ISTITUTO NAZIONALE DI ECONOMIA AGRARIA

ITALIAN AGRICULTURE IN FIGURES 2010

INEA, established by Royal Decree no. 1418 of 10 May 1928 under Arrigo Serpieri, has its origins in the National Institute of Economy and Statistics founded in 1924, also by Serpieri.

INEA was revamped with the Legislative Decree no. 454 of 29 October 1999, which was later modified by Law no.137 of 6 July 2002.

INEA has scientific, statutory, organisational, administrative and financial autonomy, and is under the vigilance of the Ministry for Agricultural, Food and Forestry Policies (MIPAAF). The Institute engages in socio-economic research in the fields of agriculture, agri-industry, forestry and fishing, at national, Community and international levels. To meet its goals, the Institute promotes research in cooperation with universities and scientific institutions, nationally and internationally. With the decree of the President of the Republic, no. 1708 of 30 December 1965, INEA was designated as a connecting body between the Italian State and the European Union, to set up and manage the Farm Accountancy Data Network. The Institute is part of the National Statistical System (SISTAN) (Leg. Dec. 454/99, Art. 10).

Italian Agriculture
in Figures
2010

All statistical information contained in the text is from ISTAT and INEA, except where otherwise indicated. For international comparisons, EUROSTAT information is used.

Some problems notwithstanding, the figures regarding our agri-food system make us optimistic.
The sector that suffers the most is agricultural production, the weakest link in the entire agri-food supply chain, which in the past year has witnessed further erosion of its profitability margin due to sharp drops in farm prices and rising costs, especially for labour and investments.
But while all main economic indicators are negative, the agriculture sector nonetheless shows potential and offers increasingly strategic signs of change to adapt to altered economic conditions, new Community agriculture policy guidelines, international obligations, the needs of civil society and, lastly, safeguarding the future of our planet.
Positive indicators are confirmed by *Italian Agriculture in Figures*, now in its 23rd edition published by the National Institute of Agricultural Economics (INEA), a valuable information tool about trends in Italy's agri-food system.
New features in this edition include an in-depth study of economic results in livestock farming achieved by EU countries, compared with Italy's. The section on foreign trade is integrated with figures on Made in Italy agri-food products.
The agriculture sector is providing an excellent contribution to reducing greenhouse gas emissions, thanks to greater use of extensive production, especially for livestock. At the same time, agriculture increasingly contributes to absorption of carbon, by forestation and restoring agricultural land to its natural state. Better agricultural soil management allows a reduction of nitrogen-based fertilisers (-16% compared to last year), which are mainly responsible for emissions of nitrogen protoxide. In 2009, there was a strong recovery in investments in organic farming (+10.9% of planted hectares) in response to a constantly growing national demand, despite families' reduced spending power (domestic purchases of organic products were up by 6.9%). Interest is growing in quality products: the PDO-PGI segment added 29 new designations in the past year, for a total basket of 210 products, the richest in the EU. To shore up the loss in production value, farms increasingly sell their products directly: in the last year, there was an increase both in number of farms (+4.7%) and in turnover (+11%).

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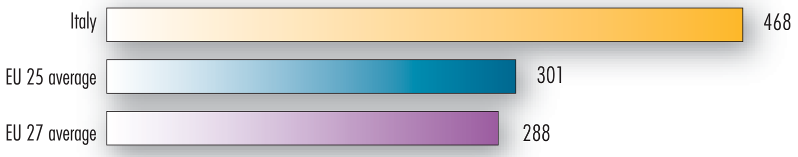
Land and population

One of Italy's main geographical features is the prevalence of hilly and mountainous terrain. Out of a total land area of some 30 million hectares, only 23% is made up of lowland and this figure falls to 18% in the South and 9% in the Centre, whereas 35% of the North is lowland. The resident population in 2009 increased by approximately 0.5% compared to 2008, reaching approximately 60.3 million inhabitants. This growth is concentrated in North Italy (+0.6%) and in the Centre (+0.8%), partly due to the large increase in foreign immigrants. A concentration of the population lives in lowland areas (48.3%) and hilly areas (39.1%), with only 12.6% of the population living in mountain areas.

UAA accounts for 38.7% of total land in regions of the North, 39.7% in the Centre and 46.9% in the South & Islands.

Population/agricultural area (inhabitants/100 ha of UAA), 2008



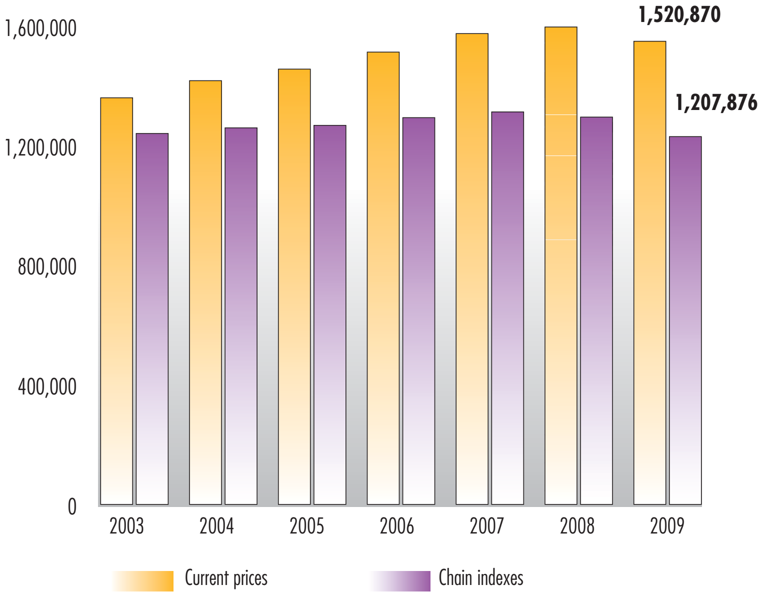
Land use, 2008, ('000 ha)

	Italy	EU 25	EU 27
Total area	30,132	397,586	432,525
in %			
Arable land	24.4	23.9	24.8
Cereals and rice	13.3	14.5	14.9
Dried legumes	0.2	0.2	0.2
Potatoes, sugar beets and hoed fodder crops	0.4	0.7	0.8
Tobacco, oil-seeds and other industrial crops	0.8	1.8	2.1
Fresh vegetables and legumes	1.6	0.6	0.7
Fodder crops	6.3	3.4	3.3
Fallow land and other crops	1.8	2.7	2.8
Permanent crops	8.6	3.0	2.9
Grapevines	2.6	0.8	0.8
Olive trees	3.8	1.2	1.1
Fruit-bearing plants and other crops	2.2	1.0	1.0
Permanent grasslands and pastures	11.1	13.3	13.7
Wooded land	35.7	41.6	40.6
Inland waters	2.4	3.1	3.1
Urbanised areas and other land	17.8	15.1	14.9

Source: EUROSTAT.

Gross domestic product

Trend in GDP (million euro), 2003-2009



Trend in GDP per inhabitant (euro), 2003-2009

Year	GDP/Inhabitant (euro)	
	Current prices	Chain indexes[1]
2003	23,181	21,146
2004	23,920	21,258
2005	24,391	21,239
2006	25,201	21,549
2007	26,041	21,708
2008	26,204	21,259
2009	25,237	20,043

[1] *Chain indexes express the real dynamic (in volume) of the economic aggregate with reference to 2000.*

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

Country	% of World GDP	2006	2007	2008	2009
Italy	2.5	2.0	1.5	-1.3	-5.0
Euro 16 area*	15.2	3.0	2.8	0.6	-4.1
EU 27	21.0	3.2	2.9	0.7	-4.2
Turkey	1.2	6.9	4.7	0.7	-4.7
Russia	3.0	7.7	8.1	5.6	-7.9
USA	20.5	2.7	2.1	0.4	-2.4
Japan	6.0	2.0	2.4	-1.2	-5.2
China	12.5	11.6	13.0	9.6	8.7
India	5.1	9.7	9.9	6.4	5.7
Brazil	2.9	3.9	6.1	5.1	-0.2

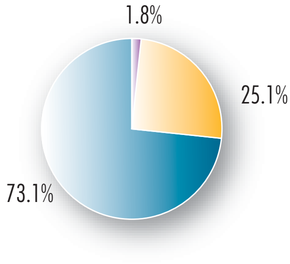
** Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain.*

Source: EUROSTAT, Bank of Italy, IMF

Value added

In 2009, value added (VA) at basic prices in the primary sector, including forestry and fishing, dropped by 11.5% compared to 2008. Agriculture's share of value added in Italy's economy shrank by 1.8%. The share of Italian agriculture to the total economy is marked by strong geographical differences: indeed, in the Centre-North agriculture's share is 1.6% in terms of VA at basic prices and 3.9% in terms of work units, whereas these values are 3.4% and 8.6%, respectively, in the South.
The structure of the economy has evolved continually over the past decade: agriculture's share of VA to the national total dropped from 2.8% to 2.6%. In the same period, industry's share, in the narrow sense, fell from 23.4% to 19.4%, while that of trade, transport and communications remained stable, moving from 23.9% to 23.7%. Building increased from 5% to 5.3%; financial services, information technology and research rose from 24.7% to 27.2%; and the public sector and other public services grew from 20.1% to 21.5%. (*)

VA at basic prices by sector (million euro), 2009



TOTAL	1,367,726
Agriculture, forestry, fishing	25,084
Industry, including building	342,726
Services, including the public sector	999,916

Share of value added from agriculture to total of all sectors, 2009

Country	Value Added (%)[1]
Austria	1.5
Finland	2.7
France	1.7
Germany	0.8
Greece	3.8
Italy	1.8
Netherlands	1,7
Poland	3.6
United Kingdom	0.8
Spain	2.4
Sweden	1.7
Hungary	3.0
EU 25	1.6
Bulgaria	6.0
Romania	7.0
EU 27	1.7
USA[2]	1.3
Japan[2]	1.4

[1] *Gross value added at basic prices.*

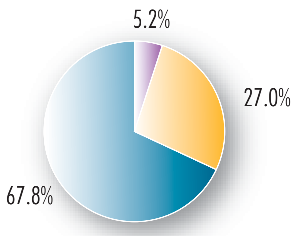
[2] *Source: World Bank, 2007.*

(*) Comparisons drawn from figures expressed in real terms

Employment

In 2009, the total number of persons employed, expressed in work units (AWU), decreased by 2.6%. The drop affected all production sectors, especially industrial processing and energy products (-8.1%). Female labour dropped by 1.1%, while male labour declined by 2%.
Employment in agriculture dropped by 1.8%, continuing the decline in 2008 (-2%) and 2007 (-2.5%). Dependent labour shrank by 1.3%, independent labour by 2.1%. Independent labour in agriculture accounts for 11.5% of independent

AWU by sector ('000 units), 2009



TOTAL	24,270
Agriculture	1,271
Industry	6,548
Services[1]	16,451

[1] *Including the public sector and assimilating activities.*

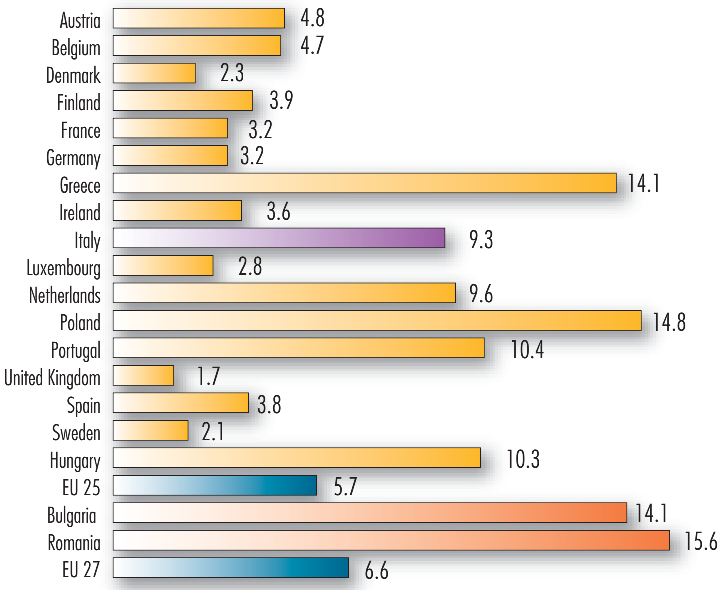
Full-time and part-time agricultural labourers by gender and geographical area, 2009

	Full-time labourers		Part-time labourers	
Area	**'000 units**	**% women**	**'000 units**	**% women**
North	295	23.1	41	61.0
Centre	111	26.1	18	66.7
South & Islands	380	25.5	29	58.6
Italy	786	24.6	88	61.4

Agricultural labourers by age and to total economy, 2009

	Agriculture		Total economy	
Age	**'000 units**	**%**	**'000 units**	**%**
15 - 34 years	189	21.6	6,625	28.8
35 - 44	248	28.4	7,333	31.8
45 - 64	383	43.8	8,692	37.8
65 and over	54	6.2	375	1.6
Total	874	100.0	23,025	100.0

Volume of employment in agriculture in the EU (AWU/100 hectares UAA), 2008



Source: EUROSTAT.

AWU: annual work units, converts the number of persons employed into equivalent full-time workers.

Employment in agriculture as % of total employed, 2009*

Country	Employed (%) total	Employed (%) women[1]
Austria	5.2	5.2
Finland	4.9	3.2
France	3.1	2.1
Germany	2.1	1.6
Greece	11.8	12.2
Italy	3.9	3.0
Netherlands	2.8	1.9
Poland[2]	14.0	14.0
United Kingdom	1.6	0.8
Spain	4.4	2.8
Sweden	2.1	1.0
Hungary	7.1	4.1
EU 25	4.3	3.5
Bulgaria	19.9	15.3
Romania	27.8	29.5
EU 27	5.6	4.9
USA[2]	1.5	-
Japan[2]	3.9	-

** Including forestry, fishing and hunting.*

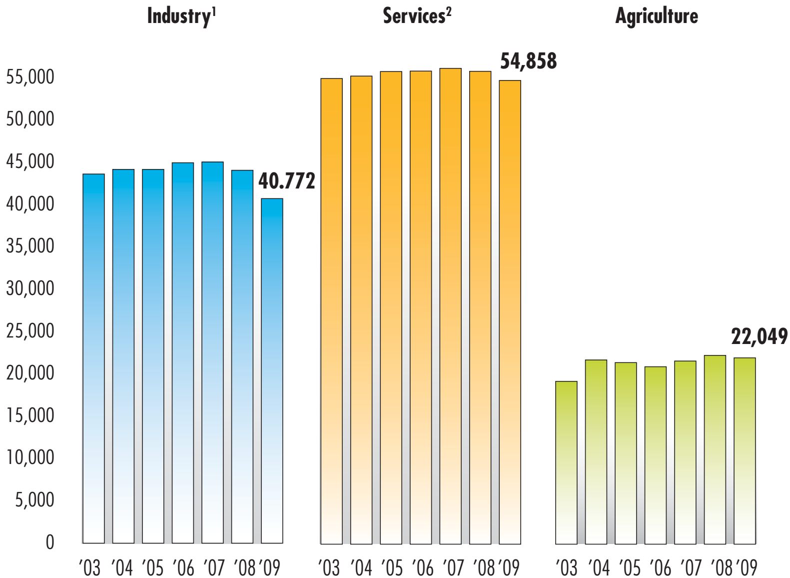
[1] Women employed in agriculture as % of total women employed in the economy.

