenditures, as did Germany, with a drop to just over 13%, while the UK, Spain and France registered increases. France was once again the top receiver of EAGGF-Guarantee Section aid.
Figures for expenditure disbursed in the form of direct payments highlight the predominant role this component has taken on in agricultural support. On the average for the EU, direct payments alone account for 70% of total EAGGF-Guarantee Section aid, with around 75% of total in France, Spain, the UK and Sweden. In Italy, direct payments are somewhat less, around 65.5% of total. In absolute values, they decreased (-7.7%), though the largest drop was recorded for Germany (-20%). In both cases, it should be noted that the decrease in expenditure for this type of intervention has brought about a general downward trend in total agricultural expenditure.

During 2003, rules for programming rural development measures for 2000-2006 contained in Regulation (EC) 1257/1999 were modified by Reg. (EC) 1783/2003, which was also part of the Fischler Reform. Reg. (EC) 445/2002 containing provisions for application was also repealed and replaced by the new Reg. (EC) 817/2004.

The new regulations reinforce the policy of rural development with particular emphasis on agri-food quality, on respect for rules governing environment, public health, health of plants and animals, animal welfare and labour safety, and on promotion of rural development. Two new measures were introduced which placed special emphasis on agri-food quality: "participation in food quality systems", which provides support to farms that adhere to systems of quality; and "promotion of high-quality farm products". To encourage respect for the rules, temporary support is given to farms, partially covering the costs and losses involved in adapting to restrictions based on European Union regulations, and recently introduced into national legislation. To this end it is also possible to implement a new measure of support for using the agricultural consulting services. Concerning promotion of rural development, the new regulations provide support for "management of integrated rural development strategies using local partners", as well as the possibility of consolidating all or part of the measures set out in article 33 of Reg. (EC) 1257/99 in a single integrated operation. Other new regulations involve the way some measures are implemented, like farm investments; setting up young farmers; improvements in processing and marketing conditions for agricultural products; compensatory payments for less-favoured areas; setting up services of consulting, substitution on farms, and assistance in farm management and marketing of quality products. Financing for rural development is set up through multi-annual planning by the Guidance and Guarantee sections of EAGGF, based on the geographical area in which the measure is to be implemented and the type of measure concerned.

Only measures in Objective 1 regions are financed by both Sections of the Fund. In Objective 1 regions, the measures formerly called "accompanying measures" (early retirement, agri-environmental measures, afforestation of agricultural land), compensatory payments for less-favoured areas and areas subject to environmental restrictions, and the four new support measures for food quality and the respect for rules are financed by the Guarantee Section and planned through Rural Development Programmes (RDPs). The remaining measures for rural development are financed by the Guidance Section, planned by the Regional Operational Programmes (ROPs) and integrated with planning by oth-

EAGGF Guarantee Section funds for rural development measures by region and progress in spending 2000- 2003 (million euro)

Region	Public expenditure					Appropriation	Progress
	2000	2001	2002	2003	2000-2003	2000-2006	%
Piemonte	94.5	119.7	135.8	135.1	485	863.9	56.1
Valle d'Aosta	5.6	24.4	16.1	15.1	61.3	119.1	51.5
Lombardy	112.9	77.9	106.8	132.3	429.8	804.3	53.4
Aut. Prov. Bolzano	33.4	29.8	40.1	50.7	154	265.9	57.9
Aut. Prov. Trento	12.3	27	33	34.8	107.1	210.2	51
Veneto	50.5	101.1	108.2	113.2	372.9	661.8	56.4
Friuli-Venezia-Giulia	12.5	20.6	33.2	36.5	102.9	209.7	49.1
Liguria	11.3	43.8	41.7	33.8	130.6	210.7	62
Emilia-Romagna	111.7	114.4	128	148.3	502.3	852.2	58.9
Tuscany	126.2	91.4	61	113.5	392	721.6	54.3
Umbria	58.7	49	59.4	82.4	249.4	400.3	62.3
Marche	54.1	48.9	55	57.4	215.3	450.8	47.8
Lazio	57.7	58	95.7	94.2	305.6	587.2	52
Abruzzo	27.9	43.9	34.7	29.9	136.3	290.4	46.9
Molise	4.4	5.3	5.4	7.8	22.9	45.2	50.7
Campania	20.3	37.3	16.5	16.3	90.4	201.7	44.8
Puglia	83.5	58.4	49	81.4	272.3	389.4	69.9
Basilicata	43.5	42.7	35.5	23	144.7	244.3	59.2
Calabria	122.1	54	50.9	22	249	299.2	83.2
Sicily	119	81.2	91.7	72.4	364.3	560.8	65
Sardinia	102.3	73.7	62	35.6	273.6	403.7	67.8
Total	1,264.3	1,202.5	1,259.7	1,335.3	5,061.8	8,792.4	57.6
Tot. regions outside Ob.1	769.2	849.9	948.7	1,076.8	3,644.6	6,648.1	54.8
Tot. Ob. 1 regions	495.1	352.6	311	258.5	1,417.2	2,144.3	66.1

Source: INEA calculations using figures from AGEA-Ministry for Agricultural and Forestry Policies updated to October 2003.

er Structural Funds according to priority.

