INEA
ISTITUTO NAZIONALE
DI ECONOMIA AGRARIA

# ITALIAN AGRICULTURE IN FIGURES 2012

INEA 2012

MINISTERO DELLE POLITICHE AGRICOLE
ALIMENTARI E FORESTALI

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ALIMENTARI E FORESTALI

**Editing staff**
Francesca Marras (head), Laura Aguglia, Paola Doria, Roberto Giordani, Sabrina Giuca,
Maria Carmela Macrì, Francesca Pierri, Roberta Sardone, Laura Viganò

**Contributors**
Laura Aguglia, Davide Bortolozzo, Lucia Briamonte, Silvia Coderoni, Simonetta De Leo, Fabio Di Pietro,
Paola Doria, Luca Fraschetti, Sabrina Giuca, Teresa Lettieri, Davide Longhitano, Maria Carmela Macrì,
Danilo Marandola, Francesca Marras, Mafalda Monda, Gaetana Petriccione, Francesca Pierri,
Maria Rosaria Pupo d'Andrea, Raoul Romano, Manuela Scornaienghi, Francesco Vanni, Annalisa Zezza

**Co-ordinating editor**
Benedetto Venuto

**Processing**
Fabio Iacobini and Marco Amato

**Graphic design**
Sofia Mannozzi

**Graphic work-up**
Laura Fafone

**Secretarial staff**
Lara Abbondanza, Debora Pagani

**Internet edition**
Massimo Perinotto

**English translation**
James Varah

Now in its 25th edition, "Italian Agriculture in Figures", prepared by the National Institute of Agricultural Economics, is a well-known and appreciated source of information on the performance of Italy's agri-food system. The book, in its easy-to-use format, gives a detailed picture of major agricultural and agri-industrial activities, providing valuable tools for understanding a key sector in the Italian economy.

The data in this edition, in fact, show that the national food system in 2011 reached a total value of 267 billion euro, 17% of Italy's GDP, with agriculture, at nearly 52 billion, as the primary link in this production chain. The agriculture sector, as witnessed by the 6th ISTAT census, is developing, despite the economic downturn. Note the exit of the most marginal farms from the point of view of production, and an increase in average farm size, a positive factor as regards farmers' ability to address the market. But this should not overshadow the environmental and social function carried out by the fabric of small and medium-sized farms, especially in the most fragile and vulnerable areas of our country.

Interestingly, many Italian farms demonstrate a remarkable ability to adapt even in this difficult time. INEA statistics, in fact, highlight the growing diversification of production activities: support and secondary activities now account for 15% of the value of agricultural production, with increases of more than 3% compared to 2010. More farms offer educational services: the number of educational farms was estimated at nearly 2,300. Interest in quality production and product certification continues to grow, in the great tradition of Made in Italy quality products.

In this context structural problems exist. One that deserves special attention and long-term corrective policies is the gap between the North and the South of the country: the trend of value added has become negative in the South compared to positive performance in the North, especially the Northeast.

Another element that contnues to affect the sector's performance is climate change, with increasingly long periods of drought in the autumn and winter, and violent episodes of precipitation and heat spells in the summer. We are facing a constant threat to the hydro-geological structure of the territory and to the integrity of the natural environment, with changes that challenge even the traditional territorial location of crops. Our agricultural system has to adapt to these changes. On the one hand, we need profound restructuring of our water infrastructure; on the other, businesses must focus on insurance instruments to cope better with crises resulting from natural phenomena.

2012 is the International Year of Co-operatives and for this reason the booklet devotes focus to this phenomenon, both old and new, as protected by Article 45 of our Constitution.

The Minister for Agriculture,
Food and Forestry Policies
**Mario Catania**

The publication of this booklet on Italian agriculture once again confirms the role of the National Institute of Agricultural Economics in disseminating information within the national agricultural system.

This edition does not introduce new features but consolidates the structure of the topics discussed. For the first time, the section on economic results of farms provides a comprehensive overview of main performance achieved by both crop farms and livestock farms. In 2010, Italian FADN farms achieved an average total output of almost 49,000 euro and a net income of about 20,300 euro, which represents 41.4% of production value.

Farms in the North continue to show the best results for production and income, with values above the national average both in absolute terms and per hectare and per worker. This is mainly because more farms in these areas practise intensive agriculture. In particular, the North has large industrial pig and poultry businesses. Farms in the South, though their economic results are significantly lower than those of northern farms, also earn very respectable net incomes, accounting for nearly 42% of production, in this case due to the lower share of current costs, the main item of farm expense. If we compare the results achieved by farms in other EU countries, we can see that Italian farms, although in many cases they have structural weaknesses, such as lower extent of UAA, reach indices of productivity and profitability of production factors above the EU average.

Take dairy cattle for example, where Italian farms have doubled the overall European average, achieving the best earnings per family worker, more than 46,000 euro as against the EU average of around 17,000 euro, and the highest productivity and profitability per hectare of land. Italian farms are also distinguished for mixed beef and dairy herds and granivorous livestock, as well as various crop categories, including horticulture, wine and olive oil.

Another new feature of this edition is the inclusion of a section on agri-food certification, in the section dedicated to quality products. The data show that certification of quality and environmental management maintains a strong interest among businesses in the food and agriculture sector, despite the difficult economic situation. On farms, certification is viewed as a useful tool for commercial differentiation and product placement in large-scale retail. Certifications of ethics and social responsibility are also on the rise, and in recent years certifications have become more common for foods for Jewish (kosher) and Muslim (halal) consumers, parallel to the growing presence in our country of non-European immigrants. In this regard, the data presented in the brochure suggest that the employment of foreigners in agriculture continues to grow, along

with their impact on the economy and Italian society in general. At 103,000 units, they represent more than 12% of total employment in agriculture.
This edition, printed and distributed by AGRISOLE Publishers, will again be followed by an English-language version.

INEA President
**Tiziano Zigiotto**

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# ECONOMY AND AGRICULTURE

Italy has 301,336 square kilometres of land surface. Agency figures indicate a significant share of "hilly" land, 41.6% of national territory, greater than the share classified as "mountainous", or 35.2%, and much greater than the part classified as "lowland" (23.2%). Geo-morphological features of the land strongly influence distribution of the population, which tends to locate in lowlands, where 48.3% of Italy's population is concentrated. A large share of the population resides nonetheless in hilly areas (39.1%), while mountain areas are home to less than a fifth of the population (around 12.6%).

ISTAT figures show that in 2011 the resident population in Italy increased at a rate of 3.7 per thousand, down from 4.7 per thousand in 2010. In absolute terms, the increase was 224,000 units in one year. The total estimated population at the end of 2011 reached around 60.9 million people, of whom 8% are resident foreigners. In particular, compared to 1

**Use of agricultural land (000 ha), 2010***

| | Italy | EU |
|---|---|---|
| Total surface | 17,078 | 116,230 |
| Utilised agricultural area | 12,856 | 91,017 |
| Arable crops | 7,009 | 56,741 |
| Cereals (%) | 51.6 | 54.7 |
| Dried legumes (%) | 2.0 | 1.6 |
| Potatoes, sugar beets, hoed fodder crops (%) | 1.4 | 3.5 |
| Industrial plants (%) | 4.9 | 9.6 |
| Fresh vegetables, melons and strawberries (%) | 4.3 | 1.8 |
| Flowers and ornamentals (%) | 0.2 | 0.1 |
| Rotating fodder crops (%) | 27.4 | 19.2 |
| Seeds (%) | 0.4 | 0.2 |
| Fallow land (%) | 7.8 | 8.9 |
| Permanent crops | 2,323 | 7,912 |
| Vineyards (%) | 27.9 | 23.2 |
| Olive trees (%) | 47.2 | 45.7 |
| Fruit crops and other crops (%) | 24.9 | 23.4 |
| Kitchen gardens | 32 | 112 |
| Total permanent grasslands and pastures | 3,434 | 26,253 |
| Forested land annexed to farms | 3,003 | 23,899 |
| Non-utilised agricultural area and other land | 1,220 | 8,069 |
| Energy crops | 17 | 136 |

* Figures for total EU are partial, because they are being updated with figures from the censuses in individual countries. In particular, figures refer to 16 of the 27 countries in the European Union.

Source: Eurostat.

January 2011, the population of Italian citizens dropped by 65,000 units, to less than 56 million, while foreign residents increased by 289,000 units. Geographically, the North is the most populous area of the country, with 45.9% of inhabitants, followed by the South with 34.4% and the Centre with 19.3%. There was a positive rate of increase throughout the Centre (+6 per thousand) and the North (+5.6 per thousand), except for Liguria (-0.7 per thousand). The South, which in 2010 recorded a value of +1.5 per thousand, showed an overall negative figure in 2011 of -0.1 per thousand[1].

With an average density of around 200.7 inhabitants per square kilometre, Italy is among the most densely populated countries in the European Union, whose average is 116.6 inhabitants per square kilometre. Only Malta, the Netherlands, Belgium, the UK and Germany have higher densities[2].

**Population/agricultural area (inhabitants/100 ha UAA*), 2011**


* Population updated to 1/01/2012, UAA in Italy updated to 2010.

Total agricultural area (TAA) in Italy is 17.1 million hectares, of which 12.9 million are utilised (UAA). Geographically, the South contributes 47.4% of national UAA, outdistancing the North (35.5%) and the Centre (17.1%).

[1] *Source: ISTAT demographics in figures (for all data in this section).*

[2] *Source: Eurostat and ISTAT (for all data in this secion).*

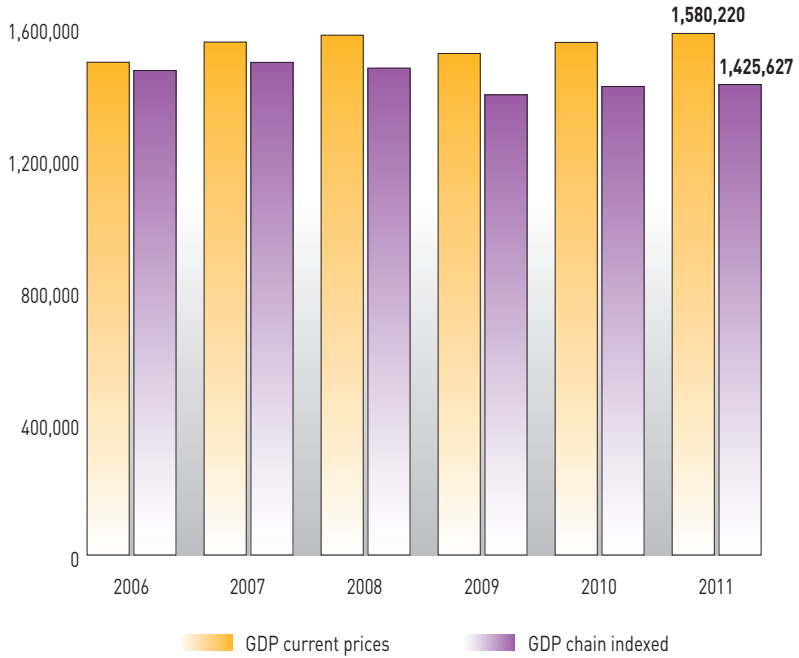
# GROSS DOMESTIC PRODUCT

In 2011 the world economy slowed and the gap between growth rates of the main areas increased. In particular, the world economy grew by 3.9%, compared to 5.3% the previous year, but growth was sustained by emerging and developing countries, which showed an increase (+6.2%) of their product, which, though lower than in past, far exceeded that of advanced economies (+1.6%).

The differences in trends of economic activity increased among developed countries as well. In the UK the drop in domestic demand and high unemployment resulted in reduced growth, while U.S. growth was very modest in the first half of the year and regained momentum in the second. The Japanese economy, on the other hand, underwent a severe setback after the earthquake that hit the country in March 2011, with a reduction of 0.7% in gross domestic product.

In the euro zone (including Estonia as of 1 January 2011), the growth rate of GDP decreased in 2011 to 1.5%,

**Trend in GDP (million euro)**



from 1.9% a year earlier, with different trends among member countries. Growth was strongest in Germany (+3%) and in France (+1.7%), weak in Italy and Spain (0.4% and 0.7%, respectively) and decreased in Greece and Portugal.
In 2011, the Italian economy recorded GDP growth of 0.4% in volume compared with 1.8% in 2010. The deterioration was particularly intense in the second half of the year, when a slowdown began in economic activity, which continued into the beginning of 2012, due to a further decline in industry and services.

**Trend in GDP per inhabitant (euro)**

| Year | GDP/inhabitant | |
|---|---|---|
| | Values at current prices | Chain indexed values* |
| 2006 | 25,331 | 24,328 |
| 2007 | 26,176 | 25,140 |
| 2008 | 26,326 | 24,659 |
| 2009 | 25,247 | 23,165 |
| 2010 | 25,679 | 23,469 |
| 2011 | 26,012 | 23,467 |

* Chain indexes express the real trend (in volume) of the economic aggregate with reference to 2005.

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

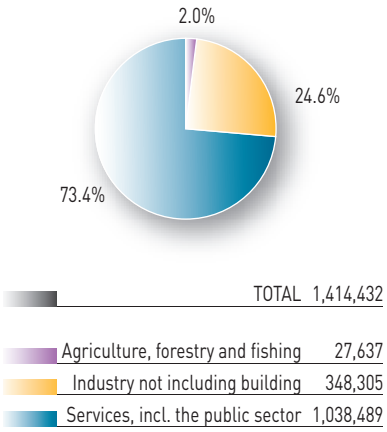
| Country | Share of world GDP in 2011 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|
| **Industrialised countries** | | | | | | |
| United States | 19.7 | 1.9 | -0.3 | -3.5 | 3.0 | 1.7 |
| Japan | 5.6 | 2.2 | -1.0 | -5.5 | 4.4 | -0.7 |
| Euro zone | 14.3 | 3.0 | 0.3 | -4.3 | 1.9 | 1.5 |
| United Kingdom | 2.9 | 3.5 | -1.1 | -4.4 | 2.1 | 0.7 |
| Canada | 1.8 | 2.2 | 0.7 | -2.8 | 3.2 | 2.5 |
| **Emerging and developing countries** | | | | | | |
| Brazil | 2.9 | 6.1 | 5.2 | -0.3 | 7.6 | 2.7 |
| China | 14.3 | 14.2 | 9.6 | 9.2 | 10.4 | 9.2 |
| India | 5.7 | 10.1 | 6.2 | 5.7 | 10.3 | 7.3 |
| Russia | 3.0 | 8.5 | 5.2 | -7.8 | 4.3 | 4.3 |
| Turkey | 1.3 | 4.7 | 0.7 | -4.8 | 9.2 | 8.5 |
| Sub-Saharan Africa | 2.5 | 7.1 | 5.6 | 2.8 | 5.3 | 5.1 |
| Middle East and North Africa | 4.9 | 5.6 | 4.7 | 2.7 | 4.9 | 3.5 |

Source: Bank of Italy.

# VALUE ADDED

In 2011 value added (VA) at basic prices in the primary sector, including forestry and fishing, suffered a decline of 0.5% in volume as a result of different production trends recorded in different areas of the country. In particular, the North-East and North-West were the geographic areas where agriculture showed the best performance, with an increase of value added of 2.1% and 0.3%, respectively. The Centre and the South experienced the most difficulty, with a reduction in agricultural value added of 2.4% and 1.6%, respectively. Uneven results were also observed for the other sectors of the economy. In particular, the slowdown in growth, in terms of value added, was more pronounced in industry in the narrow sense[1] (+1.2% compared to +7% in 2010) than in services (+0.8% compared to +1.4%); the decline in the construction sector was further aggravated (-3.5%, -3% and -8.4% in the last three years).

**% Breakdown of value added at basic prices by sector, 2011 - values at current prices**




Source: ISTAT.

The food industry held steady, registering an increase in value added of

**% Share of value added* from agriculture to total, 2011**

| Country | % |
|---|---|
| Bulgaria | 5.6 |
| Cyprus | 2.4 |
| Croatia | 5.1 |
| Estonia | 3.6 |
| Finland | 2.9 |
| France | 1.8 |
| Greece | 3.1 |
| Italy | 2.0 |
| Latvia | 4.5 |
| Lithuania | 3.5 |
| Poland | 3.6 |
| Portugal | 2.1 |
| Czech Republic | 2.1 |
| Romania | 7.4 |
| Slovak Republic | 3.2 |
| Slovenia | 2.5 |
| Spain | 2.6 |
| Hungary | 5.4 |
| **Euro 17** | **1.7** |
| **EU 27** | **1.7** |

* Value added at basic prices - current values.

Source: Eurostat.

[1] *Mining, manufacturing and energy, etc., not including building.*

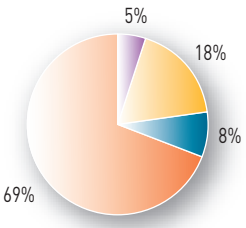
1.3%, although down from +5.4% recorded in the previous year.
The share of agriculture to Italy's national value added remained broadly stable, standing at 2%; it is in line with that of major European countries, which have an average percentage share from agriculture of 1.7% to the total of value added.

# EMPLOYMENT

The labour force in the Italian economy in 2011, compared to the previous year, remained virtually unchanged, although agriculture and building experienced a decline, while employment in services increased slightly.

The number of people employed in agriculture amounted to 851,000 units (of which 29% are women), with a distribution of 36.5% in the North, 13.8% in the Centre and almost half in the South. Compared to 2010 the number of people employed in agriculture dropped by 2% due to

**Total work units (000), 2011**




| | |
|---|---|
| TOTAL | 24,036.2 |
| Agriculture, forestry and fishing | 1,228.3 |
| Industry in the narrow sense | 4,401.4 |
| Building | 1,873.4 |
| Services | 16,533.1 |

Source: ISTAT, National accounts.

**Workers in agriculture and the total economy, by age group and geographical area (%), 2011**

| | Age 15-34 | Age 35-64 | Age 15-64 | 65 and over | Total | Total employed (000) |
|---|---|---|---|---|---|---|
| **North** | | | | | | |
| Agriculture, forestry and fishing | 18.7 | 72.4 | 91.1 | 8.9 | 100 | 310 |
| Total economy | 26.6 | 71.7 | 98.3 | 1.7 | 100 | 11,925 |
| **Centre** | | | | | | |
| Agriculture, forestry and fishing | 21.1 | 68.4 | 89.6 | 10.4 | 100 | 117 |
| Total economy | 25.4 | 72.6 | 98.0 | 2.0 | 100 | 4,826 |
| **South** | | | | | | |
| Agriculture, forestry and fishing | 21.0 | 76.3 | 97.3 | 2.7 | 100 | 423 |
| Total economy | 26.7 | 72.0 | 98.7 | 1.3 | 100 | 6,216 |
| **Italy** | | | | | | |
| Agriculture, forestry and fishing | 20.2 | 73.8 | 94.0 | 6.0 | 100 | 850 |
| Total economy | 26.4 | 72.0 | 98.3 | 1.7 | 100 | 22,967 |

Source: ISTAT, Continuity in the Workforce survey.

the negative trend of the independent component (-4.4%). Independent workers retain a slight numerical advantage over dependent employees, and represent 51.5% of total employment in agriculture. 10.7% of the total workforce in agriculture is employed part-time.

The number of foreigners employed in agriculture continues to grow, along with their share in the economy and in Italian society in general.

**Foreigners employed in agriculture by geographical area (000)**

| | 2009 | 2010 | 2011 |
|---|---|---|---|
| North | 27 | 30 | 37 |
| Centre | 18 | 19 | 24 |
| South | 26 | 35 | 42 |
| **Italy** | **71** | **84** | **103** |
| Foreigners/total in agriculture (%) | 8.4 | 9.7 | 12.1 |

Source: ISTAT, Continuity in the Workforce survey.

**Share of workers in agriculture to total workers (%), 2011**

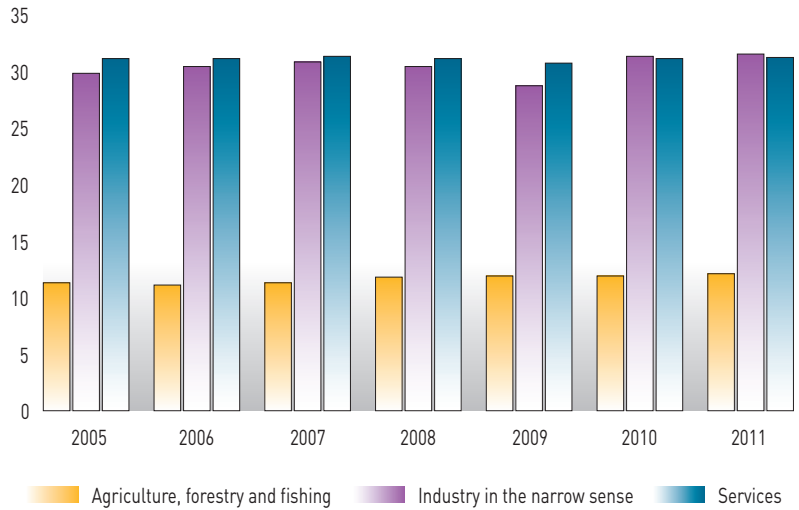
| | Total | Women[1] |
|---|---|---|
| Austria | 4.9 | 4.6 |
| Finland | 4.6 | 2.6 |
| France | 2.8 | 1.8 |
| Germany | 1.6 | 1.1 |
| Greece | 11.6 | 11.7 |
| Italy | 3.9 | 2.7 |
| Netherlands | 2.6 | 1.5 |
| Poland | 12.7 | 12.0 |
| United Kingdom | 1.3 | 0.7 |
| Spain | 4.1 | 2.4 |
| Sweden | 2.0 | 0.9 |
| Hungary | 7.2 | 4.0 |
| Romania | 32.6 | 34.5 |
| Bulgaria | 19.9 | 14.8 |
| **EU 27** | **5.3** | **4.3** |

[1] To total of women employed.

Source: Eurostat.

In 2011, the trend of value added, for the economy as a whole, had significant effects on labour productivity. Measured in terms of real value added[1] per hour worked, it grew by 0.3% (2.6% in 2010) due to a slight increase in industry in the narrow sense[2] (+0.4%) and services (+0.2%) and a sustained increase in the primary sector (+2%). For the agricultural sector and traditional industries such as manufacturing (except for the food industry), productivity growth was better than that of value added, as a result of the drop in labour. The reduction of hours worked in agriculture was, in fact, 2.4% over the previous year. Contrary-wise, the food industry showed a phenomenon of accumulation of labour, with an increase in total hours worked (+3.3%), far greater than the change in value added (+1.3%): this resulted in a decline in productivity (-1.9%).

**VA at basis prices* per hours worked by sector (euro)**




* Chain indexes - year of reference 2005.

[1] *Expresses the trend in value added in terms of volume.*

[2] *Mining, manufacturing, energy, etc., not including building.*

# RECENT TRENDS IN THE SECTOR

In 2011, the land market showed a modest increase in prices and reduced buying-and-selling activity. The average national value of land is just under 20,000 euro/ha (+0.6% compared to 2010), but conceals marked differences geographically. The northern regions show, in fact, average prices generally higher than 25,000 euro/ha – with peaks of over 40,000 euro/ha in the North-East – while the regions of Central and Southern Italy have values around 9,000-12,000 euro/ha. The land patrimony has been gradually eroded by an overall increase in consumer prices: compared to 2000, the price of land in current terms increased by 22.5% but net of inflation the drop is 3.4%.

Buying-and-selling was influenced by the general economic crisis, the limited availability of liquidity and difficulties in accessing credit. Demand remains steady, however, for land with good fertility and equipped with infrastructure. In particular, low-lying land is generally higher priced, because of the greater profitability of farming and the high pressure linked to alternative use in urban areas and infrastructure.

In terms of agricultural regions, the highest land values are mainly concentrated in the central and eastern part of the Po Valley where the strong dynamism of the local economy and the presence of intensive farming systems are associated with high pressure towards urbanisation. High prices are also found along the Adige ridge, around the metropolitan area of the Campania coast and in small areas of Cuneo, on the Ligurian coast and around Pistoia.

According to the data of the 6th ISTAT census of Italian agriculture, in 2010 rented area, including freehold,

**Average land values (thousand euro/ha), 2011**

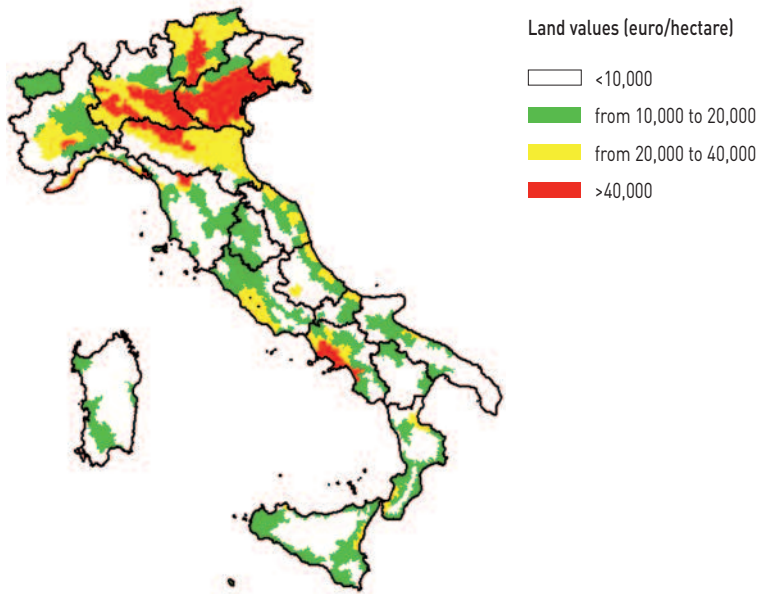
| | Altitude zone | | | | | | |
|---|---|---|---|---|---|---|---|
| | Inland mountains | Coastal mountains | Inland hills | Coastal hills | Lowlands | Total | % change 2011/10 |
| North-West | 5.4 | 26.0 | 24.1 | 78.0 | 35.1 | 25.1 | 0.9 |
| North-East | 29.4 | - | 43.4 | 31.3 | 46.5 | 41.7 | 0.6 |
| Centre | 7.7 | 10.3 | 11.3 | 17.1 | 19.9 | 12.4 | 0.5 |
| South | 6.8 | 10.0 | 10.7 | 16.5 | 15.1 | 11.6 | 0.2 |
| Islands | 5.9 | 8.8 | 7.7 | 10.6 | 15.0 | 9.3 | 0.3 |
| **Total** | **11.4** | **9.8** | **14.2** | **15.3** | **32.2** | **19.4** | **0.6** |

Figures presented in this table cannot be compared to those published in the previous volume because the land values data bank is being updated.

Source: INEA, land values data bank.

amounted to about 4.9 million hectares, an increase of about 60% compared to 2000. This form of land tenure involves 38% of UAA: the highest incidences are observed in the northern regions (46%) where renting is more common. Also in 2011 the use of rent to expand farm enterprise was encouraged by high land values and farmers' reduced financial resources. Greater dynamism characterized the northern regions, where demand outstripped supply and rents have shown an upward trend. In the regions of the Centre and South, supply and rents were mostly stable or declining.

**Average land values by agricultural region for 2011**




Source: INEA land market data bank.

In 2011, gross fixed investments in agriculture, in real terms, registered a drop of 1.7%, in line with the decline that began in 2005. Compared to 2005, the share of investments in agriculture to the national total remained stable, at 3.4%, as did their share to agricultural value added (from 33.4% in 2010 to 33% in 2011).

Investments per worker in agriculture amounted to 9,593 euro, a slight increase of 0.3% over 2010.

The percentage breakdown by type of asset again shows a positive change for investment in crops and livestock, albeit with a much more modest increase (+0.5% in 2011) compared to the results reported for 2009 and 2010 (+3.2% and 2.8%). There was a slight increase in investments in transport (+1.5%), while for other types of goods, a decrease of invested capital was recorded for the third consecutive year.

The downward trend continued for capital stock in agriculture, which, net of depreciation, in real terms, has suffered a reduction of 1.6%. By contrast, the net capital stock per worker increased slightly (+0.4%) as a result of a drop in employment in the sector.

**Trend in gross fixed investments in agriculture**

| Year | Current values million euro | Chain indexes[1] million euro | % in[2] | |
|---|---|---|---|---|
| | | | tot. invest. | VA from agriculture |
| 2005 | 11,779 | 11,779 | 3.9 | 41.2 |
| 2006 | 12,043 | 11,665 | 3.8 | 41.3 |
| 2007 | 11,897 | 11,193 | 3.5 | 39.5 |
| 2008 | 11,841 | 10,779 | 3.5 | 37.5 |
| 2009 | 10,253 | 9,070 | 3.4 | 32.4 |
| 2010 | 10,630 | 9,325 | 3.4 | 33.4 |
| 2011 | 10,780 | 9,162 | 3.4 | 33.0 |

[1] Chain indexes: express the real dynamic (in volume) of the economic aggregate with reference to 2005.

[2] Share of VA from agriculture at basic prices expressed in chain indexes and investments in chain indexes.

Source: ISTAT.

**Gross fixed investments: characteristic relationships by main sectors, 2011***

| | Agriculture | Industry | Services[1] | Total |
|---|---|---|---|---|
| Investments per worker | | | | |
| euro | 9,593 | 11,455 | 10,748 | 10,893 |
| Var. % 2011/10 | 0.3 | 0.0 | -3.2 | -2.2 |
| | | | | |
| Net capital stock per worker[2] | | | | |
| 000 euro | 209.1 | 124.6 | 231.3 | 201.8 |
| Var. % 2011/10 | 0.4 | 0.8 | -0.1 | 0.2 |

* Chain indexes refer to 2005.

[1] Including investments in housing.

[2] Net of depreciation.

Source: ISTAT.

Bank loans in the last months of 2011 registered a growth rate of 7.1% for agriculture, forestry and fishing, down from the top rate of +14.6% recorded in June of the same year. In December 2011, total loans to agriculture, forestry and fishing reached a value of 43.7 billion euro, 4.4% of total loans.

At the regional level, the growth rate of loans to the agricultural sector, on an annual basis, was +7.2% in December 2011 for Northern Italy (13% in September 2011), 5.9% in the Centre (9.6% in September 2011) and 8.4% in the South (10.5% in September 2011).

The ratio between bank loans and agricultural production reached a value of 84.5%, an increase of one percentage point compared to that recorded in 2010, thus increasing the financial exposure of the sector in relation to the banking system.

Loans for funding beyond the short term underwent a slight increase of 0.8% compared to 2010. This result

**Bank lending for agriculture, December 2011**

| | Agriculture[1] million euro | % of total lending | % of agricultural production[2] |
|---|---|---|---|
| North-West | 12,047 | 3.4 | 102.1 |
| North-East | 14,592 | 5.6 | |
| Centre | 8,600 | 3.8 | 183.0 |
| South | 5,321 | 5.2 | 47.1 |
| Islands | 3,226 | 7.2 | 47.1 |
| **Total** | **43,787** | **4.4** | **84.5** |

[1] Including forestry and fishing.

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

Source: Bank of Italy.

**Lending beyond the short term, December 2011[1]**

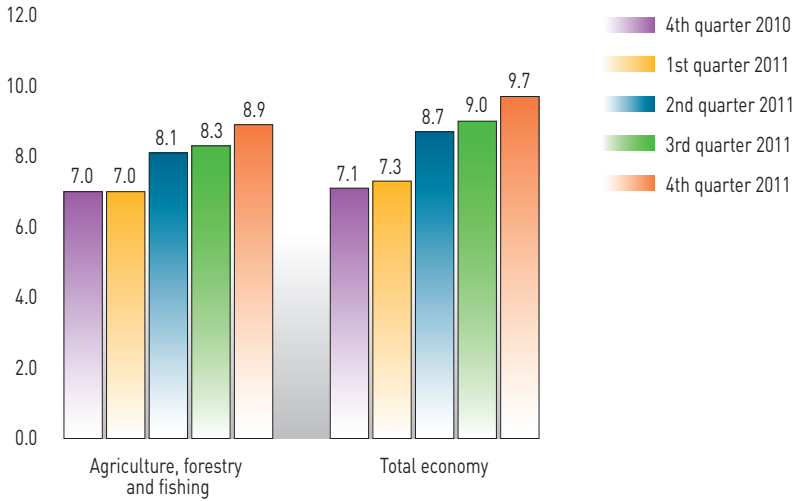
| Type | Million euro | 2011/2010 (%) | Easy-term loans to tot. (%) |
|---|---|---|---|
| Machinery and equipment | 5,247 | 6.9 | 3.8 |
| Construction and rural buildings | 7,950 | -2.2 | 1.8 |
| Other rural structures | 2,909 | -1.1 | 7.8 |
| **Total** | **16,106** | **0.8** | **3.5** |

[1] Outstanding loans with maturity of over one year.

Source: Bank of Italy.

is the consequence of increased lending for machinery and equipment (+6.9%) and less for construction and farm buildings (-2.2%) and other rural buildings (-1.1% ).
Finally, the difficulties linked to the economic situation inevitably had an impact on the relationship between banks and businesses, which have registered a worrying but not unexpected deterioration in all indicators of credit risk.
In particular, the ratio of non-performing loans/total loans, based on the branch of production of reference, showed a progressive deterioration in the quality of credit to the agricultural sector, with a value of 8.9% in the fourth quarter of 2011, which was lower, however, compared to that calculated for the overall economy (9.7%).