[2] 2008

labour overall, while dependent agricultural labour represents 2.8% of the corresponding total.
71.6% of agricultural labourers are male. 46.9% of total agricultural labour is employed in the South, 38.4% in the North and 14.7% in the Centre.
The ratio of population to agricultural labour continues to drop over time: in 1999 there were 2.6 work units in agriculture for every 100 inhabitants; in 2009 there were 2.1.

Productivity

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



* Chain indexes express the real dynamic (in volume) of the economic aggregate with reference to 2000.

[1] Includes the building industry.

[2] Excludes the civil service, education, health and other public and social services.

In 2009, value added from agriculture at basic prices, by work unit, was 54.1% of value added from industry overall, 47.6% of that for the food industry and 40.2% of VA from services. Compared to 2008, agriculture showed a decline in productivity (-1.3%), owing to the drop in value added. Productivity also weakened in the sectors of services (-1.9%) and especially industry (-7.6%), with the exception of the food industry (+3.3%).

In the 2000-2009 period, according to ISTAT figures (see Measures of Productivity, 1980-2009), productivity of labour[1] in agriculture, forestry and fishing showed an average annual increase of 0.7%, in the face of considerable declines in all other sectors.

[1] ISTAT defines productivity of labour as the ratio of the volume index of value added to the volume index of labour inputs, in terms of work hours.

RECENT TRENDS IN THE SECTOR

Land market

The ups and downs in agriculture, and in the whole Italian economic system in general, also affected the land market. In 2008, the price of land showed a modest increase (+1.2%), to an average of 17,500 euro per hectare. Purchase and sale of land gradually slowed following restrictions of access to credit and the reduction in supply, though interest increased in land, which is always viewed during crisis periods as a safe haven. Comparison with the general consumer price index also reveals a drop in land value expressed in real terms: the land patrimony nationwide showed a decrease of 2.1%, confirming a lowering trend that began in 2005 and brought real values down to 2000 levels.
Marked differences persist in different parts of the country, with particularly high prices in lowland areas and regions of the North (from 25,000 to 40,000 euro per hectare), where fertility of the land, infrastructure and intensive agriculture methods determine a continuing rise in prices. Above-average values also exist in some hilly areas with quality vineyards. On the other hand, land in inland mountain areas in the South is valued at around 6 to 9 euro per hectare, owing to low fertility and poor practicable production alternatives.
Territorial differences appear even more extreme, when we consider changes in land value in current terms from 2000 to 2008 by farm region. The greatest increases (over 40%) are almost all concentrated in the Centre-North, in some areas of the Po Plain, the Chianti wine region of Tuscany and along the coast of the Marche, where intensive and highly specialised agricultural systems, and the strong

Average land values ('000 euro/ha), 2008

	Type of land (according to altitude)						
	Inland mountains	Coastal mountains	Inland hills	Coastal hills	Lowlands	Total	Var. % 2008/07
North-West	5.0	25.3	20.7	74.5	34.2	23.9	2.9
North-East	18.4	-	33.8	27.3	39.3	33.2	0.9
Centre	7.6	10.1	11.6	16.9	20.0	12.5	0.4
South	6.7	10.0	10.6	16.4	14.1	11.3	0.7
Islands	5.9	8.8	7.7	10.6	14.9	9.3	0.4
TOTAL	8.9	9.8	13.1	15.2	29.2	17.5	1.2

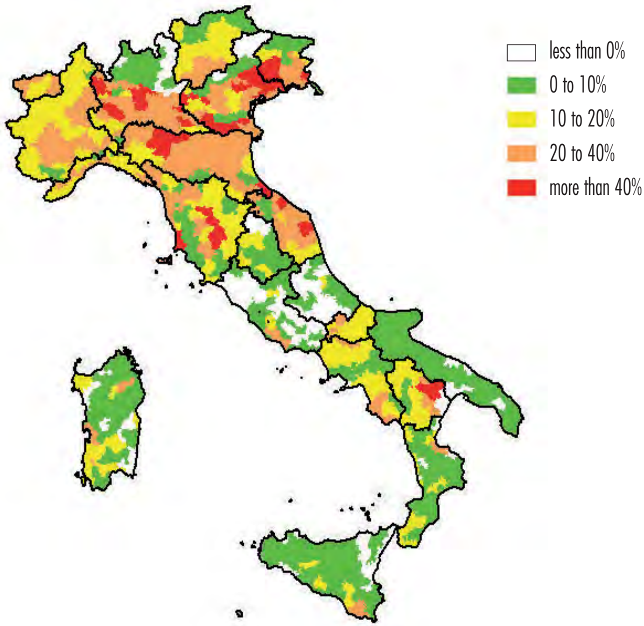
Figures presented in this table cannot be compared with those published in the previous volume of Italian Agriculture in Figures, as the land values data bank is currently being updated.

Source: INEA land values data bank.

local economy, lead to high capitalisation of farmland.

The rental market showed better dynamism in regions of the North, where demand often exceeds supply. The international economic crisis and consequent lack of liquidity have forced many farmers in Northern regions to increase farmland by renting. But in many areas of the Centre and the South, the crisis and the general drop in farm prices have stalled the stipulation of new contracts and kept rental conditions stable. Demand increased for land destined for biomass production and installation of photovoltaic and wind-power plants.

Change (%) in average land value by agricultural region between 2000 and 2008



Source: INEA land values data bank.

Investments

In 2009, gross fixed investments in agriculture, in real terms, showed a drop of 17.4%, accentuating the phase of decline that began in 2005. The share of investments in agriculture to the national total fell further, dropping to 3.5%, and the ratio to value added in agriculture also shrank considerably (from 33.9% in 2008 to 28.8% in 2009).
Investments per worker amounted to 6,400 euro, 33% less than the national average, with a decrease of nearly 16% in 2008.
The percentage breakdown by type of goods shows a stronger share of investments in machinery and equipment (from 55.7% in 2003 to 57.3% in 2007, the most recent figure available).
Capital stock in agriculture, after depreciation in real terms, dropped (-1.2%), reinforcing the downward trend already seen in 2008. On the contrary, capital stock per worker increased slightly (+0.6%).

Trends in gross fixed agricultural investments

Year	Current values million euro	Chain Indexes million euro	% of[1] tot. invest.	% of[1] VA from agriculture
2003	11,144	10,373	4.1	38.8
2004	12,249	11,084	4.2	36.6
2005	12,133	10,685	4.1	37.0
2006	12,346	10,559	3.9	36.9
2007	12,173	10,061	3.7	35.1
2008	12,225	9,787	3.7	33.9
2009	10,265	8,082	3.5	28.8

[1] Share of chain indexes; VA from agriculture at basic prices.

Gross fixed investments: characteristic ratios by main sector, 2009*

	Agriculture	Industry	Services[1]	Total
Investments per individual				
euro	6,400	10,200	9,500	9,500
%	67.4	107.4	100.0	100.0
Var. % 2009/08	-15.8	-9.7	-9.5	-9.5
Net capital stock per individual[2]				
000 euro	124.4	121.4	195.1	171.5
%	72.5	70.8	113.8	100.0
Var. % 2009/08	0.6	5.9	2.2	3.2

** Chain indexes express the real dynamic (in volume) of the economic aggregate for the year 2000.*

[1] Gross of housing investments.

[2] After depreciation.

Credit for agriculture

In 2009, the trend in bank lending was affected by the negative trend in the economy. The total of investments dropped around 2% overall for the year, with a dip of 7% for industry and industrial services. In a counter-trend, lending in agriculture showed growth of 3.3%, which brought the share of investments in agriculture above the threshold of 4% to the economy as a whole. Bank lending in agriculture increased in the North of Italy (+4.4%) and the Centre (+3.4%), whereas it remained stationary in the South & Islands (+0.2%). The ratio between bank investments and agricultural output rose to over 80%, confirming the sector's high exposure within the credit system. Investments for financing beyond the short term (more than twelve months) dropped (-5.5%). Particularly hard-hit were investments in machinery and equipment (-10.4%). Lending also declined for construction and non-residential rural buildings (-3.6%) and purchases of other rural properties (-2.8%).

Bank lending for agriculture and share of total economy and agricultural production

Year	Agriculture[1] million euro	% of Total Economy	% of Agricultural Production[2]
2004	29,942	4.4	58.2
2005	31,831	4.4	67.1
2006	34,091	4.2	71.6
2007	36,002	4.0	72.8
2008	37,421	3.9	72.2
2009	38,663	4.1	81.4

[1] *Includes forestry and fishing.*

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

Lending beyond the short term for agriculture (million euro), 2009*

Lending	Total	% change 2008/07	Subsidised % of tot.
Machinery and equipment	4,372	-10.4	5.8
Structures and rural buildings	8,400	-3.6	1.9
Other rural properties	2,839	-2.8	9.9
OVERALL	15,611	-5.5	4.4

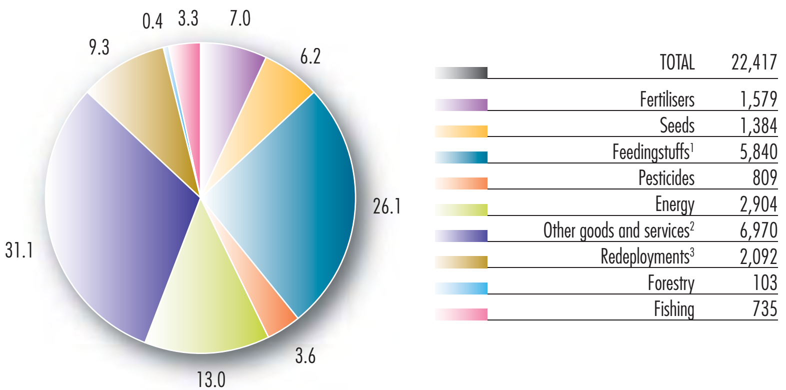
** Amounts of loans for more than 12 months, as of 31-12-2009.*

Source: Bank of Italy.

Intermediate consumption

In 2009, spending for intermediate consumption in agriculture, including forestry and fishing, dropped in value by 4.6%, following a decline in both utilised volume (-1.8%) and prices (-2.9%).
The decrease in utilised volume affected all inputs, especially fertilisers (-6.6%) and redeployments (-5.4%), other goods and services (-1.5%) and seeds (-1.3%).
The drop in prices affected feedingstuffs (-6.4%), energy (-6.3%), fertilisers (-3.9%) and redeployments (-12.9%). There was an increase, however, in the price of pesticides (+2.7%) and other goods and services (+4.5%).
Intermediate consumption in forestry decreased in volume by 2.2%, showing an increase in prices of 1.1%; for fishing and aquaculture, there was an increase of 1.4% in volume whereas prices dropped by 3%.
The share of intermediate consumption, in terms of volume, in agricultural production including forestry and fishing, rose slightly, from 37% in 2004 to 38% in 2009.

Intermediate consumption in agriculture, forestry and fishing (million euro), 2009



1 Including various expenditures for livestock.

2 General expenditures, financial services, consulting, water, transport, association dues, maintenance, etc.

3 Farm products reused on the farm itself or sold to other farms as inputs (products for planting or feeding livestock).

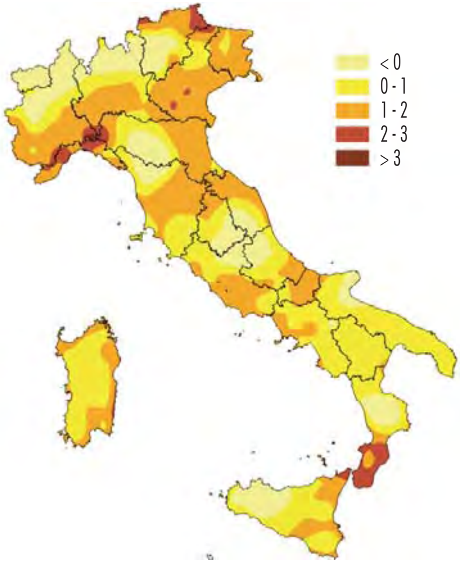
Climate and water availability

The trend in climate conditions was exceptional in 2009, especially as regards precipitation and resulting water availability in reservoirs, which recovered in a short time from the negative trend of recent years.
Precipitation showed the greatest positive deviation in average climate in the past 10 years (+11%), with significantly higher-than-average figures in regions of the South (between +26% and +36%). While this had a positive influence on available water resources, it also created problems for agriculture, by causing damage to consortium structures (irrigation ditches and reclamation canals) and to agricultural areas and various production sectors.
Agri-meteorological conditions and water availability in the first two quarters of the year allowed for regular use of irrigation during the summer and part of the autumn for repeat crops planted in the spring of 2009, and of tree crops. Conditions also led to reduced use of irrigation, compared to the average, though the summer of

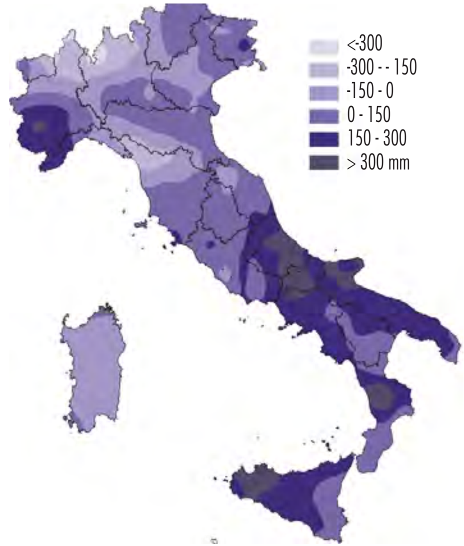
Agricultural areas with damage due to weather and problems of water supply, 2009

Source: INEA, Monitoring of irrigation season.

Average deviations in temperature, 2009



Deviations in total precipitation, 2009



Source : UCEA.

2009 was the hottest in 30 years, except for 2003 and 1994.

The trend for 2009 appears to confirm the increasing variability of conditions, and thus the degree of uncertainty for agriculture in the choice of production.

Production levels

In 2009, agricultural output at basic prices, including connected services, forestry and fishing, declined in value by 8.4%, compared to 2008, owing to a drop in output volume (-2.4%) and basic prices (-6.1%). By category, drops in production were recorded for field crops (-6.3%), tree crops (-2.6%) and fodder crops (-2.7%), while livestock remained stable (+0.6%).

Declines were also observed for connected services, contract services and maintenance (-1.8%), agri-tourism (farm stays) and other secondary activities (-0.4%).

In the field crop category, cereals were particularly hard hit, showing a sharp drop in output volume (-17.7%), caused by the negative trend in trade and poor weather conditions, which led to less surface being planted and lower yields. In particular, there were declines for soft wheat (-24.1%), durum wheat (-30.1%), maize (-14.4%) and barley (-17.7%). Only rice showed a significant increase (+13.1%). Industrial production showed a recovery (+5.1%), for oilseeds, especially soya (+40.8%), whereas production dropped for tobacco (-11%) and sugar beets (-7%). Sugar beets suffered from declines in price and the closing of sugar refineries.