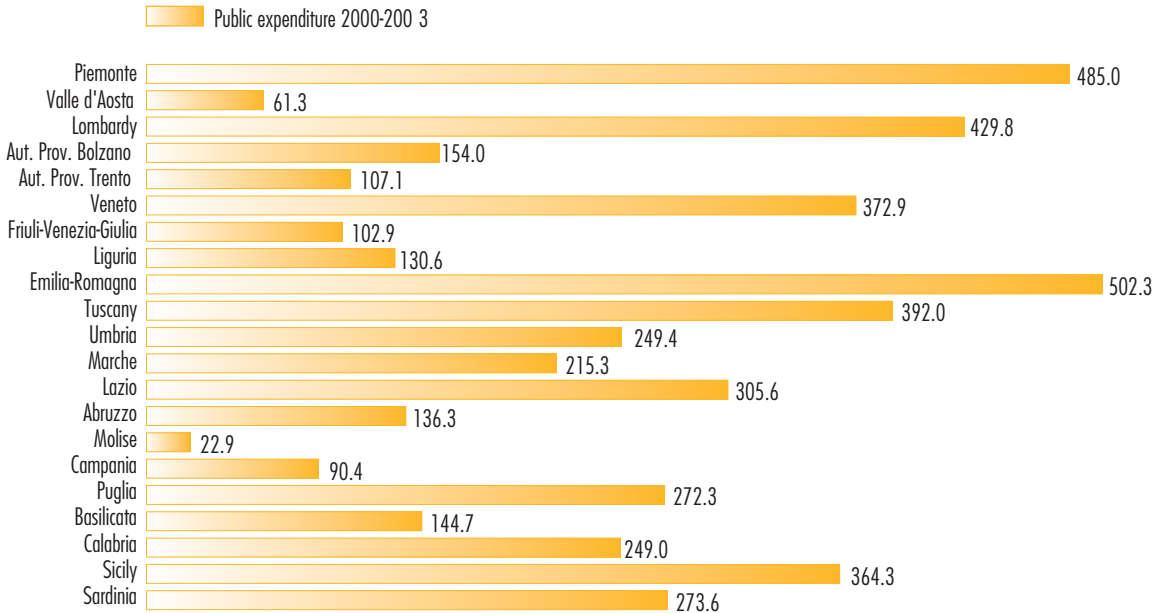
In non-Objective 1 regions, on the other hand, all rural development measures, including the measures for rural areas in Objective 2, are incorporated in the RDPs as they are all financed by the Guarantee Section.

During 2004, both RDPs and ROPs will be subject to modification and updated where necessary, to keep up with new measures introduced for rural development and possible changes in planning.

As far as the measures financed by the Guarantee Section in Italy are concerned, in 2003 public spending amounted to approximately 1,335 million euro. This sum, added to the sums for for the three previous planning years, comes to a total of 5,000 million euro, or 58% of total appropriations for the entire 2000-2006 period.

Among the regions, Calabria shows the greatest progress in spending, having carried out measures worth

EAGGF Guarantee Section funds for rural development measures by region and progress in spending 2000- 2003 (million euro)



75% of its total allocation. This is due to the considerable sum spent by the region during 2000, mainly to pay for previous obligations under Reg. (EC) 2078/92. In general, Objective 1 regions show higher percentages of progress in their spending, considering of the fact that their RDPs only include the former accompanying measures and compensatory payments, and because of the high initial expenditure due to drags and obligations undertaken during previous planning. The yearly trend in spending for these regions is therefore generally dropping. A different trend can be observed for the non-Objective 1 regions. Liguria and Umbria spent the most, documenting that 62% of the total allocation was used.
Looking at spending on the different

EAGGF Guarantee Section funds by category of measure (million euro), 2000- 2003

	2000		2001		2002		2003		2000-2003	
	Public expenditure	% of total	Public expenditure	% of total	Public expenditure	% of total	Public expenditure	% of total	Public expenditure	% of total
Investments	22.6	1.8	153.6	12.8	222.6	17.7	334.4	25	733.2	14.5
Setting up young farmers	75.7	6	85.6	7.1	94.7	7.5	81.9	6.1	337.9	6.7
Training	0.5	0	7	0.6	2.7	0.2	6	0.5	16.2	0.3
Accompanying measures	1,122.2	88.8	804.3	66.9	725.9	57.6	666.4	49.9	3,318.8	65.6
under the new regime	28.9	2.3	131.4	10.9	186.2	14.8	302.5	22.7	649	12.8
under the old regime	1,093.4	86.5	672.8	56	539.7	42.8	364	27.3	2,669.9	52.7
Compensatory payments	23.7	1.9	80.9	6.7	74.2	5.9	82.1	6.1	260.9	5.2
Other forestry measures	2.5	0.2	15.2	1.3	31.5	2.5	31.2	2.3	80.4	1.6
Article 33 measures	8	0.6	47.5	4	90.2	7.2	123.7	9.3	269.3	5.3
Evaluation – measures underway	9.1	0.7	8.4	0.7	18	1.4	9.6	0.7	45.1	0.9
TOTAL	1,264.2	100	1,202.50	100	1,259.7	100	1,335.3	100	5,061.8	100

Source: calculations by INEA using figures from the Ministry for Agricultural and Forestry Policies.

measures, it emerges that a large proportion of resources has been spent on the accompanying measures belonging to the old regime; public spending on these measures amounts to nearly 53% of total disbursements. There was a net drop between 2000 and 2003, due to a decrease in this type of obligation; lower expenditures for this type are compensated for by measures relative to the current planning period. In particular, there was a surge in spending in 2003 in the investment category, which includes "investment in farms" and "processing and marketing of agricultural products" and the accompanying measures under the new regime. In 2003, measures provided for in Article 33, which account for the greatest innovations in new planning, were also given more funding, in both absolute and percentage terms. Other forestry measures and training continued to receive only very small sums.