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

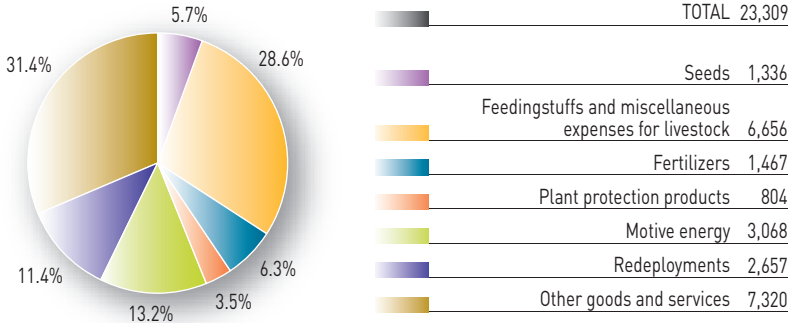



Source: Bank of Italy.

# INTERMEDIATE CONSUMPTION

In 2011, expenditure for intermediate consumption in agriculture, including forestry and fishing, increased in value by 8.2%, compared to 2010, as a result of a sustained price increase (+7.6%) and a modest increase in volumes used (+0.6%).
The main categories of intermediate consumption, including feedingstuffs and other expenses for livestock, plant protection products, seeds, motive energy and redeployments all showed a slight decrease in volumes used (an average of -0.9% compared to 2010): the exceptions were fertilizers, with a slight increase of 0.4%, and especially other goods and services, with an increase of 2.9%. This last category of intermediate consumption, in particular, contains the "financial intermediation services indirectly measured" (FISIM)[1], which, overall, showed an increase of over 13%, compared to 2010.
In contrast, the increase in prices affected not only the FISIM (+12.5%), but also other categories of intermediate consumption: first of all fertilizers (+16%), followed by motive energy (+13.6%), redeployments (+11.9%), feedingstuffs and miscellaneous expenses for livestock (+10.8%), seeds (+5.7%) and plant protection products (+2.7%) .
Intermediate consumption in forestry

**Percentage breakdown of intermediate consumption in agriculture (million euro), 2011**



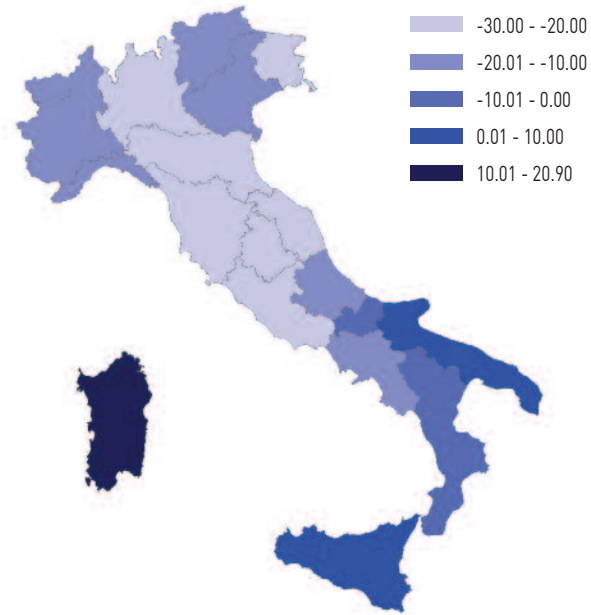

[1] *They represent the value, indirectly estimated by production sector, of production from financial intermediation provided by credit institutions.*

decreased in volume by 5.8%, registering a price increase of 3.1%; for fishing and aquaculture, it increased both in volume (+ 2.8%) and price (+3.8%). The share of intermediate consumption on agricultural production, at current prices, including forestry and fishing, increased slightly, from 45.9% in 2010 to 46.7% in 2011.

The effects of weather in 2011[1] on the agricultural sector were amplified, at least on some categories, by precipitation phenomena occurring at the end of the previous year. The sowing of cereals, for example, affected by heavy rains in autumn 2010, was suspended in those areas most affected by the phenomenon, forcing farmers to wait on making decisions for the future. At the beginning of 2011, several floods affected the peninsula, after winter frosts that caused problems in the fruit and vegetable, wine and olive oil sectors, on the one hand exacerbating the problems already present in some areas, particularly in the Veneto region, and causing new problems in the Marches, Emilia-Romagna, Basilicata, Abruzzo, Campania and Puglia. The instability of the hydrological network, a problem now common in several regions, exacerbated the effects of heavy rains, with damage to crops and agricultural structures. The spring was no less problematic, first with droughts in the Centre-North and later with waves of bad weather. Irrigation had to be employed early, although many crop yields suffered, such as cereals, vegetables and mountain pastures. Following the bad weather, damage resulted in many other crops, particularly vineyards in the Oltrepò Pavese, and soybeans and corn in the Treviso area. Summer weather was also variable, with different effects on crops. The yield for cereal was positive in quality and quantity, in some cases exceeding expectations, with excellent performance for wheat in the areas between central and eastern Emilia-Romagna and Veneto. Results were good for maize and sorghum, while barley yields, reduced by the spring drought and rains in late May, were offset by appreciable quality. Autumn products ripened early, such as chestnuts and hazelnuts, yet results were positive in quantity and quality. Finally, there was a new wave of drought in autumn and winter, which were somewhat hotter and drier than usual. The main rivers of the North, such as the Po, and the Maggiore, Como and Iseo lakes, registered sudden drops compared to hydrometric zero. There were many torrential rains, once again causing extensive damage in the North (Liguria, Piedmont, Tuscany), the Centre (Lazio) and the South (Messina and Catanzaro). Among late-year crops, wine production declined by 14% compared to 2010, due to unfavourable factors of temperature and precipitation. Rice harvests were lower by 15-20% compared to the previous year, because of an abnormal cold snap in early August followed by a

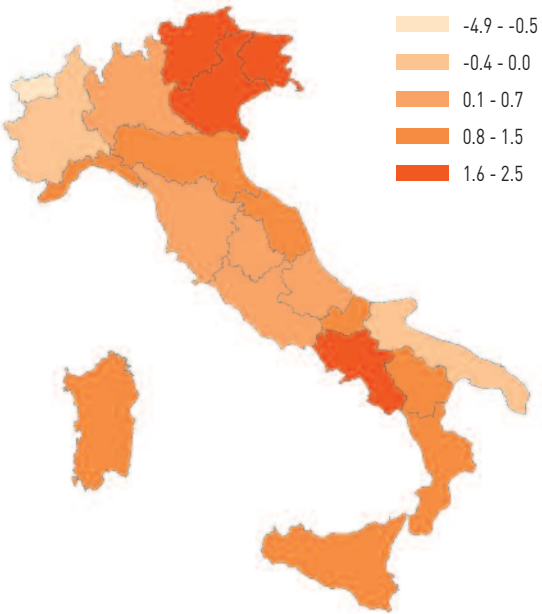
[1] *Information and figures are taken from the technical reports "Quarterly national note on climate trends and the implications for agriculture" issued by INEA as part of the project "Support and technical assistance to natural disaster fund planning" and published on the site www.inea.it.*

**Average regional precipitation - deviations of 2011 figures from average (1971-2000) - in %**




Source: INEA processing of CRA-CMA figures.

**Maximum average regional temperatures - deviation of 2011 values from average 1971-2000 - in °C**




Source: INEA processing of CRA-CMA figures.

rapid rise in temperature. Yields in the olive sector dropped (-5%), also due to drought, but were of appreciable quality. Increases were recorded for the production of apples (+6%), despite widespread hail and excessive heat that seared the product. In summary, the trend of 2011 is due to phenomena of drought in autumn-winter combined with violent episodes of precipitation, which are increasingly shaping the course of the seasons, complicating the picture of agricultural practices and production results in the Italian agricultural sector.

In 2011, Italian agricultural output overall, including forestry and fishing, remained broadly stable in real terms, while increasing in value by 6.4%, reaching 52.8 billion euro. Also in 2011, the share of main categories in the breakdown of the total value of production remained stable, with plant crops together accounting for 50%, livestock farming for 31%, connected services for 12% and forestry and fishing 5%. Analysing the dynamics for each individual category, the value of plant crop production increased by 6% compared to 2010, with a particularly positive result for herbaceous crops (+13%). The livestock sector also did well, compared to 2010, registering an increase of production value (+10%). In particular, the production of milk and meat showed an increase of 11% compared to 2010, whereas production of eggs and honey increased to a lesser degree, by about 3% and 6%, respectively. Value increased for connected services (+5%) and secondary activities (+6%), such as farm stays and on-site processing of farm products.
In terms of volume, fodder crops suffered a setback (-3.2%), while field crops showed a slight increase (+0.8%), compared to 2010, due to a reduction of almost all plant products and the rise in the production of hybrid maize (+12.6%) and sunflowers (+28.9%). The decline in horticultural crops specifically affected artichokes (-3.2%), cabbage (-5.7%),

**Value of output and services at basic prices by main category, 2011**

| Economic activities | Absolute values | | Var. % 2011/2010 | |
|---|---|---|---|---|
| | million euro | % | volume | prices |
| Field crops | 14,535 | 27.5 | 0.8 | 12.1 |
| Tree crops | 9,900 | 18.7 | -2.0 | -0.3 |
| Fodder crops | 1,800 | 3.4 | -3.2 | 7.0 |
| Livestock | 16,294 | 30.8 | 0.5 | 9.5 |
| Connected services[1] | 6,145 | 11.6 | 3.5 | 1.4 |
| Secondary activities[2] | 1,528 | 2.9 | 3.4 | 2.1 |
| Forestry | 646 | 1.2 | -9.0 | -0.3 |
| Fishing | 2,027 | 3.8 | -5.1 | -1.0 |
| **Total[3]** | **52,875** | **100** | **0.0** | **6.4** |

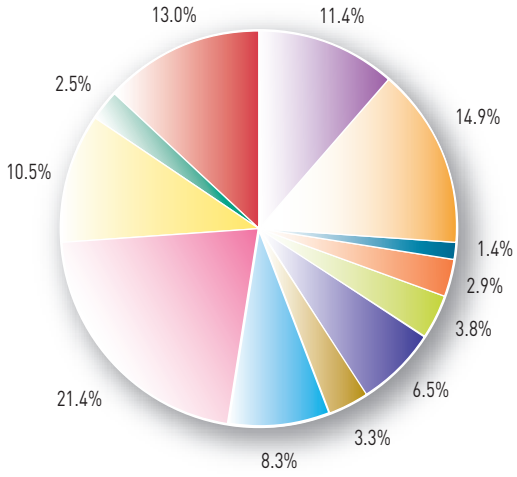
[1] Includes active and passive agricultural contract work, packaging of agricultural produce, maintenance of parks and gardens, services connected to livestock farming, artificial insemination, new sports facilities, etc.

[2] Agritourism, processing of milk, fruit, meat and other agricultural activities.

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

Source: ISTAT.

**Output of goods and services in agriculture at basic prices - values at current prices (million euro), 2011**




| | |
|---|---|
| TOTAL | 48,674.4 |
| Cereals and dried legumes[1] | 5,422.4 |
| Vegetables[2] | 7,053.4 |
| Industrial crops[3] | 686.0 |
| Flowers and ornamentals | 1,373.4 |
| Fodder crops | 1,799.8 |
| Grapes | 3,084.3 |
| Olives | 1,571.5 |
| Fruit and citrus | 3,945.9 |
| Meat | 10,118.0 |
| Milk | 4,961.9 |
| Eggs and other[4] | 1,202.7 |
| Connected services | 6,144.5 |

[1] Dried legumes (85.1 million euro).

[2] Potatoes (700 million euro) and fresh beans (262 million euro).

[3] Sugar beets (147 million euro) Tobacco (273 million euro) Sunflowers (80 million euro) Soybeans (156 million euro).

[4] Of which honey (36.2 million euro).

Source: ISTAT.

**Main vegetable output, 2011**

| | Volume | | Value[1] | |
|---|---|---|---|---|
| | '000 q | var. % 2011/10 | million euro | var. % 2011/10 |
| Hybrid maize | 9,726 | 12.6 | 2,210 | 53.0 |
| Wine[2] ('000 hl) | 16,984 | -13.6 | 1,811 | -1.8 |
| Olive oil | 443 | -4.9 | 1,348 | 2.8 |
| Durum wheat | 3,793 | -3.1 | 1,286 | 45.6 |
| Tomatoes | 6,064 | 0.7 | 1,000 | 17.8 |
| Oranges | 2,468 | 3.0 | 804 | 7.0 |
| Soft wheat | 2,829 | -3.5 | 702 | 33.0 |
| Potatoes | 1,552 | -0.4 | 700 | 4.7 |
| Sold wine grapes | 3,257 | -16.3 | 672 | -2.4 |
| Apples | 2,228 | 1.0 | 667 | -12.0 |
| Dessert grapes | 1,250 | -8.9 | 590 | 4.1 |
| Rice | 1,553 | -1.5 | 483 | 13.4 |
| Lettuce | 494 | -1.3 | 462 | -6.0 |
| Pears | 918 | 19.8 | 458 | -7.5 |
| Artichokes | 465 | -3.2 | 434 | -4.7 |
| Courgettes | 531 | 3.7 | 341 | -4.7 |
| Strawberries | 150 | -3.6 | 290 | -5.0 |
| Kiwi fruit | 428 | 5.4 | 285 | 24.1 |
| Peaches | 1,045 | 2.7 | 283 | -19.5 |
| Tobacco | 86 | -4.3 | 273 | -2.1 |

[1] Output at basic prices and values at current prices.

[2] According to SEC95 methodology, agricultural output includes wine and olive oil produced from the farm's own grapes and olives, excluding those produced by coops and the food industry.

Source: ISTAT.

cauliflower (-4.1%) and strawberries (-3.6%).

Tree crops were also down (-2%), with a decrease in wine production (-11%) and olive products (-5%), but a good recovery for pears (+19.8%), almonds (+23%) and hazelnuts (+20%), after the sharp declines of harvests recorded in 2010.

Overall, in 2011, production at basic prices in current values for tree crops decreased (-2.3%) over the previous year, due to a slight decrease in prices (-0.3%) and volume (-2%).

The livestock sector showed a slight decrease in production volume as a whole (-0.5%), due mainly to a significant decrease in volume for sheep and goat meat (-8.2%) offset by a good result in the production of poultry (+3.3%), beef (+1.3%) and pork (+1.2%). The production of milk also decreased compared to 2010, both cow and buffalo milk (-1.6%) and sheep and goat milk (-4%). In particular, for sheep and goat milk the increase in prices paid to producers

failed to offset the fall in the volume produced, so there was a decrease in value of -2.6%. Egg production increased, both in terms of volume (+1.4%) and value (+3%), unlike the production of honey, which recorded a decrease of 4.9%.
Production was down for forestry (-9%) and fishing (-5.2%), which also recorded a slight reduction in price level of -0.3% and -1.0%, respectively.
The fishing sector has been characterised in particular by a reduction in catch volume, compared to 2010, especially in the North (-13.1%) and the southern Adriatic (-7.8%).
At the EU level, the 2011 agricultural year was characterised by an increase in production volume (+1.9%) and a significant increase in prices (+6.7%).
The increase in output mainly affected maize (+16.6%), sugar beets (+15.5%), fodder plants (+6.3%) and fresh fruit (+6.3%). Opposite trends affected protein crops (-14.4%), olives (-5.0%) and flowers and ornamentals (-2.7%). Compared to 2010, production was stationary for the livestock sector (+0.9%), with a slight increase for milk (+1.2%).

**Main livestock output, 2011**

| | Volume[1] | | Value[2] | |
|---|---|---|---|---|
| | 000 t | var. % 2011/10 | million euro | var. % 2011/10 |
| Beef | 1,427 | 1.3 | 3,415 | 6.7 |
| Pigmeat | 2,083 | 1.2 | 2,814 | 14.4 |
| Sheepmeat and goatmeat | 63 | -8.2 | 199 | -7.5 |
| Poultry | 1,696 | 3.3 | 2,622 | 17.8 |
| Cow's milk and buffalo milk | 11,040 | -1.6 | 4,523 | 11.8 |
| Sheep and goat milk | 568 | -4.0 | 438 | -2.6 |
| Eggs (million) | 1,317 | 1.4 | 1,165 | 3.0 |
| Honey | 12 | -4.9 | 38 | 5.6 |

[1] Live weight.

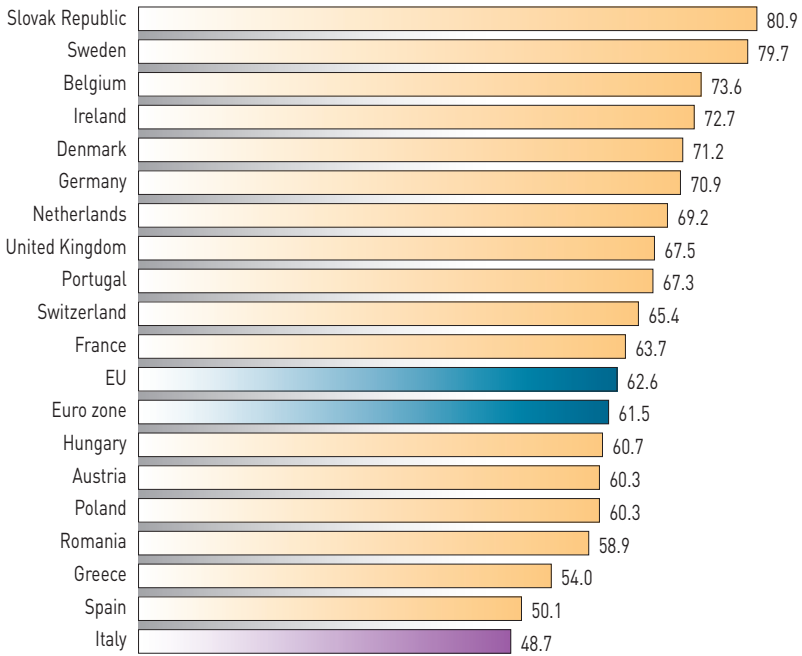
[2] Output at basic prices and values at current prices.

**Agricultural output at basic prices and intermediate consumption in the EU, 2011 (% share to EU total)**

| | % output/ EU total | % intermediate cons./ EU total |
|---|---|---|
| Austria | 1.8 | 1.8 |
| Belgium | 2.0 | 2.4 |
| Denmark | 2.7 | 3.0 |
| France | 18.0 | 18.4 |
| Germany | 13.8 | 15.6 |
| Greece | 2.7 | 2.3 |
| Ireland | 1.7 | 2.0 |
| Italy | 12.2 | 9.5 |
| Netherlands | 6.6 | 7.3 |
| Poland | 6.0 | 5.7 |
| Portugal | 1.6 | 1.7 |
| United Kingdom | 6.7 | 7.2 |
| Romania | 4.6 | 4.3 |
| Spain | 10.6 | 8.5 |
| Sweden | 1.4 | 1.8 |
| Switzerland | 2.1 | 2.2 |
| Hungary | 2.0 | 2.0 |
| Euro zone (million euro) | 277,123 | 170,545 |
| EU (million euro) | 377,880 | 236,483 |

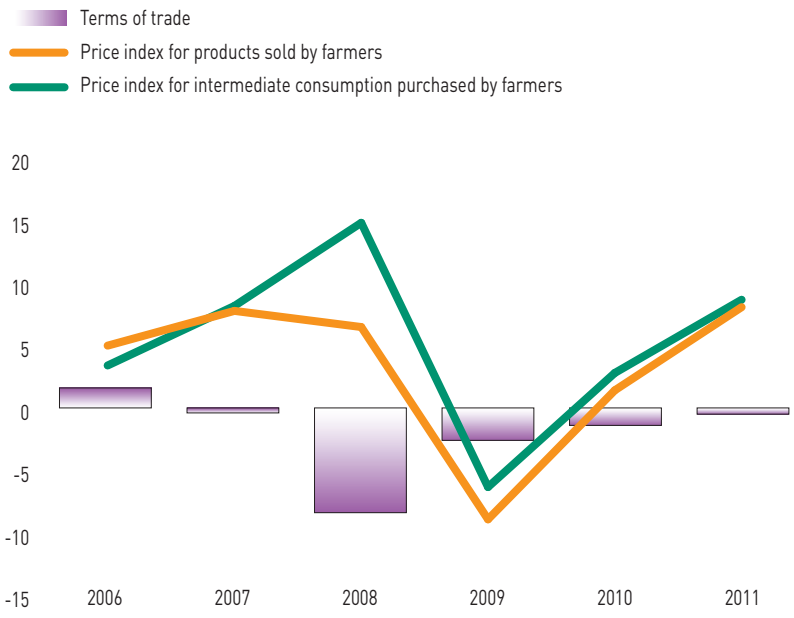
Source: Eurostat.

**Share of intermediate consumption to output (%)**



In 2011, the terms of trade in the agricultural sector, measured by comparing the change in the producer price index and the price index of intermediate consumption, again recorded a negative value (-0.5%) but to a lesser degree than in the previous three years, when there was a deterioration in margins for core business. In particular, the average annual change in the general price index for goods purchased by farmers increased by 6.3% compared to a change of 8.2% in the price index of products sold. Among products purchased, the prices of intermediate goods and services showed an increase of 8.8% compared to 2010, while capital goods showed a more modest increase of 2.1%. The largest increases were recorded for fertilizers and soil improvers (+15.8%), energy and lubricants (+13.2%), feedingstuffs (+10.6%) and seeds (+5.8%). In 2011, the price index rose for crop products sold by farmers (+7%) and livestock products (+10.2%). Among crops, the largest

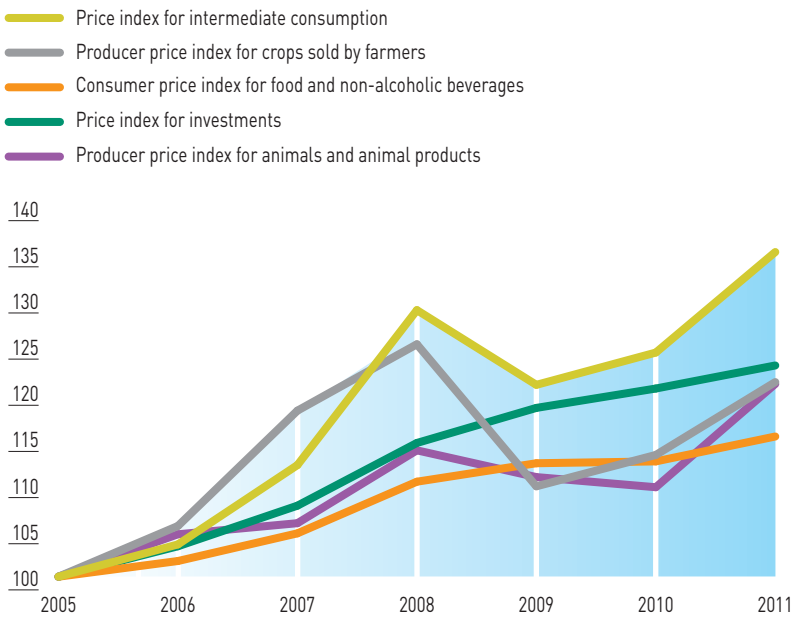
**Annual change of price index and terms of trade**




Source: ISTAT.

increases were recorded for cereals (+36.2%), wine (+11.8%) and olive oil (+8.3%); prices decreased, however, for fruit (-4.4%) and vegetables and plants (-0.9%).
Finally, note the performance of the index of consumer prices for food and non-alcoholic beverages which, compared to 2010, showed an increase of 2.4%, similar for both processed and non-processed food. In particular, in the context of processed food, there was a 5% increase in the price of cheese and dairy products, while for unprocessed food there was a price increase, for the year, for sheepmeat and goatmeat (+0.4%) and beef (+2.7%).

**Index of farm prices and consumer prices for the entire collective - index numbers (2005=100)**

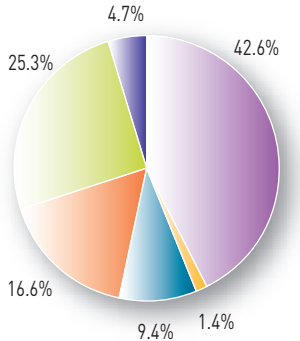



Source: ISTAT.

# AGRICULTURAL INCOME

In 2011, the breakdown of the value of agricultural production, including production subsidies and indirect taxes, showed a share of intermediate consumption (seeds, fertilisers, feed, energy, services, etc.) of 42.6%. The compensation of dependent employees accounted for 16.6%; depreciation, which measures wear and tear and obsolescence of capital goods, accounted for 25.3%. The remuneration of self-employment (farmers, family workers, entrepreneurs, etc.), capital and business, net of depreciation, had a 4.7% share of production value. Contributions and subsidies, disbursed by the state and the EU to products and other business activities, accounted for 9.4%, a slight increase from 9.3% in 2010. At the EU level, according to Eurostat estimates, real agricultural income per work unit[1], though it increased by 6.5%, failed to maintain the upward trend recorded in 2010 (12.8). The growth was important for Romania (43.7%), Hungary (41.8%), Ireland (30.1%) and the Slovak Republic (25.3%). On the contrary, there has been a decrease in the indicator for Belgium (-22.5%), Malta (-21.2%), Portugal (-10.7%) and Finland (-9.6%). Italy recorded growth of 11.5% after negative performance of 2010, a decrease of about 12% compared to 2009.

**Breakdown of value of agricultural production, 2011***




| | |
|---|---|
| TOTAL | 56,896 |
| Intermediate consumption | 24,210 |
| Indirect taxation on production | 787 |
| Production subsidies | 5,359 |
| Income from dependent labour | 9,452 |
| Depreciation | 14,410 |
| Net income from independent labour, capital and business | 2,678 |

* Including forestry and fishing.

[1] *Net real value added from agriculture, at factor cost, per total annual work units.*

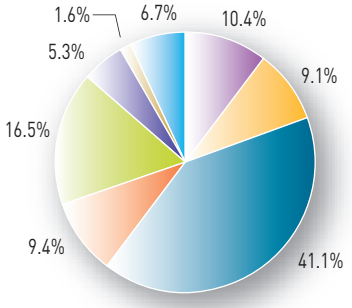
# AGRI-INDUSTRIAL SYSTEM

# COMPONENTS OF THE SYSTEM

The agrifood system is a critical part of Italy's economy, in which a variety of elements interact. Agriculture is the primary ring, connected, up and down the supply chain, to other sectors of the economy – producers of inputs and services, outside contractors, feed manufacturers, processing activities of the food industry, distribution, catering – which together are worth the remarkable figure of almost 267 billion euro, or nearly 17% of national GDP.

The main components are represented by approximately 27.6 billion euro in agricultural value added, 24.2 billion in agricultural intermediate consumption, 17.9 billion in agri-industrial investments, 25 billion in value added from the food industry, 43.9 billion of value added from catering services and about 109 billion from marketing and distribution.

**Main components of the agri-industrial system* at basic prices (million euro), 2011**




| | |
|---|---|
| TOTAL | 266,506 |
| VA from agriculture, forestry and fishing | 27,637 |
| Intermediate consumption in agriculture, forestry and fishing | 24,210 |
| Marketing and distribution | 109,429 |
| VA from the food industry, drinks and tobacco | 25,044 |
| VA from catering services | 43,958 |
| Indirect taxation on the agri-industrial sector | 14,103 |
| Production subsidies[1] | 4,263 |
| Agri-industry investments | 17,862 |

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

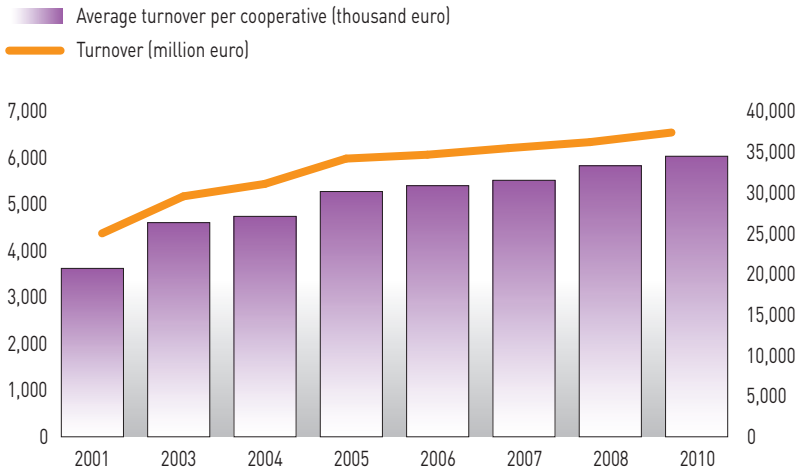
[1] Single Farm Payment (SFP), aid for rural development, natural disaster relief, national and regional aid, premiums for tobacco, wine, warehousing, export rebates, etc.; production subsidies (new CAP aid) of 1,097 million euro are included in VA from agriculture at basic prices.

Source: ISTAT.

2012 was proclaimed the United Nations "International Year of Cooperatives", to promote cooperation and raise awareness among the public and governments about its important contribution to socio-economic development.
In Italy, co-operation, one of the most important in the world, has a historic role of major importance; it is promoted by our Constitution, art. 45, which recognises its social function and mutual non-profit character. Co-operation in Italy began in the second half of the nineteenth century, but it was after the Second World War that it showed a strong impetus to development in agriculture.
Today, cooperation has a major economic impact on the food system in our country: according to data from the Observatory on Italian agricultural co-operation, established at MIPAAF, cooperatives absorb, through contributions and purchases of inputs, 36% of Italy's agricultural production and account for about 24% of turnover in the food industry.

This achievement is the result of a very strong growth momentum lasting until the early nineties, as well as an important process of reorganization and restructuring in the following decade, which led to a gradual in-

**Evolution of farm cooperatives' turnover in Italy[1]**




[1] Members of representation centres. The years 2002 and 2009 are not available.

Source: processing of data from Fedagri, Legacoop Agroalimentare, ASCAT-UNCI and AGCI-Agrital.

crease in economic and social dimensions of cooperative enterprises. This process continued, although to a lesser extent, in the first decade of the new millennium, when there was a steady decline in the number of cooperatives, which fell in 2010 to 6,197 units (-10% compared to 2001). This was accompanied by a growth in social base, to 900,196 producer members (+6%). Even more obvious is the gradual growth recorded for turnover, to 37.4 million euro (+50%) in 2010.
These trends have contributed to a further increase in the average size of Italian cooperatives, to 145 members in 2010 (+18% compared to 2001) and just over 6 million euro (+67%).
Among production sectors, vegetables, fruit and nursery products play the most important part in national agri-food cooperation, accounting for about 23% of the number of enterprises, 12% of the total member producers and 24% of turnover.
The development process has not, however, had an equal effect on Italian cooperatives as a whole, and there are strong regional disparities. Cooperative enterprises located in the northern regions make up 42% of the national total and almost 80% of total turnover; in contrast, southern cooperatives, while representing 43%, generate only 14%.
Agri-food cooperation in Northern Italy is deeply rooted in the territory, and is strongly mutualistic, as evidenced by contributions from the members, which constitute 86% of cooperative supplies. Cooperation in the South is characterised, however, by much smaller enterprises, mainly aimed at the domestic market and thus with a low propensity to export.

# FOOD INDUSTRY

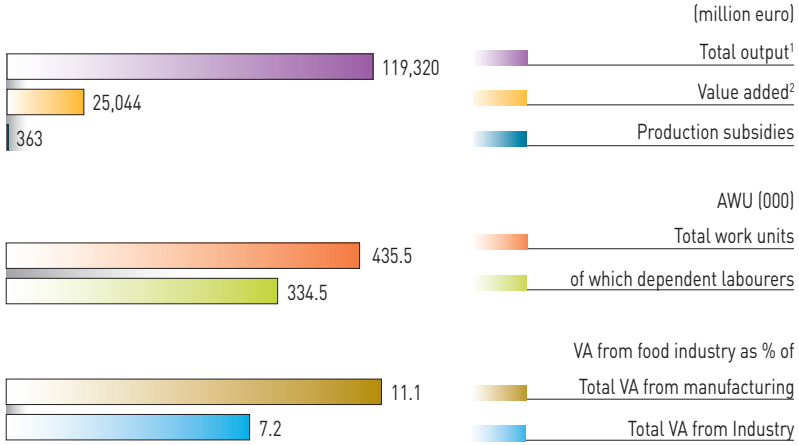
In 2010, the food industry, including drinks and tobacco, numbered around 57,000 active businesses, with a drop of 1.1% from 2009[1]. In 2011, the sector employed roughly 435,000 work units, with a growth rate of 2.4% and a 10.6% share to the total work units in the manufacturing industry.

72% of workers and approximately 79% of value added at basic prices were concentrated in the Centre-North[2].

In 2011, production of food, beverages and tobacco recorded an estimated loss of 1.8% compared to 2010: a cause for concern that annulled the positive change recorded last year (+2%) and brought the level of production two points below the peak level reached in 2007.