In the nursery sector, significant declines were shown for flowers and ornamentals (-9.7%), as consumption dropped. Nursery plants were also down (-6.8%). Vegetables showed growth overall (+1.9%), which mainly affected tomatoes (+13.6%), peas (+9%), cauliflower (+4%), green veg-

Output and services at basic prices by sector, 2009

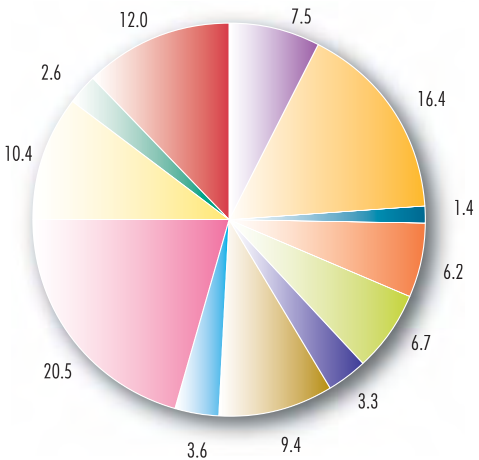
	Italy		Variation % 2009/08	
	million euro	%	volume	price
Field crops	12,713	26.3	-6.3	-6.7
Tree crops	9,899	20.5	-2.6	-9.7
Fodder crops	1,600	3.3	-2.7	-9.0
Livestock	14,860	30.7	0.6	-6.8
Connected services[1]	5,303	11.0	-1.8	2.0
Secondary activities [2]	1,481	3.1	-0.4	-2.1
Forestry	496	1.0	-4.6	1.1
Fishing	1,970	4.1	-0.4	1.5
TOTAL[3]	48,322	100.0	-2.4	-6.1

[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 production plants, etc.

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

[3] Including secondary activities of an agricultural nature in other branches of the economy.

Agricultural output at basic prices by main sector (million euro), 2009



TOTAL	44,376
Cereals and dried legumes[1]	3,349
Vegetables[2]	7,298
Industrial crops[3]	600
Flowers and ornamentals	2,773
Grapes	2,975
Olives	1,451
Fruit and citrus	4,167
Fodder crops	1,600
Meat	9,081
Milk	4,599
Eggs and other[4]	1,180
Connected services	5,303

[1] *Dried legumes account for 70 million euro.*

[2] *Includes potatoes (706 million euro) and fresh beans (234 million euro).*

[3] *Sugar beets (145 million euro), tobacco (246 million euro), sunflowers (59 million euro) and soya (120 million euro).*

[4] *Includes honey (29 million euro).*

etables (+3.8%) and sweet peppers (+3.2%).
Output of dried pulses shrank by 7.7%.
In the tree crop category, olive oil output showed a considerable decline (-17.7%). Fruit remained stationary on the whole (+0.1%). But negative trends were observed for apples (-1.6%) and kiwi fruit (-3.6%), while positive results were shown for peaches (+2.1%), nectarines (+4.6%) and pears (+7.7%). In the grape-growing sector, wine production remained at the same levels as in 2008, accompanied by good results in quality, whereas dessert grapes dropped (-2.6%). For citrus, excellent results were shown for oranges (+14%), mandarins and clementines (+15.1%), paired with an increase in production prices (+4.3%).
The livestock sector showed a slight decline in the meat category overall (-0.5%), with drops for beef (-2.3%), rabbitmeat and game (-7.1%), and increases for poultry (+2.4%), sheep-

Main vegetable output, 2009*

	Volume		Value[1]	
	'000 tonnes	var.% 2009/08	million euro	var.% 2009/08
Soft wheat	2,844	-24.1	438	-43.4
Durum wheat	3,572	-30.1	836	-47.3
Hybrid maize	8,323	-14.4	1,006	-39.3
Rice	1,571	13.1	529	-7.1
Sugarbeets	3,578	-7.0	145	-13.3
Tobacco	82	-11.0	246	-2.0
Soya	487	40.8	120	14.0
Sunflowers	280	7.2	59	-22.8
Potatoes	1,720	-0.6	706	0.9
Tomatoes	6,795	13.6	1,082	0.8
Dessert grapes	1,327	-2.6	452	-22.6
Sold wine grapes	3,770	1.7	665	-17.1
Wine[2] ('000 hl)	19,478	0.3	1,846	-6.5
Olive oil[2]	453	-17.7	1,267	-27.1
Apples	2,173	-1.6	722	-11.9
Pears	829	7.7	457	-9.0
Peaches and nectarines	1,637	3.0	537	-23.4
Oranges	2,471	14.0	804	40.7
Lemons	522	0.7	273	-26.0
Mandarins and clementines	914	15.1	271	15.8
Kiwi fruit	437	-3.6	273	-23.2

** Provisional figures.*

[1] At basic 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.

meat and goatmeat (+3.4%) and pigmeat (+1.5%). Production of cow's milk increased (+2.5%), offset however by a significant decline in prices paid to producers (-13%). There was a slight drop in output of sheep's milk and goat's milk (-0.5%). Honey showed a strong recovery (+50%), which compensated for the drop in 2008.

Forestry output dropped (-4.6%), for both timber (-4.1%) and firewood (-5.3%). Fishing also showed a slight decline (-0.4%), a combined result of an increase in Mediterranean catch volume (+6.7%) and a negative trend for fishing in inland waters (-10%).

On a Community level as well, the 2009 farm year was marked by a decline in both output volume (-0.6%) and prices (-10.2%). Drops in production mainly affected cereals (-5.7%), flowers and plants (-2.8%), olive oil (-9.3%), beef (-3%) and sheepmeat and goatmeat (-5.1%). But production was up for oil-seeds (+10.8%), sugar beets (+7.7%), vegetables (+2.9%), potatoes (+2.1%) and fruit (+4%). Wine increased moderately (+0.9%); production was down somewhat for milk (-0.5%) and eggs (-0.4%). Among associated activities, modest increases were shown for services connected to production (+0.2%), while for secondary activities including agri-tourism declined (-1.2%).

Main livestock output, 2009*

	Volume[1]		Value[2]	
	'000 tonnes	var. % 2009/08	million euro	var. % 2009/08
Beef	1,435	-2.3	3,191	-5.0
Pigmeat	2,065	1.5	2,407	-7.6
Sheepmeat and goatmeat	71	1.9	224	-0.1
Poultry	1,559	2.4	2,178	-7.2
Rabbitmeat and game	423	-7.1	1,013	-0.9
Eggs (millions)	13,279	2.2	1,140	4.7
Cow's milk[3] ('000 hl.)	114,471	2.5	4,055	-10.9
Sheep and goat's milk ('000 hl.)	5,782	-0.5	544	-2.9
Honey	11	50.0	29	42.5

** Provisional figures.*

[1] Live weight.

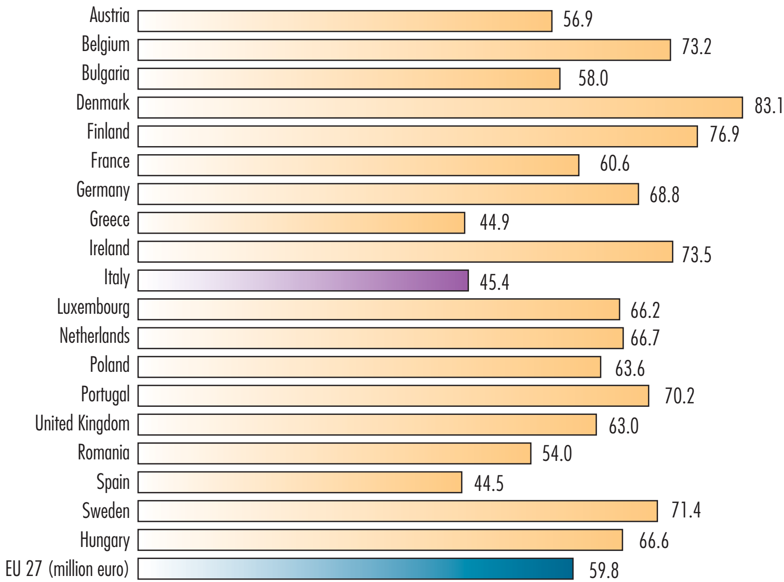
[2] At basic prices.

[3] Includes buffalo milk.

Agricultural output at basic prices and intermediate consumption in EU countries, 2008 (%)

	Output	Intermediate consumption
Austria	1.7	1.7
Belgium	2.0	2.4
Bulgaria	1.2	1.1
Denmark	2.4	3.3
Finland	1.2	1.5
France	18.1	18.4
Germany	13.1	15.0
Greece	2.9	2.2
Ireland	1.6	2.0
Italy	12.5	9.5
Luxembourg	0.1	0.1
Netherlands	6.3	7.0
Poland	5.7	6.1
Portugal	1.8	2.2
United Kingdom	6.5	6.9
Romania	4.8	4.3
Spain	11.3	8.4
Sweden	1.4	1.6
Hungary	2.0	2.3
EU 27 (million euro)	381,595	228,035

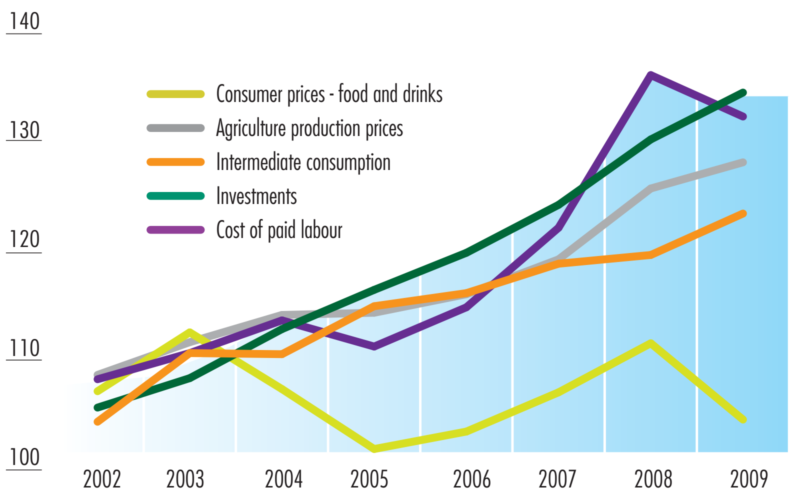
Share of intermediate consumption to output (%)



Prices and Costs

The development in agricultural trade, measured as the ratio of the production price index to that for intermediate consumption, deteriorated further in 2009 (-3.6%), continuing the trend of the two-year period 2007-2008.
The prices of intermediate consumption in agriculture, forestry and fishing dropped by 2.9%, while the price of investments grew by 3.3% and the cost of dependent labour increased by 3.2%.
Prices in the agriculture sector dropped by 6.4% on average, interrupting the recovery of the last three-year period. The decline affected all major categories, except for connected services and maintenance (+2%). Among crops, those that suffered the greatest drop in prices were tree crops (-9.7%) and fodder crops (-9%); field crops and livestock showed decreases of 6.7% and 6.8%, respectively. Prices also fell for secondary activities, agri-tourism, etc. (-2.1%).

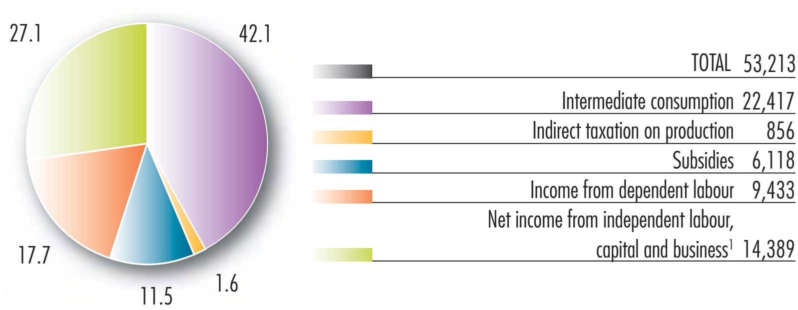
Index numbers (basis 2000 = 100)



Source : ISTAT.

Agricultural income

Breakdown of agricultural income, 2009*



** Including forestry and fishing.*

[1] After capital depreciation.

In 2009, the breakdown of agricultural production value, including production subsidies and direct taxation, shows a share of intermediate consumption of 42.1% (seeds, fertilisers, feedingstuffs, energy, services, etc.).
Income from dependent labour accounts for 17.7%; remuneration for independent labour (farmers, family members, entrepreneurs, etc.), capital and business was 27.1% of production value, after depreciation.
Contributions and subsidies disbursed by the state, central administrations and the EU made up approximately 11.5%.
At the European Community level, according to Eurostat figures for 2009, real agricultural income per work unit (*) decreased by 11.6% on average for the EU 27, mainly because of the drop in production prices.
The decline affected 21 of the 27 Member States: the sharpest drops were observed – besides Italy (-20.6%) – in Hungary (-32.2%), Luxembourg (-25.2%), Ireland (-23.6%), Germany (-21%), Austria (-19.4%) and France (-19%). Countries with increases included Denmark (+4.3%) and Finland (+2.6%).

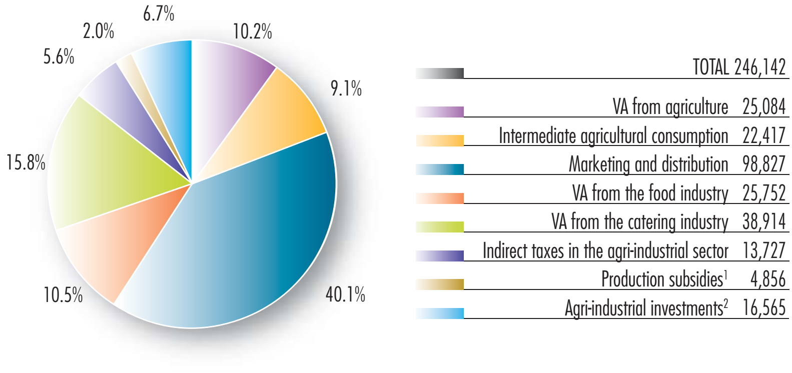
(*) Corresponds to net real value added from agriculture, at factor cost, per annual work unit.

AGRI-INDUSTRIAL SUPPLY CHAIN

Composition of the system

The agri-industrial system is made up of a number of activities in which agriculture interacts with all the sectors connected to it, up and down the supply chain: the inputs industry (fertilisers, pesticides, animal feed, energy, etc.) and the food, distribution and catering industries.
The agri-food sector is estimated to have been worth some 246 billion euro, or 16.2% of GDP, in 2009. The main contributions were: approximately 25.1 billion from agricultural value added (VA), 22.4 billion from intermediate consumption in agriculture, 16.6 billion from agri-industrial investments, 25.7 billion from VA in the food industry, 38.9 billion from VA in the catering industry and 98.8 billion from marketing and distribution.

Main components of the agri-industrial system* at basic prices (million euro), 2009



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

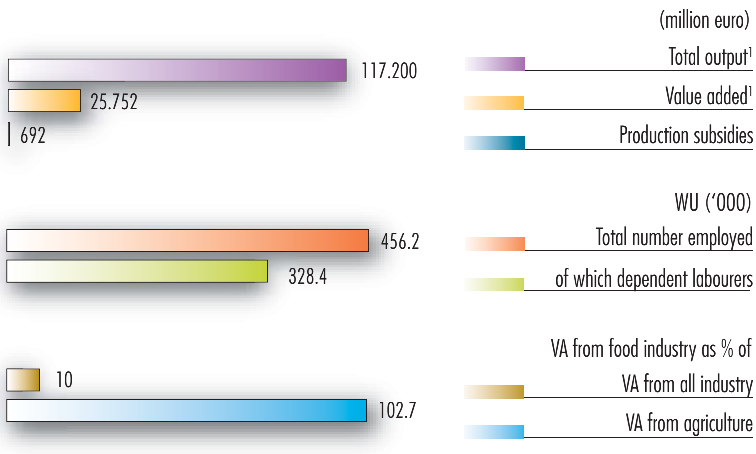
[1] Refers to agricultural subsidies for "production and business activities"; the share of subsidies to "agricultural products", equal to 1,262 million euro, is included in VA from agriculture at basic prices.