For Objective 1 regions, 31 December 2003 was once again the deadline for application of the mechanism of automatic decommitment, which could be avoided if Regional Administrations could be assured that sums allocated for 2000 and 2001 were actually spent by the end of 2003, net of the advances paid by the EU to Managing Authorities (7% of total allocation). To avoid withdrawal of part of funding, Italian regions had to provide statements to EAGGF to account for 560 million euro; all regions were able to meet their quotas, thus avoiding a possible loss of funds.

An analysis by type of spending for ROPs is different from that for

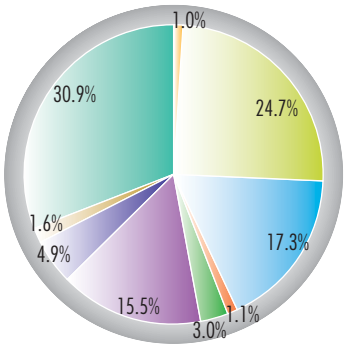
EAGGF- Guidance section funds by region as of 31 December 2003 (million euro)

	Programmed 2000-2006		EAGGF-Guidance to be accounted for 31.12.03	Funds spent by quota 31 December 2003	
	Total Cost	EAGGF-Guidance		Total Cost	EAGGF-Guidance
Basilicata	302.35	171.10	33.16	68.19	34.59
Calabria	820.53	410.27	79.51	197.23	85.56
Campania	936.99	650.24	126.02	213.11	148.59
Molise	88.28	37.86	6.40	24.92	7.41
Puglia	712.58	523.10	82.96	111.84	84.49
Sardinia	812.16	406.08	78.66	172.60	80.00
Sicily	1,384.36	783.98	152.54	262.67	156.59
TOTAL	5,057.25	2,982.63	559.25	1,050.56	597.24

Source: INEA calculations using figures from the Ministry for Agricultural Policies.

RDPs. In the spending breakdown, investments prevailed (nearly a fourth of expenditures in 2000-2003), along with infrastructure measures contained in Article 33 (30%). Measures for helping young farmers and the environmental measures included in Article 33 accounted for more than 15%. Limited funding was used for training, diversification of activity and services to rural populations.

EAGGF Guidance Section expenditure by category of measure (million euro), 2000- 2003



TOTAL	1,050.6
Investments	259.7
Setting up young farmers	182.2
Training	11.4
Other forestry measures	31.5
Article 33 – Environment	162.7
Article 33 – Modernisation	51.2
Article 33 – Diversification	16.5
Article 33 – Infrastructures	324.7
Article 33 – Services	10.7

NATIONAL AND REGIONAL POLICIES

Main policies and strategies for the sector

The Economic and Financial Planning Document (DEPF) for 2004-2007 identifies the necessary priorities for coordinating reforms, development, competitiveness and financial resources.

For agriculture, the following strategic directives have been outlined to restore the sector's central role in Italy's economic and cultural development:

- to increase the competitiveness of farms and agri-food businesses, as part of a progressive integration within the sector;
- to make the best possible use of agri-food traditions and specialities;
- to promote multipurpose values: product quality, protection of land and environmental and landscape resources; food safety and consumer protection;
- to reform public administration, by applying horizontal subsidy structures, social and economic cooperation, and integration of various levels of governance.

In sync with DPEF, the public finance manoeuvre for 2004 was structured by combining *Law 350 of 24 December 2003*, "Provisions for the State's annual and multiannual budgets", with an urgent provision for economic development and correction of the public accounts, *Law 326 of 24 November 2003* "Urgent provisions to encourage development and correct the trend in public accounts".

Tax and fiscal concessions

Excises

Law 326/03 reduces for 2003 the tax rate on heavy transport vehicles (art. 16); it renews for 2004 excise concessions for remote heating fuelled with biomass or geo-thermal energy and other products (art. 17); from 2 0ctober 2003 to 31 December 2004 it

Finance Act for 2004: appropriations for the agricultural sector in 2004 and comparison with 2003 (thousand euro)

Appropriation	2002	2003
Special fund in current account	58	41,087
Special fund in capital account	7,388	1,500
Appropriations authorised by legislative provisions	240,578	305,801
Refinancing of laws containing measures in support of the economy	200,000	302,000
Multiannual expenditure laws (net of sums already part of the line above)	569,386	541,443
Appropriations in the Finance Act in addition to tables	58,041	-
TOTAL	875,451	889,831

applies a reduced excise rate for diesel oil consumption for individual heating and other civilian uses (art. 25).
The Finance Act of 2004 (art. 2, comma 4) exempts diesel oil used in greenhouse cultivation from excise for 2004.

Surrender of land
Law 326 of 24 November 2003 (art. 28) provides the right to transform lands belonging to the State into instruments of credit that can be negotiated on the market. In particular, the sale price of land for farmers is reduced by 30% of market prices for the same land as free property, and option rights are granted to renters, tenant farmers and independent farmers who hold title, in acquiring rental land.

Building amnesties
Law 326/03 (art. 32) provides the possibility to rectify building violations incurred up to 31 March 2003, including rural buildings erected without approved building permits, or not in compliance with them.

Arrangements and amnesties
Law 326/03 (art. 33) introduces an experimental arrangement with creditors for 2003-2004, and extends to 16 March 2004 various fulfilments and tax obligations, as well defining registration tax, cadastral mortgages, inheritances and donations, and INVIM (land value increment tax).
Law 47of 27 February 2004 extends to 16 April 2004 the terms for beneficiaries of amnesties set out in the Finance Act of 2003.
IRAP (regional tax on productive activities)
The *Finance Act of 2004 (art. 2, comma 1)* calls for a reduction of the 2003 tax rate from 3.1% to 1.9% for operators in the agricultural sector, small fisheries and their consortia. From 1 January 2004 the rate rises to 3.75%.