Important Italian agri-food categories showed a negative trend in production for 2011. Baked goods (-5.8%),

**Food industry*: main macroeconomic aggregates, 2011**




* Includes drinks and tobacco.

[1] Value of production at basic prices, in current values, estimated from ISTAT figures.

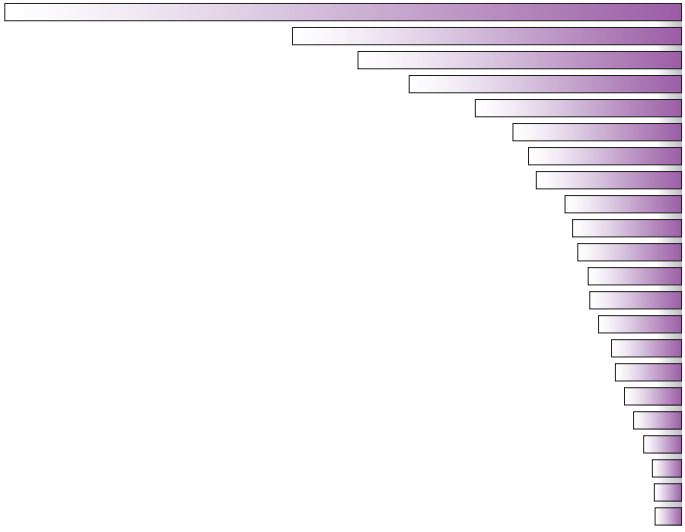
[2] Value added at basic prices in current values.

Source: ISTAT.

[1] *ISTAT - Structure and size of active businesses, 2010. Report published in June 2012.*

[2] *Territorial Istat figures refer to 2009, February edition 2012.*

**Turnover in the food industry by sector (million euro), 2011**




| | million euro | var. % 2011/10 |
|---|---|---|
| Miscellaneous[1] | 26,090 | 3.1 |
| Milk and dairy | 15,000 | 1.3 |
| Confectionery | 12,473 | 3.5 |
| Wine | 10,500 | -1.9 |
| Prepared meats | 7,951 | 0.3 |
| Animal feed | 6,500 | 4.0 |
| Beef | 5,900 | 0.0 |
| Poultry | 5,600 | 5.7 |
| Pasta | 4,492 | 3.0 |
| Frozen foods | 4,200 | 1.8 |
| Olive and seed oils | 4,000 | -4.8 |
| Tinned vegetables | 3,600 | -2.7 |
| Milling | 3,538 | 25.4 |
| Baby food, diet food and food supplements | 3,200 | 4.9 |
| Beer | 2,700 | 5.9 |
| Coffee | 2,550 | 4.5 |
| Mineral water | 2,200 | 4.8 |
| Fizzy drinks | 1,850 | 2.8 |
| Fish | 1,460 | 2.8 |
| Rice | 1,126 | 9.3 |
| Fruit juices and fruit-based drinks | 1,050 | -0.3 |
| Range IV prepared foods[2] using fresh or powdered ingredients | 1,020 | 2.0 |

[1] Industrial bread and bread substitutes, sugar, alcohol and aquavits and other products.

[2] Preparations of fresh, treated and packaged vegetables, sold in chilled food departments.

Source: Federalimentare.

milling[3] (-2.8%) and production of olive oil and animal and vegetable fats (-1.9%) were among the worst affected categories. Good results were achieved, however, by the sectors of processed and preserved fish products (+5.7%) and beverages, in particular, wine (+2.2%), beer (+2.7%) and mineral waters and soft drinks (+1.9%).

The value added from the industry recorded growth of 2.4% in current

**Change in volume of food production by category (%)**

| | Var. 2011/10 |
|---|---|
| Sugar | -28.8 |
| Baked and flour-based products | -5.8 |
| Prepared meals | -5.0 |
| Pet food | -3.9 |
| Condiments and spices | -3.7 |
| Milling and starch products | -2.8 |
| Distillation, rectification and mixing of alcoholic drinks | -2.2 |
| Vegetable and animal oils and fats | -1.9 |
| Milk and dairy industry | -0.8 |
| Processing and preserving of fruit and vegetables | -0.4 |
| Processing and preserving of meat | 0.0 |
| Cocoa, chocolate, candies and confectionery | 0.2 |
| Soft drinks, mineral water and other bottled water | 1.9 |
| Wine from non-self-produced grapes | 2.2 |
| Beer | 2.7 |
| Processing and preserving of fish products | 5.7 |
| **Total food industry, drinks and tobacco** | **-1.8** |

Source: Federalimentare.

[3] *Milling and starch products.*

**Value of production from the food industry, drinks and tobacco in the EU-27, 2009**

| Country | Million euro | % |
|---|---|---|
| Bulgaria | 4,568 | 0.5 |
| Estonia | 1,151 | 0.1 |
| France | 143,142 | 16.1 |
| Germany | 161,835 | 18.3 |
| Greece | 12,967 | 1.5 |
| Italy | 108,460 | 12.2 |
| Norway | 15,667 | 1.8 |
| Netherlands | 56,633 | 6.4 |
| Poland | 40,664 | 4.6 |
| Slovenia | 1,754 | 0.2 |
| Spain | 87,168 | 9.8 |
| Hungary | 9,057 | 1.0 |
| Other EU countries | 243,379 | 27.5 |
| **EU-27** | **886,444** | **100** |

Source: Eurostat.

terms, mainly due to the increase in prices, given the decline in production in terms of quantity. Overall, value added from the food industry accounted for about 11% of the manufacturing industry and 7% of the total industrial sector, including building.

At the European level, the production of food, including drinks and tobacco, increased in 2011 by about 2.2% compared to 2010. The total value of production was around 886 billion euro (Eurostat 2009), with 4.7 million employed.

**Food industry, drinks and tobacco by main categories in the EU-27 and comparisons with Italy, 2009**

| | Output | | | Employed | | |
|---|---|---|---|---|---|---|
| | million euro | % to total industry[1] | % Italy to EU | 000 units | % to total industry[1] | % Italy to EU |
| **Total EU-27** | **886,444** | **17.0** | **12.2** | **4,696** | **15.1** | **9.1** |
| Processing and butchering of meat | 173,000 | 3.3 | 11.1 | 958 | 3.1 | 6.1 |
| Processing and preserving of fish products | 19,900 | 0.4 | 10.1 | 114 | 0.4 | 4.7 |
| Processing and preserving of fruit and vegetables | 53,000 | 1.0 | 16.8 | 280 | 0.9 | 10.4 |
| Vegetable and animal oils and fats | 35,431 | 0.7 | 13.8 | 65 | 0.2 | 16.2 |
| Milk and dairy industry | 110,000 | 2.1 | 13.6 | 359 | 1.2 | 11.8 |
| Processing of milled and starch products | 33,102 | 0.6 | 13.1 | 110 | 0.4 | 8.0 |
| Baked and flour-based goods | 100,296 | 1.9 | 18.4 | 1,457 | 4.7 | 11.8 |
| Production of other food products | 137,000 | 2.6 | 11.7 | 703 | 2.3 | 8.1 |
| Pet foods | 53,000 | 1.0 | 9.0 | 123 | 0.4 | 6.7 |
| Drinks industry | 131,021 | 2.5 | 11.0 | 474 | 1.5 | 7.6 |
| Tobacco industry | 38,981 | 0.7 | 1.3 | 48 | 0.2 | 2.2 |

[1] Manufacturing industry.

Source: Eurostat.

In 2011, the number of fixed-location businesses in the food sector showed a slight decrease (-0.2%) compared to 2010, for a total of 187,082 shops. In particular, the types of non-specialised outlets (hypermarkets, supermarkets, mini-markets, discount stores, etc.) were, on the whole, stable (+0.2%) over the previous year. This result is the effect of a slight increase in the number of hypermarkets (+7.4% compared to 2010), stores of frozen products (+6.5% compared to 2010) and mini-markets (+1.1% from 2010), as compared to a decrease in the number of discount food shops (-1.6% compared to 2010) and other non-specialised shops (-3.7% compared to 2010).

Specialised food shops, which involve more traditional sales methods, showed a decrease of 0.7% over 2010. This group is dominated by retailers of meat (33,305 units, down 1.9% from 2010), fruit and vegetables (-0.1% to 20,495 units from 2010) and fish products (8,584 units, up 1.2% from 2010). There was a noticeably negative change (-2.2% from 2010) in the number of retailers of bakery products (bread, cakes, sweets and confectionery).

The data from the Ministry of Economic Development's Observatory of Trade indicate widespread sales networks of food products (wholesale, intermediary, retail and on-the-street) in Campania, Lombardy, Sicily, Lazio and Puglia (over 30,000 units per region). In particular, Lombardy holds the record for hypermarkets (178 units in 2011) and the number of trade intermediaries (about 5,100

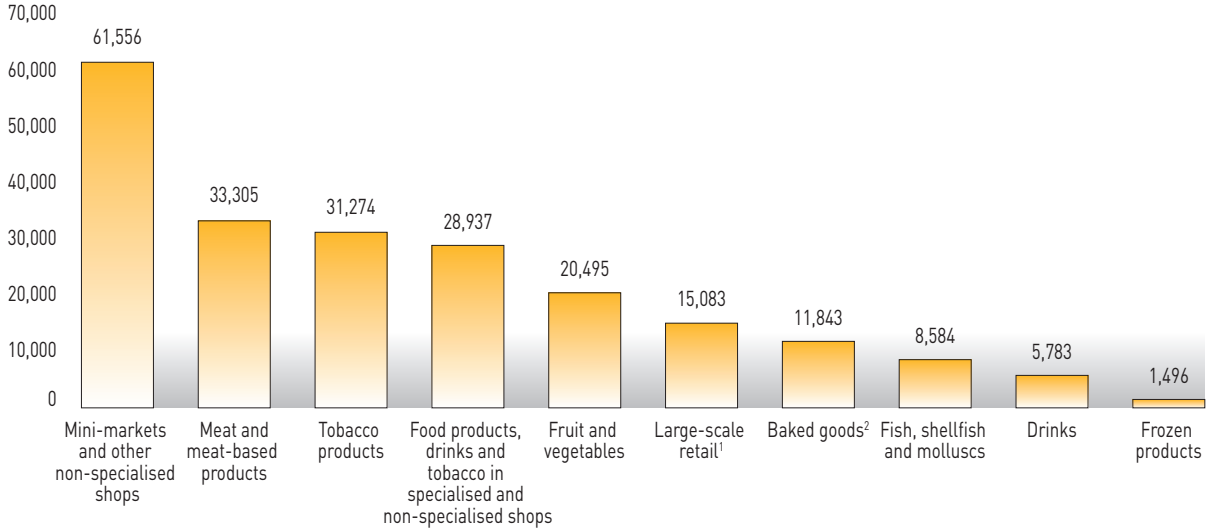
**Large-scale distribution: indexes of sales value of fixed-location retail at current prices (base 2005=100) by type of business**

| | Index | Var. % |
|---|---|---|
| | Dec 2011 | Jan-Dec '11/Jan-Dec '10 |
| Non-specialised shops | 154.2 | -1.2 |
| Mainly food | 137.2 | -0.6 |
| - Hypermarkets | 150.5 | -2.4 |
| - Supermarkets | 130.1 | 0.5 |
| - Discount food shops | 113.5 | 1.6 |
| Mainly non-food | 219.2 | -3.4 |
| Specialised shops[1] | 148.5 | 1.1 |
| **Total** | **153.5** | **-0.91** |

[1] Large premises specialised in sales of single types or mainly non-food products, marketed with characteristics of large-scale distribution.

Source: INEA processing of ISTAT figures.

**Fixed-location retail food shops, 2011**




[1] Hypermarkets, supermarkets and discount food shops.

[2] Includes resale of baked goods and confectionery.

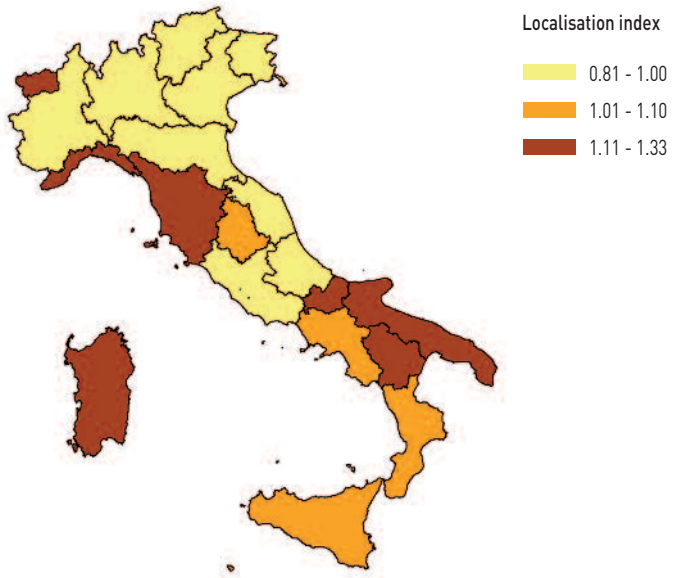
Source: National Observatory of Trade, Ministry for Economic Development.

units). Campania has the highest number of fixed-location food retailers, specialised and non-specialised, with 27,891 shops and also the largest number of food wholesalers (about 7,500 units) and sellers of agricultural raw materials (about 1,800 units).

According to ISTAT data on retail trade, in 2011, the overall index of sales of food and non-food products (measured at current value, which incorporates the dynamics of both volume and price) decreased by 1.3% compared to 2010. However, while food sales were flat, non-food product sales fell by 1.8%. In large-scale retail, sales in the food sector increased by 0.6% compared to 2010, while in companies operating in small premises, there was a decrease of 1%.

More specifically, sales in discount shops increased by 1.6%, those of supermarkets by 0.5%, while those of hypermarkets decreased (-2.4%).

**Localisation[1] of food businesses, 2011**




[1] The figure calculates the quotient of placement of wholesale, retail in fixed location and on-the-street.

Source: National Observatory of Trade, Ministry for Economic Development.

# FOOD CONSUMPTION

In 2011, Italian household spending on food, drinks and tobacco was approximately 166 billion euro in current values, an increase in value of 1.5% and a decrease in volume of 1.1% compared to 2010. Spending on food goods and non-alcoholic beverages alone was around 139 billion euro, a decrease in volume of 1.3% associated with a significant increase in prices (+2.6%).
On overall consumer spending, that for food, beverages and tobacco represents the largest share (17%), after housing, gas, electricity and other fuels. In terms of average monthly expenditure per household, in 2011 there was an increase of 2.2% compared to 2010 (with a corresponding price increase of +2.4%), amounting to 477 euro per month. Spending increased for meat, milk, cheese and eggs, sugar and coffee.
The share of monthly expenditure on food and beverages remained constant among families in the North and Centre (16.6% in the North and 18.4% in the Centre) and continues to increase in the South, where it accounts for 25.6% of total expenditure (it was 25% in 2010).
Also according to ISTAT, in 2011 about 36% of households reduced the quantity and/or quality of food products purchased over the previous year: among Italian families about 65% said they had only reduced the amount while in 13% of cases quality also decreased.
The majority of households (67.5%) did their food shopping at supermarkets, which remains the prevalent place of purchase. There was an increase in the share of families in the

**Breakdown of consumption by main category of expenditure, 2011**

| Category of expenditure | % of total expenditure | Change 2011/2010 (%) | |
|---|---|---|---|
| | | volume | prices |
| Food, drinks and tobacco | 17.0 | -1.1 | 2.6 |
| of which food and non-alcoholic drinks | 14.2 | -1.3 | 2.5 |
| Clothing and shoes | 7.4 | -0.4 | 1.7 |
| Housing, gas, electricity and other fuels | 22.6 | 1.1 | 3.4 |
| Furniture, electrical appliances and home maintenance | 7.2 | 1.8 | 1.7 |
| Health | 2.9 | 2.1 | 0.7 |
| Transport | 12.8 | -1.7 | 6.2 |
| Communications | 2.4 | 0.6 | -2.3 |
| Recreation, culture and education | 8.3 | 2.7 | -0.3 |
| Hotels and restaurants | 10.1 | 2.0 | 2.1 |
| Other goods and services | 9.5 | -0.7 | 3.1 |
| **Total** | **100** | **0.4** | **2.7** |

Source: ISTAT.

South who buy groceries at hard-discounts (from 11% in 2010 to 13% in 2011), especially pasta (from 10% to 12%) but also meat (from 5.8% to 7.7%), fish (from 4% to 6%), fruits and vegetables (from 4.5% to 6.5%).

**Food consumption in some EU countries (Kg per capita), 2010**

| Product | Estonia | France | Germany | Ireland | Italy | Poland | Portugal | Czech Republic | Romania | Hungary |
|---|---|---|---|---|---|---|---|---|---|---|
| Cereals | 83.6 | 114.8 | 117.3 | 113.3 | 160.0 | 136.6 | 129.7 | 166.6 | n.a. | 169.6 |
| Milled rice | 3.7 | n.a. | 4.7 | 8.6 | n.a. | 2.5 | 16.5 | n.a. | 3.2 | 4.7 |
| Potatoes | 89.6 | 45.9 | 64.5 | 90.2 | 44.1 | 115.8 | 84.6 | 60.9 | 100.6 | 61.2 |
| Fresh tomatoes | 11.5 | n.a. | 8.7 | 7.2 | 8.6 | 10.1 | n.a. | 8.4 | 20.1 | 7.2 |
| Processed tomatoes | 7.6 | 19.0 | 16.7 | 14.4 | 47.6 | 15.2 | n.a. | 5.2 | 11.9 | 8.9 |
| Apples | 19.5 | 21.4 | 18.3 | 13.8 | 22.5 | 16.9 | 26.4 | 12.7 | 6.5 | 13.2 |
| Pears | 4.6 | 5.0 | 2.4 | 6.6 | 11.5 | 1.3 | 8.7 | 1.7 | 1.4 | 2.9 |
| Peaches | 1.7 | 5.7 | 3.0 | 0.8 | 15.9 | 2.2 | 6.3 | 3.2 | 0.9 | 2.9 |
| Grapes | 8.1 | n.a. | 3.4 | 22.8 | 14.0 | 5.5 | 6.5 | 14.1 | 4.5 | 3.5 |
| Lemons | 35.8 | n.a. | 13.0 | n.a. | 40.7 | 15.7 | 25.2 | 23.8 | 12.7 | 5.6 |
| Oranges | 27.8 | 44.5 | 6.5 | 132.9 | 21.5 | 14.8 | 19.7 | 13.3 | 7.0 | 9.4 |
| Vegetable oils and fats | 5.1 | 15.3 | n.a. | n.a. | n.a. | 5.6 | 20.5 | n.a. | 11.0 | 14.3 |
| Sugar | 44.3 | 32.4 | 0.0 | 36.1 | n.a. | 31.5 | 36.2 | 37.4 | 25.7 | 28.6 |
| Wine (litres per capita) | 10.7 | 45.7 | 25.0 | 14.9 | 35.9 | 2.1 | 43.3 | 17.5 | 21.9 | 23.8 |
| Fresh milk | 136.7 | 89.9 | 86.0 | 187.3 | 70.0 | 115.9 | 115.9 | n.a. | 103.6 | 88.9 |
| Total meat | 84.0 | 94.0 | 88.0 | n.a. | 90.0 | n.a. | 113.0 | n.a. | n.a. | 80.0 |
| Beef | 14.0 | 25.0 | 13.0 | 20.0 | 23.0 | n.a. | 19.0 | 0.0 | 7.0 | 3.0 |
| Pigmeat | 44.0 | 33.0 | 54.0 | 31.0 | 38.0 | n.a. | 48.0 | 0.0 | 33.0 | 44.0 |

Source: Eurostat.

The recovery of trade flows in 2010 was followed, in 2011, by positive performance in agri-industrial production (+3%), volume of trade (+10%) and apparent consumption (+5%). These results were helped by exports, which grew by 8%, while the increase in imports amounted to 11%.

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

| | | 2000 | 2010 | 2011 |
|---|---|---|---|---|
| MACROECONOMIC AGGREGATES | | | | |
| Total agri-industrial output[1] | (O) | 67,899 | 71,332 | 73,739 |
| Imports | (I) | 25,358 | 35,495 | 39,583 |
| Exports | (E) | 16,867 | 28,113 | 30,491 |
| Balance | (E-I) | -8,491 | -7,382 | -9,092 |
| Volume of trade[2] | (E+I) | 42,225 | 63,608 | 70,074 |
| Apparent consumption[3] | (C=O+I-E) | 76,390 | 78,714 | 82,831 |
| INDICATORS (%) | | | | |
| Degree of self-sufficiency[4] | (O/C) | 88.9 | 90.6 | 89.0 |
| Propensity to import[5] | (I/C) | 33.2 | 45.1 | 47.8 |
| Propensity to export[6] | (E/O) | 24.8 | 39.4 | 41.3 |
| Degree of trade cover[7] | (E/I) | 66.5 | 79.2 | 77.0 |

* Million euro at current value; 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.

[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.

Trade balance remains negative, representing a drop of 23% compared to 2010. Normalized balance also remained negative and amounted to -13%, slightly more than one percentage point higher than the previous year.

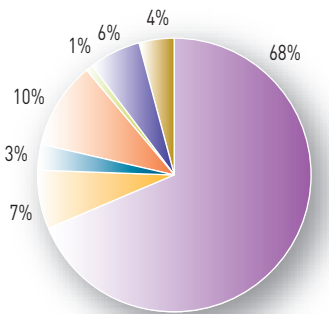
The propensity to export and import registered an improvement in value, of 2% and 3%, while the change compared to 2010 is negative for the degree of self-supply and the degree of trade cover (-2% for both).

Compared to 2010, the share of the food sector to Italy's total trade was virtually unchanged: the share of agri-food exports to total trade decreased by 0.2 percentage points, while the share of imports gained by the same percentage.

As regards the geographical distribution of trade flows, the situation was almost unchanged compared to 2010. Italian agri-food products are directed primarily to EU-27 countries, with a share of about 70% of total trade, but for both imports and exports, the

neighbouring European countries showed a slight loss, of 2%. Imports and exports remain stable with: America, Mediterranean and non-Mediterranean European countries. Flows were slightly lower, both imports and exports, with Asia (-1%).
Germany and France are still the main receivers and suppliers within the European Union; the United States is the main partner in the area of North America; Argentina is the leading supplier from South America; Turkey and Croatia rank first for imports and exports, respectively, for the Mediterranean area; Indonesia and Japan are top traders with Italy in the Asian region. For imports, the top five countries are once again France, Germany, Spain, the Netherlands and Austria, with shares ranging from 16% to 3%. For exports, the ranking of the most important receivers of our agri-food sales is also unchanged from the previous year for the first five countries, Germany, France, United Kingdom, United States, Spain; individual shares remain stable, ranging from 19.5% to 4%.
In contrast to 2010, for the primary sector, there was a worsening of normalized balance in 2011 of about 5 percentage points, impacted by an increase of more than 16% of imports, compared to a growth in exports of less than 3%. Instead, the food and drinks industry recorded a normalized balance, compared to the previous year, of around -3%. Considering the total agri-food balance, for imports, the primary sector accounted

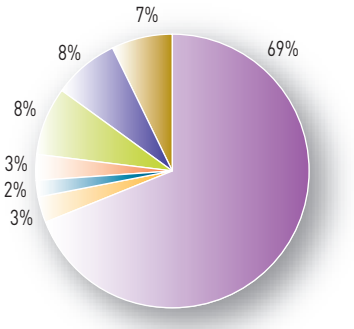
**Destination for Italy's agri-food exports (million euro), 2011**




| | |
|---|---|
| TOTAL | 30,491 |
| EU 27 | 20,864 |
| Germany | 5,792 |
| Other non-Med. European countries | 2,197 |
| Switzerland | 1,201 |
| Non-European Med. countries | 865 |
| Croatia | 184 |
| North America | 3,081 |
| United States of America | 2,484 |
| Central - South America | 404 |
| Non-Mediterranean Asia | 1,836 |
| Japan | 600 |
| Other | 1,244 |

for 33% compared to 65% for industry; for exports, the proportion is 19% against 80%.
In 2011 the favourable performance of Made in Italy products continued. The strong point is processed products, for which normalized balance held at 76%. It should be noted that exports of processed products grow by nearly 9% per year. The scenario is very different for agricultural products typical of our country: the normalized balance worsens, from one year to the next, by about 2 percentage points, to 62%, due to a 6% increase in imports accompanied by a decline in exports of 0.4%. Products with the greatest positive changes in export are bulk wine (+22%) and cheese (+18%) for processed products, and horticulture products among agricultural products (+6%). There was a slight decline in exports of olive oil (-0.9%) and rice (-0.1%) among processed products, while there was a significant decrease in fresh vegetables (-11%) among agricultural products.

**Source of Italy's agri-food imports (million euro), 2011**




| | |
|---|---|
| TOTAL | 39,583 |
| EU 27 | 27,484 |
| France | 6,311 |
| Other non-Med. European countries | 1,330 |
| Non-European Med. countries | 837 |
| Turkey | 404 |
| North America | 1,109 |
| United States of America | 739 |
| South America | 3,014 |
| Argentina | 1,012 |
| Non-Mediterranean Asia | 3,093 |
| Indonesia | 728 |
| Other | 2,716 |

**Foreign trade by main agri-food category (million euro), 2011**

| | Import | Export | Nb (%) |
|---|---|---|---|
| Cereals | 2,778 | 273 | -82.1 |
| of which from seed | 91 | 37 | -42.8 |
| Fresh legumes and vegetables | 881 | 1,107 | 11.3 |
| of which from seed | 172 | 92 | -30.0 |
| Dried legumes and vegetables | 196 | 40 | -66.3 |
| Citrus | 243 | 183 | -14.1 |
| Other fresh fruit | 1,101 | 2,318 | 35.6 |
| Dried fruit and nuts | 722 | 268 | -45.9 |
| Raw plant fibre | 157 | 12 | -86.0 |
| Oily seeds and fruits | 690 | 77 | -79.9 |
| Cocoa, coffee, tea and spices | 1,563 | 61 | -92.4 |
| Nursery products | 514 | 666 | 12.9 |
| Raw tobacco | 22 | 205 | 80.4 |
| Live animals | 1.466 | 53 | -93.1 |
| of which for breeding | 118 | 28 | -61.8 |
| of which for rearing and slaughtering | 1.324 | 13 | -98.1 |
| Other livestock products | 469 | 70 | -74.0 |
| Forestry products | 976 | 149 | -73.6 |
| Fishing products | 1,035 | 234 | -63.1 |
| Game products | 118 | 22 | -68.6 |
| **Total primary sector** | **13,008** | **5,834** | **-38.1** |
| Cereal derivatives | 1,225 | 4,062 | 53.7 |
| of which pasta | 60 | 1,941 | 94.0 |
| of which baked goods | 688 | 1,348 | 32.4 |

| | Import | Export | Nb (%) |
|---|---|---|---|
| Sugar and sweet products | 1,782 | 1,357 | -13.5 |
| Fresh and frozen meat | 4,532 | 1,129 | -60.1 |
| Prepared meat | 345 | 1,164 | 54.3 |
| Processed and preserved fish | 3,387 | 324 | -82.6 |
| Processed vegetables | 946 | 1,938 | 34.4 |
| Processed fruit | 553 | 993 | 28.4 |
| Milk and dairy products | 3,923 | 2,390 | -24.3 |
| of which milk | 979 | 9 | -98.1 |
| of which cheese | 1,684 | 1,909 | 6.3 |
| Oils and fats | 3,025 | 1,779 | -25.9 |
| of which olive oil | 1,208 | 1,237 | 1.2 |
| Oilcakes and feedingstuffs | 1,756 | 528.0 | -57.1 |
| Other products from the food industry | 1,613 | 2,484 | 21.2 |
| Other food products | 1,384 | 391 | -56.0 |
| **Total food industry** | **24,471** | **18,538** | **-13.8** |
| Wine | 291 | 4,521 | 87.9 |
| of which quality sparkling | 144 | 432 | 49.9 |
| of which liqueurs and aromatic spirits | 4.5 | 219 | 96.0 |
| of which bottled quality wine | 40 | 3,054 | 97.4 |
| of which quality bulk wine | 54 | 144 | 45.6 |
| Other alcoholic drinks | 965 | 791 | -9.9 |
| Soft drinks | 205 | 477 | 39.9 |
| **Total food and drinks industry** | **25,941** | **24,363.8** | **-3.1** |
| **Total agri-food balance** | **39,583** | **30,491.0** | **-13.0** |

**Foreign trade in "Made in Italy" agri-food products**

| | 2011 (million euro) | | | Change (%) 2011/2010 | |
|---|---|---|---|---|---|
| | Import | Export | Nb (%) | Import | Export |
| Fresh fruit | 449.0 | 2,251.3 | 66.7 | 9.8 | 2.2 |
| Fresh vegetables | 248.7 | 770.0 | 51.2 | -0.7 | -10.6 |
| Nursery products | 142.6 | 512.8 | 56.5 | 5.9 | 5.9 |
| Made in Italy agricultural | 840.3 | 3,534.2 | 61.6 | 5.8 | -0.4 |
| Rice | 66.4 | 497.0 | 76.4 | 13.1 | -0.1 |
| Bottled wine | 58.2 | 4,117.4 | 97.2 | -2.6 | 11.4 |
| Bulk wine | 91.7 | 391.9 | 62.1 | 31.0 | 21.8 |
| Processed tomatoes | 143.7 | 1,434.2 | 81.8 | 17.3 | -0.7 |
| Cheese | 63.4 | 1,264.1 | 90.5 | 9.7 | 17.7 |
| Prepared meats | 189.7 | 1,010.4 | 68.4 | 5.6 | 6.7 |
| Fruit juice and cider | 238.7 | 561.6 | 40.3 | 24.3 | 12.6 |
| Prepared or preserved vegetables or fruit | 487.1 | 808.2 | 24.8 | 2.2 | 10.1 |
| Olive oil | 86.3 | 280.6 | 53.0 | -17.1 | -0,9 |
| Vinegar | 14.9 | 211.9 | 86.8 | 18.5 | 8.1 |
| Essences | 39.5 | 76.6 | 32.0 | 4.8 | 2.4 |
| Mineral water | 6.5 | 312.3 | 95.9 | 15.5 | 3.9 |
| Made in Italy processed | 1,485.4 | 10,924.2 | 76.1 | 8.0 | 8.9 |
| Pasta | 59.9 | 1,941.0 | 94.0 | -2.1 | 8.2 |
| Coffee | 176.2 | 870.3 | 66.3 | 33.6 | 24.6 |
| Baked goods | 688.2 | 1,347.8 | 32.4 | 7.8 | 6.8 |
| Cocoa-based sweet products | 652.9 | 1,116.0 | 26.2 | 7.4 | 10.5 |
| Other cereal derivatives | 11.5 | 101.9 | 79.8 | -0.8 | 28.1 |
| Aquavits and liqueurs | 186.3 | 534.8 | 48.3 | -8.1 | 12.5 |
| Ice cream | 124.8 | 253.7 | 34.1 | 10.7 | 13.7 |
| Made in Italy from the food industry | 1,899.7 | 6,165.6 | 52.9 | 7.6 | 11.2 |
| **Total Made in Italy** | **4,225.4** | **20,624.0** | **66.0** | **7.4** | **7.8** |

# FARM STRUCTURE

The final figures of the 6th general agriculture census show a structural framework characterised by a sharp decline in crop and livestock farms, but more agricultural land per farm than the census in 2000. The phenomenon is the result of a multi-year process of concentration of agricultural land and livestock on a substantially smaller number of farms.

In 2010, there were 1,620,884 active farms operating on an agricultural area of almost 13 million hectares. In ten years, the number of farms dropped 32.4%, while there was a more modest decrease in total farm area (9%) and UAA (2.5%). As a result, in all regions, there was an increase in both average UAA per farm, from 5.5 to 7.9 hectares nationally, and TAA (7.8 in 2000 and 10.5 in 2010).

Farms with more than 30 hectares increased in number and size: in 2010 they accounted for 5.3% and planted more than half (53.8%) of the national UAA; in 2000 they were 3.1% with 46.9% of UAA.