[2] Valuations from ISTAT figures

Food industry

The food industry, including drinks and tobacco, numbered around 60,300 businesses in 2008, down 4.5% from 2007 (ISTAT – Structure and size of businesses – 2008). In 2009, employment reached 456,200 work units, with a 9.9% share of employment in industry as a whole. 70% of labourers and approximately 77% of value added at basic prices in the sector were concentrated in the Centre-North.
In 2009, production in the entire sector, though down slightly (-1.5%), showed partial solidity, considering the marked drop in industry overall (-17.4%). Value added in the sector dropped in volume (-1.4%) compared to 2008, but rose in value (+2.8%) as an effect of rising prices (+4.3%).
The share of VA in industry in the narrow sense (mining and manufacturing) and in agriculture was 10% and 102.7%, respectively. Compared to 2008, production increased for oils and fats (+5.2%), biscuits (+3.9%), preserved fruits and vegetables (+3.8%) not including juices, and wine (+1.9%).
Production dropped, however, in most other categories, particularly milk and dairy (-3.8%), especially ice cream (-11.3%), sugar (-5.7%), beer

Food industry*: main macroeconomic aggregates, 2009

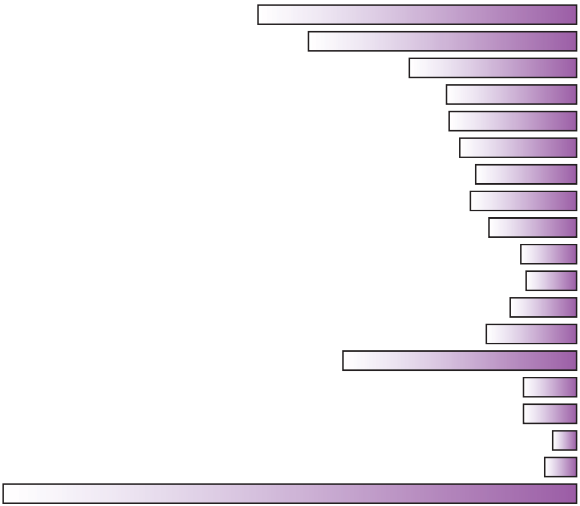


** Includes drinks and tobacco.*

[1] At basic prices.

Source: valuations from ISTAT figures.

Turnover in the food industry by sector (million euro), 2009



	million euro	(%)
Milk and dairy	14,425	12.0
Confectionery and sugar	12,174	10.1
Prepared meats	7,601	6.3
Beef	5,900	4.9
Animal feed	5,700	4.8
Poultry	5,320	4.4
Pasta	4,500	3.8
Processed vegetables and fruit juices	4,764	4.0
Olive oil and oilseed oils	4,000	3.3
Milling	2,560	2.1
Frozen foods	2,237	1.9
Diet and baby foods	3,000	2.5
Mineral water and fizzy drinks	4,100	3.4
Wine[1]	10,600	8.8
Coffee	2,400	2.0
Beer	2,400	2.0
Rice	1,050	0.9
Fish products	1,387	1.2
Other categories	25,882	21.6

[1] *Includes cooperatives and short supply chains (farmer-producer).*

Source: Federalimentare.

Changes in volume of food industry production by category (%)

	Var. 2009/08
Milling[1]	0.3
Bread and fresh pastries	-1.3
Biscuits	3.9
Pasta	-1.2
Processing of fruit and vegetables[2]	0.4
Vegetable and animal oils and fats	5.2
Slaughter and processing of meat	-0.9
Processed fish products	-1.4
Milk and dairy products[3]	-3.8
Sugar production	-5.7
Confectionery	-3.0
Condiments and spices	-4.2
Wine[4]	1.9
Beer	-4.2
Mineral water and soft drinks	-2.4
Animal feed	-9.5
TOTAL	-1.5

[1] Includes soft-wheat flour, durum wheat bran and starch products.

[2] Includes vegetable and fruit juices (var. -10.9%).

[3] Includes production of ice-cream (var. -11.3%).

[4] From non home-produced grapes.

Food, drinks and tobacco industry in the EU 27, 2007

	Production million euro	To total industry %	Employment '000 units	To employment in industry %
Total EU 27	913,147	13.5	4,702.2	13.6
Meat	177,183	2.6	1,000.0	2.9
Fish products	21,161	0.3	125.9	0.4
Milk and dairy	126,277	1.9	387.0	1.1
Milling, processed starches	35,175	0.5	120.1	0.3
Processed fruit and vegetables	54,764	0.8	282.4	0.8
Vegetable and animal fats	35,880	0.5	65.9	0.2
Animal feed	53,885	0.8	127.7	0.4
Bread and pastries	69,871	1.0	1,354.8	3.9
Biscuits	21,065	0.3	158.2	0.5
Pasta	9,677	0.1	57.4	0.2
Sugar	14,419	0.2	41.1	0.1
Sweets and other foods[1]	110,349	1.6	465.5	1.3
Drinks	130,000	1.9	461.2	1.3
Tobacco	53,441	0.8	55.0	0.2

[1] Sweets 41.983 million euro; tea, coffee 16.910 million euro; diet and baby food 8.083 million euro; condiments and spices 11.000 million euro.

Source: EUROSTAT.

Production value in the food, drinks and tobacco industry in the EU 27, 2007

Country	Production million euro	%
Belgium	34,797	3.8
Denmark	20,791	2.3
France	150,916	16.5
Germany	165,573	18.1
Ireland	21,425	2.3
Italy	107,784	11.8
Netherlands	55,656	6.1
Poland	44,310	4.9
United Kingdom	111,481	12.2
Spain	89,698	9.8
Sweden	14,406	1.6
Other EU countries	96,310	10.5
TOTAL	913,147	100.0

Source: EUROSTAT.

(-4.2%) and feedingstuffs (-9.5%).
In the EU 27, production in the food industry, including drinks and tobacco, declined in 2009 by around 1% compared to 2008. Total value of production (based on 2007 figures) was roughly 913 billion euro, or 13.5% of industrial production value as a whole; there were 4.7 million employed, or 13.6% of those employed in the industrial sector.

Distribution

There were 187,550 fixed retail outlets selling food as their main commercial activity at the end of 2009 (*), a decrease of 2,159 businesses over the previous year (-1.1%). There were declines in the number of butchers (-2.3%), sellers of bread and baked goods (-2.3%) and fruit vendors (-1.3%), while sellers of drinks increased (+1.8%). There was a significant increase in non-speciality shops (+7.4%), with around 96,000 units, accounting for over half of all businesses in the food distribution network. Geographically,

Food retail outlets, 2009*

	North		Centre		South & Islands		Italy	
	number	%	number	%	number	%	number	%
Fruit and vegetables	7,401	11.2	4,138	12.1	8,908	10.3	20,447	10.9
Meat and meat-based products	10,124	15.4	5,601	16.5	18,544	21.3	34,269	18.3
Fish and fish products	1,486	2.3	1,498	4.2	5,407	6.2	8,391	4.5
Bread and baked goods	5,681	8.6	2,103	6.1	4,305	4.9	12,089	6.4
Drinks	2,317	3.5	1,308	3.6	1,959	2.2	5,584	3.0
Other specialised food shops[1]	3,978	6.1	1,997	7.8	4,562	5.2	10,537	5.6
Other non-specialised food shops	34,749	52.9	17,987	49.7	43,497	49.9	96,233	51.3
Total	65,736	100.0	34,632	100.0	87,182	100.0	187,550	100.0
% of total outlets	22.5		22.4		26.7		24.3	
DENSITY [2]	420		344		239		322	

** Main premises and local outlets.*

[1] Including shops with non-specified specialisations.

[2] Inhabitants per outlet.

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

(*) 2009 is the first year in the new historical data series for the distribution network, based on the new ATECO 2007 classification. Though the new data cannot be compared with the previous series, they provide some comparisons for major trends in fixed food retail.

the number of food businesses dropped in the South (-1.9%) and in the North (-0.8%) but remained stable in the Centre. The value of food sales in fixed retail outlets dropped by 1.5%, with a greater decline in small shops (-3.2%) and a stationary trend in large-scale retail (-0.4%).

Large-scale retail trade

As of 1 January 2009, there were 9,133 registered supermarkets (+3.6% compared to the previous year). The number of sales points increased most in the South (+4.3%). The total area used for retail also increased, (+4%), as did the number of workers (+4.1%). Hypermarkets also increased in number, to 552 (+6.1%), with total retail space of some 3.4 million square metres (+6.8%) and approximately 84,000 workers (+2.9%). The North in particular recorded the greatest growth, in numbers (+7.9%), area (+11.5%) and number of workers (+5.7%). Sales decreased in value compared to 2008, by 0.3% for supermarkets, by 0.8% for hypermarkets and by 0.7% for hard discount stores.

Large-scale retail food trade by geographical area, 2008*

	Outlets		Sales area[1]		Employees[1]		Number of outlets	Sales area
	number	var. % 2008/07	sq.m.	var. % 2008/07	number	var. % 2008/07	per 100,000 inhabitants	sq.m./1,000 inhabitants
North	5,205	3.9	6,667,402	6.4	152,956	5.2	19.0	243.4
Centre	1,814	2.6	2,040,184	2.5	47,933	1.3	15.4	172.9
South & Islands	2,666	4.3	2,750,521	2.7	47,521	1.4	12.8	131.9
TOTAL	9,685	3.8	11,458,107	4.8	248,410	3.7	16.1	190.8

** Supermarkets and hypermarkets. At 31 December 2008.*

[1] Area and employees refer to both food and non-food departments.

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

Food consumption

In 2008, Italian families' total expenditure for food and drink, including alcohol, was approximately 142 billion euro, a decrease in value of 1.7%. Total consumption also dropped in volume (-3.6%). Expenditure for eating out (canteens, restaurants, fast food, etc.) amounted to around 71 billion euro, slightly lower than the level for 2008, because of a drop in consumed volume (-2.5%). Between 1999 and 2009, the impact of this figure, in relationship to the value of food consumption, rose from 41% to 50%. The most important categories in terms of expenditure are meat (31.4 billion euro), bread and cereal products (26.7 billion), fruit and vegetables (25.1 billion) and milk and dairy products and eggs (18.2 billion). Compared to 2008, decreases in volume were recorded for all types of food, especially sugar and confectionery (-4.9%), bread and cereals (-4.6%), meat (-4.3%), fish (-3.4%), oils and fats (-3.3%), coffee, tea and cocoa (-3.2%), fruit (-2.4%) and alcoholic beverages (-5.2%). Average family spending for food and drinks was lower than in 2008 by about 3% (461 euro per month as against 475). The greatest decrease in spending occurred in the Centre (-4.1%) and the South (-3.9%). Average family spending for food and drinks accounted for 18.9% of total monthly outlays, with a marked difference between the North (16.4%) and the South (24.4%).

Break-down of food consumption, 2009

Product	% of total food expenditure	Average annual % of change 2009/1999	
		volume	price
Meat	22.2	0.2	2.6
Bread and cereal-based products	18.9	0.2	2.8
Milk and dairy products and eggs	12.9	-0.2	2.3
Vegetables and potatoes	11.0	0.4	2.9
Fruit	6.7	0.0	2.7
Fish	6.2	-0.9	3.1
Sugar and confectionery[1]	6.4	0.9	2.1
Wine and other alcoholic beverages	4.7	-0.4	2.5
Mineral water and other drinks[2]	5.1	0.7	1.7
Oils and fats	4.2	-1.7	2.7
Coffee, tea and cocoa	1.4	-0.2	1.4
Other foods[3]	0.3	2.3	1.2
TOTAL	100.0	0.0	2.6

[1] Jam, honey, syrups, chocolate and cakes and biscuits.

[2] Fizzy drinks, fruit juices etc.

[3] Diet foods, spices, baby products etc.

Food consumption in some EU countries (kg per capita), 2008*

Product	Bulgaria	France	Germany	Greece	Italy	Poland	Portugal	United Kingdom	Romania	Hungary
Cereals and cereal products	n.d.	116.7	114.2	206.4	158.8	139.1	150.4	120.4	n.d.	170.1
Refined rice	3.9	6.4	3.7	4.8	10.4	2.7	16.9	5.6	2.9	6.3
Potatoes	38.3	49.9	60.4	93.5	44.7	121.1	90.5	96.9	70.9	60.3
Fresh and processed tomatoes	22.3	31.2	23.5	82.1	301.6	22.2	nd	16.2	39.9	18.8
Fresh fruit[1]	15.0	38.3	25.9	94.1	67.7	11.3	55.0	19.9	34.7	21.8
Citrus	12.6	nd	11.8	89.5	62.7	11.1	30.6	nd	9.1	13.7
Liquid milk[2]	24.7	90.9	86.1	82.0	70.0	115.5	115.9	128.6	106.6	86.7
Cheese	7.1	23.7	20.7	29.7	22.6	18.0	9.9	10.1	21.5	9.1
Eggs	nd	14.9	13.0	9.6	11.0	10.7	8.8	11.1	13.2	15.4
Butter	0.3	7.9	5.8	0.8	2.9	4.9	1.4	2.6	0.8	0.7
Total meat[3]	49.0	102.0	90.0	59.0	91.0	79.0	109.0	82.0	72.0	82.0
beef	5.0	26.0	13.0	6.0	25.0	nd	19.0	21.0	11.0	3.0
pigmeat	21.0	34.0	53.0	8.0	39.0	48.0	46.0	20.0	34.0	44.0
Oils and vegetable fats	nd	12.0	nd	48.6	27.9	5.3	20.6	nd	13.1	14.8
Sugar	26.0	31.0	nd	38.1	43.5	37.2	34.6	23.7	23.4	31.3
Wine[4]	12.0	46.5	24.5	30.3	40.0	2.0	43.0	20.1	25.4	24.9

[1] *Apples, pears, peaches, dessert grapes.*

[2] *Including other fresh products, except cream.*

[3] *2007 year.*

[4] *Litres per capita.*

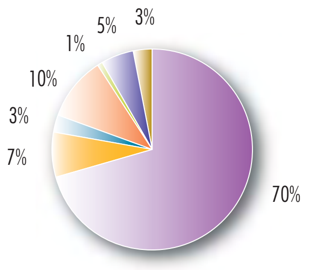
2009 was marked by a decline in value in all major macroeconomic aggregates. Indeed, compared to 2008, there was a drop of nearly 5% in total agri-industrial output, and a more marked slump in trade flows. Imports slackened by 10%, exports by 8%, creating an improvement of 13% in trade balance, though it remains negative. In terms of normalized balance, the improvement was nearly one percentage point, for a value of -11.4%.
Trade indicators also demonstrated the negative trend that affected Italy in 2009. Propensity to export worsened by 3.5%, in the face of a positive change posted for 2008. Propensity to import continued the negative trend of the previous year, with a more marked drop of 4.4%. In both cases, the change is mainly attributable to the dropoff in trade flows. But there were improvements in both degree of self-sufficiency (+1.1%) and degree of trade cover (+2.1%).
Agri-food's share to total trade showed an increase compared to the previous year, to 10.6% for imports and 8.5% for exports.
Italy's most important trading partner, the EU 27, accounts for roughly 70% of both total imports and exports, a stable percentage in both

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

		2000	2008	2009
MACROECONOMIC AGGREGATES				
Total agri-industrial output[1]	(O)	67,899	76,874	73,254
Imports	(I)	25,358	34,532	31,110
Exports	(E)	16,867	26,894	24,730
Balance	(E-I)	-8,491	-7,344	-6,380
Volume of trade[2]	(E+I)	42,225	61,426	55,840
Apparent consumption[3]	(C = O+I-E)	76,390	84,512	79,634
INDICATORS (%)				
Degree of self-sufficiency[4]	(O/C)	88.9	91.0	92.0
Propensity to import[5]	(I/C)	33.2	40.9	39.1
Propensity to export[6]	(E/O)	24.8	35.0	33.8
Degree of trade cover[7]	(E/I)	66.5	77.9	79.5

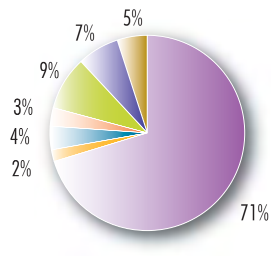
** Million euro at current value; figures for output and trade include "cured tobacco".*
[1] Total output from agriculture, forestry and fishing plus VA from the food industry at basic prices.
[2] Sum of exports and imports.
[3] Agri-industrial output plus imports minus exports.
[4] Output-consumption ratio.
[5] Imports-consumption ratio.
[6] Exports-output ratio.
[7] Exports-imports ratio.