IVA (value added tax)
The *Finance Act of 2004 (art. 2, comma 2)* extends for 2004 the special regime for producers with over 20,658.28 euro in turnover, and for businesses that operate more than one activity simultaneously. Application of the ordinary regime is postponed to 1 January 2005. For activities of goods and services (listed in art. 2135, comma 3 of the Civil Code), art. 2, comma 7 establishes a concession for application of IVA based on a flat-rate deduction, implemented by reducing the rate on taxable operations by 50%. It reduces (art. 2, comma 40) to 10% the IVA rate for supplying energy to agricultural enterprises.

Extensions
Law 326/03 (art. 24) extends from 1 October to 31 December 2003 the application of the 10% IVA rate for building renovations.
The Finance Act (art. 2, comma 3) extends to 31 December 2004 tax

concessions for purchase of, and additions to, small tracts of country land. Law 47/04 (art. 6-bis) extends from 1 July 2003 to 30 September 2004 the reduced rate of substitute tax of 4% of assessed value, for transfer of agricultural property. Art. 23-bis extends to 2004 and 2005 concessions for recovery and renovation of buildings.

Environment and territory

Law 268 of 24 September 2003, made law from Legislative Decree 192 of 24 July 2003, establishes the "fund for saving water and energy" to increase efficiency in water use on farms and reduce the cost of electrical energy.

Law 306 of 31 October 2003, "Provisions for fulfilment of obligations deriving from Italy's membership in the European Union" (EC Law 2003), delegates the government with adapting national legislation to European Union provisions regarding noise pollution (directive 2002/49/EC).

Law 378 of 24 December 2003, "Provisions for protection and enhancement of rural architecture", provides definitions of types of rural architecture. The regions identify settlements of rural architecture within their territory, and devise appropriate plans for recovery, requalification and enhancement. The law sets up a "national fund for protection and enhancement of rural architecture, with funds of 8 million euro a year from 2003 to 2005.

The *Finance Act of 2004 (art. 2, comma 12, c)* extends the IRPEF (personal income tax) deduction of 36% on expenditures sustained in 2004, for maintenance and safeguarding of woodlands.

The *Finance Act of 2004 (art. 4, commas 31-37)* sets out a national programme of water measures, with a limit of appropriation of 50 million euro a year for 2005 and 2006. The plan of measures is prepared by the Ministry for Agricultural and Forestry Policies, together with the Ministry for Infrastructures and the Ministry for Economy and Finance.

Law 36 of 6 February 2004, "New regulations for the State Forestry Service", establishes that the Forestry Service is a branch of the State Police, specialising in defence of the national agri-forestry patrimony and protection of the environment, landscape and ecosystem, and shares in carrying out services of order and public safety, as well as control of territory, particularly in mountain and rural areas.

Natural disasters and health emergencies

The *Finance Act of 2004 (art. 4, commas 20-23)* provides the possibility of suspending for up to twelve months the collection of social security contributions due from farm businesses suffering from unusual events, including natural disasters and health emergencies.

Provision is also made for the possibility of instalment payments of mortgages (without sanctions), of up to twenty regular quarterly instalments, with a deferment rate equal to the legal interest rate in force at the time of the instalment agreement.
The *Finance Act of 2004 (art. 4, comma 250)* provides 25 million euro in allocations for 2004 in support of farms hit by specific disasters (blue tongue, scrapie, BSE, avian flu, grapevine flavescence dorée, citrus blight, plum pox).
Ordinance of 2 April 2004 of the Ministers of Health and Agriculture Policies provides that livestock farmers may receive compensation both for animals slaughtered in breeding grounds infected with "blue tongue" and for indirect damages from vaccinations and possible miscarriage or death caused by immunisation prophylaxis.

Agri-food supply chain

The *decree of 1 August 2003 from the Minister for Agricultural and Forestry Policies*, implemented by the Finance Act of 2003, sets forth criteria, methods and procedures for putting supply-chain contracts into effect. Concessions apply to underused areas (Objective 1 and 2 areas and those derogating 87.3.c).
The *Finance Act of 2004 (art. 4, comma 18)* provides that revoked financing for negotiated planning initiatives (programme contracts) and agricultural tax credit shall be paid back to the Ministry for Agricultural and Forestry Policies to be used in part for supply-chain contracts.
The *Finance Act of 2004 (art. 4, comma 42)* provides that financial resources of Sviluppo Italia destined for agri-food and youth enterprise in agriculture should be transferred to ISMEA (Institute of Services for the Agricultural and Food Market), which takes over Sviluppo Italia's function and juridical and financial relationships.
The *Finance Act of 2004 (art. 4, comma 61)* establishes a fund at the Ministry for Production of 20 million euro for 2004, 30 million euro for 2005 and 20 million euro beginning in 2006 for support of a special promotional campaign in favour of Made in Italy. Comma 62 establishes that the Ministry for Agricultural and Forestry Policies shall provide brand-name safeguards for "Naturalmenteitaliano" quality Italian agri-food products.
Legislative decree 99 of 29 March 2004, "Provisions for persons and activities, farm integrity and simplification of administration in agriculture", provides that state, regional and local administrations, by specially set conventions, may entrust the "Buonitalia Ltd" company with providing services to agri-food businesses to encourage internationalisation of Italian products and name brands.