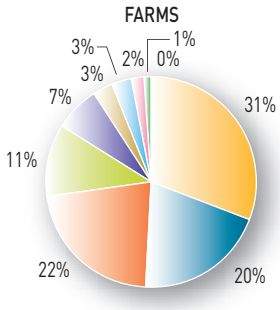
**Farms and utilised area, 2010**

| Region | Farms | | UAA (ha) | | TAA (ha) | |
|---|---|---|---|---|---|---|
| | 2010 | var. % 2010/00 | 2010 | var. % 2010/00 | 2010 | var. % 2010/00 |
| Piedmont | 67,148 | -36.8 | 1,010,780 | -5.4 | 1,299,008 | -10.9 |
| Valle d'Aosta | 3,554 | -40.0 | 55,596 | -21.8 | 119,368 | -24.5 |
| Lombardy | 54,333 | -23.5 | 986,826 | -5.1 | 1,229,561 | -9.0 |
| Liguria | 20,208 | -45.4 | 43,784 | -31.4 | 98,048 | -39.1 |
| Trentino-Alto Adige | 36,693 | -28.3 | 377,755 | -8.8 | 892,948 | -8.9 |
| Veneto | 119,384 | -32.4 | 811,440 | -4.6 | 1,008,179 | -13.7 |
| Friuli-Venezia Giulia | 22,316 | -32.5 | 218,443 | -8.2 | 276,283 | -29.6 |
| Emilia-Romagna | 73,466 | -30.8 | 1,064,214 | -5.8 | 1,361,153 | -6.9 |
| Tuscany | 72,686 | -40.0 | 754,345 | -11.8 | 1,295,120 | -16.8 |
| Umbria | 36,244 | -29.9 | 326,877 | -10.8 | 536,676 | -14.4 |
| Marche | 44,866 | -26.1 | 471,828 | -4.2 | 616,538 | -8.8 |
| Lazio | 98,216 | -48.2 | 638,602 | -11.4 | 901,467 | -13.2 |
| Abruzzo | 66,837 | -12.8 | 453,629 | 5.2 | 687,200 | 5.7 |
| Molise | 26,272 | -16.7 | 197,517 | -8.0 | 252,322 | -11.4 |
| Campania | 136,872 | -41.6 | 549,532 | -6.2 | 722,687 | -13.7 |
| Puglia | 271,754 | -19.3 | 1,285,290 | 3.0 | 1,388,899 | 1.4 |
| Basilicata | 51,756 | -31.8 | 519,127 | -3.4 | 669,046 | -4.5 |
| Calabria | 137,790 | -21.0 | 549,254 | -1.0 | 706,480 | -16.0 |
| Sicily | 219,677 | -37.1 | 1,387,521 | 8.4 | 1,549,417 | 6.5 |
| Sardinia | 60,812 | -43.4 | 1,153,691 | 13.1 | 1,470,698 | -8.0 |
| **Italy** | **1,620,884** | **-32.4** | **12,856,048** | **-2.5** | **17,081,099** | **-9.0** |

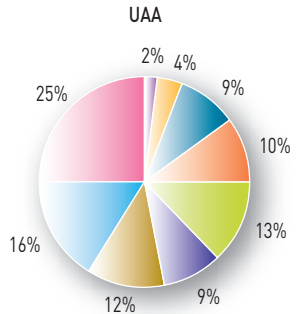
Source: ISTAT, 6th and 5th Agriculture Censuses.

The decrease in numbers involved mainly small and medium-sized farms (less than 30 hectares). In particular, small farms (less than 2 hectares of UAA) fell by 44.1% compared to 2000. However these farms, while managing 5.7% of national UAA, still represent more than half of the total (50.6%).

**% Distribution of farms and UAA by size, 2010**

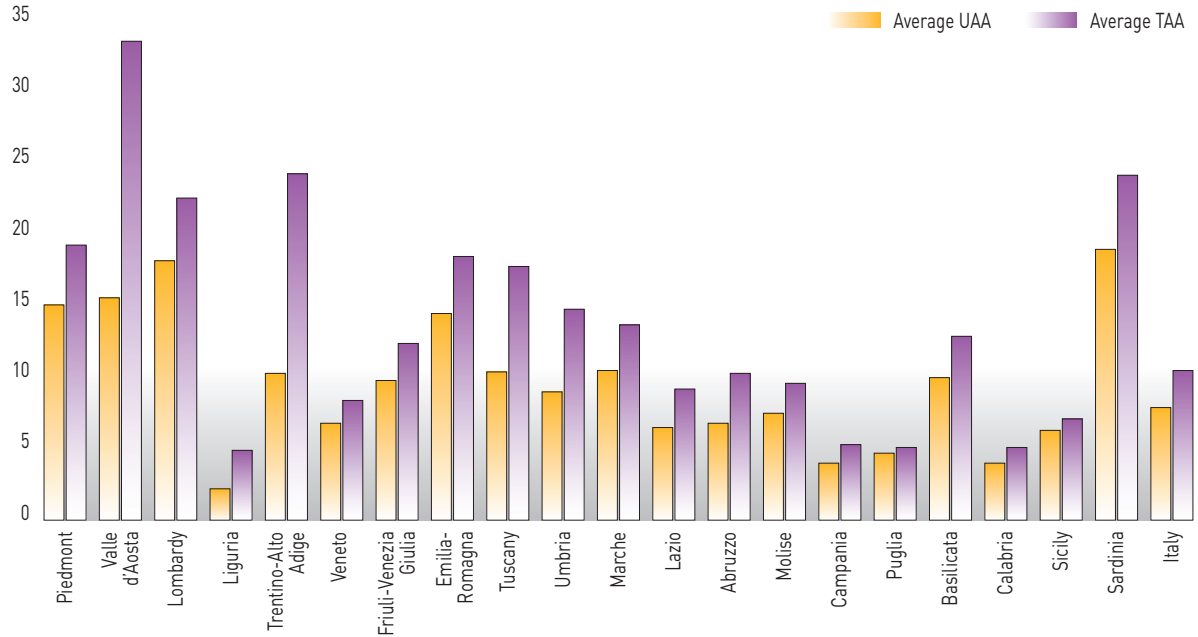



| | |
|---|---|
| TOTAL | 1,620,884 |
| With no UAA | 5,294 |
| Less than 1 ha | 493,326 |
| 1 to 2 ha | 326,032 |
| 2 to 5 ha | 357,668 |
| 5 to 10 ha | 186,145 |
| 10 to 20 ha | 120,115 |
| 20 to 30 ha | 46,687 |
| 30 to 50 ha | 40,915 |
| 50 to 100 ha | 29,214 |
| 100 ha and over | 15,488 |




| | |
|---|---|
| TOTAL | 12,856,048 |
| Less than 1 ha | 275,406 |
| 1 to 2 ha | 451,588 |
| 2 to 5 ha | 1,119,847 |
| 5 to 10 ha | 1,295,295 |
| 10 to 20 ha | 1,663,483 |
| 20 to 30 ha | 1,128,980 |
| 30 to 50 ha | 1,556,922 |
| 50 to 100 ha | 1,994,065 |
| 100 ha and over | 3,370,461 |

**Average UAA and average TAA by region (hectares), 2010**

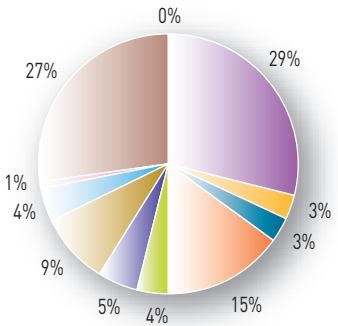



Source: ISTAT, 6th Agriculture Census.

The use of land does not vary substantially with respect to what was recorded in 2000. More than half of national UAA continues to be planted to arable crops (54.5%), followed by permanent grasslands and pastures, with 26.7%, and tree crops (18.5%). The latter, including olive trees, vines, citrus and fruit trees, with an area of 2.4 million hectares (-2.6 compared to 2000) continue to be the most common: indeed, they are grown on 73.8% of farms and are mainly concentrated in the southern regions (50%). Arable crops are grown on about half of farms, covering more than 7 million hectares of UAA (-4.3% compared to 2000), and 41.1% were concentrated in four regions (Emilia-Romagna, Lombardy, Sicily and Puglia). Permanent grasslands and pastures are found on about 300,000 farms, covering an area of 3.4 million hectares, a slight increase compared to 2000 (+0.6%), with 20% of the total located in Sardinia.

Among herbaceous crops, cereals and legumes continue to be prevalent, grown on almost a third of cultivated hectares (29.2%), followed by permanent grasslands and pastures. Among tree crops, olives are the most common species at the national level (8.7%), followed by vines (5.2%).

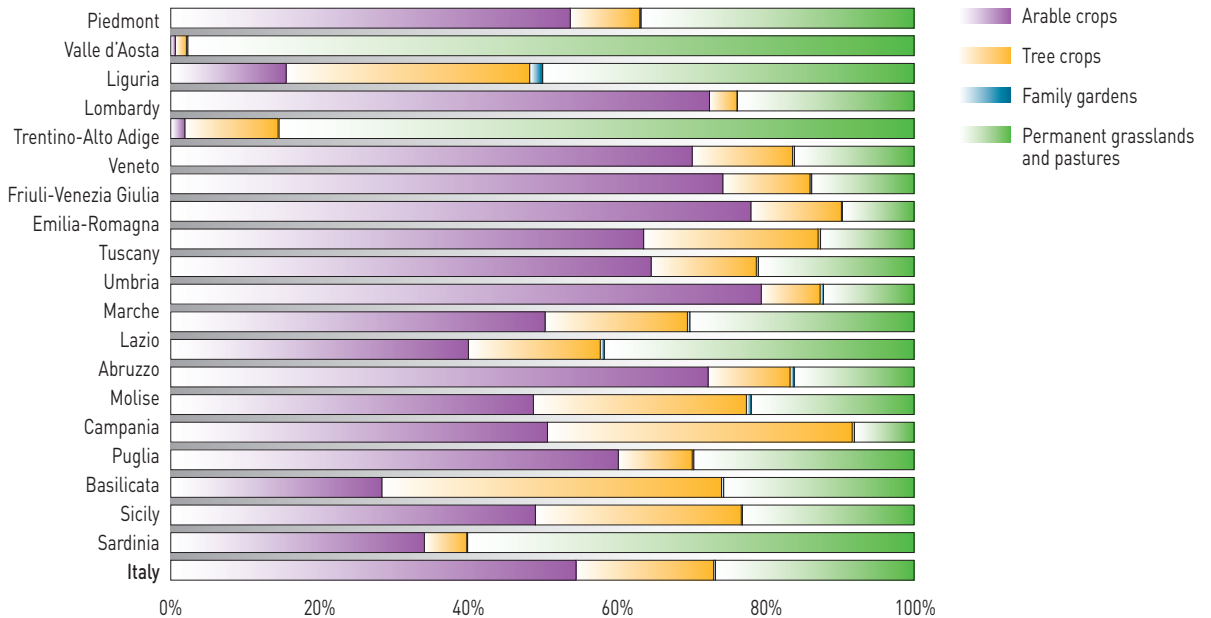
**Planted land by main crop (%), 2010**




| | |
|---|---|
| TOTAL | 12,856,048 |
| Cereals and dried legumes | 3,758,617 |
| Potatoes and vegetables | 326,797 |
| Industrial crops | 401,445 |
| Rotating fodder crops | 1,927,078 |
| Fallow land | 547,723 |
| Vines | 664,296 |
| Olives | 1,123,330 |
| Citrus and fruit | 553,225 |
| Nurseries and family gardens | 107,125 |
| Permanent grasslands and pastures | 3,434,073 |
| Other tree crops | 12,341 |

Source: ISTAT, 6th Agriculture Census.

**Distribution of agricultural land by main forms and uses and by region (%), 2010**




Source: ISTAT, 6th Agriculture Census.

Livestock farms operating in 2010 represent approximately 13% of total farms. The share of the livestock sector in agriculture is closely linked to geographic areas: the highest in the northern regions (48.2% in Alto Adige, 39.4% in Lombardy, 38.2% in Valle d'Aosta) and lowest in the south (2.3% in Puglia, 6.8% in Sicily and 7.2% in Calabria).

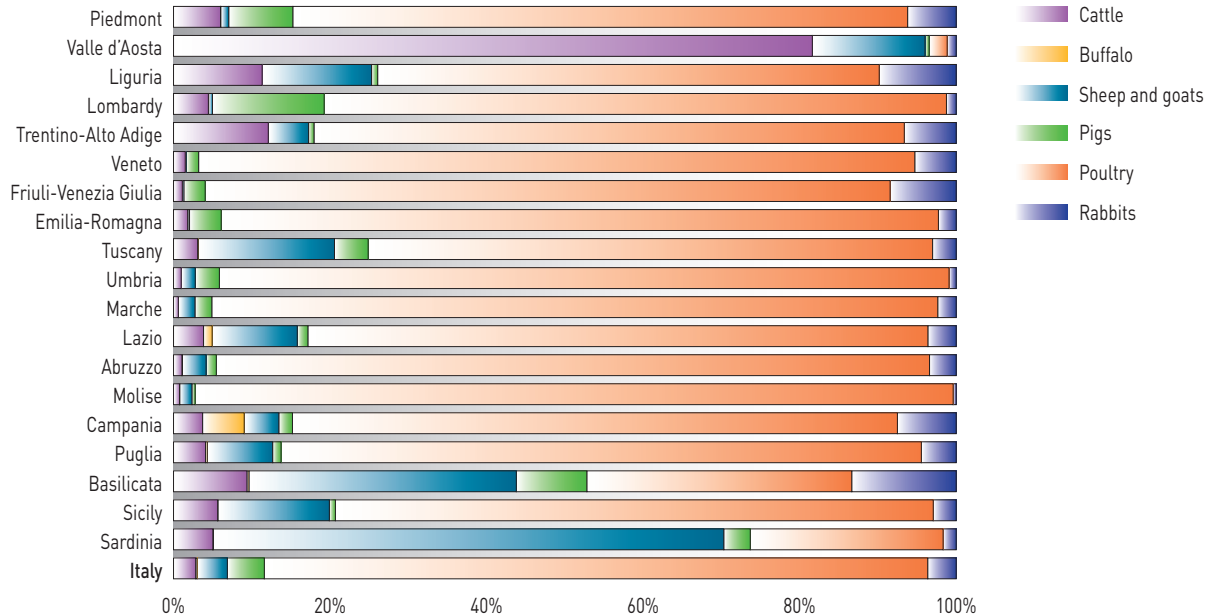
The livestock sector also showed a sharp decrease in farms (-41.3% compared to 2000) compared to a modest reduction in head raised, -0.6% in terms of LU, a sign of the trend towards concentration of livestock on an ever smaller number of farms but with larger average size. Cattle farms continue to prevail, though they fell by 27.8% during the decade, representing 60% of total livestock farms. These raise nearly 5.6 million head of cattle (-7.5% compared to 2000) with an average of 45 head per farm (it was 35.2 in 2000). 50% are located in the northern regions, especially in Lombardy,

**Number of farms according to main livestock species by region, 2010**

| Region | Farms with livestock | Cattle | Buffalo | Sheep and goats | Pigs | Poultry | Rabbits |
|---|---|---|---|---|---|---|---|
| Piedmont | 19,737 | 13,234 | 37 | 3,736 | 1,197 | 1,708 | 840 |
| Valle d'Aosta | 1,480 | 1,176 | 0 | 354 | 27 | 29 | 25 |
| Liguria | 2,542 | 1,095 | 5 | 775 | 131 | 480 | 261 |
| Lombardy | 22,064 | 14,718 | 86 | 3,869 | 2,642 | 2,396 | 1,060 |
| Trentino-Alto Adige | 12,359 | 9,718 | 8 | 3,166 | 543 | 737 | 234 |
| Veneto | 20,009 | 12,896 | 42 | 1,020 | 1,793 | 2,948 | 863 |
| Friuli-Venezia Giulia | 3,343 | 2,050 | 15 | 267 | 586 | 392 | 152 |
| Emilia-Romagna | 12,618 | 7,357 | 19 | 1,541 | 1,179 | 979 | 384 |
| Tuscany | 9,900 | 3,415 | 18 | 3,133 | 1,293 | 1,659 | 795 |
| Umbria | 5,009 | 2,687 | 14 | 1,719 | 759 | 550 | 213 |
| Marche | 6,486 | 3,171 | 37 | 1,637 | 1,741 | 1,553 | 902 |
| Lazio | 14,502 | 8,691 | 592 | 3,876 | 901 | 1,416 | 586 |
| Abruzzo | 7,767 | 3,986 | 11 | 3,804 | 1,961 | 1,481 | 657 |
| Molise | 4,022 | 2,513 | 20 | 1,761 | 583 | 563 | 124 |
| Campania | 14,705 | 9,333 | 1,409 | 4,612 | 1,844 | 1,536 | 673 |
| Puglia | 9,012 | 3,633 | 58 | 3,185 | 744 | 1,503 | 516 |
| Basilicata | 5,847 | 2,647 | 16 | 5,494 | 479 | 387 | 145 |
| Calabria | 10,189 | 4,885 | 16 | 6,897 | 2,193 | 2,258 | 643 |
| Sicily | 15,308 | 9,153 | 21 | 7,706 | 741 | 589 | 130 |
| Sardinia | 20,550 | 7,852 | 11 | 15,303 | 4,860 | 789 | 143 |
| **Italy** | **217,449** | **124,210** | **2,435** | **73,855** | **26,197** | **23,953** | **9,346** |

Source: ISTAT, 6th Agriculture Census.

**Distribution of head raised according to main livestock species by region (%), 2010**




Source: ISTAT, 6th Agriculture Census.

Veneto, Piedmont and Emilia-Romagna, where 64.6% of Italy's cattle are concentrated.
The buffalo sector, concentrated in Lazio and Campania, showed an increase of both farms (+8.4%) and head raised (+98%), in contrast to other sectors.
Sheep and goats are present mainly in the South and Islands, particularly in Sardinia, where 43% of the country's flocks are concentrated. Compared to 2000, the number of farms has decreased by 43.3% and the number of head by 7%.
The largest number of pig farms is located in Sardinia (18.6%), Lombardy (10%) and Calabria (22.2%) while head are concentrated in Lombardy, Emilia-Romagna, Piedmont and Veneto, with 84.8% of Italy's pigs. Compared to 2000, in the face of a drop in farms by 83.3%, the number of pigs reared is up 8.5%. The average number of head raised per farm was 356 in 2010 (it was 55 in 2000).
Poultry is concentrated in Veneto (27.6% of total head), Emilia-Romagna (16.9%) and Lombardy (15.8%). In this sector, as with pigs, there is a strong restructuring due to the decrease in farms (-87.3%) compared to a poultry population that has remained practically constant compared to 2000 (+0.5%).

# ECONOMIC RESULTS OF FARMS

In 2010, Italian farms enrolled in FADN achieved average total output[1] of almost 49,000 euro and net income, as compensation for all the factors made by the farmer and his family, of about 20,300 euro, representing 41.4% of the value of production.
Farms in both northern districts continue to show the best production performance and profitability, showing values above the national average, in absolute terms, per hectare and per worker. The results are mainly due to a greater presence in these areas of intensive farming. In particular, the North has large industrial pig and poultry businesses. In the North-West the better productive results are also explained by larger farm size, as confirmed by the average UAA of farms of 28.3 hectares, well above the national average of 16.5 hectares.
Farms in the South and Islands, regardless of productive specialisation,

**Structural data and main economic results by geographical area, farm averages 2010**

| | UAA | LSU | AWU | FWU | TO | Current costs | Long-term costs | Distributed income | Off-farm management | Net income |
|---|---|---|---|---|---|---|---|---|---|---|
| | ha | n. | | | euro | | | | | |
| North-West | 28.3 | 41.4 | 1.3 | 1.2 | 92,207 | 37,160 | 8,532 | 9,094 | 4,507 | 41,928 |
| North-East | 13.2 | 14.0 | 1.2 | 1.0 | 64,121 | 26,538 | 4,769 | 8,801 | 874 | 24,887 |
| Centre | 17.6 | 9.2 | 1.2 | 1.1 | 43,291 | 15,380 | 5,415 | 6,461 | 638 | 16,674 |
| South & Islands | 14.7 | 7.4 | 1.1 | 0.9 | 35,969 | 12,343 | 3,254 | 6,281 | 962 | 15,053 |
| **Italy** | **16.5** | **12.9** | **1.2** | **1.0** | **48,976** | **18,386** | **4,490** | **7,112** | **1,311** | **20,299** |

[1] *Total output includes, in addition to revenues from sales of products, those activities related to agriculture, as well as payments under the first pillar of the CAP. By subtracting current costs (consumption, miscellaneous expenses and third party services), long-term costs (depreciation and amortization), distributed income (wages, social charges and passive rents), operating income is the result; adding off-farm management (financial and extraordinary management together with public transfers into capital accounts, rural development and state funds), we obtain net income.*

while showing significantly lower economic results than northern farms, achieve a net income that accounts for nearly 42% of production, showing efficiency in line with the national average. This result is mainly due to the lower share of current costs, the main item of business expense, to value of production. On these farms, current costs account for 34% of TO while for farms in the North they account for more than 40%. The share of long-term costs and those incurred for salaries, social charges and rents are low, while at the national level were respectively about 9% and 14%.

**Structural and economic indicators by geographical area, 2010**

| | TO/HA | TO/LSU | TO/AWU | NI/FWU | NI/TO (%) | NI/HA | NI/LSU |
|---|---|---|---|---|---|---|---|
| North-West | 3,256 | 2,228 | 70,125 | 35,360 | 45.5 | 1,481 | 1,013 |
| North-East | 4,861 | 4,593 | 52,704 | 24,324 | 38.8 | 1,887 | 1,783 |
| Centre | 2,461 | 4,723 | 35,299 | 15,734 | 38.5 | 948 | 1,819 |
| South & Islands | 2,441 | 4,861 | 31,493 | 17,534 | 41.9 | 1,022 | 2,034 |
| **Italy** | **2,973** | **3,801** | **41,179** | **21,171** | **41.4** | **1,232** | **1,575** |

Among the major crop production systems, horticulture farms stand out for economic performance. In fact, these farms reported production values and income well above those specialising in other plant sectors. Horticulture farms also sustain the highest costs for carrying out production activities, being characterised by intense use of structures and high manpower requirement to carry out the production cycle. In contrast, fruit and olive farms showed higher efficiency in the relationship between income and output. Containment of current costs contributes to this result: on fruit farms, current costs account for approximately 24%, with 26.5% for olive farms, while on cereal farms and horticulture farms the share exceeds 40%. Cereal farms are characterised by size: utilized agricultural area is on average about 21 hectares, compared with only 2.8 hectares for horticulture farms, but these are sufficient to ensure more-than-satisfactory profitability. Fruit farms and vineyards are more efficient in productivity per hectare planted, and cereal farms show the best result for productivity of labour.

Geographically, farms growing cereals show the best economic performance in the North-West, mainly because of their greater size (26.8 hectares of UAA on average). Horticulture farms and vineyards in the Centre of the peninsula have excellent yields, while fruit farms in the Northeast show the highest production results and earnings. The highest ratio of operating income (net income including off-farm management) to value of production is achieved by farms in the North-West for all production types, with the exception of cereals, which have the highest yield in the South (42% versus 35% in the North-West).

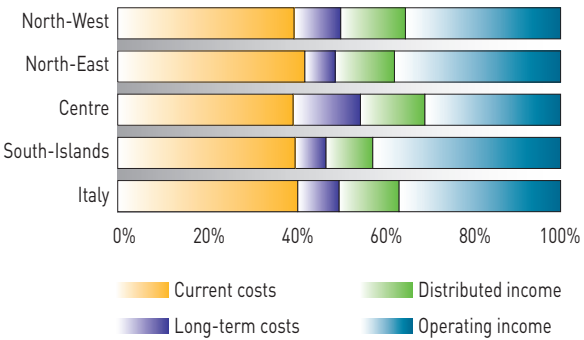
## Structural and economic date by geographical area, cereal FT: 2010

| | UAA | AWU | TO/HA | TO/AWU | NI/FWU |
|---|---|---|---|---|---|
| | ha | n. | | euro | |
| North-West | 26.8 | 1.2 | 2,524 | 55,701 | 18,654 |
| North-East | 16.3 | 0.7 | 2,113 | 46,797 | 18,106 |
| Centre | 25.9 | 1.0 | 1,289 | 33,374 | 12,382 |
| South-Islands | 20.5 | 0.7 | 1,304 | 37,011 | 16,993 |

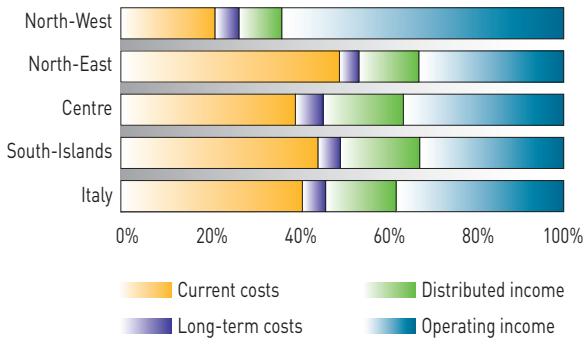
## Structural and economic date by geographical area, horticulture FT: 2010

| | UAA | AWU | TO/HA | TO/AWU | NI/FWU |
|---|---|---|---|---|---|
| | ha | n. | | euro | |
| North-West | 1.8 | 1.4 | 43,353 | 56,990 | 41,358 |
| North-East | 3.6 | 2.2 | 36,625 | 58,399 | 22,892 |
| Centre | 3.2 | 2.4 | 46,139 | 60,538 | 34,315 |
| South-Islands | 2.8 | 2.7 | 51,770 | 53,276 | 37,094 |

## Farms specialising in cereals: % composition of TO, 2010




## Farms specialising in horticulture: % composition of TO, 2010



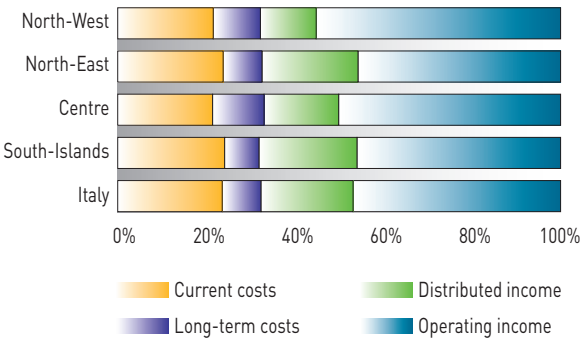
## Structural and economic date by geographical area, fruit FT: 2010

| | UAA | AWU | TO/HA | TO/AWU | NI/FWU |
|---|---|---|---|---|---|
| | ha | n. | | euro | |
| North-West | 5.3 | 1.2 | 8,174 | 36,206 | 22,382 |
| North-East | 6.3 | 1.5 | 10,660 | 44,628 | 27,278 |
| Centre | 4.4 | 0.8 | 4,138 | 21,265 | 12,154 |
| South-Islands | 5.5 | 1.0 | 4,792 | 25,357 | 15,337 |

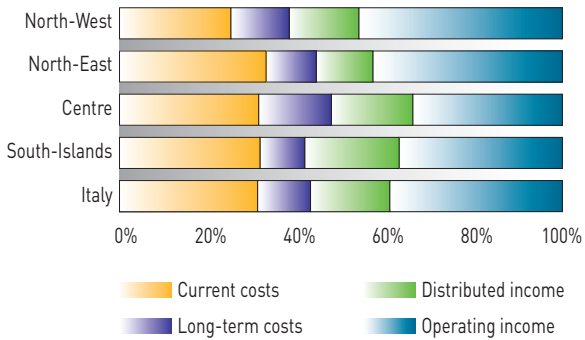
## Structural and economic date by geographical area, vineyards FT: 2010

| | UAA | AWU | TO/HA | TO/AWU | NI/FWU |
|---|---|---|---|---|---|
| | ha | n. | | euro | |
| North-West | 4.3 | 1.0 | 6,310 | 25,859 | 13,142 |
| North-East | 3.9 | 0.8 | 5,312 | 26,087 | 11,990 |
| Centre | 9.6 | 1.3 | 5,108 | 38,774 | 17,430 |
| South-Islands | 7.0 | 1.0 | 3,021 | 21,805 | 9,763 |

## Farms specialising in fruit: % composition of TO, 2010



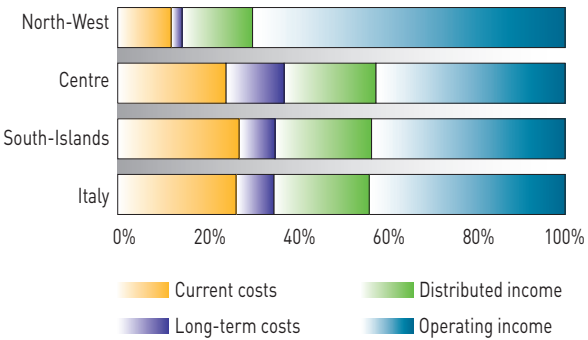

## Farms specialising in vineyards: % composition of TO, 2010



**Structural and economic date by geographical area, olives FT: 2010**

| | UAA | AWU | TO/HA | TO/AWU | NI/FWU |
|---|---|---|---|---|---|
| | ha | n. | | euro | |
| North-West | 4.3 | 1.4 | 10,333 | 31,680 | 27,105 |
| Centre | 6.8 | 1.0 | 3,125 | 21,808 | 10,492 |
| South-Islands | 8.4 | 1.0 | 3,101 | 26,770 | 16,794 |

**Farms specialising in olives: % composition of TO, 2010**



The data for livestock farming shows very high economic values for farms specialising in the rearing of grain-fed animals as compared to other livestock farms. This result is not surprising, as grain-fed livestock farms generally have large production systems of an industrial nature. These farms are followed, for production performance and profitability, by farms raising dairy cattle and those raising mixed livestock. These two types of farms, compared to those specialising in the rearing of sheep and goats and mixed cattle, have greater average herd size and a larger number of employees involved in the production cycle. The indicators of productivity and profitability of land and labour also record higher values than those reported by farms that raise sheep and goats and mixed cattle. In contrast, farms in these last two categories have more available agricultural area (56.6 hectares for sheep and goats and 46.4 for mixed cattle, as against 33.2 for dairy cattle and 29.2 for mixed livestock). Farms specialising in the breeding of sheep and goats also show greater efficiency in income to output: more than half of the value of production is reflected in net income. This excellent result is mainly due to containment of current costs, which are only 33% of production.

Farms specialising in cattle, mixed livestock and granivores achieve the best results in the northern regions. Sheep and goat farms show the best performance in the South and the islands.