Destination for Italy's agri-food exports (2009)



TOTAL	24,730
EU 27	17,358
(Germany)	*4,915*
Other European countries (non-Mediterranean)	1,682
(Switzerland)	*1,095*
Non-EU Mediterranean countries	852
(Croatia)	*165*
North America	2,479
(United States of America)	*2,019*
Central and South America	267
Asia (non-Mediterranean)	1,273
(Japan)	*517*
Other	819

Source of Italy's agri-food imports (2009)



TOTAL	31,110
EU 27	21,986
(France)	*5,019*
Other European countries (non-Mediterranean)	769
Non-EU Mediterranean countries	1,282
(Turkey)	*355*
North America	883
(United States of America)	*583*
South America	2,665
(Brazil)	*885*
Asia (non-Mediterranean)	2,047
(Indonesia)	*500*
Other	1,478

cases compared to 2008. Other important areas for imports were South America (9% of the total) and Asia (7%); for exports, North America (10%) and the aggregate of Other Non-Mediterranean Countries (7%).

Italy's top 5 supplier countries belong to the European area, and continue to be France, Germany, Spain, the Netherlands and Austria. Our top 5 importer countries for agri-food are Germany, France, the UK, the US and Switzerland.

Italy's competitive advantage in processed products is shown by the industry's 80% share of total agri-food exports and 66% of imports, the former slightly improved over 2008 and the latter stable. The unfavourable trend affected both aggregates, with greater stability in the industry (-5.1% for exports and -9.3% for imports) than for the primary sector (-18.8% for exports and -12.2% for imports). Compared to 2008, the normalized balance worsened by roughly three percentage points for the primary sector and eight points for the agri-food industry. Retail of Made in Italy products, the most representative of our agri-food, changed for the worse in 2009. In particular, as regards the primary sector, the most significant sales value was for fresh fruit, which showed a drop of 21.2% in exports compared to 2008. Among processed products (processed Italian raw materials), bottled and packaged wine were down (-3.4%) and tomatoes were up (+8%), whereas Made in Italy food industry products to be noted were pasta (-9.8%) and baked goods (+2%).

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

	2009 (million euro)			Change 2009/2008 (%)	
	Import	Export	Nb (%)	Import	Export
Fresh fruit	466.1	1,776.90	58.4	5.6	-21.2
Fresh vegetables	266.6	650.1	41.8	39.1	-4.9
Nursery products	102.5	434.8	61.8	-1.9	-9.8
MADE IN ITALY AGRICULTURAL PRODUCTS	835.3	2,861.80	54.8	13.2	-16.4
Rice	61.3	536.6	79.5	-37.5	-5.4
Packaged wine	51.1	3,245.50	96.9	-10.2	-3.4
Wine in bulk	77.1	311.5	60.3	-9.4	-6.5
Canned tomatoes	155.1	1,446.50	80.6	11.6	8
Cheese	49.6	910.8	89.7	-2.6	-1.4
Prepared meats	179.6	832.6	64.5	4.2	2.3
Fruit juices and cider	170.5	427.8	43	-20.1	-15.7
Prepared or preserved fruit and vegetables	415.4	664.1	23	-13.4	-9.2
Olive oil	93.7	258.7	46.8	-41.8	-21.4
Vinegar	12	162.6	86.3	-20.1	-4.1
Essences	23.6	48.6	34.7	-17.1	-14.4
Mineral water	5.5	255.9	95.8	7.5	-3.8
MADE IN ITALY PROCESSED PRODUCTS	1,294.50	9,101.30	75.1	-14	-3.2
Pasta	64	1,822.00	93.2	8.5	-9.8
Coffee	106.6	621.1	70.7	-4	-2.7
Baked goods	559	1,130.60	33.8	-9.7	2
Cocoa-based sweet products	526.1	884.2	25.4	3.9	-1.2
Other cereal-based products	12.1	76.9	72.8	2	-6.6
Aquavites and liqueurs	173.5	419.3	41.5	-3.2	-3.3
Ice cream	101	211.6	35.4	5.4	6
MADE IN ITALY FOOD INDUSTRY PRODUCTS	1,542.20	5,165.60	54	-2.5	-3.9
TOTAL MADE IN ITALY	3,672.10	17,128.70	64.7	-4	-5.9

Foreign trade by main agri-food category (million euro), 2009

	Import	Export	Nb* (%)
Cereals	1,713	90	-90.1
of which from seed	76	22	-54.7
Fresh legumes and vegetables	805	917	6.5
of which from seed	156	71	-37.4
Dried legumes and vegetables	147	31	-64.9
Citrus	272	148	-29.4
Other fresh fruit	1,095	1,886	26.5
Dried fruit and nuts	497	220	-38.7
Raw textile fibres	69	7	-80.5
Oilseeds and fruits	644	50	-85.7
Cocoa, coffee, tea and spices	997	41	-92.2
Nursery products	407	578	17.3
Uncured tobacco	11	25	38.3
Live animals	1,205	51	-91.9
of which for breeding	107	23	-64.9
of which for rearing and slaughtering	1,077	19	-96.5
Other livestock products	231	55	-61.5
Forestry products	527	60	-79.5
Fish products	843	186	-63.9
Game products	44	3	-86.6
Other products	55	60	4.2
TOTAL PRIMARY SECTOR	9,562	4,407	-36.9
Cereal products	977	3.689	58.1
of which pasta	66	1.839	93.1

	Import	Export	Nb* (%)
Sugar and confectionery	1,318	1,088	-9.5
Fresh and frozen meat	4,008	840	-65.4
Prepared meats	302	953	51.9
Processed and preserved fish	2,737	314	-79.4
Processed vegetables	860	1,882	37.3
Processed fruit	396	766	31.8
Dairy products	2,853	1,754	-23.9
of which milk	618	12	-96.1
of which cheese	1,274	1,425	5.6
Oils and fats	2,373	1,370	-26.8
of which virgin and extra-virgin olive oil	800	728	-4.7
Oilcakes and feedingstuffs	1,495	401	-57.7
TOTAL FOOD INDUSTRY	19,422	15,217	-12.1
Drinks	1,247	4,611	57.4
Wine	253	3,605	86.9
of which VQPRD white wine	9	380	95.5
of which VQPRD red and rose wine	12	1,002	97.6
of which other wine	228	2,065	80.1
Non-alcoholic drinks	197	411	35.2
Total drinks	1,247	4,611	57.4
Other food industry products	1,439	1,944	14.9
Other food products	666	215	-51.2
TOTAL FOOD AND DRINKS INDUSTRY	20,670	19,828	-2.1
TOTAL AGRI-FOOD BALANCE	31,110	24,730	-11.4

** Nb = normalized balance.*

FARM STRUCTURE

Farms

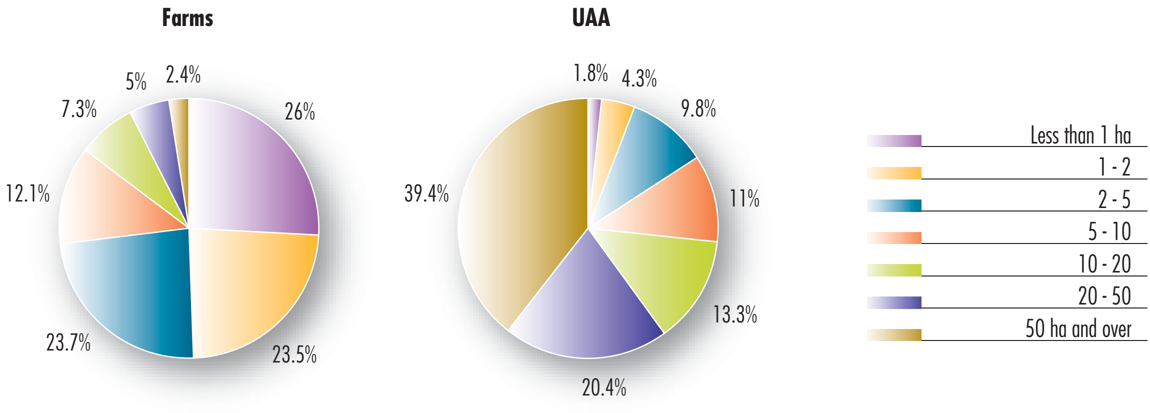
According to ISTAT figures in the most recent sample survey made on structures and production on farms (SPA), in 2007 there were just under 1.7 million farms in Italy, with UAA of 12,744 million hectares. Average farm UAA of 7.6 hectares continues to grow, showing an increase of 3.2% owing to the gradual decline in number of farms, in the face of substantially stable UAA.

Italian agriculture continues to be made up mostly of small and medium-sized farms: 49.5% of farms have less than 2 hectares. Nonetheless, these farms cultivate only 6.1% of total UAA, while 2.4% of farms with over 50 hectares account for nearly 40% of total UAA.

Farms and Utilised Agricultural Area, 2007

	Farms		UAA (ha)		Total area (ha)
	2007	var. % 2007/05	2007	var. % 2007/ 05	2007
Piedmont	75,445	-1.4	1,040,185	1.1	1,403,893
Valle d'Aosta	3,860	-17.0	67,878	-0.8	147,741
Lombardy	57,493	0.1	995,323	1.7	1,258,471
Trentino Alto-Adige	41,626	-5.2	399,140	-0.5	983,005
Veneto	144,604	1.1	820,201	2.8	1,121,386
Friuli-Venezia Giulia	24,206	1.5	228,063	1.6	361,868
Liguria	20,684	-10.5	49,408	0.7	135,065
Emilia-Romagna	81,962	0.6	1,052,585	2.2	1,340,654
Tuscany	78,903	-3.6	806,428	-0.4	1,458,301
Umbria	38,205	-2.9	339,404	0.4	585,144
Marche	49,135	-7.8	496,417	-0.1	671,481
Lazio	102,580	-4.4	674,011	-1.6	940,447
Abruzzo	60,070	-1.4	434,013	2.1	657,272
Molise	23,511	-6.1	200,257	-5.8	265,463
Campania	151,802	-3.3	562,880	-0.1	777,493
Puglia	245,374	-1.6	1,197,380	-1.6	1,317,444
Basilicata	57,282	-4.4	542,256	-2.0	715,784
Calabria	119,131	-3.0	514,047	-0.1	757,943
Sicily	237,270	-4.7	1,251,851	0.1	1,415,233
Sardinia	66,296	-3.5	1,072,469	0.9	1,527,457
ITALY	1,679,439	-2.8	12,744,196	0.3	17,841,544

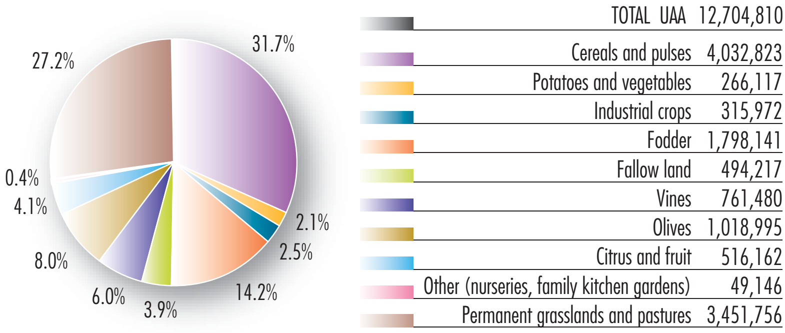
% Distribution of farms and UAA by size, 2007



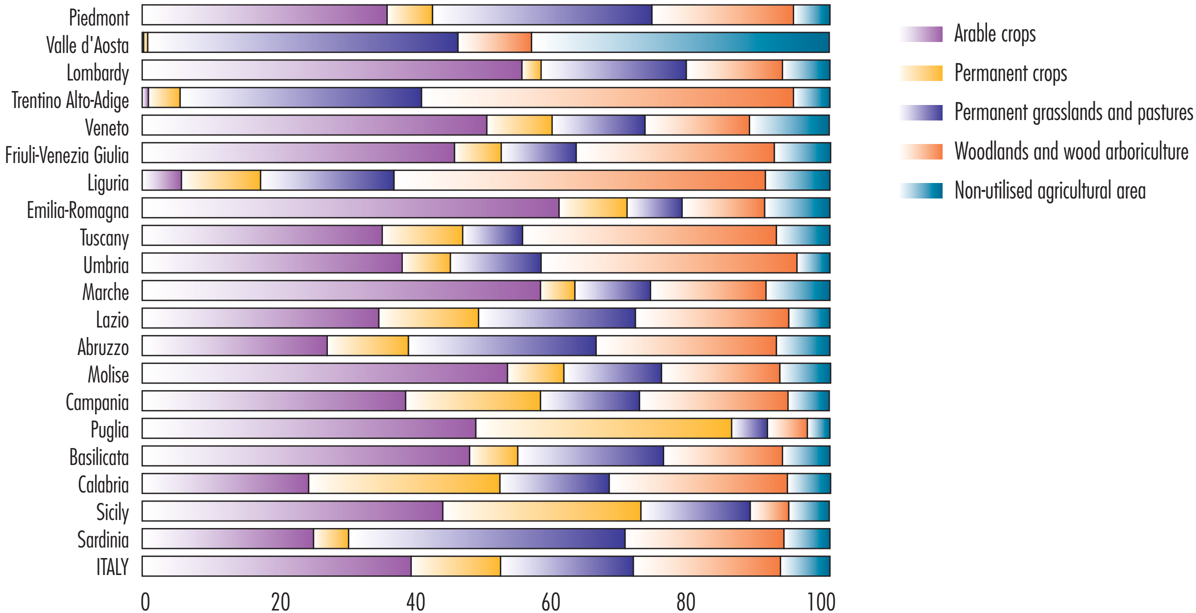
Crops

Among various soil uses, arable crops play a predominant role, involving roughly 39% of total agricultural area on farms; next come woodlands and wood arboriculture (21.4%), permanent grasslands and pastures (19.3%) and permanent crops (13%).
Land use differs widely among the regions: in the Po Valley, especially Emilia-Romagna and Lombardy, a significant amount of land is devoted to arable crops, while in Valle d'Aosta and Sardinia grasslands and pastures are predominant. Permanent crops are more common in the South (Puglia has 21% and Sicily has 17.5%). Trentino-Alto Adige and Tuscany are characterised by extensive woodlands.
Cereals and pulses make up more than half of the area devoted to arable crops, whereas over one-fourth of such area is used for fodder crops. The most common tree crop is olives (8% of UAA), followed by grapevines (6%).