Employment and labour

Legislative decree 276 of 10 September 2003, "Implementation of proxies regarding employment and the labour market, as provided for in Law 30 of 14 February 2003", designs a new system that also applies to agriculture. It adds a new series of types of work contract (work gained through employment agencies, occasional work etc).

Negotiated planning

CIPE (Interdepartmental Committee for Economic Planning) Resolution 26 of 25 July 2003 provides regional organisation of land contracts, to be coordinated between the national government and the regions for programme contracts.

Ministerial decree of 19 November 2003, "Requisites and priority criteria for access to programme contracting", identifies the requisites for investment programmes and who may propose them. Fixed usable investments must equal or exceed 25 million euro, with priority given to proposals involving innovative processes or products.

The Finance Act of 2004 (art. 4, comma 19) provides that in case a programme contract is revoked the funds shall be repaid to the Ministry for Agricultural and Forestry Policies, to finance, among other things, supply-chain contracts.

Sectors

Production of food commodities

Law 77 of 27 March 2004 contains urgent provisions concerning agriculture and fishing. It authorises AGEA (Agency for Agricultural Allocations) to repay milk producers sums owed them following regional judgments relating to additional levy paid from 1995 to 1996 and 2002 to 2003.

Ministry for Agricultural and Forestry Policies decree of 26 February 2004 sets out methods for implementing the programme of abandoning cows' milk production to encourage restructuring of the milk industry and bring it back within guaranteed national quantity limits. Differentiated payouts will be made based on whether farms are located in homogeneous areas, mountain areas, less-favoured areas or lowlands.

Ministry for Agricultural and Forestry Policies decree of 26 February 2004 sets out methods for implementing the aid scheme for reconversion of dairy farms that have participated in the abandonment programme. Allocation has been made of 10 million euro for farm reconversion, to be divided among the regions based on their average per-head productivity.

Ministerial decree 23 of 22 December 2003 establishes national co-financing of around 2.3 million euro for a programme to improve production and marketing for honey in the 2003-04 season.

The *Finance Act of 2004 (art. 4, commas 29-30)* renews the three-year

plan for fishing and aquaculture for 2004.

Production of non- food commodities

Law 306 of 31 October 2003 provides for implementation of the directive 2003/30/EC 2003 regarding promotion of the use of organic fuels or other renewable energy fuels for transport.

Legislative decree 387 of 29 December 2003 sets out specific provisions for exploiting biomass and residual gases as energy sources.

Decree 96/04 of the Ministry for Economy and Finance puts into effect the bioethanol project in Italy, allocating 45.5 million euro for partial exemption from taxes on bioethanol as part of an experimental three-year project for using biomass and agriculturally-derived products.

Agriculture in mountain areas

The *Finance Act of 2004 (art. 2, comma 12d)* provides excise reductions for 2004 on consumption of diesel oil and LPG fuel used in mountain areas and other specified territories.

The *Finance Act (art. 4, commas 38-41)* assigns to "mountain provinces" (in which at least 95% of townships must be classified as mountain townships) responsibilities for water resource management, including administration of public water supplies, research, extraction and use of underground water sources, protection of underground water systems, and setting up rules for granting water rights and for incoming revenues.

The *Decree of the Ministry for Agricultural and Forestry Policies of 30 December 2003* provides that EU-registered products according to Regulation (EEC) 2081/92 regarding protection of geographical indications and designations of origin for agricultural products (PGIs and PDOs) may be entered in the register of mountain products set up by the Finance Act of 2003.

Tax, social security and insurance instruments

Reorganisation of incentives

Law 229 of 29 July 2003 (simplification law 2001) contains measures of quality concerning regulations, prescriptive reorganisation and codification. Art. 5 in particular concerns reorganisation of incentives for production.

Law 268 of 24 September 2003 regulates "re-negotiation" of farm mortgages, offering independent farmers access to mortgages with better terms than those for other production sectors, including building mortgages.

Tax credit for new investments

The *decree of the Minister for Agricultural and Forestry Policies of 29 December 2003* sets an amount of 105 million euro in funding for investments in less-favoured areas (60% of total appropriations), through 30 June 2004. Beginning on 1 July 2004, unused allocations will

be available for investments throughout the national territory.

Connected activities and services

The *Finance Act of 2004 (art. 2, comma 6a)* changed the consolidated act on income tax, introducing an important principle for taxation on income from connected activities by using estimated rates. The decree of 19 March 2004 listed as connected activities: meat production and slaughter products, processing and preserving of potatoes, production of fruit and vegetable juices, production of olive and seed oils, hygienic treatment of milk and dairy products, processing of grains, and production of wine, vinegar, cider and other fermented beverages.

The *Finance Act of 2004 (art. 2, comma 6b)* provided for applying a profitability coefficient of 15% on IVA amounts for "other connected activities", those not listed in the aforementioned decree. The flat-rate income determination is extended to service activities, applying a 25% profitability coefficient to amounts subject to IVA.

Co- operative taxation

The *Finance Act of 2004 (art. 2. comma 8)* changes taxation on income for farm co-operatives and small fisheries. In particular, it extends activities for which income is tax-exempt – handling, processing and shipping of farm products and livestock and animal products among partners – to include conservation and enhancement of the above-mentioned products.

Credit and insurance supports

Law 77/04 sets out measures in favour of independent farmers who have sent products to farm businesses in trouble. Financing for businesses admitted to extraordinary administration (crisis management) is guaranteed for up to 60 months by credits from producers and from subsidies from the Fondo Interbancario di Garanzia.