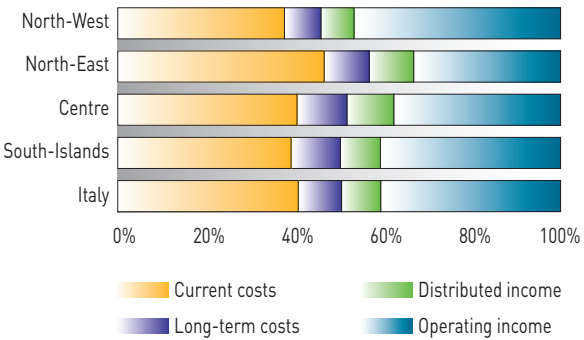
## Structural and economic figures by geographical area, dairy cattle FT: 2010

| | UAA | LSU | AWU | TO/HA | TO/LSU | TO/AWU | NI/FWU |
|---|---|---|---|---|---|---|---|
| | ha | n. | | euro | | | |
| North-West | 47.1 | 114.3 | 2.1 | 5,716 | 2,356 | 129,161 | 82,684 |
| North-East | 25.8 | 61.6 | 1.9 | 5,661 | 2,372 | 76,974 | 37,971 |
| Centre | 32.3 | 68.3 | 2.0 | 4,128 | 1,951 | 65,937 | 33,614 |
| South-Islands | 30.7 | 66.8 | 2.0 | 4,182 | 1,925 | 63,463 | 37,642 |

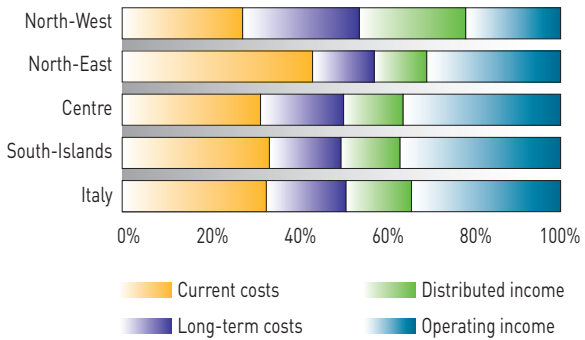
## Structural and economic figures by geographical area, sheep and goats FT: 2010

| | UAA | LSU | AWU | TO/HA | TO/LSU | TO/AWU | NI/FWU |
|---|---|---|---|---|---|---|---|
| | ha | n. | | euro | | | |
| North-West | 101.6 | 71.4 | 1.1 | 453 | 645 | 40,599 | 29,661 |
| North-East | 7.6 | 14.1 | 0.9 | 2,353 | 1,278 | 20,172 | 5,457 |
| Centre | 36.4 | 39.8 | 1.5 | 1,264 | 1,156 | 31,467 | 15,041 |
| South-Islands | 64.5 | 54.2 | 1.5 | 879 | 1,046 | 37,148 | 22,800 |

## Farms specialising in dairy cattle: % composition of TO, 2012




## Farms specialising in sheep and goats: % composition of TO, 2012



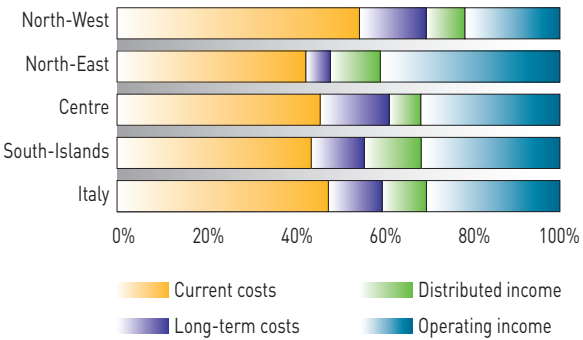
**Structural and economic figures by geographical area, mixed cattle FT: 2010**

| | UAA | LSU | AWU | TO/HA | TO/LSU | TO/AWU | NI/FWU |
|---|---|---|---|---|---|---|---|
| | ha | n. | | euro | | | |
| North-West | 38.9 | 41.4 | 1.3 | 1,652 | 1,555 | 49,738 | 20,581 |
| North-East | 36.1 | 61.0 | 1.8 | 3,462 | 2,049 | 68,160 | 34,254 |
| Centre | 56.0 | 84.6 | 2.2 | 2,170 | 1,436 | 55,106 | 19,077 |
| South-Islands | 59.8 | 64.7 | 1.6 | 1,099 | 1,015 | 41,050 | 23,152 |

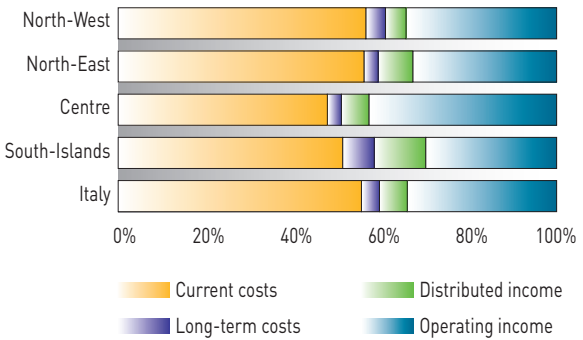
**Structural and economic figures by geographical area, granivore FT: 2010**

| | UAA | LSU | AWU | TO/HA | TO/LSU | TO/AWU | NI/FWU |
|---|---|---|---|---|---|---|---|
| | ha | n. | | euro | | | |
| North-West | 34.9 | 531.2 | 2.1 | 15,593 | 1,024 | 254,639 | 109,796 |
| North-East | 21.1 | 319.9 | 2.7 | 19,446 | 1,282 | 152,434 | 84,306 |
| Centre | 18.8 | 97.8 | 1.8 | 11,027 | 2,125 | 117,647 | 67,591 |
| South-Islands | 10.3 | 63.6 | 1.7 | 10,334 | 1,677 | 63,922 | 29,424 |

**Farms specialising in mixed cattle: % composition of TO, 2012**



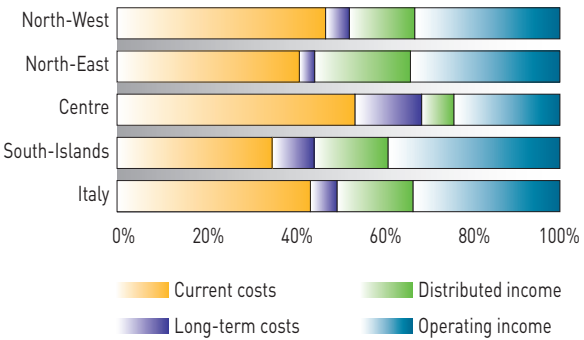

**Farms specialising in granivores: % composition of TO, 2012**



**Structural and economic figures by geographical area, mixed livestock FT: 2010**

| | UAA | LSU | AWU | TO/HA | TO/LSU | TO/AWU | NI/FWU |
|---|---|---|---|---|---|---|---|
| | ha | n. | | euro | | | |
| North-West | 53.0 | 263.6 | 4.3 | 8,386 | 1,685 | 103,703 | 59,090 |
| North-East | 25.7 | 39.9 | 4.3 | 9,715 | 6,262 | 58,611 | 40,172 |
| Centre | 14.3 | 24.5 | 1.5 | 3,343 | 1,948 | 32,184 | 9,250 |
| South-Islands | 35.4 | 33.0 | 1.6 | 1,648 | 1,769 | 37,621 | 22,457 |

**Farms specialising in mixed livestock: % composition of TO, 2012**



The analysis of FADN Community data[1] for the 2007-2009 period shows diversity of agriculture in EU countries, both in terms of production factors and farms' efficiency.
In particular, indicators of productivity and profitability of land and labour, and capital stock in the case of livestock production, show significant differences among EU countries. These differences can be deduced by examining the items that affect total output (TO) and contribute to farms' performance, expressed by the variable of net family income (NI)[2].
The NI values were very different among Member States within individual categories, while remaining positive in almost all cases. The only exceptions among the livestock production systems were for dairy cattle in Denmark and the Slovak Republic, sheep and goats in the Netherlands and the Slovak Republic, mixed cattle in the Slovak Republic and granivores in Denmark, the Czech Republic and Bulgaria. With regard to plant production, net family income was only negative in Latvia, for horticulture, and in Bulgaria for wine production.

**Livestock farms**

Looking at production systems, for dairy cattle, Italian livestock farms showed excellent performance in 2007-2009. The indices of productivity and profitability of production factors in our country have often matched the overall European average and are again higher than those recorded in the previous three years. Italy, in fact, stands out for the best earnings per family employee, more than 46,000 euro against the EU average (about 17,000 euro), and the highest productivity and profitability per hectare of land.
In terms of income per livestock unit (LSU) Italian farms take second place to Austrian farms, which are smaller. Italy's good results are largely attributable to intermediate consumption and depreciation, which affect TO to a lesser extent. On Italian farms, intermediate consumption represents 46% of TO, while on average in Europe it covers 54% of the value of production; depreciation, however, accounts for 8% of TO, compared with the European average of 12%. In addition, the greater use of labour, 6.7 annual work units (AWU)/ha as against the European average of 4.7,

[1] *For information on Community FADN data, see http://ec.europa.eu/agriculture/rica/index_en.cfm.*

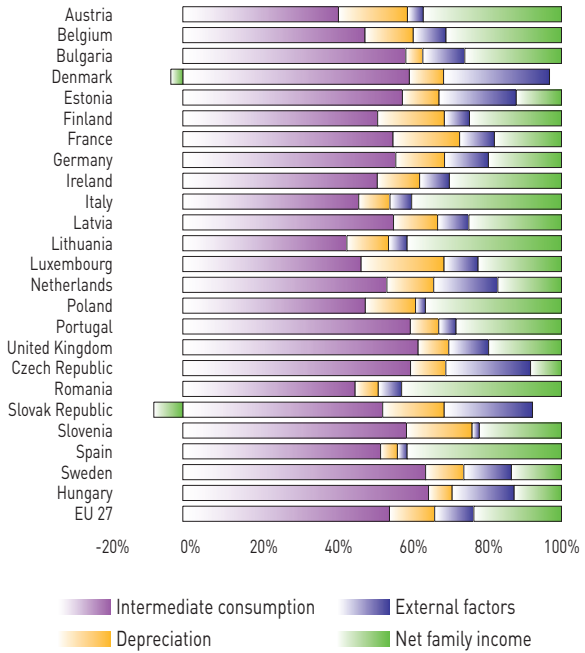
[2] *Net family income represents compensation to the farmer for production factor inputs by the farmer and his family as well as business risk. This income is calculated by subtracting from production value all costs, intermediate consumption and depreciation, including external factors such as wages, rents and passive interest.*

**Farms specialising in dairy cattle: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/LSU | TO/AWU | NI/HA | NI/LSU | NI/FWU |
|---|---|---|---|---|---|---|
| Austria | 2,062 | 2,232 | 38,310 | 992 | 1,074 | 18,928 |
| Belgium | 3,159 | 1,535 | 91,531 | 1,112 | 540 | 32,545 |
| Bulgaria | 1,388 | 943 | 7,474 | 400 | 272 | 3,213 |
| Denmark | 4,316 | 2,663 | 232,977 | -162 | -100 | -15,680 |
| Estonia | 871 | 1,730 | 32,024 | 129 | 257 | 17,277 |
| Finland | 2,154 | 2,617 | 50,255 | 802 | 974 | 20,603 |
| France | 1,784 | 1,512 | 76,735 | 379 | 322 | 17,401 |
| Germany | 2,474 | 1,795 | 85,258 | 566 | 411 | 24,906 |
| Ireland | 2,174 | 1,183 | 76,136 | 782 | 425 | 31,297 |
| **Italy** | **5,987** | **2,386** | **89,238** | **2,596** | **1,035** | **46,717** |
| Latvia | 556 | 1,233 | 13,489 | 198 | 439 | 6,404 |
| Lithuania | 731 | 1,263 | 14,178 | 396 | 684 | 8,541 |
| Luxembourg | 1,875 | 1,526 | 101,346 | 557 | 453 | 32,651 |
| Netherlands | 5,179 | 2,085 | 143,205 | 953 | 384 | 28,652 |
| Poland | 1,373 | 1,310 | 15,487 | 576 | 550 | 6,680 |
| Portugal | 3,609 | 1,738 | 38,968 | 1,165 | 561 | 14,681 |
| United Kingdom | 3,050 | 1,652 | 126,345 | 655 | 355 | 41,751 |
| Czech Republic | 1,206 | 1,844 | 28,897 | 129 | 197 | 16,103 |
| Romania | 1,792 | 1,248 | 7,038 | 858 | 597 | 3,791 |
| Slovak Republic | 784 | 1,833 | 21,946 | -103 | -241 | -85,721 |
| Slovenia | 2,759 | 1,860 | 19,617 | 718 | 484 | 5,176 |
| Spain | 5,004 | 2,152 | 68,524 | 2,250 | 968 | 32,615 |
| Sweden | 2,163 | 2,193 | 102,441 | 351 | 356 | 21,797 |
| Hungary | 1,622 | 2,015 | 39,374 | 245 | 304 | 18,009 |
| **EU 27** | **2,477** | **1,759** | **51,899** | **672** | **477** | **16,648** |

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

**Farms specialising in dairy cattle: percentage composition of TO, 2007-2009**

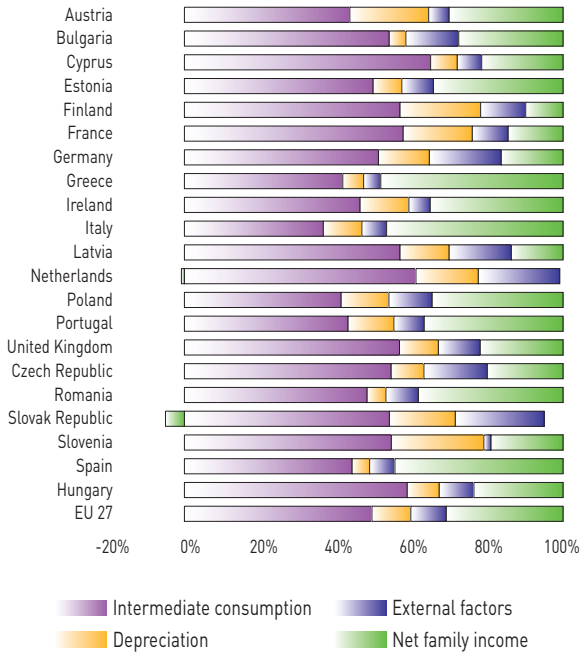


**Farms specialising in sheep and goats: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/LSU | TO/AWU | NI/HA | NI/LSU | NI/FWU |
|---|---|---|---|---|---|---|
| Austria | 1,574 | 1,810 | 30,381 | 693 | 796 | 13,835 |
| Bulgaria | 914 | 804 | 4,189 | 299 | 263 | 1,932 |
| Cyprus | 4,326 | 2,361 | 41,344 | 1,160 | 633 | 14,406 |
| Estonia | 249 | 857 | 11,153 | 153 | 528 | 8,600 |
| Finland | 537 | 686 | 16,959 | 156 | 199 | 5,634 |
| France | 899 | 1,173 | 48,365 | 177 | 230 | 10,423 |
| Germany | 380 | 592 | 26,821 | 130 | 203 | 13,095 |
| Greece | 4,814 | 1,106 | 20,276 | 2,930 | 673 | 13,994 |
| Ireland | 337 | 446 | 15,628 | 255 | 338 | 12,262 |
| **Italy** | **990** | **1,526** | **32,603** | **559** | **861** | **20,858** |
| Latvia | 370 | 1,017 | 9,243 | 87 | 238 | 5,800 |
| Netherlands | 4,818 | 2,718 | 84,066 | -43 | -24 | -991 |
| Poland | 937 | 1,861 | 10,935 | 412 | 819 | 6,283 |
| Portugal | 230 | 607 | 10,882 | 125 | 331 | 6,715 |
| United Kingdom | 337 | 544 | 55,703 | 118 | 190 | 23,849 |
| Czech Republic | 302 | 995 | 19,832 | 150 | 493 | 27,429 |
| Romania | 1,232 | 852 | 6,993 | 532 | 368 | 3,766 |
| Slovak Republic | 503 | 1,623 | 18,564 | -47 | -152 | -22,060 |
| Slovenia | 995 | 1,424 | 9,531 | 301 | 430 | 2,914 |
| Spain | 1,014 | 1,209 | 47,097 | 552 | 658 | 29,933 |
| Hungary | 372 | 646 | 22,125 | 139 | 241 | 13,144 |
| **EU 27** | **797** | **996** | **22,489** | **325** | **407** | **11,197** |

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

**Farms specialising in sheep and goats: percentage composition of TO, 2007-2009**

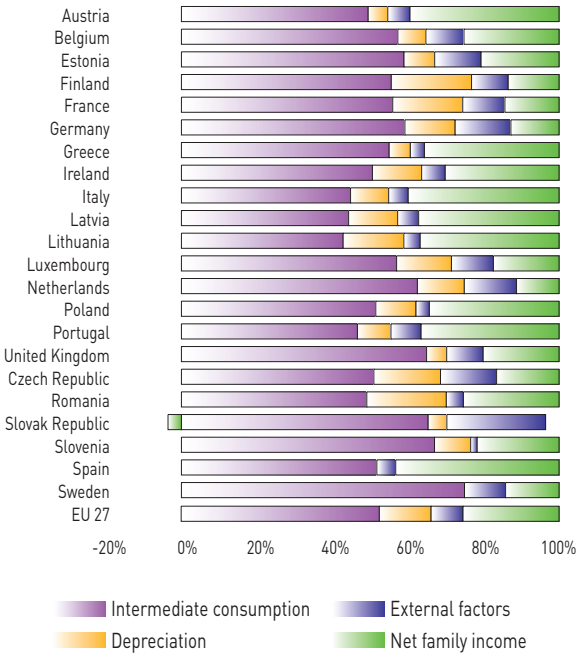


**Farms specialising in mixed cattle: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/LSU | TO/AWU | NI/HA | NI/LSU | NI/FWU |
|---|---|---|---|---|---|---|
| Austria | 1,409 | 1,711 | 34,015 | 683 | 830 | 17,111 |
| Belgium | 2,225 | 1,017 | 80,826 | 671 | 307 | 24,642 |
| Estonia | 219 | 562 | 16,534 | 81 | 208 | 8,946 |
| Finland | 1,024 | 878 | 42,168 | 328 | 282 | 15,015 |
| France | 829 | 727 | 55,261 | 172 | 151 | 12,248 |
| Germany | 1,386 | 1,185 | 67,287 | 239 | 204 | 16,112 |
| Greece | 2,770 | 575 | 21,567 | 1,624 | 337 | 14,755 |
| Ireland | 568 | 517 | 22,184 | 314 | 286 | 12,630 |
| **Italy** | **2,743** | **1,766** | **63,735** | **1,253** | **807** | **33,645** |
| Latvia | 279 | 717 | 13,007 | 214 | 551 | 11,572 |
| Lithuania | 490 | 859 | 11,094 | 303 | 531 | 7,707 |
| Luxembourg | 1,400 | 1,043 | 83,483 | 309 | 230 | 19,829 |
| Netherlands | 7,752 | 735 | 108,911 | 1,014 | 96 | 15,079 |
| Poland | 1,179 | 1,153 | 13,703 | 472 | 461 | 5,725 |
| Portugal | 300 | 535 | 16,073 | 181 | 323 | 11,014 |
| United Kingdom | 725 | 625 | 57,746 | 204 | 176 | 18,820 |
| Czech Republic | 477 | 1,030 | 24,712 | 168 | 362 | 21,370 |
| Romania | 1,188 | 749 | 6,693 | 403 | 254 | 2,495 |
| Slovak Republic | 428 | 1,300 | 20,536 | -25 | -76 | -28,460 |
| Slovenia | 1,716 | 1,440 | 12,249 | 448 | 376 | 3,234 |
| Spain | 811 | 953 | 33,664 | 440 | 517 | 19,224 |
| Sweden | 847 | 1,165 | 62,832 | 161 | 222 | 12,895 |
| **EU 27** | **1,050** | **925** | **38,683** | **371** | **327** | **15,083** |

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

**Farms specialising in mixed cattle: percentage composition of TO, 2007-2009**

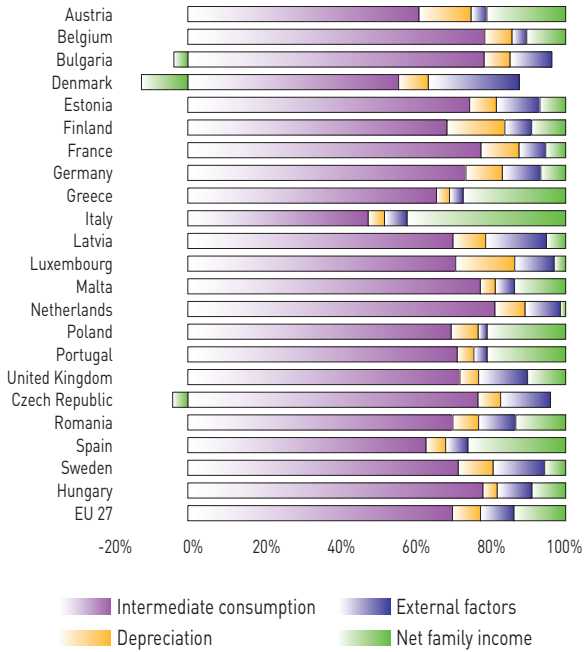


**Farms specialising in granivores: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/LSU | TO/AWU | NI/HA | NI/LSU | NI/FWU |
|---|---|---|---|---|---|---|
| Austria | 5,878 | 1,543 | 92,019 | 1,348 | 354 | 21,645 |
| Belgium | 21,531 | 954 | 254,407 | 2,259 | 100 | 27,763 |
| Bulgaria | 17,943 | 762 | 15,442 | -717 | -30 | -1,372 |
| Denmark | 8,121 | 1,178 | 256,075 | -1,361 | -197 | -136,991 |
| Estonia | 10,606 | 792 | 91,324 | 761 | 57 | 239,427 |
| Finland | 5,352 | 1,338 | 154,048 | 597 | 149 | 22,002 |
| France | 12,885 | 738 | 176,396 | 699 | 40 | 12,838 |
| Germany | 5,435 | 1,081 | 154,562 | 382 | 76 | 15,601 |
| Greece | 10,859 | 1,397 | 101,096 | 3,052 | 393 | 44,126 |
| **Italy** | **19,142** | **774** | **166,935** | **8,245** | **333** | **122,774** |
| Latvia | 15,222 | 1,115 | 72,220 | 815 | 60 | 62,606 |
| Luxembourg | 7,278 | 1,268 | 194,449 | 253 | 44 | 9,579 |
| Malta | 150,371 | 877 | 69,621 | 24,374 | 142 | 15,819 |
| Netherlands | 77,488 | 1,094 | 378,927 | 1,069 | 15 | 7,031 |
| Poland | 4,262 | 1,348 | 37,704 | 942 | 298 | 9,515 |
| Portugal | 8,312 | 769 | 93,741 | 1,776 | 164 | 28,257 |
| United Kingdom | 23,932 | 1,046 | 167,903 | 2,439 | 107 | 58,594 |
| Czech Republic | 21,324 | 986 | 57,882 | -947 | -44 | -25,855 |
| Romania | 10,377 | 756 | 18,457 | 1,547 | 113 | 4,221 |
| Spain | 8,809 | 510 | 110,970 | 2,344 | 136 | 38,951 |
| Sweden | 5,311 | 869 | 175,957 | 312 | 51 | 14,633 |
| Hungary | 14,656 | 1,392 | 73,699 | 1,371 | 130 | 23,651 |
| **EU 27** | **9,650** | **898** | **97,237** | **1,369** | **127** | **20,302** |

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

**Farms specialising in granivores: percentage composition of TO, 2007-2009**

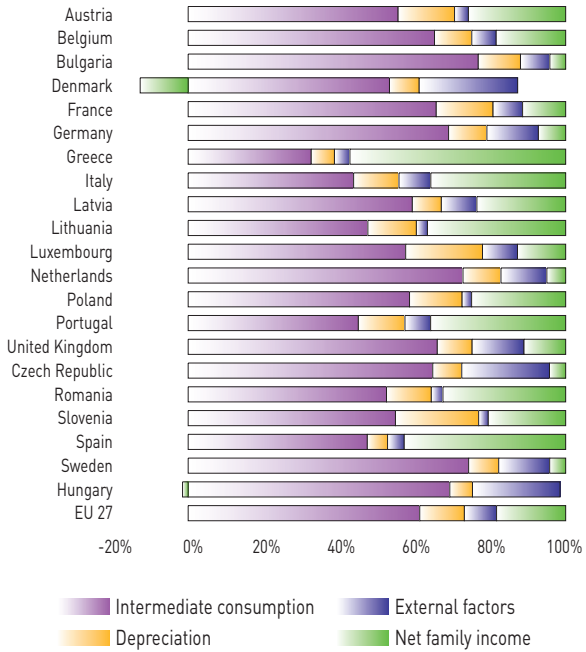


**Farms specialising in mixed livestock: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/LSU | TO/AWU | NI/HA | NI/LSU | NI/FWU |
|---|---|---|---|---|---|---|
| Austria | 2,766 | 1,605 | 57,428 | 853 | 495 | 17,932 |
| Belgium | 6,828 | 1,039 | 149,061 | 1,339 | 204 | 30,440 |
| Bulgaria | 1,924 | 1,014 | 5,373 | 83 | 44 | 283 |
| Denmark | 4,671 | 1,576 | 227,329 | -872 | -294 | -117,227 |
| France | 2,979 | 887 | 111,671 | 383 | 114 | 16,052 |
| Germany | 3,100 | 1,308 | 103,110 | 255 | 107 | 13,484 |
| Greece | 2,828 | 1,813 | 15,251 | 2,123 | 1,361 | 12,075 |
| **Italy** | **2,882** | **1,664** | **44,608** | **1,146** | **662** | **21,023** |
| Latvia | 640 | 1,131 | 10,434 | 205 | 362 | 4,207 |
| Lithuania | 716 | 1,210 | 8,012 | 329 | 556 | 3,863 |
| Luxembourg | 2,462 | 1,093 | 128,321 | 412 | 183 | 24,260 |
| Netherlands | 13,504 | 1,231 | 204,633 | 696 | 63 | 12,056 |
| Poland | 1,253 | 1,128 | 10,507 | 376 | 338 | 3,249 |
| Portugal | 356 | 942 | 8,945 | 179 | 473 | 4,928 |
| United Kingdom | 2,182 | 835 | 80,859 | 285 | 109 | 17,692 |
| Czech Republic | 1,340 | 1,614 | 34,216 | 72 | 87 | 25,269 |
| Romania | 1,449 | 1,091 | 4,366 | 511 | 384 | 1,619 |
| Slovenia | 1,759 | 1,377 | 11,291 | 518 | 405 | 3,396 |
| Spain | 972 | 1,008 | 41,742 | 484 | 501 | 22,047 |
| Sweden | 2,368 | 1,074 | 100,602 | 119 | 54 | 6,356 |
| Hungary | 2,372 | 2,595 | 57,885 | -42 | -46 | -9,908 |
| **EU 27** | **2,012** | **1,147** | **21,138** | **423** | **241** | **4,863** |

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

**Farms specialising in mixed livestock: percentage composition of TO, 2007-2009**



and smaller area, of 28 acres, are offset by the higher herd density per unit of area, 2.5 LSU/ha compared with the European average of 1.4.
For sheep and goats, farms in Italy and Spain, though of different sizes, showed the same share of net family income to total output (about 45%). The average of production factors of land and livestock on Italian farms is lower than that of Spanish farms; 30 LSU and 46 hectares are the average figures for Italy as compared with 57 LSU and 67 hectares on Spanish farms. This is only partly offset by a slightly greater use of labour in Italy (3 AWU/ha versus 2).
Only Greek farms have a higher share of net income than those in Italy and Spain (48% of TO).
An interesting fact is that British farms have average herd size of 169 LSU compared to the European average of 39, and area of about six times the average European size, as well as almost double the labour intensity (6 AWU/ha against the EU average of 3.5). These farms, in the face of 92,000-euro average value of farm production against the European average of 40,000, translate only 21% of production value into net income. This result is affected by the greater share of intermediate consumption, which, on average, exceeds 80,000 euro per farm (20,000 euro per farm, however, in Greece and Italy).
For mixed cattle, beef and dairy cattle, Italian farms stand out in terms of percentage share of net income to value of production (40%), and in terms of livestock productivity, with more than 1,760 euro output per livestock unit. Each livestock unit on average yields more than 800 euro in net income, compared to the European average, which is less than 330 euro.
Good production performance was also recorded for farms in Austria, Spain and the Czech Republic, with net income per livestock unit above the EU average.
For granivores, including specialised types of livestock, each with vastly differing problems, such as pigs and poultry, for both eggs and meat, Italy continues to achieve very good results in terms productivity and profitability of all production factors considered. It should be remembered that Italian farms specialising in breeding of granivores have structural figures well above the EU average: livestock herds, in fact, are approximately three times the EU average, surface area is 24 ha compared with the EU average of 20 ha, and labour intensity is 2.8 work units as against 1.9 for EU farms on the whole. There is a lower use of family labour, which represents 58% of total labour employed compared to an average figure of 68%. With this structure, which approaches agribusiness, Italian farms can translate more than 40% of production value into net income, while for the average European farm specialising in granivores this percentage is below 14%.

**Crop farms**

As for horticulture, although Italian farms are smaller in size compared to other EU countries (3.2 hectares of UAA against the EU average of 4.7), in terms of productivity they are at the top, along with Belgium and Germany, with values well above the EU average of 31,000 ha. They also stand out in terms of profitability of land and labour, exceeding 20,000 euro net income per hectare of land; these results are largely attributable to intermediate consumption, which makes up a contained share of TO (31% compared to the European average of 51%).

For farms in the Netherlands the excellent production figures, markedly higher than the equivalent parameter in other countries, confirm the country's top production ranking in the horticultural sector. Dutch farms have greater-than-average surface (8.8 ha) and labour intensity in line with other countries (0.9 AWU/ha) but salaried labour accounts for 79% of total AWU compared with the European average of 57% and Italy's average of 49%.

In 2007-2009, the wine industry, for Italy and on average for the EU, showed higher indicators of productivity and profitability than in the previous three years. In comparison with French farms, Italian farms begin with lower productivity indices, but higher profitability per hectare. This involves structural differences: French wine-growing farms are large on average (20 ha compared to 9 ha for Italian farms and 14 ha for the EU average), with a higher share of salaried labour to total labour (46% compared to 39% on Italian farms and the EU average) and more on-farm workers (2.48 AWU compared with 1.6 on Italian farms and 1.8 for the EU average). The structure of French farms is reflected in costs; on the average, external factors (wages, rent and interest) paid by French farms exceed 44,000 euro, while for Italian farms these costs amount to around 11,000 euro.

The performance of specialized olive farms, however, is heterogeneous with different size, productivity and profitability of factors and cost structure. All European farms, however, make substantial use of family labour. In comparison with the previous three years, European olive growing showed an increase in productivity but a drop in profitability, per hectare and per family worker.

Italian olive farms have 6.6 hectares of UAA and 0.14 AWU/ha and have the highest productivity per hectare and per worker and the highest profitability per family employee. Greek farms, however, have higher profitability per hectare.

In the fruit sector, including fruit trees, citrus fruits, nuts, small fruits (except strawberries) and related nurseries, Italy achieved more than satisfactory results among Mediterranean countries in 2007-2009, both in terms of productivity and profitability of land and labour. Italian farms are smaller in area (5.6 ha against the EU average of 8.6 ha), have a workforce of 0.2 AWU/ha,

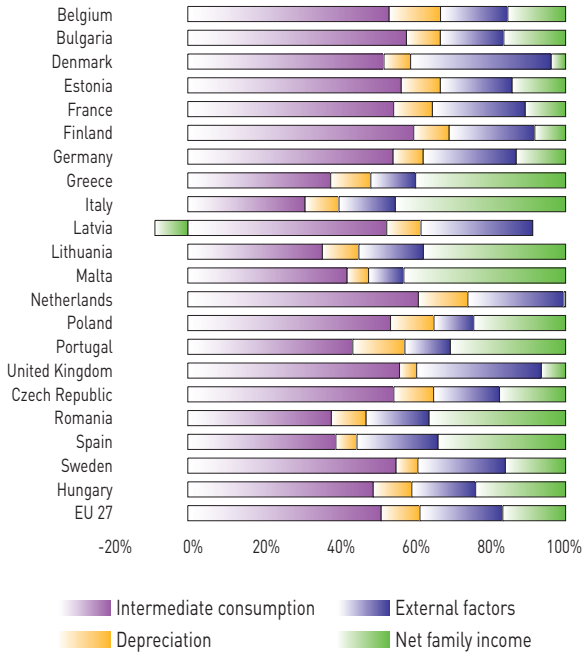
compared to the EU average of 0.17, and a salaried/family worker ratio in line with the European average.
For arable crops, both for Italian farms and on the EU average, productivity and profitability were slightly higher than in the previous three years. In terms of productivity, Danish, German, French and British farms are markedly ahead of other countries. The high indices of productivity and profitability per hectare on Italian farms must however be read in conjunction with other factors: smaller land area (26 ha compared to the EU average of 70 ha), and the greater use of family labour (90% compared to the EU average of 70%).