Agricultural area by major crop (%), 2007



Total area by land use and region %, 2007



Livestock

Farms with livestock accounted for 18.4% of total farms, showing an increase of 2.4% over 2005. The increase mainly affects regions of the North, and to a lesser extent those in the South. On the contrary, the Centre recorded a drop in livestock farms.

The increased number of livestock farms involved all sectors except pigs and rabbits. Number of head also increased for each type of animal reared, across the country, except for sheep (-2.9%).

Nearly half of farms in Valle d'Aosta raise livestock, followed by Lombardy (38.9%) and Piedmont (37.5%).

Lombardy has the largest average herd size for both cattle and pigs, while Sardinia has the largest average herd size for sheep (226 head) and goats (80 head).

Farms with livestock and number of head per type of animal, 2007

Region	Farms with livestock	Number of head						
		Cattle and buffalo	Pigs	Sheep	Goats	Horses	Rabbits	Poultry
Piedmont	28,273	862,153	991,450	85,840	55,983	18,996	798,744	8,487,263
Valle d'Aosta	1,894	41,945	78	3,943	3,119	112	455	1,037
Lombardy	22,367	1.597,066	4,354,064	96,509	63,225	15,745	306,536	37,412,509
Liguria	3,982	19,320	804	21,862	7,308	3,745	14,655	55,889
Trentino-Alto Adige	13,202	188,743	14,010	52,878	21,275	6,832	80,127	1,274,090
Veneto	24,454	872,531	739,868	26,470	8,626	11,534	4,111,635	44,919,932
Friuli-Venezia Giulia	4,850	95,076	175,181	6,349	1,827	967	1,115,828	5,234,581
Emilia-Romagna	13,504	594,776	1,412,065	68,983	9,161	15,940	372,242	30,412,647
Tuscany	13,354	107,948	172,795	608,415	14,401	12,770	100,696	1,350,737
Umbria	9,617	67,463	226,085	143,341	6,942	5,733	56,793	5,955,007
Marche	11,071	74,138	87,799	194,116	7,568	1,363	383,834	5,411,264
Lazio	26,779	311,944	58,544	565,021	30,897	15,344	366,687	1,264,819
Abruzzo	17,957	84,728	122,177	288,804	7,997	8,272	387,089	2,158,668
Molise	6,052	51,050	35,938	91,613	5,557	1,773	7,143	4,064,949
Campania	35,020	418,097	133,641	253,593	48,019	3,824	312,554	2,859,568
Puglia	4,587	183,829	148,587	195,468	45,268	5,154	87,044	1,060,837
Basilicata	14,025	95,072	65,749	370,494	101,959	4,860	443,214	295,217
Calabria	23,812	116,918	77,022	258,591	151,981	3,751	35,573	735,482
Sicily	12,556	303,648	37,417	548,693	93,288	6,491	43,784	2,423,489
Sardinia	22,113	277,910	186,972	2,909,072	252,442	13,404	131,258	1,849,897
ITALY	309,469	6,364,355	9,040,246	6,790,055	936,843	156,610	9,155,891	157,227,882

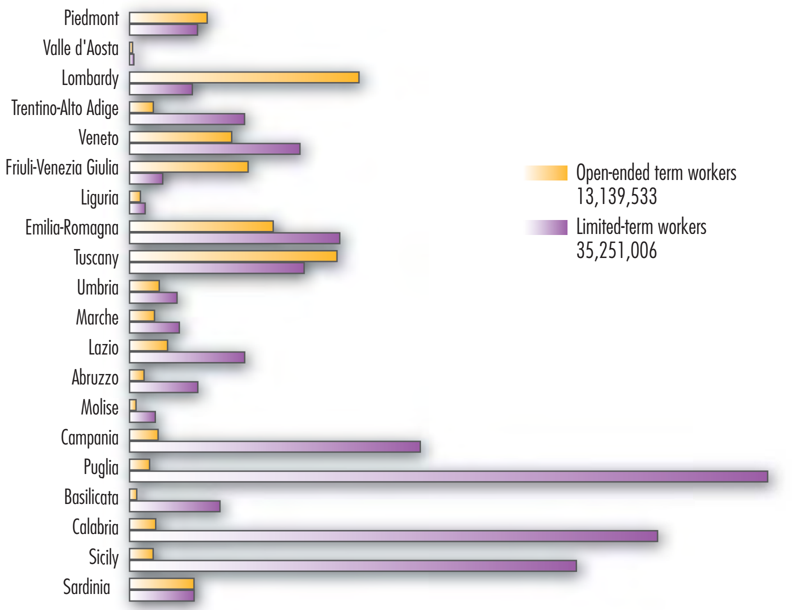
According to the 2007 ISTAT survey of structures and production on farms (SPA), the total workforce in terms of workdays on Italian farms was distributed as follows: 39.4% in the North, 15.9% in the Centre and 44.7% in the South.
Compared to 2005, the total number of workdays dropped nationwide by 6.4%. The greatest reductions were in Sicily, Liguria and Valle d'Aosta; workdays increased significantly in Sardinia, Puglia, Veneto and Molise.
Among various kinds of farm labour, the most considerable drop was in workdays put in by open-ended term employees (-36.2%), whereas workdays by family members on farms increased (+5.9%).
Workdays by family members account for 81% of the total, with significant differences geographically: the highest percentage is in Liguria (92.6%), and the lowest is in Calabria (62.4%).
Just over half of all workdays are put in by the farmer, and 14.2% by the

Workdays of farm labour by category, 2007

	Farmer	Other family labour	Other farm labour	Total	Var. % 2007/05
Piedmont	11,433,724	6,832,985	1,593,651	19.860.360	0.1
Valle d'Aosta	556,602	299,724	79,673	935.999	-23.5
Lombardy	8,392,823	5,792,233	3,200,084	17.385.140	-6.0
Trentino-Alto Adige	5,615,175	4,573,805	1,519,351	11.708.331	2.5
Veneto	12,531,789	7,230,939	2,984,797	22.747.525	5.0
Friuli-Venezia Giulia	1,941,166	1,453,258	1,661,174	5.055.598	1.5
Liguria	2,457,209	1,142,055	289,027	3.888.291	-25.8
Emilia-Romagna	9,016,902	5,772,253	3,875,042	18,664.197	2.0
Tuscany	7,452,132	4,361,970	4,183,782	15,997,884	0.8
Umbria	2,180,831	1,161,042	844,765	4,186,638	-9.9
Marche	4,150,578	2,283,794	817,958	7,252,330	-3.1
Lazio	7,372,299	3,885,745	1,676,417	12,934,461	2.0
Abruzzo	4,632,456	3,084,945	906,055	8,623,456	-0.6
Molise	1,779,946	902,287	352,254	3,034,487	4.6
Campania	9,749,125	6,444,707	3,496,329	19,690,161	-20.6
Puglia	12,280,068	6,153,590	7,207,660	25,641,318	6.7
Basilicata	3,839,140	2,183,285	1,068,858	7,091,283	-16.5
Calabria	6,188,222	3,884,531	6,069,133	16,141,886	-7.0
Sicily	10,927,056	4,371,908	5,152,139	20,451,103	-35.7
Sardinia	7,717,451	3,694,780	1,412,391	12,824,622	11.3
ITALY	130,214,691	75,509,836	48,390,539	254,115,065	-6.4

spouse. Spouses' contribution is the highest in Abruzzo (22.4%) and the lowest in Lombardy (9.6%).
As for salaried labour, over half of total workdays in this category are in the South, especially among limited-term workers. The share of this kind of labour to the total of salaried labour is highest in Puglia (97%), Calabria (95.3%) and Sicily (95%). In the North, on the other hand, open-ended labour is predominant, especially in Lombardy, where the percentage is 78.5% of total salaried labour.

Workdays in agriculture by type of labour, 2007



ECONOMIC RESULTS OF FARMS

Output and income

Results from the FADN[1] for 2008 show average turnover of more than 54,700 euro per farm; from that figure[2], in compensation for all factors brought in by the farmer and the farmer's family, net income is calculated at around 22,800 euro, or slightly less than 40% of production value.

Analysis of the figures shows better production performance among farms in the North, with productivity well above the national average, in absolute terms, per hectare and per work unit. In the North-West, superior production is explained by the adoption of more intensive techniques and by larger farm size: farms in this area have an average of 21.5 hectares of UAA, as compared to the national average of 16 hectares.

In terms of income as well, both absolute and per work unit, areas in the North showed higher values than the national average.

Going beyond the differing production potential and aptitudes across the nation, the South & Islands enjoyed the largest share of net income to turnover (46%), though the area recorded lower levels of production and income, mainly because of their lower share of current costs. Indeed, current costs are the highest item that farms must bear: at the national level, they account for around 40% of turnover.

[1] For information about the FADN survey see www.rica.inea.it

[2] This value includes, in addition to proceeds from sale of products, those from activities connected to agriculture – subtracting current costs (consumption, other expenses and contract services), long-term costs (depreciation and write-offs), distributed income (wages, social security and passive rents), and adding extra-characteristic management (financial and extraordinary management plus government transfers).

Structural and economic indicators by geographical area, 2008

	Turnover/ha	Turnover/LU	Turnover/WU	NI/FWU	NI/Turnover (%)	NI/ha	NI/LU
North-West	4,201	3,035	68,915	33,441	43.7	1,837	1,327
North-East	4,788	5,375	58,731	26,435	36.6	1,751	1,966
Centre	2,869	9,694	42,950	20,466	38.9	1,115	3,768
South & Islands	2,636	7,326	33,344	21,311	46.4	1,224	3,401
Italy	3,426	5,257	46,242	24,532	41.8	1,431	2,195

Structural data and main economic results by geographical area, farm averages 2008

	UAA	LU	WU[1]	FWU[2]	Turnover	Current costs	Long-term costs	Distributed income	Extra-characteristic management	Net income
	ha	n.			euro					
North-West	21.5	29.8	1.3	1.2	90,486	38,129	6,851	8,259	2,321	39,567
North-East	15.2	13.5	1.2	1.0	72,741	32,351	5,165	9,768	1,144	26,601
Centre	18.8	5.6	1.3	1.0	54,052	20,930	3,284	8,867	37	21,008
South & Islands	13.9	5.0	1.1	0.8	36,657	10,526	3,061	6,411	357	17,016
Italy	16.0	10.4	1.2	0.9	54,728	20,758	4,087	7,782	756	22,857

[1] *Work unit.*
[2] *Family work unit.*
Source: FADN-INEA.

Livestock production

Analysis of the economic performance of livestock farms in Italy shows outstanding results for farms specialising in grain-fed animals and dairy cattle. It should be pointed out that farms that raise grain-fed livestock generally have large production, which explains the higher economic results. On the other hand, farms specialising in the raising of sheep and goats achieve the best income when compared to turnover, a result that can be traced to a lower impact of current costs.

In the North-West, the best economic results were observed, in terms of turnover and operative income, on farms that specialise in dairy cattle and farms that practice poultry rearing. In the North-East, farms that raise mixed cattle show superior results. Both geographical areas of the North had outstanding turnover from raising of grain-fed livestock: indeed, these farms are mostly located in this area.

Structural figures and main economic results by FT, farm averages 2008

	UAA	LU	WU	FWU	Turnover	Current costs	Long-term costs	Distributed income	Exra-characteristic management	Net income
	ha		n.				euro			
Dairy cattle	29.6	65.2	1.8	1.5	139,834	58,986	13,309	11,649	8,902	64,792
Sheep and goats	44.5	32.8	1.3	1.2	38,767	10,596	4,965	5,491	4,319	22,033
Mixed cattle	18.2	300.6	2.0	1.3	376,452	240,842	10,940	23,110	1,732	103,291
Grain-fed livestock	38.2	49.8	1.5	1.3	92,052	41,874	7,673	6,931	4,861	40,434
Poultry	21.7	43.8	1.5	1.4	66,370	28,292	6,866	7,954	2,645	25,904

Source: FADN-INEA.

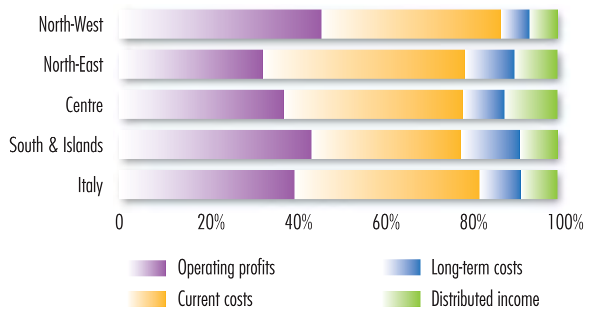
Structural and economic indicators by FT, 2008

	Turnover/ha	Turnover/UBA	Turnover/WU	NI/FWU	NI/Turnover (%)	NI/UAA	NI/UBA
Dairy cattle	4,718	2,145	79,418	43,505	46.3	2,186	994
Sheep and goats	870	1,183	29,313	18,288	56.8	495	672
Mixed cattle	20,710	1,252	191,707	77,354	27.4	5,682	344
Grain-fed livestock	2,407	1,849	62,346	30,115	43.9	1,057	812
Poultry	3,062	1,515	43,829	19,146	39.0	1,195	591

Structural and economic figures by geographical area, FT dairy cattle, 2008

	UAA ha	LU n.	WU n.	Turnover/ ha	Turnover/ LU	Turnover/ WU	NI/FWU
				euros			
North-West	45.2	92.2	1.84	4,302	2,111	105,775	64,625
North-East	23.9	55.6	1.75	5,418	2,327	73,997	34,150
Centre	15.7	41.8	1.50	4,478	1,678	46,582	23,472
South & Islands	23.0	52.7	1.75	4,379	1,915	57,699	35,448

Farms specialising in dairy cattle: % breakdown of turnover, 2008



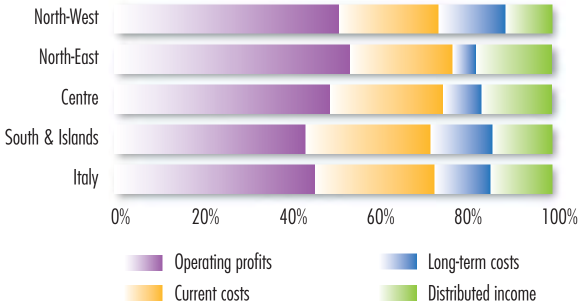
Structural and economic figures by geographical area, FT sheep and goats, 2008

	UAA ha	LU n.	WU n.	Turnover/ ha	Turnover/ LU	Turnover/ WU	NI/FWU
				euros			
North-West	47.2	27.7	1.2	645	1,097	24,707	17,786
North-East	28.3	23.4	1.4	2,001	2,424	40,627	26,867
Centre	35.0	34.1	1.3	1,365	1,401	37,882	21,902
South & Islands	47.1	33.4	1.3	783	1,104	27,450	17,224