Legislative decree 102 of 29 March 2004, "Financial measures to support farm businesses", regulates the National Solidarity Fund and introduces specific financial instruments replacing Law 185/92 including:

- an increase in public contributions to insurance premiums of up to 80% of the contribution indicator, exclusively for contracts that stipulate an "indemnity threshold" of 30% (20% for less-favoured areas indicated in Rural Development Programmes (RDPs));
- setting the contribution indicator at 50% for insurance contracts, without applying special "thresholds";
- obligation for producers to insure all farm crops within the same township;
- giving rights to regions to choose, in case of damage to production, which aid measures to implement (capital account contributions, soft loans, social security relief).

Business development

Independent farmers

Legislative decree 99/04 (art. 1) gives a new definition of the professional independent farmer (IAP), replacing that for independent titleholder farmer (IATP). IAPs receive tax relief for direct and credit taxation established for tenant farmers. Also considered under the category of "professional independent farmers" are partnerships, co-operative societies and capital companies, including consortia.

Farm companies

Legislative decree 99/04 (art. 2) provides that the indication "farm company" must derive from the type or name of the firm. Farm companies that qualify as IAPs are granted tax and credit relief, provided for in the regulations in force supporting of tenant farmers. Pre-emption rights and rights of redemption funds are extended to companies in which at least half the partners are tenant farmers, as provided for in regulations in force.

Businesses run by young people

Legislative decree 99/04 (art. 3) introduces a tax credit of 5,000 euros a year for five years for young farmers, including those organised into companies, who receive a premium for starting a new business, provided for in Regulation (EC) 1257/99 on rural development.

Producers' organisations

Legislative decree 99/04 (art. 6) states the objectives of producers' organisations and requirements for their statutes, providing for the establishment of a national register of producers' organisations at the Ministry for Agricultural and Forestry Policies.

The consolidation of farm holdings

Legislative decree 99/04 (arts. 7-12) sets forth a "single compendium" for tracts of land that are considered capable of achieving minimum levels of profitability determined by RDPs, and provides exemptions and relief from taxes and other expenses incurred in setting up and maintaining consolidated farms. The decree makes tax relief available for farm companies and incorporation of rural lands, as well as providing incentives for incorporation of farms and enhancement of rural dwellings.

Simplification

Legislative decree 99/04 (arts. 13-16) regulate computerised data bases for farms and farmers' maps with computerised geographical information, in accordance with indications in Regulation (EC) 1782/03, and also dictates rules for simplifying accountancy and administration fulfilments and makes clearer definitions regarding disputes over public farm subsidies.

Bio- technologies

The *Finance Act of 2004 (art. 4,*

commas 46-48) sets up the institute for research and application of biotechnologies for the safety and enhancement of typical and quality products, with headquarters in Foggia.

Over the last few years the devolution of power and competence enacted in the Bassanini laws has changed the relationships among the regions, the country and local bodies; in particular, the introduction of the principle of subsidy-giving generally assigns competence to the territorial government nearest to where citizens live.

However, if one looks at figures for regional expenditures in the broader context of total financing for the sector, one observes that actually this process is still incomplete. Six years following the legislative decree 403/98, it is still difficult in some regions to find a sufficiently widespread mentality of decentralisation in the various levels of territorial administration, and in some cases the process of putting it into action at the sub-regional level has happened only on paper.

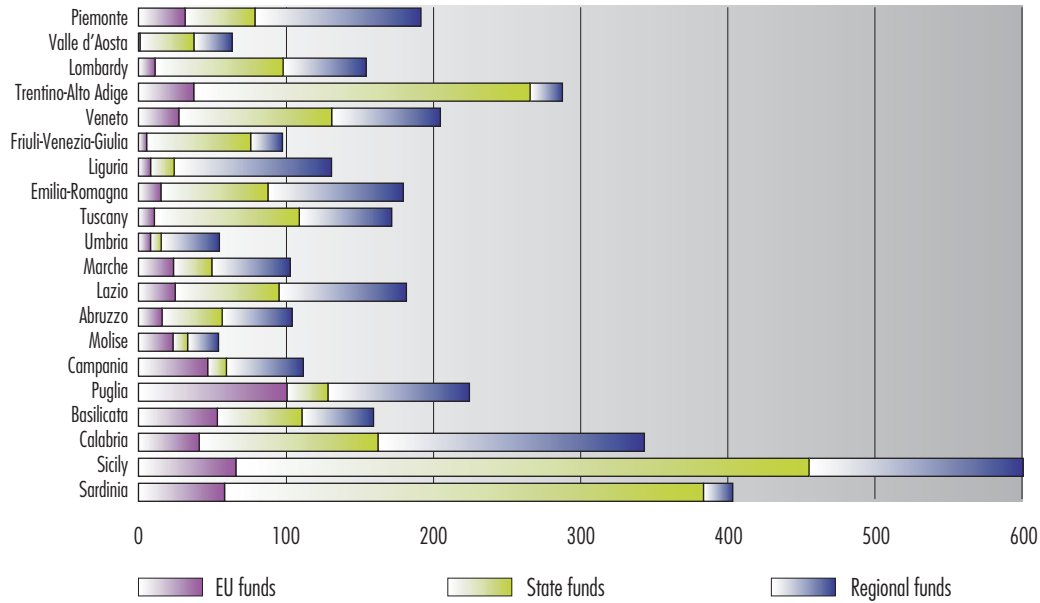
In any case, with the transfer of functions, the administrative activity of the State has evolved into coordinating and linking among territorial levels: the State has become a unifying point of reference in protecting national interests and the guarantor of equal rights for all its citizens.

Functions of planning, policy and coordination are referred to the regions, especially functions that require joint action at the regional level.