**Farms specialising in horticulture: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/LSU | TO/AWU | NI/HA |
|---|---|---|---|---|
| Belgium | 47,863 | 75,197 | 7,423 | 25,728 |
| Bulgaria | 10,730 | 7,461 | 1,768 | 2,641 |
| Denmark | 38,569 | 108,705 | 1,492 | 27,390 |
| Estonia | 2,823 | 26,188 | 432 | 8,382 |
| Finland | 69,679 | 64,657 | 6,370 | 14,691 |
| France | 37,826 | 57,377 | 4,095 | 16,493 |
| Germany | 44,921 | 56,601 | 5,954 | 24,465 |
| Greece | 18,304 | 24,907 | 7,475 | 14,712 |
| **Italy** | **45,051** | **53,057** | **20,191** | **46,125** |
| Latvia | 6,439 | 17,274 | -688 | -11,484 |
| Lithuania | 3,781 | 15,731 | 1,553 | 14,710 |
| Malta | 13,244 | 21,548 | 6,414 | 13,168 |
| Netherlands | 123,263 | 130,664 | 566 | 2,842 |
| Poland | 14,809 | 20,905 | 3,621 | 9,332 |
| Portugal | 8,034 | 16,142 | 2,491 | 6,370 |
| United Kingdom | 30,154 | 58,902 | 1,950 | 25,315 |
| Czech Republic | 11,432 | 33,630 | 2,026 | 10,857 |
| Romania | 9,117 | 6,828 | 3,345 | 4,070 |
| Spain | 11,923 | 30,298 | 4,110 | 23,194 |
| Sweden | 36,056 | 86,846 | 5,836 | 31,053 |
| Hungary | 6,706 | 23,357 | 1,660 | 15,918 |
| **EU 27** | **30,986** | **48,097** | **5,205** | **18,380** |

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

**Farms specialising in horticulture: percentage composition of TO, 2007-2009**

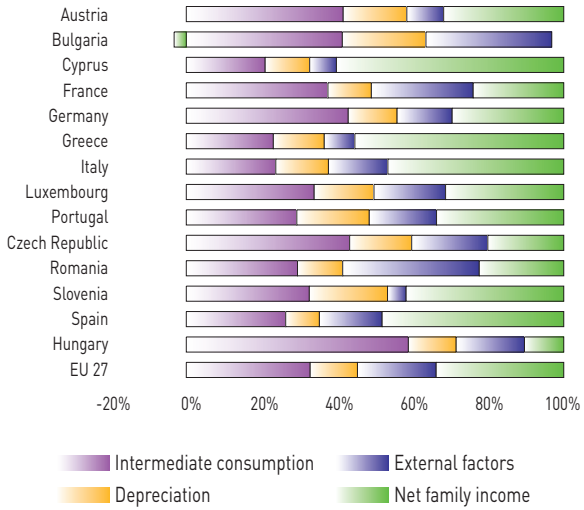


**Farms specialising in wine growing: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/AWU | NI/HA | NI/FWU |
|---|---|---|---|---|
| Austria | 3,429 | 39,796 | 1,291 | 17,866 |
| Bulgaria | 1,530 | 6,579 | -59 | -1,446 |
| Cyprus | 4,932 | 18,677 | 3,492 | 15,023 |
| France | 8,324 | 66,233 | 2,007 | 30,013 |
| Germany | 10,987 | 53,591 | 3,428 | 23,809 |
| Greece | 5,204 | 16,016 | 3,518 | 12,880 |
| **Italy** | **7,513** | **42,209** | **3,588** | **33,507** |
| Luxembourg | 13,721 | 61,573 | 4,805 | 37,625 |
| Portugal | 2,503 | 12,266 | 930 | 6,392 |
| Czech Republic | 3,334 | 20,823 | 808 | 13,702 |
| Romania | 2,798 | 10,908 | 655 | 13,870 |
| Slovenia | 5,299 | 14,860 | 2,397 | 7,396 |
| Spain | 1,347 | 20,843 | 705 | 14,342 |
| Hungary | 5,562 | 19,299 | 598 | 5,497 |
| **EU 27** | **5,285** | **40,949** | **1,845** | **23,632** |

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

**Farms specialising in wine growing: percentage composition of TO, 2007-2009**

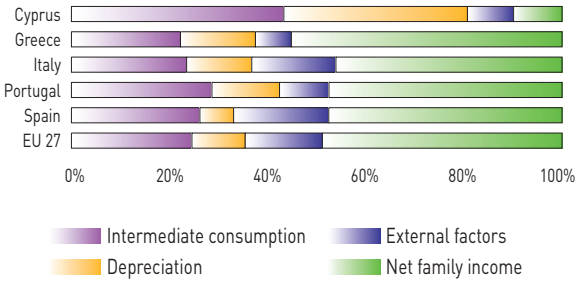


**Farms specialising in olives: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/AWU | NI/HA | NI/FWU |
|---|---|---|---|---|
| Cyprus | 1,344 | 5,262 | 198 | 847 |
| Greece | 2,259 | 9,041 | 1,715 | 7,432 |
| **Italy** | **2,562** | **18,189** | **1,384** | **13,598** |
| Portugal | 543 | 13,818 | 333 | 10,635 |
| Spain | 1,494 | 15,570 | 843 | 11,595 |
| **EU 27** | **1,824** | **14,043** | **1,089** | **10,372** |

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

**Farms specialising in olives: percentage composition of TO, 2007-2009**

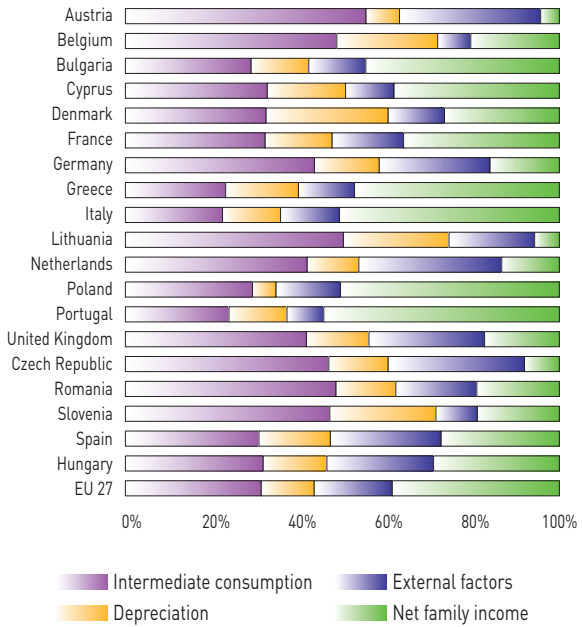


**Farms specialising in fruit: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/AWU | NI/HA | NI/FWU |
|---|---|---|---|---|
| Austria | 7,385 | 38,807 | 3,011 | 27,523 |
| Belgium | 16,760 | 60,838 | 4,932 | 61,602 |
| Bulgaria | 1,926 | 5,037 | 582 | 4,225 |
| Cyprus | 3,191 | 6,818 | 746 | 1,735 |
| Denmark | 4,637 | 84,003 | 393 | 10,532 |
| France | 7,185 | 43,414 | 1,024 | 18,990 |
| Germany | 7,378 | 45,035 | 1,322 | 26,533 |
| Greece | 5,746 | 19,556 | 3,436 | 14,427 |
| **Italy** | **6,929** | **32,701** | **3,576** | **23,694** |
| Lithuania | 885 | 11,822 | 554 | 12,338 |
| Netherlands | 22,377 | 78,838 | 3,589 | 34,824 |
| Poland | 2,874 | 10,928 | 804 | 4,662 |
| Portugal | 2,078 | 11,250 | 876 | 5,744 |
| United Kingdom | 6,892 | 50,336 | 311 | 9,984 |
| Czech Republic | 2,465 | 22,813 | 540 | 10,065 |
| Romania | 2,952 | 10,691 | 1,354 | 9,078 |
| Slovenia | 2,401 | 9,194 | 605 | 2,651 |
| Spain | 2,918 | 23,624 | 1,579 | 17,162 |
| Hungary | 1,561 | 15,574 | 109 | 3,147 |
| **EU 27** | **4,452** | **25,296** | **1,812** | **15,815** |

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

**Farms specialising in fruit: percentage composition of TO, 2007-2009**

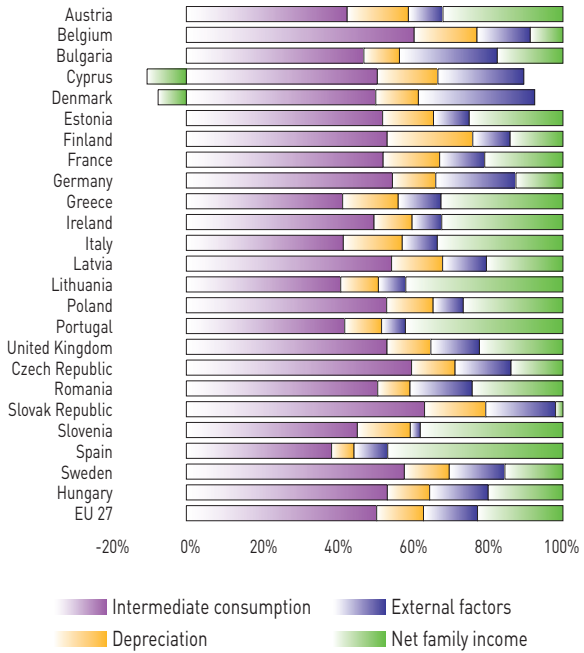


**Farms specialising in cereals: average farm results in euro (2007-2009 three-year period)**

| | TO/HA | TO/AWU | NI/HA | NI/FWU |
|---|---|---|---|---|
| Austria | 1,063 | 60,446 | 511 | 30,350 |
| Belgium | 1,164 | 68,266 | 136 | 8,572 |
| Bulgaria | 434 | 17,071 | 96 | 27,509 |
| Cyprus | 231 | 9,382 | -70 | -2,943 |
| Denmark | 2,001 | 139,686 | -202 | -19,610 |
| Estonia | 404 | 41,595 | 147 | 24,162 |
| Finland | 618 | 57,883 | 172 | 17,256 |
| France | 1,081 | 85,494 | 295 | 25,983 |
| Germany | 1,143 | 104,653 | 182 | 31,827 |
| Greece | 952 | 22,690 | 484 | 12,078 |
| Ireland | 1,010 | 66,197 | 466 | 32,778 |
| **Italy** | **1,369** | **37,492** | **584** | **17,833** |
| Latvia | 499 | 35,675 | 144 | 22,665 |
| Lithuania | 508 | 29,081 | 313 | 24,137 |
| Poland | 745 | 22,698 | 251 | 9,130 |
| Portugal | 516 | 20,233 | 336 | 14,644 |
| United Kingdom | 1,107 | 114,812 | 317 | 51,653 |
| Czech Republic | 838 | 48,630 | 147 | 19,020 |
| Romania | 476 | 12,942 | 146 | 6,304 |
| Slovak Republic | 646 | 37,916 | 17 | 5,020 |
| Slovenia | 1,308 | 16,685 | 894 | 11,546 |
| Spain | 523 | 41,764 | 329 | 29,208 |
| Sweden | 870 | 102,342 | 173 | 23,105 |
| Hungary | 764 | 46,013 | 195 | 25,928 |
| **EU 27** | **846** | **44,703** | **252** | **18,987** |

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

**Farms specialising in cereals: percentage composition of TO, 2007-2009**

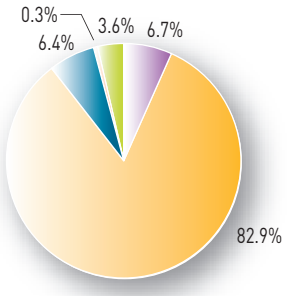


# ENVIRONMENT AND NATURAL RESOURCES

# AGRICULTURE AND GREENHOUSE GAS EMISSIONS

Comparing 2001-2010 with the pre-industrial period (1850-1899), the ten-year average temperature in Europe increased by 1.2°C, more than the global average (0.89°C)[1].
The agricultural sector is one of the most vulnerable to changes in climate. However, agri-forestry systems, which are a natural carbon reservoir and a source of greenhouse gas emissions, also play a positive role in limiting the negative effects of increases in global average temperature.
According to the latest national inventory drawn up by ISPRA, under the United Nations Framework Convention on Climate Change, total GHG emissions in Italy in 2010, excluding absorption and emissions from forests and changes in land use, amounted to 501 million tonnes $CO_2$eq[2]. After the sharp drop due to the economic crisis of 2009, therefore, emissions continue to decline (-3.5% compared to 1990), but in a less substantial way and not sufficient to meet the limits set by the Kyoto Protocol, by which Italy should reduce its emissions in the 2008-2012 period by 6.5% compared to 1990 levels.
The energy sector is responsible for the largest share of emissions at the national level (82.9%), while agriculture, despite being the second source

**Percentage of emissions by source, 2010**




| | |
|---|---|
| TOTAL | 501,317.7 |
| Agriculture | 33,741.2 |
| Energy | 415,726.5 |
| Industrial processes | 31,962.9 |
| Use of solvents | 1,658.2 |
| Waste | 18,228.8 |

Source: ISPRA, 2012.

[1] *EEA (European Environment Agency) figures http://www.eea.europa.eu/data-and-maps/indicators/global-and-european-temperature/global-and-european-temperature-assessment-4#toc-2.*

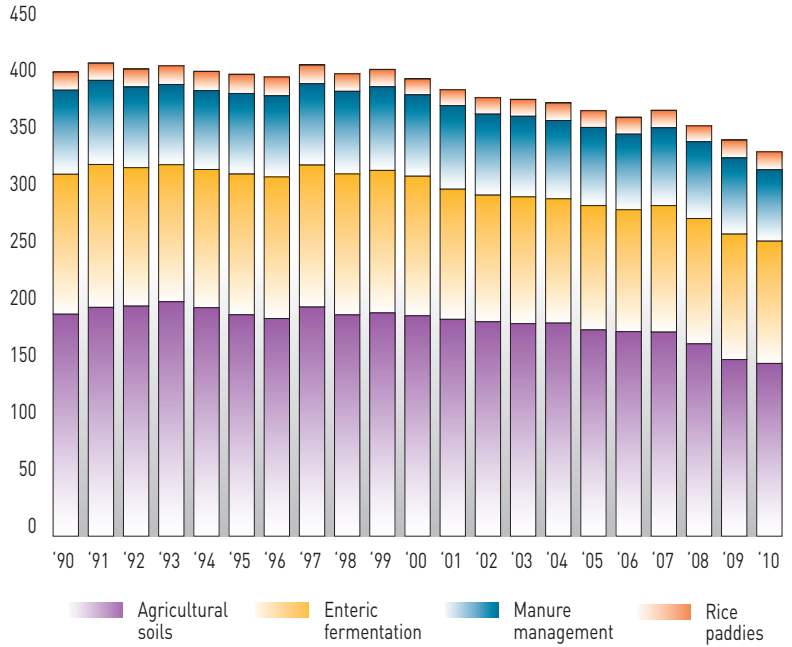
[2] *To arrive at a sum of different greenhouse gases, emissions are expressed in $CO_2$ (carbon dioxide) equivalents, using the global warming potential.*

of emissions, represents only 6.7% of the total. Specifically, the sector is responsible for 40% of national emissions of methane ($CH_4$) and 49% of national emissions of nitrous oxide ($N_2O$).

Considering individual sources of emissions, the most important is agricultural soils (44.9%), followed by enteric fermentation (31.8%), management of manure (18.7%), rice paddies (4.6%) and the burning of stubble (0.05%).

The sector's contribution to the mitigation of emissions remains positive. From 1990 to 2010, there was a reduction of 17.2%; in particular $N_2O$ emissions were reduced by 17.9% and $CH_4$ emissions by 11.4%. These reductions are attributed to a great extent to $CH_4$ emissions from enteric fermentation (-12.6%), due mainly to the reduction of the number of head of some livestock breeds and emissions from agricultural soils (-22.2%), caused by land development and agricultural production, the change in

**Trend in agricultural emissions by source (Mt $CO_2$eq)**

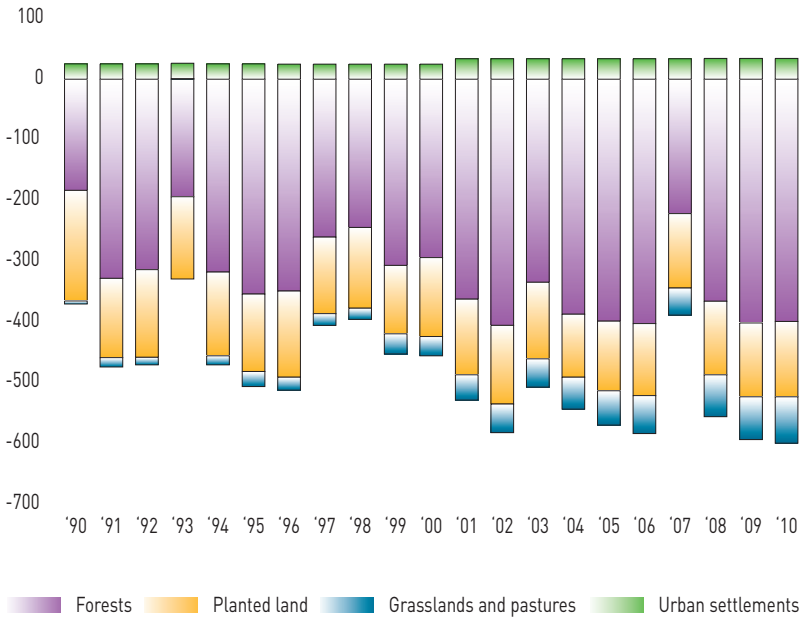



Source: ISPRA, 2012.

some production techniques and rationalization of fertilisers. For emissions from livestock, there is growing importance of the recovery of biogas from manure, thanks to the system of incentives.

The absorption of $CO_2$ and greenhouse gas emissions by forests, farmland, grassland and urban settlements, is estimated within the category LULUCF (Land Use, Land Use Change and Forestry). From this figure it is evident that "absorption" (indicated by the negative values in the figure) are significantly higher than emissions, for each category of land use, except for urban settlements. From 1990 to 2010 absorption increased by 64.2%. The main increases are attributable to forest areas, especially for the colonization of marginal areas and land that is no longer planted, and, to a lesser extent, the increase in carbon stocks on grasslands and pastures.

**Trend in emissions and absorption of greenhouse gases by LULUCF sector by source (Mt $CO_2$eq)**




Source: ISPRA, 2012.

# SOIL CONSUMPTION

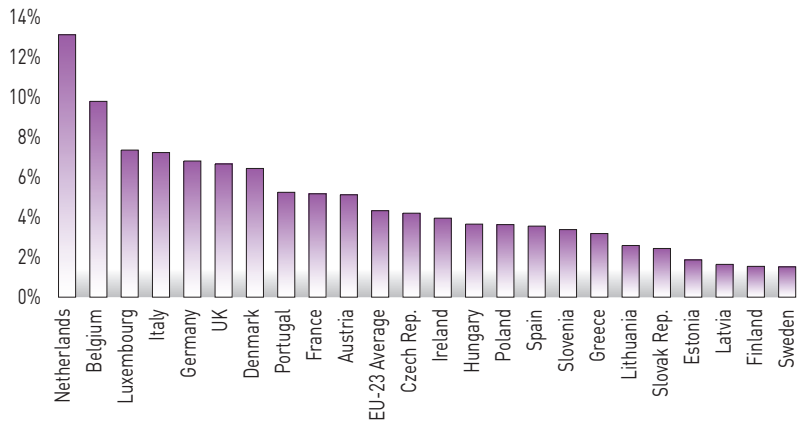
The process of land consumption is one of the main threats to the national agricultural sector, as the reduction of arable land has negative effects on both food self-sufficiency and the environment, in particular on biodiversity, land management and landscape. The available data show that, at the national level, the reduction of cultivated area in favour of new buildings and urbanisation is a process that is markedly increasing.

According to LUCAS data, during the last decade, the increase of urban areas in Italy was 8.8%, with a daily increase of 45 hectares. The greatest expansions, in absolute terms, occurred in already highly urbanised regions, such as Lombardy, but high rates of growth are also reported in Basilicata (+19%) and Molise (+17%).

Italy is thus the fourth country in Europe for impact of artificial areas, with an artificial surface of 2.2 million hectares, equivalent to 7.3% of national territory.

Between 2000 and 2010, agricultural area shrank by more than 300,000 hectares, compared to growth of urbanised areas of 160,000 hectares in the same period (ISTAT). Geographically, figures show that the reduction of agricultural land has been particularly high in regions of the Centre (-10%) and the North (-6%). The loss of agricultural land is the combined result of the urbanisation process and the abandonment of less productive lands, especially in moun-

**% Share of artificial surface in EU countries**




Source: INEA processing of LUCAS figures.

tain areas, where in many cases there is a phenomenon of re-naturalisation and an increase in wooded area.

**UAA in Italy by geographical area, 2010 and 2000 (ha)**

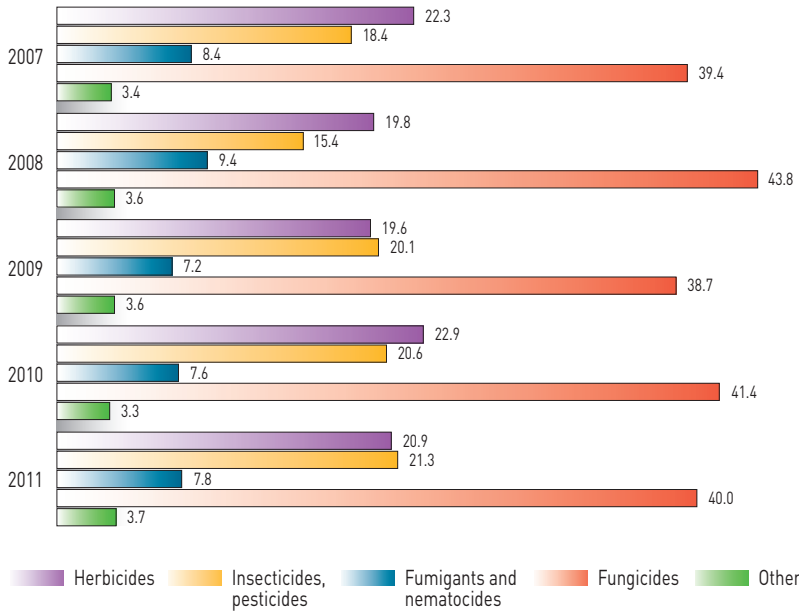
| | 2010 | 2000 | Diff. | Var. % |
|---|---|---|---|---|
| North-West | 2,096,985 | 2,243,193 | -146,208 | -6.5 |
| North-East | 2,471,852 | 2,632,288 | -160,436 | -6.1 |
| Centre | 2,191,651 | 2,435,200 | -243,549 | -10.0 |
| South | 3,554,349 | 3,571,517 | -17,168 | -0.5 |
| Islands | 2,541,211 | 2,299,662 | 241,549 | 10.5 |
| **Italy** | **12,856,048** | **13,181,860** | **-325,812** | **-2.5** |

Source: ISTAT, 5th and 6th agriculture censuses.

In 2011, the use of plant protection products for agricultural use, a total of 93,792 tonnes, declined by 2.1% over the previous year. This trend was due to the reduced use of herbicides (-8.3%), the decrease in area planted to maize, and reduced use of fungicides (-3.4%) in summer, when dry weather hampered the main spore-borne threats to fruit trees. The use of pesticides increased (+3.5%), along with the use of fumigants and nematocides (+3%). This followed the ban on tanning for maize seeds, causing a plague of bees, which was extended throughout 2011.

Despite the drop in consumption, the market value of plant protection products, 821 million euro in 2011, increased by 1.7%. The overall growth of this value was 10.8% in the last five years, in the face of an increase in volume of just 2% in the same period. This is attributable to the introduction of low-dosage products with innovative molecules. The trend in European environmental pol-

**Evolution in the use of plant protection products ('000 t)**



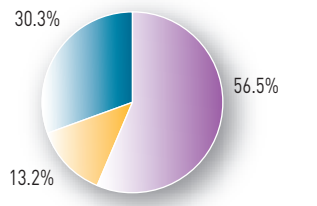

Source: Agrofarma, data refer to member farms.

icy has in fact led to the use of a mix of pesticides with fewer active ingredients and, most recently, Directive 2009/128/EC encouraged lower and sustainable use of pesticides to reduce risks to human health and the environment, by promoting integrated pest management and alternative approaches or techniques.

As for chemical residues in plant products, inspections by the Ministry of Health on 8,449 samples revealed that only 0.4% of the total had residues above the maximum limits allowed by law.

The total use of fertilisers, just over 1.1 million tonnes, decreased by 5% over the previous year, also because of dry weather conditions, which limited the use of phosphorus-based products (-23.3%). In general, the spread of innovative techniques of organic fertilisation and the use of high-nutrient inputs have led to an overall decline of 21.5% in the use of fertilisers in the last five years.

**Use of plant protection products by geographical area (t), 2011**

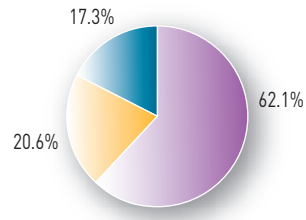



| | |
|---|---|
| TOTAL* | 93,792 |
| North | 53,021.8 |
| Centre | 12,374.1 |
| South & Islands | 28,396.4 |

* Figures refer to 99.1% of member farms.

Source: Agrofarma.

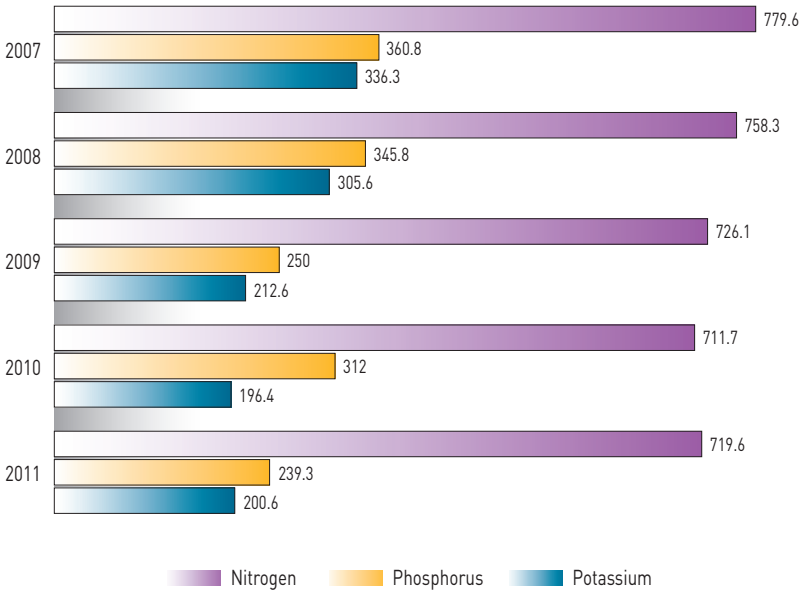
**Composition of fertilisers used ('000 t), 2011**




| | |
|---|---|
| TOTAL | 1,159.5 |
| Nitrogen | 719.6 |
| Phosphorus | 239.3 |
| Potassium | 200.6 |

Source: Assofertilizzanti.

**Evolution in the use of fertilisers ('000 tonnes)**



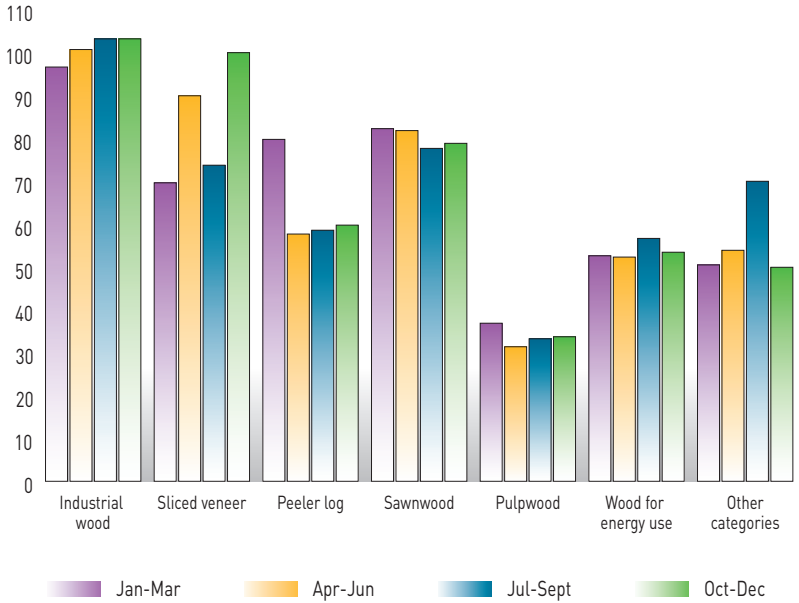

Source: Assofertilizzanti.

According to the Global Forest Resources Assessment (FRA) (FAO, 2010), the total forested area in Italy amounts to 10,916,000 ha, or 36.2% of the area of the country. Of this area, 9,149,000 ha come under the category of Forest and 1,767,000 ha in the category Other Wooded Land. 66.4% of the total forest area is privately owned, while 33.6% is public property. Over 86.6% of national forest area is regulated by at least one type of planning tool, in most cases by police regulations and regional forestry rules. Forests and wooded areas are mainly concentrated in mountainous and hilly areas, with 59% and 36% of the total area, respectively. Lowlands, however, have only 5% of Italian forests.

**Use of forests**

Forest area available for felling of timber amounts to 7,741,146 ha, or 84.6% of the Forest class. In the face of over 37 $Mm^3$/year of potentially removable forest biomass, forest use re-

**Retail prices for broadleaved wood categories (euro per cubic metre)**




Source: INEA processing of ISTAT figures.

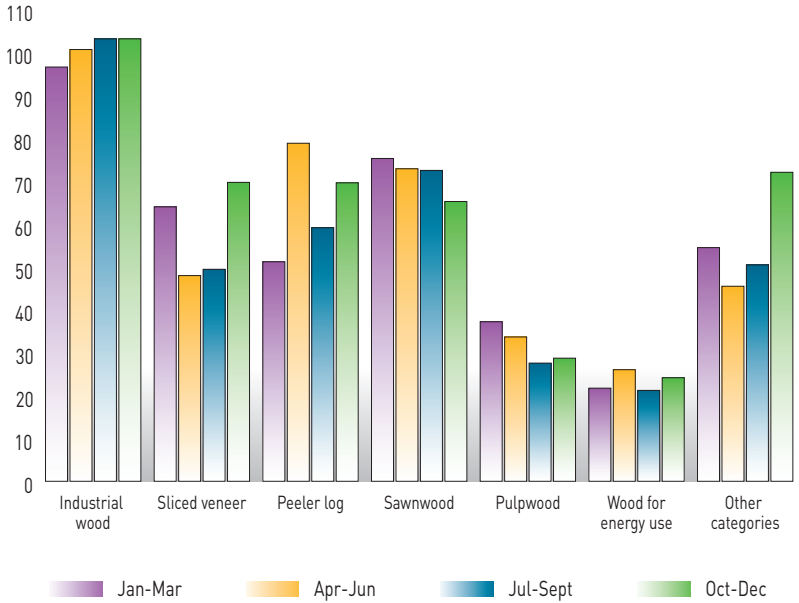
mains below 8 $Mm^3$/year. For 2011, there were 7,843,787 $m^3$, of which 66.2% is used as firewood and 33.8% as work timber[1]. Use outside the forest of wood from tree crops accounts for almost one fifth of the annual national use. Foreign imports of raw wood for industry are around 14 $Mm^3$/year (Federlegno, 2011). The commercial prices for both coniferous and broadleaved during 2011 show a growing trend for beams and large poles.

## The health of Italy's forests

The national network for monitoring of forest ecosystems (CONECOFOR Programme, of the National Forestry Service) records a deterioration in recent years in the health of Italian forests. There has been a significant increase in the effects of pressure from biotic factors, such as diseases

[1] *This category includes raw timber, wood for laminate and panelling and other sortings.*

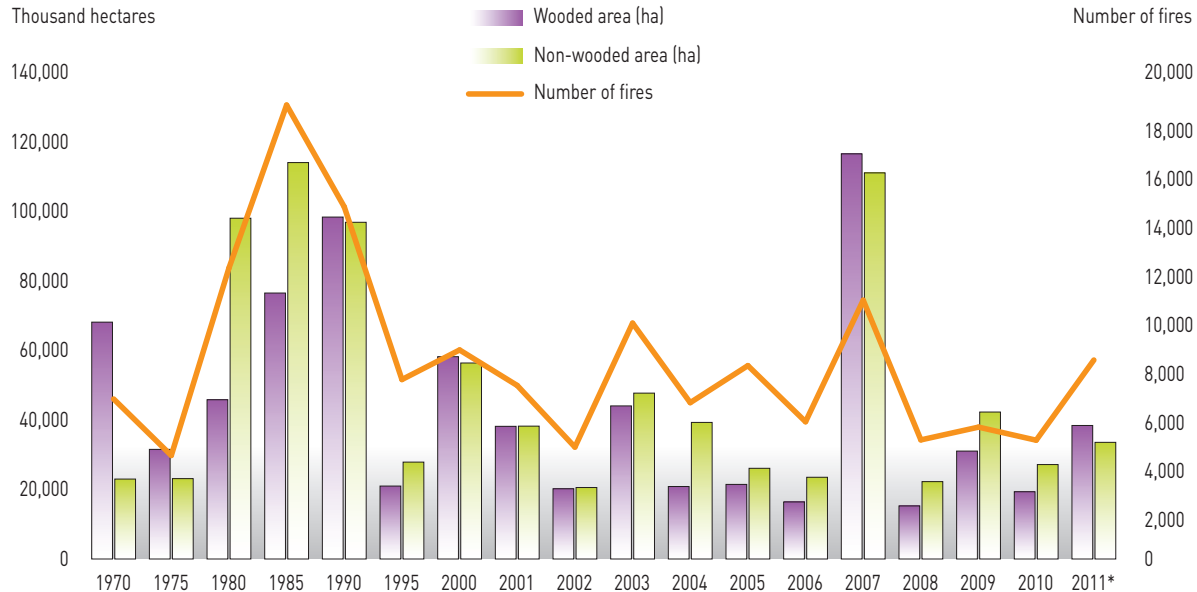
**Retail prices for conifer wood categories (euro per cubic metre)**




Source: INEA processing of ISTAT figures.

and pests, and abiotic such as damage from weather events or intense climate. The most obvious threat to national forests is fire. According to provisional data provided by the Fire Corps of the National Forestry Service, there were 8,181 fires in 2011 in the country, which affected an area of 72,077 ha, including 38,430 ha of forest. Compared to 2010, there was a 67% increase in the total number of forest fires while the forest area affected by fire increased by 49%. The region most affected by fire was Calabria, with 8,174 ha of forest burned, followed by Campania with 5,738 ha and Lazio with 5,597 ha. By contrast, the least affected regions were Trentino Alto Adige with only 12 ha, Valle d'Aosta with 33 ha and Emilia-Romagna with 89 ha.

**Area affected by fire and number of fires**




* Data for 2011 are provisional.

Source: INEA processing of CFS-AIB figures, 2012.