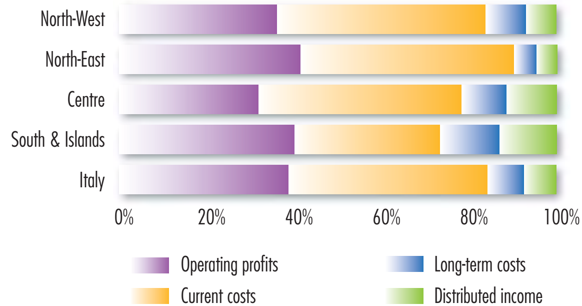
Structural and economic figures by geographical area, FT mixed cattle, 2008

	UAA ha	LU n.	WU n.	Turnover/ ha	Turnover/ LU	Turnover/ WU	NI/FWU
				euros			
North-West	40.9	63.4	1.6	2,817	1,819	70,940	31,339
North-East	25.2	82.9	1.7	9,341	2,840	141,198	72,110
Centre	37.2	42.2	1.6	1,630	1,437	38,595	15,728
South & Islands	41.7	32.3	1.3	857	1,107	27,532	15,057

Farms specialising in sheep and goats: % breakdown of turnover, 2008



Farms specialising in mixed cattle: % breakdown of turnover, 2008



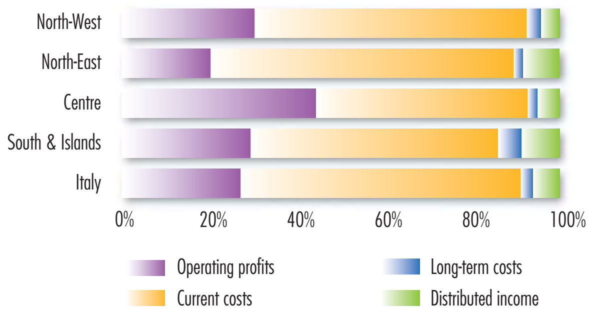
Structural and economic figures by geographical area, FT grain-fed livestock, 2008

	UAA ha	LU n.	WU n.	Turnover/ ha	Turnover/ LU	Turnover/ WU	NI/FWU
				euros			
North-West	26.0	446.0	1.8	18,079	1,054	263,916	99,309
North-East	13.7	275.9	2.4	29,867	1,486	167,610	65,321
Centre	15.1	92.3	1.5	12,318	2,018	126,755	67,571
South & Islands	8.2	74.7	1.6	16,149	1,783	85,186	36,538

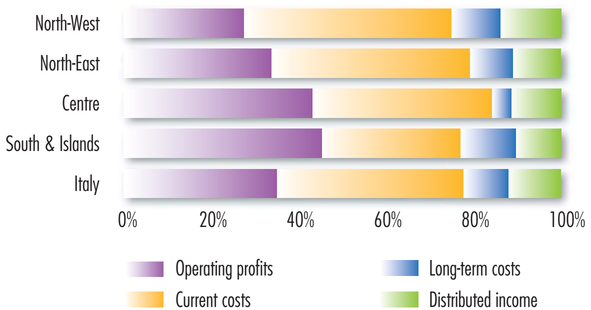
Structural and economic figures by geographical area, FT poultry, 2008

	UAA ha	LU n.	WU n.	Turnover/ ha	Turnover/ LU	Turnover/ WU	NI/FWU
				euros			
North-West	20.8	157.8	1.7	7,599	1,002	92,193	40,845
North-East	14.1	25.5	1.7	4,825	2,671	41,204	16,042
Centre	19.5	19.3	1.5	2,438	2,459	32,629	15,661
South & Islands	28.5	22.7	1.4	1,292	1,626	27,121	14,689

Farms specialising in grain-fed livestock: % breakdown of turnover, 2008



Farms specialising in poultry: % breakdown of turnover, 2008



Indicators of productivity and profitability of land, capital and labour, based on the latest EU FADN[1] figures on livestock production types, reflect the diverse nature of European agriculture, within which major differences can be traced to differing production factors, as well as to differences in management efficiency.
This is evident from an analysis of factors that affect total output, and thus contribute to determining net family income, a synthesis of farms' performance. Net family income[2] is indeed quite different among Member States within individual categories, though in nearly all cases it remains positive (with the exception of sheep and goats in the Netherlands and the Slovak Republic, and grain-fed livestock in Denmark and Bulgaria).

Dairy livestock
Italy's dairy cattle farms showed excellent performance with indexes of productivity and profitability of land, labour and herds well above the European average. In particular, Italian farms have the highest productivity per head of stock, followed by farms in Denmark and Finland. Austrian farms have the highest profitability, owing to lower herd size (28 LU as opposed to 73 on Italian farms and the EU average of 62).
At the Community level, every head of livestock brings just over 530 euro in net income on average. For Italy, this figure approaches 1,000 euro. Italy's good results are largely due to lower intermediate consumption and depreciation proportional to total output (TO) (intermediate consumption on Italian farms accounts for 53% of TO, whereas in the EU it absorbs on average 60% of production value; depreciation makes up 10% on Italian farms, as compared to the 14% EU average). Moreover, high labour intensity on Italian farms (0.07 WU/ha) and low area (30 hectares) are offset by greater herd density per surface unit (2.4 LU/ha as opposed to the EU average of 1.4)
Denmark's livestock farms also have high productivity of land, labour and herds, but have low profitability partly because of larger average herd size (182 LU), more UAA (104 ha as against the EU average of 44) and lower labour intensity (0.02 WU/ha compared to the EU average of 0.04 WU/ha.

[1] *For more information about EU FADN figures, see http://ec.europa.eu/agriculture/rica/index_en.cfm*

[2] *Remuneration to compensate the production factors brought to bear by the farmer and his/her family, as well as business risk, derived by subtracting all costs, intermediate consumption and depreciation, including external factors such as wages, rents and passive interest, from value of production.*

Sheep and goats

For sheep and goats, Italy and Spain had similar results, with around 60% of production value in net family income. Nonetheless, farms in the two countries have quite different characteristics: Italian farms have much lower average land and herd production factors than those in Spain (29 LU instead of 54, and 45 hectares of UAA instead of 62). This is only partly offset by greater labour intensity (1.4 WU as opposed to 1.3).

Ireland and Greece had even better results in terms of net income, which was more than 65% of TO.

If we compare British and Italian farms (which have very different production systems and different marketing methods for typical products – dairy products in Italy and meat in the UK), we find that though British farms have a significant advantage in herd size (166 LU on average as compared to 29 on Italian farms and an EU average of 45), as well as land (six times as much area as Italian farms on average), they realise a net income only 31% of production value.

Mixed cattle

In raising mixed cattle, for meat and milk, Italian and Austrian farms have the highest productivity, of over 1,500 euro per head of livestock. This good performance was also confirmed by the level of income, especially for Austrian farms, where each head of stock brought over 800 euro in net income, as against the European average of less than 350 euro. Next were Germany, Poland, Sweden, Slovenia and Luxembourg, with over 1,000 euro of turnover per head. Belgium, the Czech Republic and Spain were also above the European average.

Farms in France and the UK, with high production factors for land and herds, achieved good results in indicators per labourer.

Irish farms had the highest net income (60% of production value), followed by those in Spain, thanks to low depreciation (57% of production value).

Grain-fed livestock

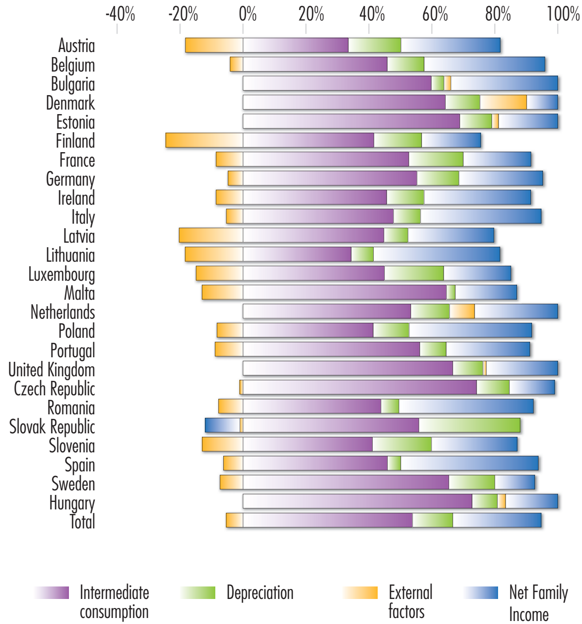
This category includes very specialised types of livestock, with quite different problems, including pigs and poultry (for eggs and meat). Among European countries, Italy achieved more than satisfactory results in terms of productivity and especially profitability of production factors. Italy's farms are larger (28 ha compared to the EU average of 20 ha), with labour intensity similar to the EU average (0.1 WU/ha) but are less weighted toward family labour, which accounts for 50% of the total, as opposed to the average 70%. Finally, Italy's farms have greater management efficiency, with a lesser share of TO devoted to intermediate consumption (53%).

Farms specialising in dairy cattle: average farm results in euro (2005-2007 three-year period)

	TO/HA	TO/LU	TO/WU	NI/HA	NI/LU	NI/FWU
Austria	1,859	2,049	34,220	924	1,018	17,446
Belgium	3,050	1,520	87,142	1,275	635	36,886
Denmark	3,958	2,265	194,922	391	224	31,917
Estonia	740	1,529	24,464	139	288	16,451
Finland	1,869	2,211	41,320	687	813	16,809
France	1,662	1,449	69,489	431	376	19,132
Germany	2,571	1,776	83,833	757	523	29,729
Ireland	1,999	1,077	66,784	818	441	31,219
Italy	5,623	2,327	80,655	2,408	996	40,548
Latvia	565	1,199	12,522	259	551	7,947
Lithuania	665	1,193	12,738	423	758	8,868
Luxembourg	1,962	1,633	103,833	597	497	34,110
Malta	29,449	1,379	64,772	7,780	364	18,231
Netherlands	4,804	1,956	135,976	1,269	517	38,611
Poland	1,330	1,294	14,416	621	604	6,949
Portugal	3,414	1,579	32,291	1,103	510	12,006
United Kingdom	2,759	1,505	112,655	627	342	38,738
Czech Republic	1,075	1,662	25,603	158	243	18,334
Slovak Republic	706	1,650	19,747	-102	-238	-86,946
Slovenia	2,285	1,557	15,393	838	571	5,736
Spain	4,502	1,946	61,781	2,246	971	32,485
Sweden	1,939	2,107	93,517	288	313	17,998
Hungary	1,646	2,003	35,946	273	332	20,686
Total	2,407	1,691	55,715	757	531	20,340
Bulgaria	1,675	1,020	7,515	569	346	3,479
Romania	1,863	1,295	5,222	941	654	2,841

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

Farms specialising in dairy cattle: % breakdown of TO, 2005-2007

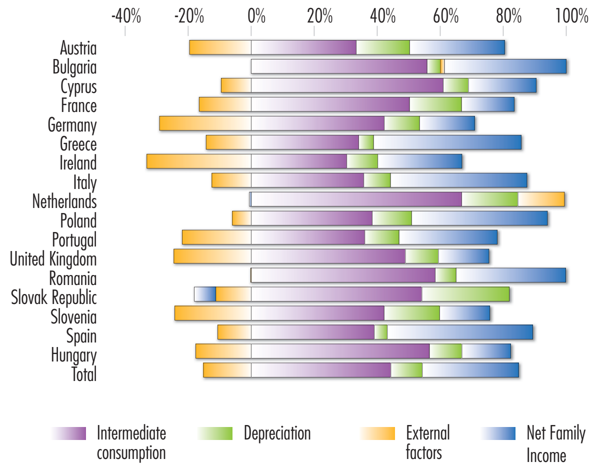


Farms specialising in sheep and goats: average farm results in euro (2005-2007 three-year period)

	TO/HA	TO/LU	TO/WU	NI/HA	NI/LU	NI/FWU
Austria	1,541	1,944	34,109	763	962	17,326
Cyprus	3,796	1,988	33,371	1,008	528	11,221
France	910	1,143	45,503	227	285	12,461
Germany	423	627	29,660	177	262	15,852
Greece	5,165	1,054	18,863	3,417	697	14,162
Ireland	337	406	14,527	266	321	11,793
Italy	1,005	1,561	31,950	579	900	20,256
Netherlands	3,823	2,178	71,843	-22	-12	-497
Poland	1,334	2,421	11,098	653	1,185	6,647
Portugal	247	612	10,677	137	339	6,736
United Kingdom	284	457	45,388	89	144	17,744
Slovak Republic	449	1,436	15,987	-48	-154	-23,404
Slovenia	729	1,156	7,046	226	358	2,236
Spain	1,016	1,153	46,326	596	676	31,225
Hungary	409	654	20,807	98	156	9,002
Total	754	954	25,663	330	418	13,183
Bulgaria	870	782	4,116	336	302	2,082
Romania	1,131	944	5,044	395	329	2,083

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

Farms specialising in sheep and goats: % breakdown of TO, 2005-2007

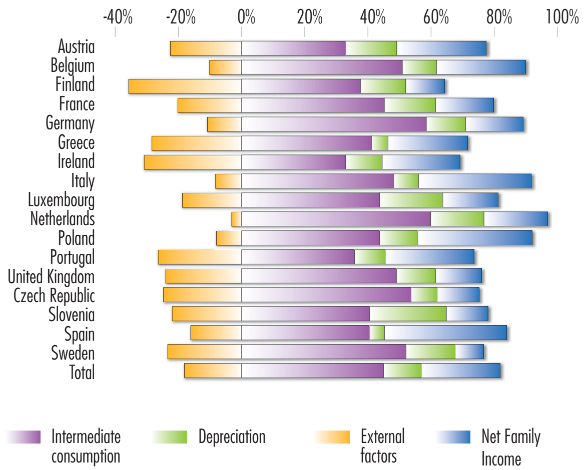


Farms specialising in mixed cattle: average farm results in euro (2005-2007 three-year period)

	TO/HA	TO/LU	TO/WU	NI/HA	NI/LU	NI/FWU
Austria	1,394	1,583	31,002	718	815	16,618
Belgium	2,179	996	78,353	769	352	27,846
Finland	946	794	37,947	406	341	17,896
France	834	741	53,770	257	228	17,633
Germany	1,578	1,226	66,675	368	286	19,300
Greece	2,469	529	19,121	1,527	327	13,709
Ireland	484	433	18,057	311	278	11,985
Italy	2,997	1,608	63,043	1,280	687	30,497
Luxembourg	1,468	1,189	93,162	412	334	28,455
Netherlands	7,589	691	102,568	1,627	148	23,923
Poland	1,192	1,159	13,446	514	499	6,092
Portugal	297	553	15,063	177	330	10,631
United Kingdom	632	526	48,482	177	147	15,760
Czech Republic	418	957	21,134	111	253	16,322
Slovenia	1,249	1,036	8,645	293	243	2,053
Spain	862	926	27,526	498	536	16,642
Sweden	806	1,182	62,598	136	199	11,637
Total	1,028	879	35,782	404	346	15,434