Equal institutional rank among "Townships, Provinces, Metropolitan Cities, Regions and the State" (the new formulation of article 114 of the Constitution) annulled control measures carried out by the hierarchically superior body, like for example control of the ordinary regions by the State Control Board. However, the State Auditors' Department still makes inspections of management, reinforced by the "La Loggia" law (Law 131/2003), which assigns to it the task of making sure Townships, Provinces, Metropolitan Cities and Regions respect the system of checks-and-balances with regard to the Internal Stability Pact, and restrictions resulting from EU membership.

Law 131/03, "Provisions for adapting the code of the Republic to Constitutional Law 3 of 18 October 2001", represents a turning point in the process of putting constitutional reform into effect, inasmuch as it addresses all crucial points of constitutional law, refers to apposite laws of the State and the Regions for putting them into effect and excludes from conferment those administrative functions already set forth in the "Bassanini" reform.

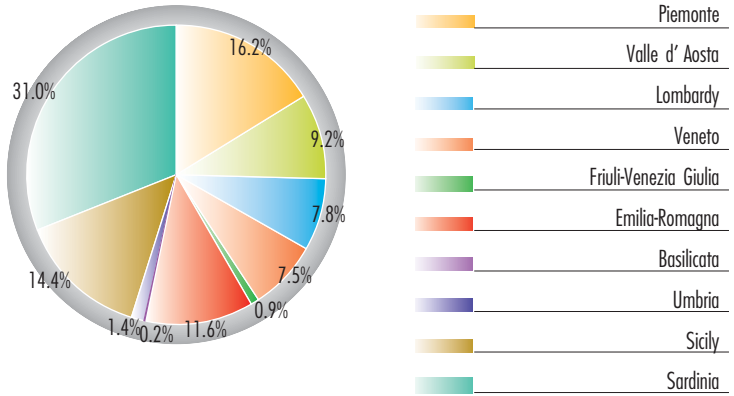
Three- year average of expenditures disbursed by the regions for agriculture 1999- 2001 (thousand euro)



State Aid

By 30 June each year, a report is sent to the EU Commission with indications of all existing aid programs for agriculture.
The regions, which are responsible for applying the policy of state aid, are thus required to provide reports for every individual aid programme within their jurisdiction.
During 2002, important results were achieved in state aid for agriculture, thanks in large part to intense efforts in negotiation, comparison and cooperation with the European Commission. In fact, analysis of the reports reveals that no fewer than 94 programs were put into effect during that year. These were both multiannual programs, which were carried to completion during 2002, as well as yearly programs that were in effect through 31 December.
Moreover, from a quality standpoint, projects financed through state aid were not chosen indiscriminately, but in a way that focussed on goals in common with CAP, obviously without creating duplication of measures.
From a financial standpoint, the total of payments made in 2002 in the form of state aid amounted to just over 174 million euro, as against investments of 249 million euro, with spending power of approximately 70%.
At the regional level, the financial indicators were the highest for Veneto (100%) and Lombardy (86%), followed by Sicily, Emilia Romagna and

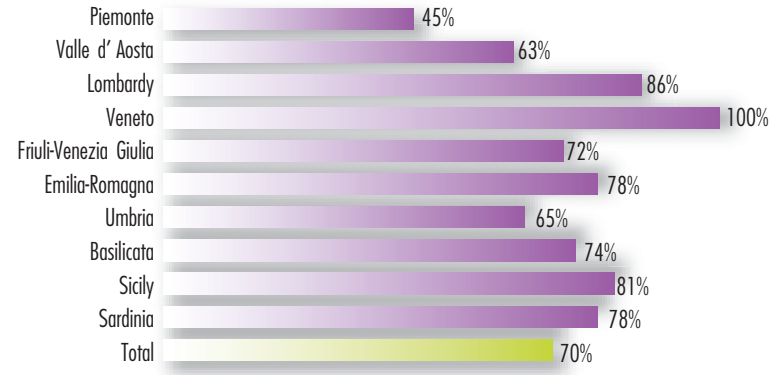
Distribution as a % of the total of payments, 2002



Source: INEA calculations based on the Annual Report on State Aid.

Sardinia, which had spending power of around 80%.
Analysis of information about payments reveals that, overall, the region that registered the greatest concentration of resources of the total was Sardinia (31%), followed by Piemonte (16%), Sicily (14%) and Emilia-Romagna (12%).
And finally, it should be remembered that these figures do not take into account additional payments from the state, as set forth in article 51 and 52 of Regulation (EC) 1257/99, by virtue of which each region may significantly reinforce its own Rural Development Programme (RDP) and Regional Operations Programme (ROP). These are often part of specific reports attached to the plans themselves, which are intended to evaluate the effectiveness and efficiency of these instruments of economic planning.

Spending power for state aid payments to the regions, 2002



Source: INEA calculations based on the Annual Report on State Aid.

APPENDIX

Amount
This term is used to indicate investments of the banking system, that is to say, the amount of financing which is still to be drawn from banks, with residual debt on financing which banks have distributed to their clientele.

AWU
Annual Work Unit
According to the EU definition, in structural surveys one AWU is equivalent to the labour input of at least 2,200 hours a year for a family worker and of 1,800 hours a year for a paid worker.

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

Disbursement
This term is used to indicate the amount of credit flow from the granting of new credit in a certain time period.

ESU
European Size Unit
It is a multiple of the ecu and is used to measure the standard gross margins (SGM) attributed to farms.
Since 2001 FADN has adopted the 1996 SGM, according to which 1 ESU = approximately 1,200 euro; for years previous to 1996, it was 912 euro.