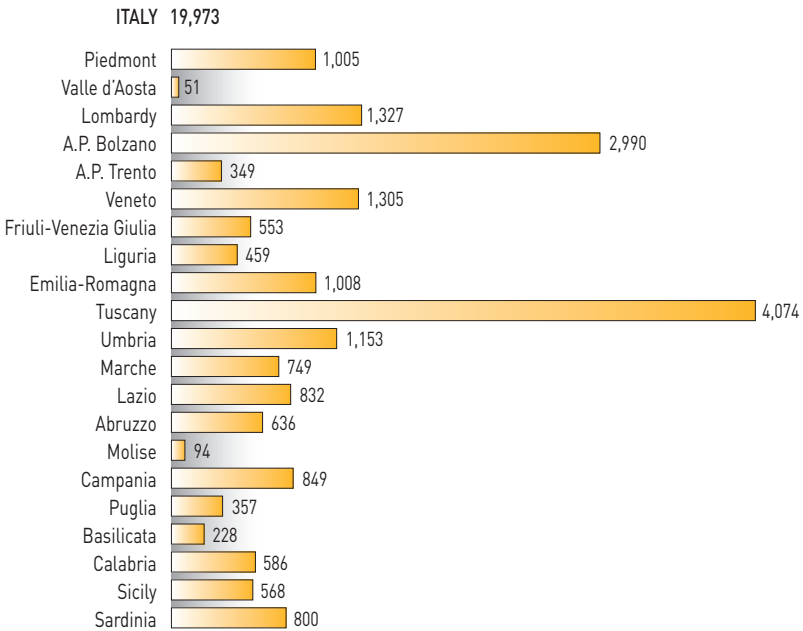
# DIVERSIFICATION

# AGRI-TOURISM (FARM STAYS)

There are nearly 20,000 farms engaged in agri-tourism, with a 5% increase in the number of facilities over the previous year (ISTAT, 2010). Farm stay sites, half of which are in the hills (51.8%) and about one third in the mountains (33.2%), account for 25.4% of farms with connected activities and contribute to the diversification of agricultural activities and development of these areas. They are concentrated in the North (45.3%) and in the Centre (34.1%), especially Trentino-Alto Adige and Tuscany. The highest increases compared to 2009 were in the regions of the South (+6.2%), particularly Puglia (+24.5%) and Calabria (+21.3%).

The presence of women in the management of farm stay sites has increased compared to 2009 (+2.1%): more than a third of farm stays sites are run by women, and 25% of the total number of facilities managed by women are concentrated in Tuscany alone.

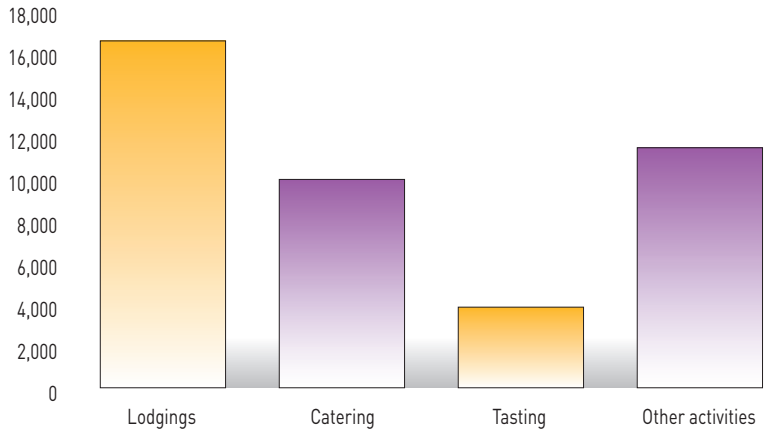
**Farm stay sites by region, 2010**




Source: ISTAT.

Services offered have also increased: accommodation (+5.2%), offered in over 82% of the facilities, for a total of 206,145 beds (+6.5%), 12 on average per farm; catering (+6.2%), consisting mainly of the farm's own products, which are offered by about half of farms; the tasting of farm products (+12.8%), including wine shops, found on 19% of farm stay sites. Other activities, offered by more than 57% of structures, are also on the rise (+7.9%). In addition to horseback riding, excursions, nature observation, trekking, mountain biking, courses and sports, diverse activities include participation in farm work, entertainment, folklore events and conferences.

**Farm stay sites by type of service*, 2010**




* A farm may be licenced for one or more types of activity.

Source: ISTAT.

The average length of stay is 4.5 days. Arrivals are down, however (-5.3%); there has been a slight increase in the share of foreign tourists, from 37% to 38%.

According to Agriturist, turnover in the sector reached 1,230 million euro in 2011, an increase of 8.8% compared to 2010 and, therefore, in average annual turnover per farm (+4.6%), amounting to 59,420 euro. In 2011, in fact, there was a 4.2% increase in the use of housing, compared with a significant increase in arrivals (+10.5%) and the percentage of foreign tourists (+2.6%) attracted by our country.

Gross production from renewable sources has grown at a steady rate over the past decade (+48%), especially because of the contribution of non-traditional sources such as wind, solar, waste and biomass. In the last five years, installed capacity has increased by approximately 65% from the 18,335 MW in 2000. Solar energy has shown strong growth, doubling photovoltaic plants and tripling installed capacity. While power from hydroelectric plants accounted for about 91% of national production in 2000, it now accounts for only 59%. The growth of renewable energy sources has been encouraged by a number of incentive mechanisms, assessed as being among the most advantageous in Europe.

As regards bio-energy installations, the most numerous are those fuelled by biogas (66%), followed by biomass (20%) and finally bio-liquids (14%), but 53% of power is produced by plants burning biomass, 26% from bio-liquids and only 22% from bio-

**Number and gross efficiency (MW) of renewable energy plants**

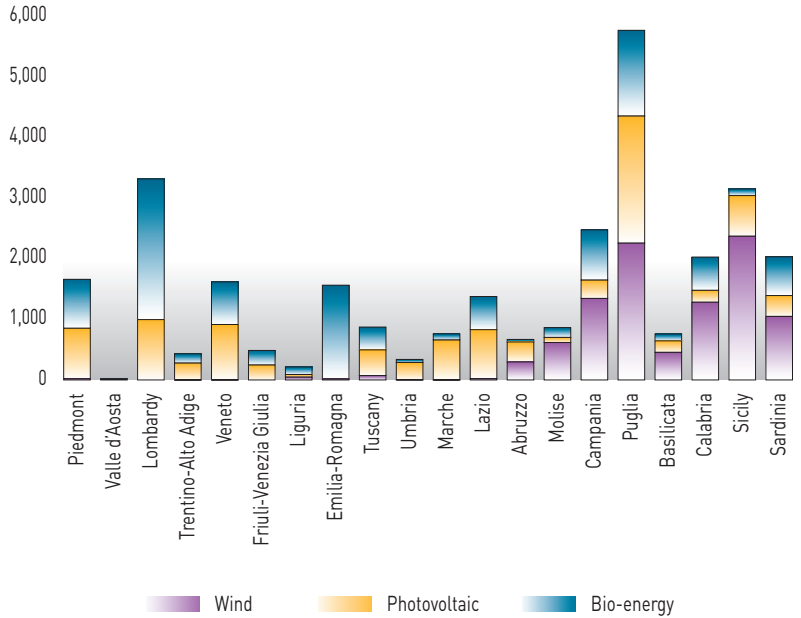
| | Number | MW | Number | MW | Number | MW |
|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | Change 2010/2011 | |
| Hydroelectric | 2,729 | 17,876,169 | 2,902 | 18,092,298 | 6.3 | 1.2 |
| Wind | 487 | 5,814,281 | 807 | 6,936,146 | 65.7 | 19.3 |
| Solar | 155,977 | 3,469,880 | 330,306 | 12,773,407 | 111.8 | 268.1 |
| Geothermal | 33 | 772,000 | 33 | 772,000 | 0.0 | 0.0 |
| **Bio-energy** | **669** | **2,351,545** | **1,213** | **2,825,330** | **81.3** | **20.1** |
| **only electrical energy production** | **484** | **1,426,830** | **713** | **1,661,473** | **47.3** | **16.4** |
| Biomass | 82 | 677,845 | 98 | 741,402 | 19.5 | 9.4 |
| - from urban waste | 45 | 437,900 | 47 | 474,675 | 4.4 | 8.4 |
| - other biomass | 39 | 239,945 | 53 | 266,727 | 35.9 | 11.2 |
| Biogas | 352 | 342,074 | 475 | 418,078 | 34.9 | 22.2 |
| - from waste | 210 | 283,472 | 224 | 283,333 | 6.7 | 0.0 |
| - from mud | 31 | 4,338 | 36 | 7,146 | 16.1 | 64.7 |
| - from animal manure | 76 | 21,661 | 94 | 33,650 | 23.7 | 55.3 |
| - from other agric. and forestry activ. | 38 | 32,603 | 131 | 93,950 | 244.7 | 188.2 |
| Bio-liquids | 52 | 406,911 | 143 | 501,992 | 175.0 | 23.4 |
| - raw vegetable oils | 43 | 327,339 | 113 | 409,332 | 162.8 | 25.0 |
| - other bio-liquids | 9 | 79,572 | 30 | 92,660 | 233.3 | 16.4 |
| **production of energy and heat** | **191** | **924,715** | **506** | **1,163,857** | **164.9** | **25.9** |
| Biomass | 56 | 564,814 | 70 | 547,100 | 25.0 | -3.1 |
| - from urban waste | 25 | 360,029 | 24 | 352,829 | -4.0 | -2.0 |
| - other biomass | 32 | 204,785 | 46 | 194,271 | 43.8 | -5.1 |
| Biogas | 96 | 165,630 | 312 | 355,354 | 225.0 | 114.5 |
| - from waste | 18 | 57,866 | 36 | 73,024 | 100.0 | 26.2 |
| - from mud | 16 | 10,231 | 24 | 22,575 | 50.0 | 120.7 |
| - from animal manure | 19 | 19,710 | 71 | 55,837 | 273.7 | 183.3 |
| - from other agric. and forestry activ. | 43 | 77,823 | 203 | 203,918 | 372.1 | 162.0 |
| Bio-liquids | 45 | 194,271 | 132 | 261,403 | 193.3 | 34.6 |
| - raw vegetable oils | 43 | 182,677 | 121 | 244,529 | 181.4 | 33.9 |
| - other bio-liquids | 2 | 11,594 | 11 | 16,874 | 450.0 | 45.5 |
| **Total** | **159,895** | **30,283,875** | **335,261** | **41,399,181** | **109.7** | **36.7** |

Source: Terna/GSE.

gas, due to the low average size of plants, of just over 1 MW, while biomass and waste plants reach about 9 MW on average. A CRPA census in March 2010, on a total of 619 plants, counted 273 fuelled by biomass from agro-livestock, of which 199 are active and 74 under construction, and 32 that use effluents from agri-industry. The region with the highest number of plants appears to be Lombardy (24.1%), followed by Emilia-Romagna (15.2%).

Italy is the fourth largest European producer of biodiesel after Germany, France and Spain. Biofuel production in 2011 was 48,700 tonnes of ethanol and 620,000 tonnes of biodiesel. Installed capacity is distributed among 16 plants with production potential of 2.4 million t/year. The highest concentration of plants is in Lombardy.

**Gross electrical energy production from non-traditional renewable sources by region (2010, values in GWh)**

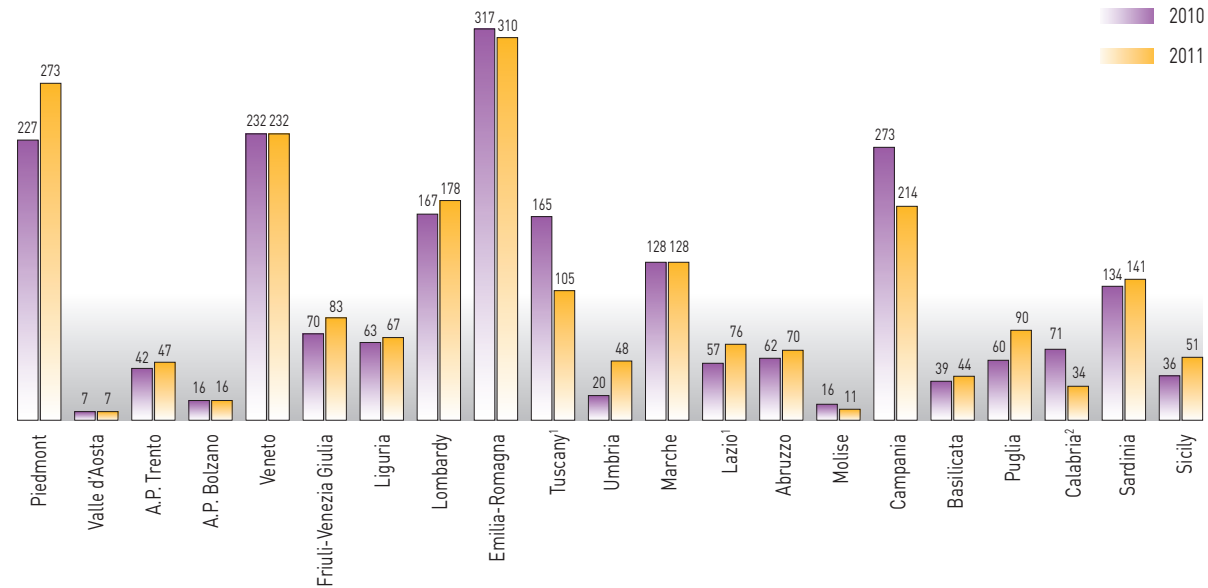



Source: Terna/GSE.

There are 2,010 accredited educational farms in Italian Regions and Provinces. If we add those located in Tuscany, Lazio and Calabria for which official data are not available, but which were published by trade associations[1], the number rises to 2,225. The data show that, in 2011, the region with the largest number of educational farms is Emilia-Romagna, followed by Piedmont, Veneto and Campania. In Campania, a period of adjustment after initial enthusiasm could explain the decline in accredited facilities (-21.6%), but in any case the region still has the most educational farms in the south.
Compared to 2010, there was an increase in farms that offer educational services in half of Italian regions, particularly Piedmont (+20.3%), Umbria (+140%), Lazio (+33%), Puglia (+50%) and Sicily (+41.7%). At the provincial level, data indicate that Turin has the most structures, with 88 educational farms, followed by Salerno with 74 and Bologna with 70.

[1] *Confagricoltura, Coldiretti and CIA.*

**Educational farms in Italy (n.), 2011**




[1] CIA, Coldiretti, Confagricoltura figures.
[2] CIA and Confagricoltura figures.

Source: INEA processing of regional and provincial figures.

# QUALITY PRODUCTS

# PRODUCTS OF DESIGNATED ORIGIN

Italy continues to rank first in the EU for PDO and PGI, with 244 products, with a further increase in registrations, accounting for more than 22% of the entire EU register. Most of these are fruit and vegetable products and cereals (almost 40%), cheese (18%), extra-virgin olive oil (17.6%) and prepared meats (about 14%).

In 2011, businesses with certified PDO-PGI production, according to ISTAT, amount to 84,148 (-0.5% compared to 2010), of which almost 92% are farms and nearly 6% are processors. 38.6% of farms are exclusively in the milk-and-dairy sector, just over 25% produce olive oils and 20.4% grow fruit and vegetables. The surface used for certified production amounts to 151,684 hectares (+2.8% compared to 2010). 44.6% of processing plants and 52.9% of livestock farms are located in the North, while about three-quarters of cultivated area is concentrated in the Centre and South. Producers are mainly concentrated in the hills (47.1%) and mountains (almost

**Number of PDO and PGI by region***

| Region | Fruit, vegetables and cereals | Olive oil | Cheese | Prepared meats | Other products[2] | Total |
|---|---|---|---|---|---|---|
| Piedmont | 5 | - | 8 | 4 | 1 | 18 |
| Valle d'Aosta | - | - | 2 | 2 | - | 4 |
| Lombardy | 2 | 2 | 11 | 9 | - | 24 |
| Liguria | 1 | 1 | - | - | 1 | 3 |
| Alto Adige | 1 | | 1 | 1 | | 3 |
| Trentino | 2 | 1 | 4 | 1 | - | 8 |
| Veneto | 16 | 2 | 7 | 7 | 1 | 33 |
| Friuli-Venezia Giulia | 1 | 1 | 1 | 3 | - | 6 |
| Emilia-Romagna | 10 | 2 | 4 | 12 | 4 | 32 |
| Tuscany | 7 | 5 | 2 | 4 | 5 | 22 |
| Umbria | 2 | 1 | 1 | 2 | 1 | 7 |
| Marche | 2 | 1 | 2 | 4 | 1 | 10 |
| Lazio | 7 | 4 | 3 | 4 | 6 | 24 |
| Abruzzo | 2 | 3 | - | 1 | 2 | 8 |
| Molise | - | 1 | 1 | 2 | 2 | 6 |
| Campania | 11 | 5 | 3 | - | 2 | 21 |
| Puglia | 6 | 5 | 3 | - | 2 | 16 |
| Basilicata | 4 | 1 | 3 | - | 1 | 9 |
| Calabria | 4 | 3 | 1 | 4 | 2 | 15 |
| Sicily | 14 | 6 | 4 | 1 | 1 | 26 |
| Sardinia | 1 | 1 | 3 | - | 2 | 7 |
| **Italy[1]** | **97** | **43** | **44** | **35** | **25** | **244** |

* Updated to July 2012.

[1] Some products are inter-regional, so the total of PDO/PGI by region does not correspond to the total for Italy.

[2] Includes: baked goods, honey, ricotta, spices, vinegar, meats, fish, non-food products.

28%), processing plants in the hills (51.9%), and surface in the hills (61%) and mountains (23%). In the 2004-2011 period there was a significant increase in farms (+46.1%), livestock farms (+64.4%), utilised area (+33.7%) and processors (+19%).

Qualivita ISMEA figures on 2010 production showed product volume of nearly 1.3 tonnes with a significant increase over the last two years (+20%), driven mainly by the strong performance of fruit and vegetables (+46.4%) and balsamic vinegar from Modena. There was growth, although much more modest, for cheeses (+2%), extra-virgin olive oils (+0.7%) and fresh meat (+6%). On the contrary there was a decline for prepared meats (-1.7%) because of the drop in production of Parma and San Daniele ham.

The production value of PDO-PGI has grown by almost 14% compared to 2009, and is around 6 billion euro; the market value of consumption, estimated at nearly 10 billion euro, was also up, more sustained for exports (+8%) than for the domestic market (+2%). In a situation not conducive to consumption, the purchase of PDO and PGI products returned to growth (+2.1% compared to 2009), in contrast with what happened to food as a whole (-1.5%), but more as the effect of the increase in spending than volumes purchased. Retail prices indeed showed an increase of 2.6%, compared to a slight decrease of 0.5% for agri-food products as a whole.

## Quality wines

By the end of December 2011, Italy submitted to the EU Commission the full list of specifications of PDO and PGI wines, revised to comply with new Community guidelines on designations of origin (regs. (EC) n. 479/2008 and n. 607/2009). The update of the specifications was also an opportunity to redesign the framework and the numbers of our quality wines, and it should be recalled that our national legislation also decided to retain the

**DOCG, DOC and IGT wines by region***

| | DOCG | DOC | IGT |
|---|---|---|---|
| Piedmont | 16 | 40 | - |
| Valle d'Aosta | - | 1 | - |
| Lombardy | 5 | 21 | 15 |
| Alto Adige | | 3 | 2 |
| Trentino | - | 7 | 3 |
| Veneto | 14 | 26 | 8 |
| Friuli-Venezia Giulia | 4 | 10 | 3 |
| Liguria | - | 8 | 4 |
| Emilia-Romagna | 2 | 17 | 9 |
| Tuscany | 11 | 36 | 5 |
| Umbria | 2 | 12 | 6 |
| Marche | 5 | 15 | 1 |
| Lazio | 3 | 26 | 6 |
| Abruzzo | 1 | 6 | 7 |
| Molise | - | 4 | 2 |
| Campania | 4 | 15 | 9 |
| Puglia | 4 | 22 | 5 |
| Basilicata | 1 | 3 | 1 |
| Calabria | - | 9 | 9 |
| Sicily | 1 | 20 | 7 |
| Sardinia | 1 | 15 | 15 |
| **Italy** | **73** | **330** | **118** |

* Updated to July 2012.

N.B. The total of DOC and IGT is lower than the total of wines by region, as some are inter-regional.

Source: MIPAAF.

traditional categories of DOCG, DOC and IGT. DOCGs increased considerably, amounting to 73 registered wines, with 330 DOCs and 118 PGIs. New registered wines include DOC Romagna, which brings together in a single discipline five names already in existence (Albana sparkling wine, Sangiovese, Trebbiano, Cagnina, Pagadebit), DOC Sicilia (formerly IGT) and the new IGT Costa Etrusco-Romana.

In the EU there are a total of 1,321 recognized PDOs. Italy is in second place after France, which totals 450 registered wines. Also with regard to PGI, there are 585 total registrations in the EU, and Italy follows France. As for surface planted to PDO wines, Italy is in third place after Spain and France, with 272,433 ha (2010 data, the latest available). The area planted to PDO in Italy is nearly 40% of the total area planted with vines. If PDO and PGI area are added together, we arrive at more than 70% of area planted to quality vineyards, a respectable share but still far from the top-ranking Spanish and French, whose share reaches and exceeds 90%. The regions with the highest area planted to PDO are, in order, Tuscany, Piedmont and Veneto. The highest percentages of PDO surface compared to total vineyards are in the Valle d'Aosta, Alto Adige and Trentino. Investments in PGI are highest in Sicily and Emilia-Romagna.

Production of PDO wine, which reached a little more than 15 million hectolitres in the 2011 harvest, accounts for almost 34% of all wine produced in Italy and shows a slight but steady increase in the last three years; production of PGI wine declined in 2011 the (-10.7%), with 13.7 million hectolitres, which accounts for almost 31% of total wine production.

PDO wines (especially reds) are confirmed as among the best-selling Italian products abroad, with a total value for red, rosé, white, sparkling and fortified wines of over 2 billion euro.

**Production**

According to 2010 figures from FiBL (Research Institute of Organic Agriculture), organic farming remained stable worldwide, with 1.6 million producers in 160 countries, for a total of 37 million hectares of cultivated area. In Europe, where 10 million hectares are planted (27% of the total) and where almost 14% of the world's organic farms are concentrated, there was an increase in organic surface by approximately 9% over the previous year.

Italy is one of the ten largest producers in the world and holds second place among EU countries, behind Spain. In 2011, according to SINAB figures, 1,096,889 hectares in Italy are planted to organic (3% of the world organic area), a slight decrease compared to 2010 (-1.5%). Sector operators, who represent the highest number in Europe, have increased to 48,269, up 1.3% compared to 2010.

Nearly half of organic surface is planted to fodder crops, grasslands

**Organic farming in the EU, 2010**

| | Farms number | Var % 2010/09 | Area ha | Var. % 2010/09 |
|---|---|---|---|---|
| Austria | 22,132 | 5.4 | 543,605 | 4.8 |
| Belgium | 1,108 | 11.1 | 49,005 | 18.2 |
| Bulgaria | 709 | 59 | 25,648 | 108.2 |
| Cyprus | 732 | 0 | 3,575 | 0 |
| Denmark | 2,677 | -0.6 | 162,903 | 4.1 |
| Estonia | 1,356 | 6.2 | 112,972 | 18.7 |
| Finland | 4,022 | -1.6 | 169,168 | 1.8 |
| France | 20,604 | 25.3 | 845,442 | 24.8 |
| Germany | 21,942 | 4.3 | 990,702 | 4.6 |
| Greece | 21,274 | -10.1 | 309,823 | -5 |
| Ireland | 1,366 | 2.9 | 47,864 | 0 |
| Italy | 41,807 | -2.6 | 1,113,742 | 0.6 |
| Latvia | 3,593 | -10.5 | 166,320 | 3.8 |
| Lithuania | 2,652 | 0 | 143,644 | 11.3 |
| Luxembourg | 96 | 24.7 | 3,720 | 2.9 |
| Malta | 11 | -8.3 | 24 | -8.5 |
| Netherlands | 1,462 | 3.5 | 46,233 | -10.9 |
| Poland | 20,578 | 20.4 | 521,970 | 42.2 |
| Portugal | 2,434 | 47.4 | 201,054 | 32.7 |
| United Kingdom | 4,949 | -4 | 699,638 | -3.1 |
| Czech Republic | 3,517 | 30.8 | 448,202 | 12.5 |
| Romania | 2,986 | -3 | 182,706 | 8.6 |
| Slovak Republic | 363 | 0 | 174,471 | 19.9 |
| Slovenia | 2,218 | 5.8 | 30,696 | 4.5 |
| Spain | 27,877 | 10.2 | 1,456,672 | 9.5 |
| Sweden | 5,208 | 8.1 | 438,693 | 12 |
| Hungary | 1,617 | 0 | 127,605 | -9 |
| **EU 27** | **219,290** | **5.1** | **9,016,097** | **8.8** |

Source: FiBL.

**Operators in the organic sector, 2011**

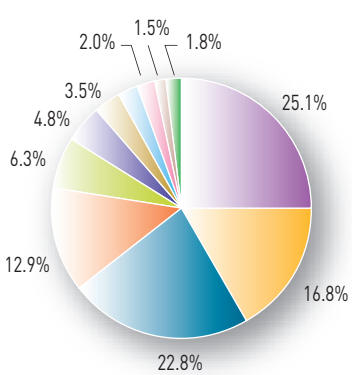
| | Production | Processing | Imports | Other | Total | |
|---|---|---|---|---|---|---|
| | | | | | number | var. % 2011/10 |
| Piedmont | 1,554 | 396 | 3 | 24 | 1.977 | 1.6 |
| Valle d'Aosta | 75 | 11 | 0 | 0 | 86 | 6.2 |
| Lombardy | 826 | 642 | 4 | 34 | 1,506 | 11.3 |
| Trentino-Alto Adige | 1,154 | 294 | 4 | 7 | 1,459 | 7 |
| Veneto | 1,126 | 640 | 12 | 33 | 1,811 | 8.8 |
| Friuli-Venezia Giulia | 308 | 119 | 0 | 5 | 432 | 10.8 |
| Liguria | 266 | 111 | 1 | 11 | 389 | -1.8 |
| Emilia-Romagna | 2,731 | 816 | 10 | 45 | 3,602 | 1.8 |
| Tuscany | 3,006 | 499 | 10 | 21 | 3,536 | 8.7 |
| Umbria | 1,165 | 145 | 2 | 6 | 1,318 | -0.2 |
| Marche | 1,891 | 228 | 0 | 8 | 2,127 | 1.4 |
| Lazio | 2,629 | 366 | 1 | 5 | 3,001 | 1.1 |
| Abruzzo | 1,406 | 200 | 3 | 3 | 1,612 | 2 |
| Molise | 193 | 36 | 1 | 2 | 232 | 20.8 |
| Campania | 1,603 | 288 | 0 | 5 | 1,896 | 8.3 |
| Puglia | 4,607 | 464 | 6 | 4 | 5,081 | -4.5 |
| Basilicata | 1,249 | 98 | 1 | 0 | 1,348 | -3.9 |
| Calabria | 6,896 | 214 | 1 | 4 | 7,115 | 5.4 |
| Sicily | 6,931 | 526 | 2 | 10 | 7,469 | -10.1 |
| Sardinia | 2,195 | 72 | 2 | 3 | 2,272 | 14.5 |
| **Italy** | **41,811** | **6,165** | **63** | **230** | **48,269** | **1.3** |

Source: SINAB.

and pastures, while 16.8% is used for the production of cereals and 6.3% for the production of vegetables and fruits. Olive trees are a major crop, accounting for almost 13% of total organic UAA, followed by vines (4.8%), nuts (2.5%), fruit trees (2.1%) and citrus (2 %).

Sicily, despite a decline of more than 16% of organic UAA, with 188,142 ha or 17.2% of Italy's total, is still the region with the most invested in this method of production, followed by Puglia, with 136,330 hectares (12.4% of the total national organic UAA). There have been significant increases of agricultural land planted to organic, due to the reallocation of funds for support measures for rural development, in Molise (+46.5%), Lombardy (+34.4%) and Umbria (+12.8%), regions with low shares of total national organic UAA. On the contrary, Sardinia and Calabria, which recorded increases in organic hectares of more than 10% each, also thanks to aid disbursed by their respective RDPs,

**Organic area and area under conversion by crop, 2011 (ha)**




| | |
|---|---|
| TOTAL | 1,096,889 |
| Grasslands and pastures | 275,591 |
| Cereals | 184,111 |
| Fodder crops | 250,583 |
| Olives | 141,568 |
| Fruit and vegetables | 68,582 |
| Vines | 52,812 |
| Fallow land | 38,400 |
| Nuts | 27,839 |
| Protein, leguminous and seed crops | 21,445 |
| Industrial crops | 16,024 |
| Other crops | 19,934 |

Source: SINAB.

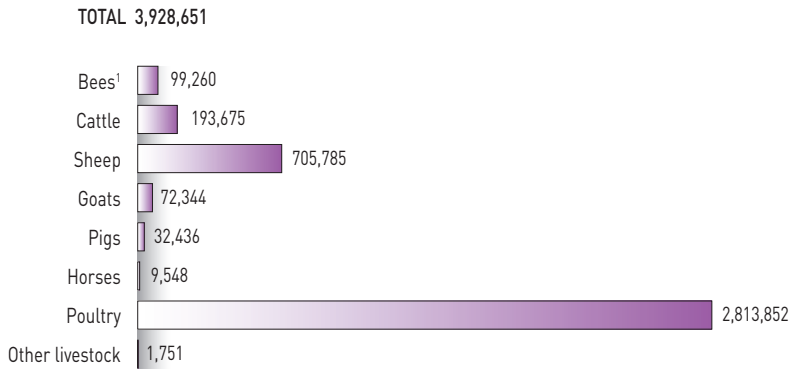
have a significant impact on the national organic UAA, with 11.9% and 10.1%, respectively.
As in previous years, producers are concentrated in the South (60%), led by Sicily and Calabria, while processors are mainly concentrated in the North (49.1%), with the greatest share in Emilia-Romagna.
In 2011, organic livestock production recorded a significant increase for poultry (+11.7%), pigs (10.3%), sheep (+4.3%) and goats (+1.4%). Cattle, however, have suffered a decline of 6.4%, while unfavourable weather conditions affected beekeeping (-12.9%). Organic aquaculture is practiced by about twenty fisheries proportionally distributed among regions of the North, Centre and South of Italy.

## Market

IFOAM (International Federation of Organic Agriculture Movements) has estimated the value of the world organic market in 2010 at 44.5 billion euro (+7.5% compared to 2009), 49% in North America and 47% in Europe. The U.S. is the largest consumer market for organic products, with a turnover of 20.2 billion euro (45.4% of the world market), followed by Germany with 6 billion euro (13.5%) and France with 3.4 billion euro (7.6%). The countries with the highest consumption of organic products per capita/year are Switzerland (153 euro), Denmark (142) and Luxembourg (127).

Italy, where the organic sector represents about 3% of the food market for a value of 1.5 billion euro, is in fourth place among the EU countries, in terms of turnover.
According to ISMEA, domestic purchases of packaged organic products in large-scale retail in Italy increased by 8.9% in 2011. Compared to 2010, there were increases, in particular, for purchases of eggs (+21.4%), milk and dairy products (+16.2%), biscuits, sweets and snacks (+16.1%) and soft drinks (+16%). Even fresh and processed fruits and vegetables, with a share of almost one third of total purchases in terms of value, registered an increase of 3.4%. In contrast, however, there was a drop in spending on olive oil (-18.6%), meat and prepared meats (-8.2%), sugar, coffee and tea (-3.4%) and pasta, rice and bread substitutes, an overall decrease of 3.2%.
In the 2009-2011 period, according to Bio Bank, sales of organic products outside large-scale retail also increased, by 7% of specialised sales points and major activities linked to short chains.

**Head of livestock raised using organic methods, 2011**




[1] Number of hives.

Source: SINAB.

Certification of quality and environmental management remains of strong interest to businesses in the agricultural and agri-food sector, despite the difficult economic situation. It is a useful tool for commercial differentiation and appreciated by the distribution sector. Among the most widely used systems are the ISO standards, defined in particular by rules applied in quality certification (ISO 9001), environmental certification of processes (ISO 14001), and European EMAS registration, accessible to all businesses and organisations that intend to meet specific sustainability targets.

According to data provided by Accredia, the upward trend continued in 2011 for businesses certified under ISO 9001 (+8%), particularly important in the case of farms (+72%), although the numbers remain relatively small (504 units), and for businesses in the food sector (+16%). The same trend applies to environmental process certification under ISO 14001, with an overall increase of 5%, and by 22% for farms alone. Just over 30% of production sites with these two types of certification are located in Lombardy and Veneto, followed by Emilia-Romagna, Lazio, Campania and Piedmont, which together account for about two thirds of the total. There are fewer EMAS registered companies.

As for environmental management, more certifications are being introduced regarding the emission of greenhouse gases (UNI EN ISO

**Number of agricultural and agri-food businesses with management systems certified for quality and environment in Italy - 2011**

| | ISO 9001 | | | ISO 14001 | | | EMAS | | |
|---|---|---|---|---|---|---|---|---|---|
| | n. | % of total | var. % 2011/10 | n. | % of total | var. % 2011/10 | n. | % of total | var. % 2011/10 |
| Agriculture (crops, livestock)[1] | 504 | 0.4 | 72.0 | 78 | 0.5 | 21.9 | 19 | 1.4 | -5.0 |
| Food | 4,009 | 3.0 | 16.3 | 734 | 4.7 | 0.3 | 91 | 6.6 | -11.7 |
| **Total** | **132,693** | **-** | **8.0** | **15,588** | **-** | **5.4** | **1,375** | **-** | **8.9** |

[1] Includes nurseries and businesses operating in planning, realisation, maintenance and management of agricultural and forest parks (including accessory works, nature engineering, environmental clean-up, urban décor, forestation and reclamation).