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. European Community farm types were set out in the European Commission Decision 85/377, modified from the decision of 16 May 2003.

Fixed costs
Costs incurred for using long-term factors of production – depreciation, interest, land rent, wages for permanent hired labour – or, in other words, 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 on 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, feed, 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 and repairing farm machinery and tools; veterinary services; processing and bottling commodities; trials and technical tests; advertising, market studies and research services; membership of producer associations, insurance, banking and financial services; legal and accountancy services. The cost of transactions within the agricultural industry – i.e. the use by farms of their own products and the sale of products between farms – has also been added.

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 commercial performance of aggregates of different products and of products of different absolute value.

Tenure 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 consumed 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 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 agricultural activities by subtracting the sum of certain specific costs (seeds, fertilisers, pesticides, feed, fodder 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 over 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 the activities of a farm equate to its economic size, 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 – but do not include, 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, in other words, all those costs which vary according to production.

VFO – Value of Final Output
This is the value of products a farm may sell, use for own consumption, to pay farm labour wages and to lock up in real property. It also accounts for variations in goods on hand and, for livestock, for increases in registered value for animals being fattened and head that are unfit for slaughter. Final output also includes windfall gains (deriving from credits, portfolios and debts) and other farm income, including that deriving from agri-tourism, rent receipts and hiring out of farm machinery (if on an occasional basis), as well as public funds the farm receives as disaster compensation, tax assistance, land rents and VA credits.

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 illegal workers, undeclared employees, non-resident foreigners and workers with a second job.

Ministero delle Politiche agricole e forestali
(Ministry for Agricultural and Forestry Policies)
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www.politicheagricole.it

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- Mestre
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Agenzia Nazionale per la Protezione dell'Ambiente
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www.sinanet.anpa.it

APRE
Agenzia per la Promozione della Ricerca Europea
(Agency for the Promotion of European Research)
P.zza G. Marconi, 25 - Roma
www.apre.it

CNR
Consiglio Nazionale delle Ricerche
(National Research Council)
Piazzale Aldo Moro, 1 - Roma
www.cnr.it

ENEA
Ente per le nuove tecnologie, l'energia e l'ambiente
(Agency for New Technology, Energy and the Environment)
Strada Prov. Anguillarese, 301
Santa Maria di Galeria (RM)
www.enea.it

ENSE Ente nazionale sementi elette
(National Agency for Select Seeds)
www.ense.it

ENTE NAZIONALE RISI
(National Rice Agency)
www.enterisi.it

Federalimentare
(Food Federation)
www.federalimentare.it/home.html

INEA
Istituto Nazionale di Economia Agraria
(National Institute of Agricultural Economics)
Via Barberini, 36 - Roma
www.inea.it

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COI Chiffres du marché mondial des huiles d'olive
(International Olive Oil Council)
http://www.internationaloliveoil.org/economics2.asp

FAO Food and Agriculture Organisation of the United Nations
www.fao.org

INRA Institut national de la recherche agronomique
(National Institute for Agronomic Research – France)
www.inra.fr

IFAD International Fund for Agricultural Development
www.ifad.org

WTO World Trade Organisation
www.wto.org

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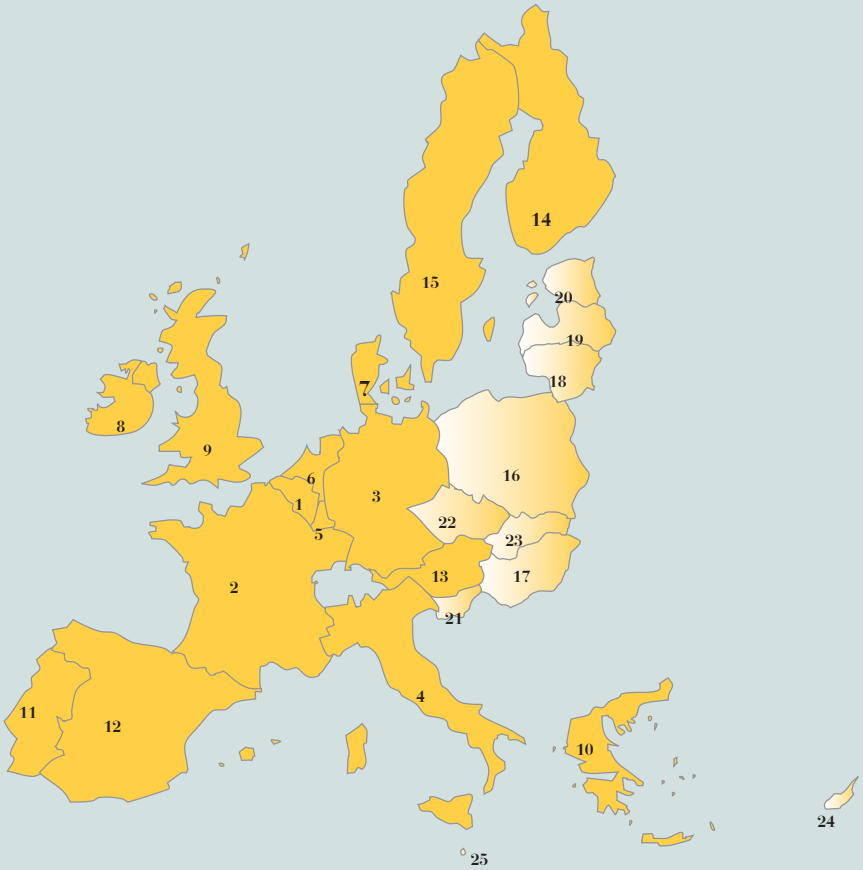

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