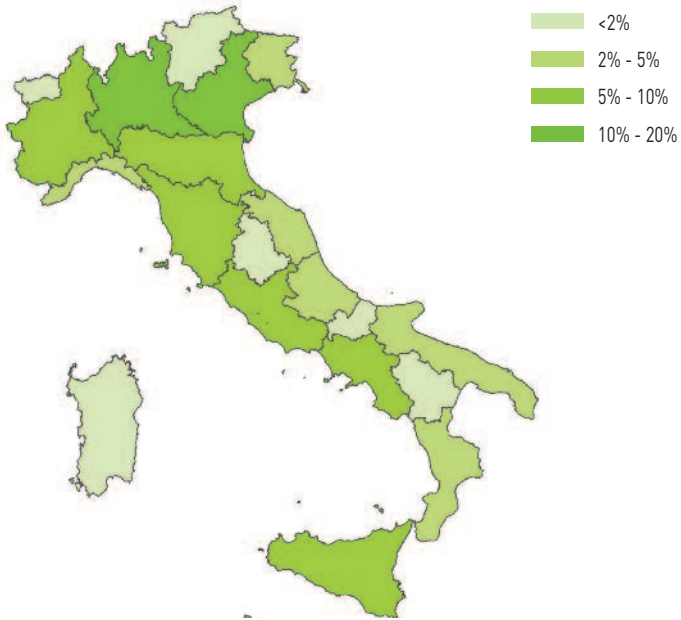
Source: processing of ACCREDIA and ISPRA figures.

14064-1), the system for energy management (SGE), the life cycle assessment of products to evaluate their environmental impact (ISO 14040 LCA), environmental product declarations and climate declarations, in addition to recent legislation on integrated production systems (UNI 11233) and certification of integrated production via GlobalGap, BRC and IFS private schemes.

In 2011, certifications of ethical standards and social accountability (SA8000) involved around 98 businesses in the agri-food sector in Italy out of a total of 925 units.

In recent years, food products with certification for Jewish (kosher) and Muslim (halal) consumers are becoming increasingly widespread in our country.

**Share of national territory of production sites with ISO 9001 and ISO 14001 certifications - 2011.**




Source: processing of ACCREDIA figures.

# AGRICULTURAL POLICY

In October 2011 the European Commission issued legislative proposals on the CAP reform for the 2014-2020 programming period. The most important news pertaining to Pillar 1 of the CAP concerned the abolition of the single payment scheme and its replacement with a set of aid to take account of the variety of functions performed by agriculture. Besides the classic function of income support, the new payments are intended to remunerate the presence of certain conditions (young farmers, small farms, less-favoured areas) or compliance with specific commitments to the environment and climate (the so-called "green payment"). Important changes are the introduction of a cap on aid (capping), the mechanism of convergence of aid among Member States and among farms on a regional or Member State level (regionalisation), the need to provide support only to active farmers, and the simplified scheme for small farmers.

For the functioning of the system of direct payments, the budget allocated to Italy, relative to 2011, amounted to 4,234 million euro. Of this, 4,048 million euro represents the upper limit for the single payment. Coupled and decoupled measures in art. 68 of Regulation 73/2009 are allocated at approximately 317 million euro, of which 144.9 million euro is taken from unspent funds.

The process of adaptation to changes introduced by the Health Check resulted, in 2011, in the increase in the rate of modulation, for aid amounting to more than 5,000 euro, from 8% to 9%, and for aid above 300,000 euro, from 12% to 13%. More news is reported in the case of transitory payments for fruit and vegetables. Since 2011, in fact, payments are no longer provided for pears and peaches for processing, nor for industrial tomatoes. For plums, however, coupled aid was reduced to 75% of the provisional

**Budgetary ceiling for implementation of the single payment scheme in Italy ('000 euro), 2011**

| | |
|---|---|
| - Ceiling for the single payment scheme | 3,924,520 |
| - Art. 54 reg. 73/2009 - pears, peaches, plums | 850 |
| - Art. 68 reg. 73/2009 - decoupled aid | 169,000 |
| - Art. 68 reg. 73/2009 - coupled aid | 147,950 |
| - Art. 69 reg. 73/2009 - unused funds available from art. 68 | 144,900 |
| - Art. 87 reg. 73/2009 - aid for seeds | 13,321 |
| **NATIONAL CEILINGS (VIII reg. 73/2009)** | **4,234,364** |
| **National ceilings net of modulation (IV reg. 73/2009)** | **4,128,200** |

Source: Regulations (EC) n. 680/2011 and n. 73/2009.

**Application of art. 68 of Regulation (EC) n. 73/2009 in Italy, 2011**

| Sector affected | Amounted admitted for aid | Aid granted | % Change compared to theoretical aid |
|---|---|---|---|
| | COUPLED PAYMENTS (QUALITY IMPROVEMENT) | | |
| Beef | | | |
| - LG primiparous cows | 30,990 head | 170.11 euro/head | -15% |
| - LG pluriparous cows | 148,103 head | 127.58 euro/head | -15% |
| - dual purpose cows | 14,739 head | 51.03 euro/head | -15% |
| - slaughtering and labelling | 641,701 head | 42.17 euro/head | -16% |
| - PGI slaughtering | 16,185 head | 75.92 euro/head | -16% |
| Sheepmeat and goatmeat | | | |
| - purchasing | 539 head | 300 euro/head | - |
| - fencing | 4,366head | 70 euro/head | - |
| - slaughtering and labelling | 186,572 head | 15 euro/head | - |
| - flock expansion | 337,787 head | 10 euro/head | - |
| Olive oil | 26,583,879 kg | 0.35 euro/kg | -65% |
| Milk | 7,482,950 t | 5.35 euro/t | -64% |
| Tobacco | | | |
| - generic | 67,249,766 kg | 0.3165 euro/kg | -84% |
| - Kentucky | 912,534 kg | 1.035 euro/kg | -48% |
| - grown in Italy | 143,836 kg | 0.6473 euro/kg | -68% |
| Sugar | 44,429 ha | 300 euro/ha | - |
| Danaee racemosa | 220.70 ha | 7,057.88 euro/ha | -53% |
| | DECOUPLED PAYMENTS | | |
| Crop rotation | 1,076,035.48 ha | 92 euro/ha | -8% |
| Aid for insurance policy premiums on harvests, livestock and plants | 156,343,134.45 euro | 65% | - |

Source: AGEA circular n. ACIU.2012.262.

amount set for 2010 and has been set at 1,500 euro/ha.
As regards the application of Article. 68, full payment of aid was made for measures to improve the quality of sheep and goat meat and sugar. For both sectors, there were savings (a total of 47 million euro), as the applications for aid were lower than expected. These savings have been taken to increase budget allocations for the other measures of quality improvement, for which, however, the ceiling was exceeded. The sectors in which amounts of aid were well above expectations are tobacco, olive oil and cut foliage, for which there were major differences between theoretical and final aid. Aid in line with the theoretical occurred for beef and for the measure of two-year rotation. In the case of crop insurance, thanks to national co-financing and the Finance Act, the maximum contribution has been granted to the expenditure incurred by farmers (65% of the amount allowed for each policy).
Among the measures of Pillar I under the single CMO, the national support plan for the wine sector had a budget in 2011 of 294 million euro. Of this amount, 33% went to the measure for conversion and restructuring of vineyards, 17% for promotion on extra-EU markets and 12% for enrichment of must. For the more innovative measures, green harvesting and crop insurance, each received an allocation of 9% of the total. In terms of area distribution, the greatest amount was allocated to Sicily, with 49.5 million euro, followed by Puglia and Emilia-Romagna (about 28 million euro each) and Veneto (25 million euro).
As for the milk quota system, for the year 2010/11, Italy did not exceed its national reference volume. Total production amounted to 10,612,852 tonnes, lower than the quota (10,878,675 tonnes). This trend is also confirmed for the 2011/12 farm year.

**EAGF**
EAGF expenditure at the Community level in 2011 stood at 43.5 million euro, a slight decrease compared to 2010. The change was strongly affected by the losses that have affected the old Member States, partially offset by increased spending in the EU-12. Italy, in particular, registered -2.2%, resulting in a slight decrease in our country's share of the total expenditure, which amounted to 10.9%.
At the Community level, direct payments represent 91% of total expenditure. Among these, the most important component is decoupled aid in the single payment scheme and the single area payment for new Member States (83.4% of the total). In Italy, this component represents a slightly lower share of total expenditure (75.8%), because the costs of measures on agricultural markets still have a certain importance. In particular, 6% of the total expenditure is allocated to the program to support the wine

sector, and another 4.5% goes to fund operational programs in the fruit and vegetable sector. Increasingly less important, however, are the costs of classical measures of intervention, such as storage and export refunds.

A small percentage of agricultural spending (1.5% in 2011) is funded by so-called assigned revenue, i.e. funds that enter Community coffers after payment of fines for exceeding milk quotas, irregularities and liquidation of accounts.

**EAGF spending by country, 2011***

| | Million euro | % | Var. % 2011/10 | | Million euro | % | Var. % 2011/10 |
|---|---|---|---|---|---|---|---|
| Austria | 745.8 | 1.7 | 0.3 | Malta | 4.1 | 0.0 | -3.5 |
| Belgium | 634.8 | 1.5 | -6.6 | Netherlands | 876.8 | 2.0 | -14.3 |
| Bulgaria | 301.7 | 0.7 | 3.0 | Poland | 2,537.6 | 5.8 | 23.3 |
| Cyprus | 42.1 | 0.1 | -4.1 | Portugal | 749.8 | 1.7 | -1.5 |
| Denmark | 958.0 | 2.2 | -4.8 | United Kingdom | 3,284.9 | 7.6 | -2.7 |
| Estonia | 74.6 | 0.2 | 12.1 | Czech Republic | 667.5 | 1.5 | 9.7 |
| Finland | 498.7 | 1.1 | -16.6 | Romania | 769.0 | 1.8 | 14.6 |
| France | 8,752.7 | 20.1 | -1.8 | Slovak Republic | 298.2 | 0.7 | 8.7 |
| Germany | 5,520.5 | 12.7 | -3.1 | Slovenia | 104.4 | 0.2 | 14.7 |
| Greece | 2,228.9 | 5.1 | -11.0 | Spain | 5,806.4 | 13.4 | -2.3 |
| Ireland | 1,309.3 | 3.0 | 0.7 | Sweden | 705.6 | 1.6 | -4.6 |
| Italy | 4,746.6 | 10.9 | -2.2 | Hungary | 1,063.3 | 2.4 | 11.3 |
| Latvia | 112.0 | 0.3 | 15.8 | EU | 364.9 | 0.8 | -17.8 |
| Lithuania | 277.9 | 0.6 | 3.6 | | | | |
| Luxembourg | 34.6 | 0.1 | -3.8 | **TOTAL EAGF** | **43,470.5** | **100.0** | **-1.3** |

* 2011 provisional.

Source: EU Commission.

**EAGF spending by category of measure, 2011***

| | Italy | | EU | | Italy/EU |
|---|---|---|---|---|---|
| | million euro | % | million euro | % | % |
| Agricultural market measures | 758.9 | 15.6 | 3,531.9 | 8.0 | 21.5 |
| - export refunds | 15.4 | 0.3 | 179.4 | 0.4 | 8.6 |
| - storage | -48.3 | -1.0 | -179.2 | -0.4 | 27.0 |
| - restructuring of the sugar fund[1] | 76.1 | 1.6 | 187.9 | 0.4 | 40.5 |
| - food programmes | 105.7 | 2.2 | 515.0 | 1.2 | 20.5 |
| - PO fruit and vegetables | 220.7 | 4.5 | 785.6 | 1.8 | 28.1 |
| - national support programmes for the wine sector | 291.9 | 6.0 | 842.1 | 1.9 | 34.7 |
| - other | 249.6 | 5.1 | 1,577.0 | 3.6 | 15.8 |
| Direct aid | 4,038.0 | 83.2 | 40,178.0 | 91.0 | 10.1 |
| - decoupled direct payments | 3,679.2 | 75.8 | 36,830.4 | 83.4 | 10.0 |
| - other direct aid | 358.6 | 7.4 | 3,347.0 | 7.6 | 10.7 |
| - modulation refund | 0.1 | 0.0 | 0.6 | 0.0 | 16.8 |
| Other measures | 55.7 | 1.1 | 427.3 | 1.0 | 13.0 |
| **TOTAL EAGF** | **4,746.6** | **97.8** | **43,470.5** | **98.5** | **10.9** |
| Assigned revenues | -105.9 | | -666.8 | | |
| **TOTAL SPENDING** | **4,852.6** | **100.0** | **44,137.3** | **100.0** | **11.0** |

* 2011 provisional.

[1] In 2010 the sugar restructuring fund was counted apart from market measures and EAGF.

Source: EU Commission.

In 2011, public aid for RDPs in Italy totalled 2.46 million euro, of which 1,249 came from the Community budget, which allowed the national expenditure target for this year to be met.

Despite the severe international economic and financial environment for 2011, all the regions and autonomous provinces contributed to this result, avoiding the dreaded danger of automatic disengagement by the European Commission.

However, the progress of public spending for each program, four years after launch, is still of great concern, given the disparities that exist at the regional level; in fact, the discrepancy goes from 74.02% in the Autonomous Province of Bolzano to 32.93% in Campania, which along with Basilicata, Molise, Lazio and Abruzzo, represents the program group most at risk of having to return unused funds in the final management stage for RDPs set up in the 2007-2013 programming period.

**RDP 2007/2013 - Progress in Public Spending as of 31 December 2011**

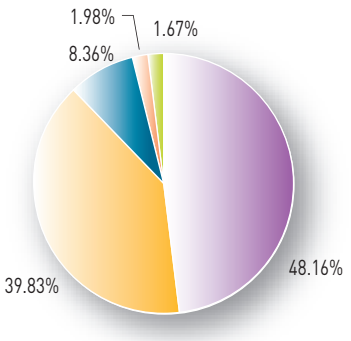
| Region | Programmed public spending | Disbursed public spending | Spending progress (%) |
|---|---|---|---|
| Piedmont | 980,462,993 | 435,902,451 | 44.5 |
| Valle d'Aosta | 124,429,303 | 78,156,940 | 62.8 |
| Lombardy | 1,026,027,304 | 523,397,384 | 51.0 |
| Liguria | 292,024,137 | 123,426,898 | 42.3 |
| A.P. Trento | 280,633,361 | 165,484,102 | 59.0 |
| A.P. Bolzano | 332,334,695 | 246,002,244 | 74.0 |
| Veneto | 1,050,817,665 | 445,946,768 | 42.4 |
| Friuli-Venezia Giulia | 267,448,847 | 106,463,405 | 39.8 |
| Emilia-Romagna | 1,058,637,014 | 508,402,653 | 48.0 |
| Tuscany | 876,140,965 | 361,446,609 | 41.3 |
| Umbria | 792,389,363 | 356,863,374 | 45.0 |
| Marche | 485,140,566 | 220,497,369 | 45.5 |
| Lazio | 705,548,684 | 262,472,977 | 37.2 |
| Abruzzo | 412,776,678 | 160,670,518 | 38.9 |
| Molise | 207,870,961 | 74,937,494 | 36.1 |
| Sardinia | 1,292,253,805 | 506,158,303 | 39.2 |
| **Total Competitiveness Objective** | **1,912,901,444** | **741,766,315** | **44.9** |
| Basilicata | 671,763,196 | 247,704,857 | 36.9 |
| Calabria | 1,089,938,385 | 427,642,644 | 39.2 |
| Campania | 1,813,586,205 | 597,143,270 | 32.9 |
| Puglia | 1,617,660,218 | 633,737,355 | 39.2 |
| Sicily | 2,185,429,544 | 852,528,065 | 39.0 |
| **Total Convergence Objective** | **7,378,377,548** | **2,758,756,192** | **37.4** |
| **Total Italy** | **9,291,278,992** | **3,500,522,507** | **41.8** |

Source: MIPAAF.

This gap is quite evident considering the two target areas: there is a 44.93% ability to use resources in the Competitiveness Objective regions and 37.39% for those in the Convergence Objective.
With regard to the distribution of expenditure among axes, more than 48% of the total affects Axis 1, with payments of 1,185 million euro. Under Axis 1, measures for restructuring and developing physical capital represent more than 80%, with a prevalence of farm investment (596 million euro), and investments in processing and marketing of products (244 million euro).
Spending was rather moderate on measures to promote awareness and the development of human capital, where, in addition to the premium for setting up young farmers (151 million euro), payments disbursed account for just over 3% of the Axis 1 total. Even more modest payments went for measures to improve the quality of production and agricultural products (1.57%).

With regard to Axis 2, allocated public aid amounted to 980 million euro. More than 82% of funding affects measures to promote the sustainable use of agricultural land, where agri-environmental measures account for about 49% of the entire axis, with total payments of 479 million euro; among measures for sustainable use of forestry land (the remaining 18%), measures for restoring forestry potential and those of a preventive nature recorded total spending of 82 million euro.
With reference to Axis 3, the recorded expenditure was more than 8% of the annual total, with total payments of

**Distribution of public spending by axis, 2011**




| | |
|---|---|
| TOTAL | 2,460,670,473.70 |
| Axis 1 | 1,185,051,920.00 |
| Axis 2 | 980,174,808.94 |
| Axis 3 | 205,688,132.77 |
| Leader Axis | 48,702,916.65 |
| Technical Assistance | 41,052,695.34 |

Source: MIPAAF.

approximately 206 million euro. Measures to diversify the rural economy exceeded 57% of the axis total; there were important measures for diversification into non-agricultural activities, an amount of 98 million euro, representing 47% of the axis total. Among measures to improve the quality of life, however, interventions for the development of broadband in rural areas still lag behind, though around 57 million euro have been spent.

Expenditure under the Leader Axis decidedly lags behind, with 48.7 million euro, only 2% of total spending, due to the peculiar complexity of local programming, both in definition and implementation.

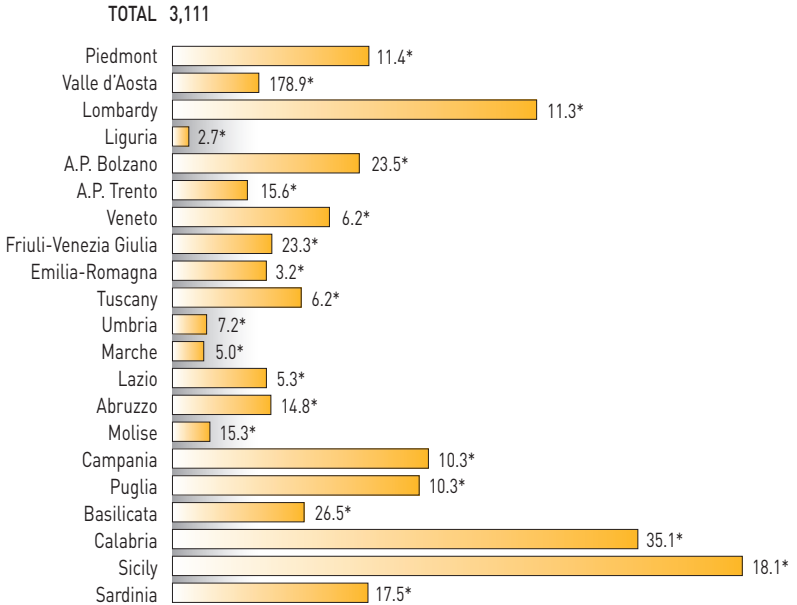
# REGIONAL SPENDING FOR AGRICULTURE

The analysis of data on expenditure relating to regional budgets shows a total amount of payments for the agricultural sector for 2009 of just over 3.1 million euro, down compared to previous years (about 465 million euro less than in 2008). Expenditure dropped in absolute values and as a percentage of payments to the sector on value added, which was 12% on the national average for 2009.

If we analyse spending by type of agricultural policy measure, using the traditional INEA classification, we see that the largest part of total payments go for forestry activities and technical assistance and research, followed by business investments and investments in infrastructure.

However, if we analyse the percentage of payments for the agricultural sector to overall payments budgeted in each region, we see that this value never exceeds the 10% threshold, with Calabria having the highest share (7.4%), followed by Valle d'Aosta (4.6%) and Basilicata (4.4%); many

**Regional spending for agriculture (total payments, million euro), 2009**




* % Share of regional value added from agriculture.

Source: INEA data bank of public spending in agriculture.

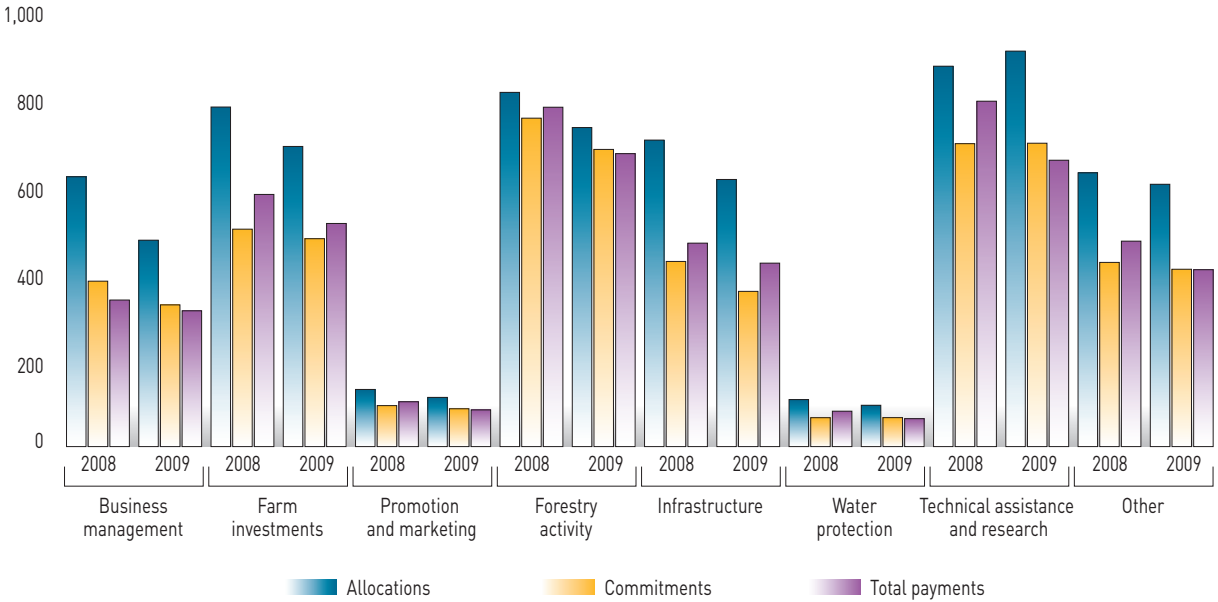
regions that play a significant role in the national agricultural sector, however, show a much more modest share of regional spending on agriculture (Lombardy, Veneto, Emilia-Romagna, Puglia).

**% Share of regional payments for agriculture to total regional payments, 2009 (million euro)**

| Region | Total payments for agriculture | Total payments from budget | Share agricultural payments/total payments |
|---|---|---|---|
| Piedmont | 171 | 12,265 | 1.40 |
| Valle d'Aosta | 75 | 1,703 | 4.43 |
| Lombardy | 318 | 24,692 | 1.29 |
| A.P. Bolzano | 163 | 8,000 | 2.04 |
| A.P. Trento | 65 | 7,700 | 0.85 |
| Veneto | 137 | 13,039 | 1.05 |
| Friuli-Venezia Giulia | 87 | 6,700 | 1.29 |
| Liguria | 14 | 5.254 | 0.27 |
| Emilia-Romagna | 82 | 15,249 | 0.54 |
| Tuscany | 112 | 10,387 | 1.08 |
| Umbria | 30 | 3,348 | 0.89 |
| Marche | 27 | 4,882 | 0.56 |
| Lazio | 82 | 16,439 | 0.50 |
| Abruzzo | 86 | 5,956 | 1.44 |
| Molise | 33 | 980 | 3.33 |
| Campania | 223 | 20,516 | 1.09 |
| Puglia | 215 | 11,370 | 1.89 |
| Basilicata | 115 | 2,500 | 4.60 |
| Calabria | 406 | 5,475 | 7.42 |
| Sicily | 497 | 18,620 | 2.67 |
| Sardinia | 171 | 7,657 | 2.23 |

Source: INEA data bank on regional spending for agriculture.

**Regional spending for agriculture by economic-functional destination (million euro)**




Source: INEA data bank on public spending for agriculture.

In 2011, the government's actions in the field of agriculture were as follows:
- The provision of tools to protect competition rules in favour of sector businesses;
- The simplification of the administrative burden of agricultural enterprises;
- The development of agri-industrial and agricultural entrepreneurship;
- The recovery of derelict land and land conservation;
- Tax breaks.

**Protection of competition**
Law of 24 March 2012 n. 27:
- Makes written contracts mandatory regarding the sale of agricultural products and foodstuffs, except those concluded with the final consumer. These contracts must specify, on pain of nullification, the duration, amounts and characteristics of the product sold, the price, mode of delivery and payment and must be guided by the principles of transparency, fairness, proportionality and mutual consideration in performance, with reference to the goods provided.

**Simplification of administrative burden**
Law of 4 April 2012 n. 35:
- Established that the public authorities will be required to publish on their Web site and on the site www.impresainungiorno.gov.it the list of inspections to involve businesses based on size and sector of activity, indicating for each the criteria and procedures for carrying out its activities;

**The main regulatory measures in 2011/2012**

| Law | Content |
|---|---|
| Law 12 November 2011 n. 183 "Stability Law 2012") | Urgent measures for the preparation of the annual and multiannual State budget |
| Law of 22 December 2011 n. 214 (conversion of L.D. of 6 December 2011, n. 201, "Save Italy Decree") | Urgent measures for growth, equity and fiscal consolidation |
| Law of 24 March 2012 n. 27 (conversion of L.D. 24 January 2012 n. 1, "Liberalisation Decree") | Urgent provisions for competition, infrastructure development and competitiveness |
| Law of 4 April 2012 n. 35 (conversion of L.D. 9 February 2012, n. 5, "Simplification Decree") | Urgent provisions on simplification and development |
| Law of 26 April 2012 n. 44 (conversion of L.D. 2 March 2012, n. 16, "Fiscal Decree") | Urgent provisions of tax simplification, efficiency enhancement and strengthening of assessment procedures |

- Provided the opportunity to reduce the demand for certificates and information from farmers, for transactions relating to the provision of EU aid and contributions to the farm sector, allowing AGEA direct access to documents regarding beneficiaries, possessed by the Inland Revenue, INPS and Chambers of Commerce;
- Granted facilities, authorized by the Ministry of Infrastructure and Transport and MIPAAF, the ability to make tests and release approvals of agricultural machinery directly;
- Simplified administrative requirements necessary for start-ups of direct sales by farmers in itinerant form, providing that the farmer can start business as soon as notification is made;
- Determined that conversion projects of the sugar and sugar beet sector, made pursuant to Article 2, paragraph 3, of L.D. n. 2 of 2006, apply nationally even for the definition and refinement of authorization processes and effective entry into operation.

**Development of agri-food supply chains and agricultural entrepreneurship**

Law of 12 November 2011 n. 183:
- Authorized the Revolving Fund provided for in Law n. 183/1987, on coordination of policies relating to Italy's membership in the European Communities, to advance the share of Community and state subsidies provided for under EU measures enacted in the areas of agriculture and fisheries.

Law of 24 March 2012 n. 27:
- Provided that the returns of principal and interest on mortgages, issued on behalf of MIPAAF by the Agri-food Development Institute for the financing of supply chain contracts, shall be used for soft loans to supply chain and district contracts;
- Established the provision of credit to agricultural enterprises to apply the "credit fund", referring to the decision on state aid by European Commission C(2011) 2929 of 13 May 2011;
- Recognised the right of first refusal for young farmers (Article 66) in relation to the divestment of state-owned agricultural and agriculturally appropriate land, revising and improving what is already provided in Law n. 183/2011 (Stability Law 2012), with the aim of encouraging the development of agricultural entrepreneurship among youth. The period restricted to agricultural use is extended to 20 years, compared to 5 as called for previously. The new provision also established the inapplicability, under certain conditions and only for purposes of income tax, of revaluations of estate and agricultural income to land leased for agricultural purposes;
- Allocated returns on mortgages granted for the fisheries credit to initiatives for the development of the fishing sector, through agree-

ments, technical assistance and easier access to credit, while Law of 24 February 2012 n. 14 extended the "three-year National Programme for fisheries and aquaculture".

Furthermore, Law of 22 December 2011 n. 214:
- Increased the Single Guarantee Fund in favour of SMEs for the 2012-2014 period, by 400 million euro per year.

**The recovery of derelict land and land conservation**

Law of 4 April 2012 n. 35:
- Revised the definition of forest and wood arboriculture with the aim of facilitating the recovery of agricultural activity on plots abandoned in recent years and overgrown with woodlands. In this sense, it provides for the identification of appropriate authorization procedures also with a view to enhancing the importance of rural landscapes for their role in terms of the environment.

Law of 24 March 2012 n. 27:
- Made it impossible to gain access to government incentives for PV systems on agricultural land, with the intent to limit the proliferation of such systems in agricultural areas.

**Tax and contributions relief**

Law of 22 December 2011 n. 214:
- Provided, for certain juridical types of business, the introduction of aid to economic growth (AEG), a form of facilitation to foster the capitalisation of businesses, consisting of the allocation of an amount allowed as a deduction from taxable income, equal to the notional yield on the company's new equity.
- Raised the threshold for deduction in the tax base in favour of companies employing female workers and young people under the age of 35;
- Established the anticipation, on an experimental basis, of the municipal tax (IMU), to which corrections were made with Law of 26 April 2012 n. 44. In particular, the tax is introduced to replace ICI (municipal property tax) and, for properties not leased, Income Tax and additional income due to land, and is paid on both agricultural land and buildings owned. The IMU (single municipal tax) legislation provides, for agriculture, the application of benefits in the form of tax exemptions and reductions, for land in mountainous and hilly areas, delimited pursuant to art. 15, Law no. 984/1977, for the coordination of the National Agricultural Plan and those owned by direct farmers and professional agricultural entrepreneurs. Farm buildings for instrumental use (stables, warehouses, farm stay sites, barns, etc.) benefit from a lighter tax rate (2 per thousand, reducible by municipalities to 1 per thousand), as compared to other buildings, and are exempt, if located in mountainous or partly mountainous municipalities. In addition, as a precautionary measure, the June 2012 tax esti-

mate for farm buildings is reduced by 30%; if the revenue from the tax is higher than expected, it will be possible to lower the tax bracket before the balance is due in December.

NOTES

Italian Agriculture in Figures is also available in English
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Piedmont
Valle d'Aosta
Lombardy
Liguria

## NORTH-EAST

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Veneto
Friuli-Venezia Giulia
Emilia-Romagna

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Tuscany
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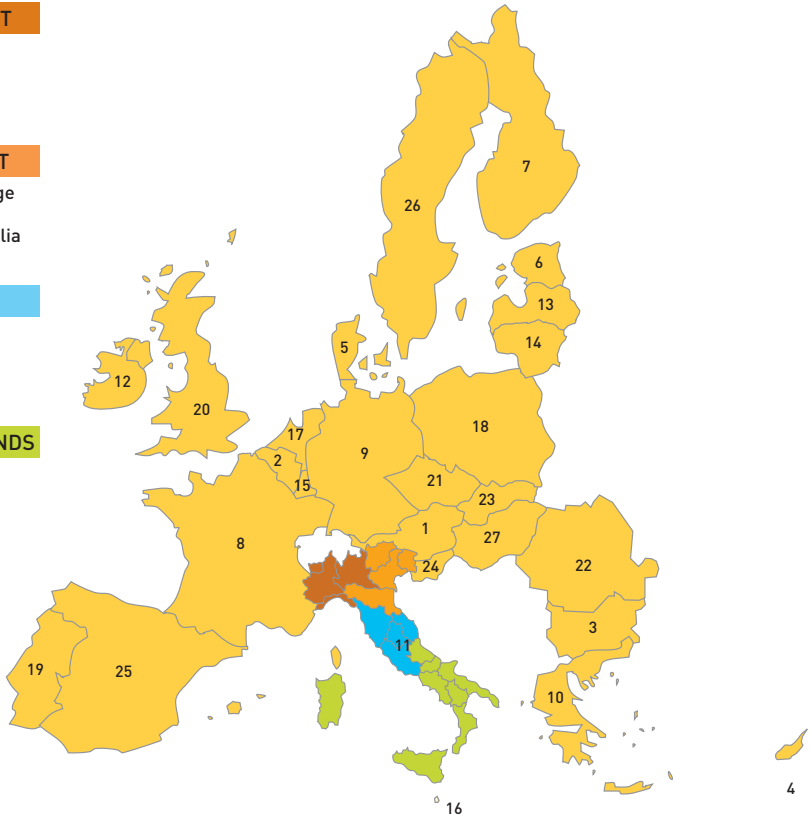


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