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

Farms specialising in mixed cattle: % breakdown of TO, 2005-2007

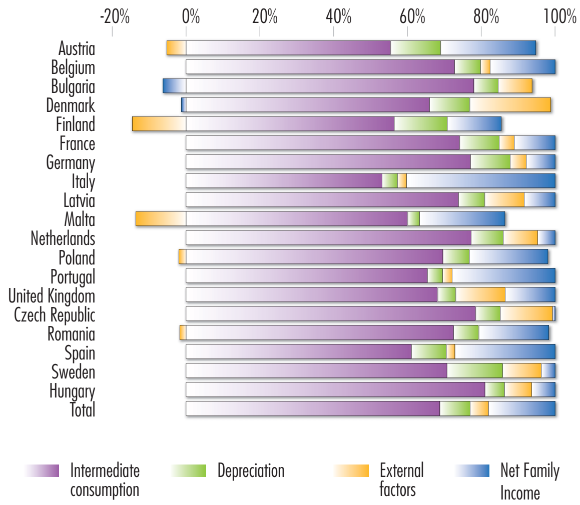


Farms specialising in grain-fed livestock: average farm results in euro (2005-2007 three-year period)

	TO/HA	TO/LU	TO/WU	NI/HA	NI/LU	NI/FWU
Austria	5,539	1,433	83,566	1,593	412	24,932
Belgium	21,915	901	230,160	3,858	159	41,666
Denmark	7,706	1,145	236,747	-96	-14	-8,684
Finland	4,250	1,216	117,794	877	251	30,397
France	11,231	720	160,417	1,239	79	23,575
Germany	5,414	1,110	143,218	421	86	15,048
Italy	19,963	1,002	168,372	8,034	403	136,393
Latvia	13,127	1,067	37,648	1,098	89	85,211
Malta	147,205	862	69,057	46,165	270	30,384
Netherlands	61,997	956	314,981	2,915	45	19,438
Poland	4,077	1,244	34,125	902	275	8,749
Portugal	10,114	920	85,360	2,819	257	36,771
United Kingdom	25,207	1,048	161,864	3,403	142	71,408
Czech Republic	27,010	894	52,160	186	6	3,224
Spain	9,579	604	118,073	3,039	192	47,480
Sweden	5,271	888	163,437	194	33	9,620
Hungary	16,972	1,071	56,889	1,074	68	14,943
Total	9,598	929	96,660	1,792	174	26,539
Bulgaria	17,543	794	12,495	-1,248	-56	-1,916
Romania	9,077	1,298	16,503	1,779	254	5,084

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

Farms specialising in grain-fed livestock: % breakdown of TO, 2005-2007

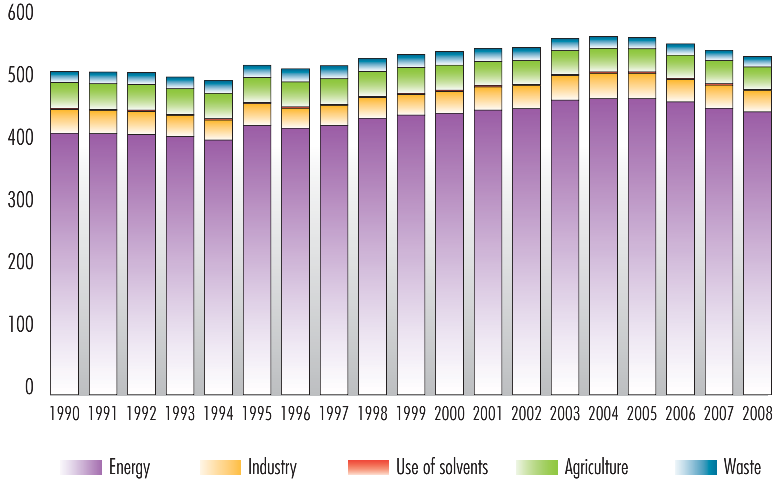


NATURAL RESOURCES AND MULTI-FUNCTIONALITY

Agriculture and greenhouse gas emissions

Figures from the National Emissions Inventory show a 4.1% increase in the release of greenhouse gases into the atmosphere in Italy in 1990-2008. From 2004 to 2008, however, there was an important reverse trend, with a reduction of 33 million tonnes of carbon dioxide equivalent ($MtCO_2eq$) during the period (-5.7%). The value reached in 2008, of 541 $MtCO_2eq$, surpasses by 58 $MtCO_2eq$ the objectives of the Kyoto Protocol, which called for Italy to reduce greenhouse gas emissions by 6.5% of 1990 levels in the 2008-2012 period.
The sector most responsible for greenhouse gas emissions is energy (83.6% of the total), followed by agriculture (6.6%), industry (6.1%) and waste (3.1%). In the period under examination, the agriculture sector registered a significant reduction in emissions (-11.6%), mainly owing to a decline in number of head of livestock, but also as a result of better soil management, especially the lowered use of nitrogen-based fertilisers, which are the biggest source of nitrous oxide emissions.
The primary sector also generates a positive impact on emissions, thanks to significant absorption of carbon by agricultural and forestry "reservoirs". An analysis of LULUCF figures (Land Use, Land Use Change and Forestry) shows that forested areas

Evolution of emissions by sector (Mt Co_2 equivalent)

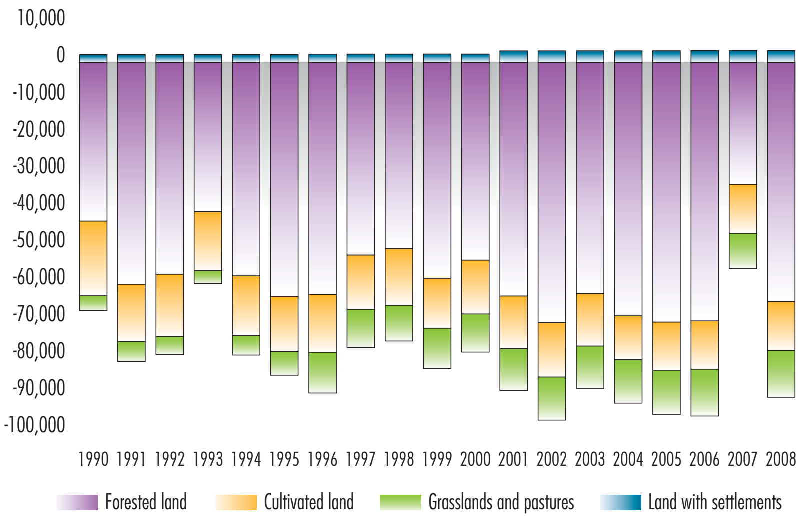


Source: ISPRA.

contribute 68.9% of total absorption (64,000 Gg), whereas 14.1% of greenhouse gases are absorbed by cultivated land (13,000 Gg) and 13.5% by grasslands and pastures (12,000 Gg). The remaining 3.5% is negative, as it relates to converting agricultural land to commercial, urban and industrial settlements.

Figures show that during the 1990-2008 period there was a considerable increase in the absorption of greenhouse gases (+34.8%), mainly as a result of forestation and re-naturalisation of abandoned farmland.

Land use (LULUCF), emissions and absorption of greenhouse gases (Gg)

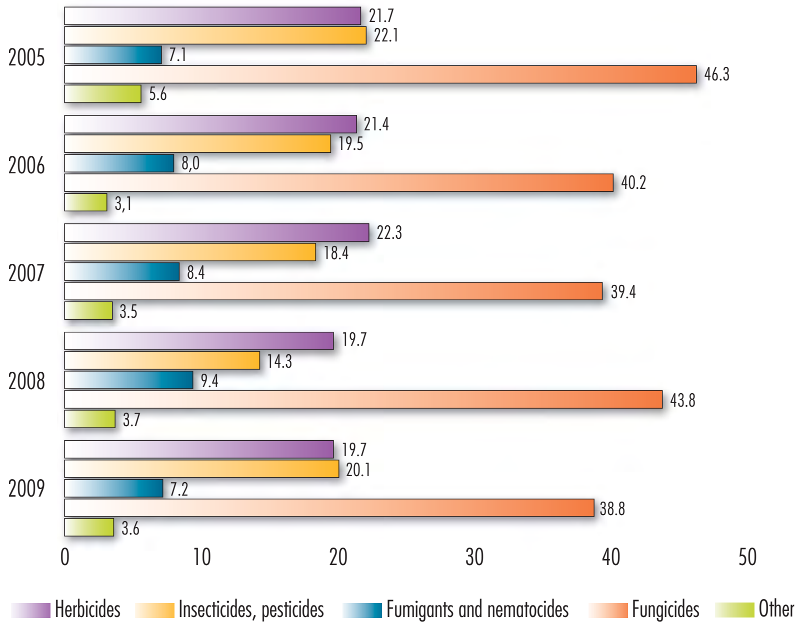


Source: ISPRA.

Use of chemical products

According to Agrofarma, 1.7% fewer active substances were used in 2009 than in 2008, for a total of 89,374 tonnes. The use of fumigants dropped by almost 35% compared to 2008, while the use of weedkillers remained stable in the face of a decline in land planted to cereals and an increase in area planted to maize and soya. But the use of pesticides soared (+40.8%) owing to infestations of insects in rice and maize. The market value of plant protection products in 2009 was 808 million euro, an increase of 5.9% over the previous year. The technological evolution is leading to new crop defence strategies and the use of a mixture of agri-pharmaceuticals with higher-than-average unit prices, but with low-dosage products with innovative molecules. This is leading to a gradual reduction in the use of these substances in agriculture, with a decline of 37% in the past twenty years.
Inspections by the Health Ministry to ascertain chemical residues in veg-

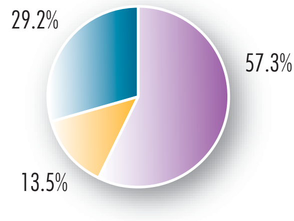
Development in the use of plant protection products ('000 tonnes)



Source: Agrofarma, data refer to member farms.

etable products confirm a reduction in the abuse of these substances: in 8,560 samples of fruit, vegetables, cereals, olive oil and wine, 98.5% of products were within legal limits (last year it was 99.1%), and 65.8% were residue-free (71.3% in 2008).
The rationalisation of amounts used, and the increased use of specialised inputs with high nutritional content, have contributed to lower consumption of fertilisers based on nitrogen, phosphorus and potassium. In 2009, according to Assofertilizzanti, nearly 1,200,000 tonnes of these substances were used, a marked drop compared to 2008 (-15.7%). There were also significant declines in the use of phosphorus (-27.7%) and potassium (-30.4%).

Use of plant protection products by geographical area (tonnes), 2009

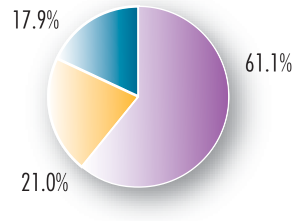


TOTAL[1]	89,374
North	51,210
Centre	12,039
South & Islands	26,125

[1] *Data refer to 99.1% of member farms*

Source: Agrofarma.

Composition of fertilisers used ('000 tonnes), 2009



TOTAL	1,188.7
Nitrogen	726.1
Phosphorus	250
Potassium	212.6

Source: Assofertilizzanti.

Renewable energy

During the past decade, the national energy sector has undergone important changes, including a clear process of source replacement, with a lower availability of energy from petroleum (-8.5% from 2000 to 2009) and an increase in energy from natural gas (+4.1%) and renewable sources (+3.8%). Petroleum products are still the country's major energy source (41%), followed by natural gas (35.5%) and renewable energy (10.7%). Consumption of energy from renewable sources in 2009 increased significantly (+20.5% compared to 2008), partly because of public incentives and higher requirements for using these sources in the electricity sector and for fuel.

With directive 2009/28/EC, the European Union set binding goals for each of the Member States regarding the use of renewable energies, requiring that Italy cover 17% of final energy consumption using these sources by 2020.

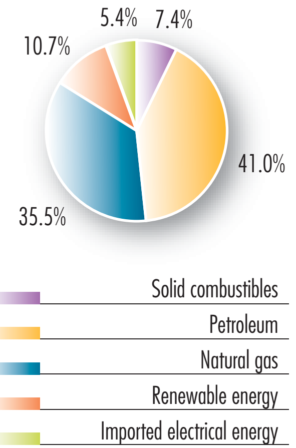
The amount of renewable energy consumed in countries of the European Union in 2008 was 147.7 MTOE, a 6.6% increase over the pre-

Energy from renewable sources ('000 TOE)

	2000	2005	2006	2007	2008
Hydroelectric	9,725	7,935	8,139	7,219	9,157
Wind	124	515	654	888	1,069
Solar	15	28	40	65	155
Geothermal	1,248	1,384	1,429	1,438	1,427
Waste	461	1,501	1,672	1,734	1,784
Wood	2,344	3,153	3,328	3,710	3,883
Bio-fuels	95	172	155	174	567
Biogas	162	343	383	415	459
Total	14,173	15,033	15,798	15,641	18,501

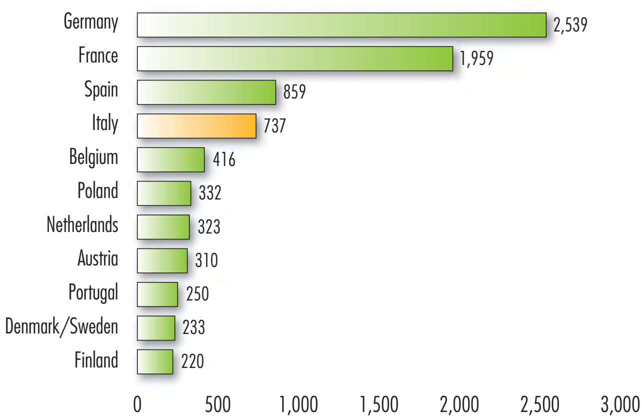
Source: ENEA.

Italy's energy production by source, 2009



Source: Ministry for Economic Development vious year. In one year, the share from renewable energies rose from 7.7% to 8.2%, and Italy is among the countries that contributed most to this increase (+2.6% MTOE), due to a significant rise in production of bio-mass and bio-fuels, as well as the considerable contribution of hydro-electric power. Indeed, hydroelectric production continues to be Italy's most important renewable energy source (49.5% of total), followed by waste and biomass (36.2%), geother-mal (7.7%) and wind power (5.8%).

Biodiesel production in the EU in 2009 ('000 t)



Source: EBB.

According to figures of the Electrical Services Management (GSE), Italy has 352 thermoelectric plants, fed by biomass and waste, which contribute 1.9% of total electrical energy pro-duction.

In recent years, the increased produc-tion of bio-fuels and biogas, though their absolute values are still very low, has been quite significant per-centage-wise. In 2008, gross produc-tion of energy from bio-combustibles was 567,000 TOE, more than three times the level in 2007, and energy produced from biogas increased by 11% (459,000 TOE)

Forest fires

The most obvious threat to Italy's forests is fire, with some 11,000 fires and an average of 50,000 hectares damaged or destroyed each year. In 2009, Italy had 5,422 forest fires that affected a total area of 73,355 hectares, of which 31,060 hectares were wooded. Compared to 2008, there were 16% fewer fires, whereas there were increases in total area affected by fire (+9.5%) and wooded area (+2.5%). Regions in the South remain the hardest hit, especially on land covered by copse woods. Sardinia is the region with the most surface affected by fire (12,270 hectares), followed by Campania (4,881 ha), Calabria (4,114 ha), Lazio (1,802 ha), Sicily (1,801 ha) and Puglia (1,527 ha). In the Centre-North, the worst-hit region was Liguria (1,489 ha), followed by Tuscany (1,407 ha).

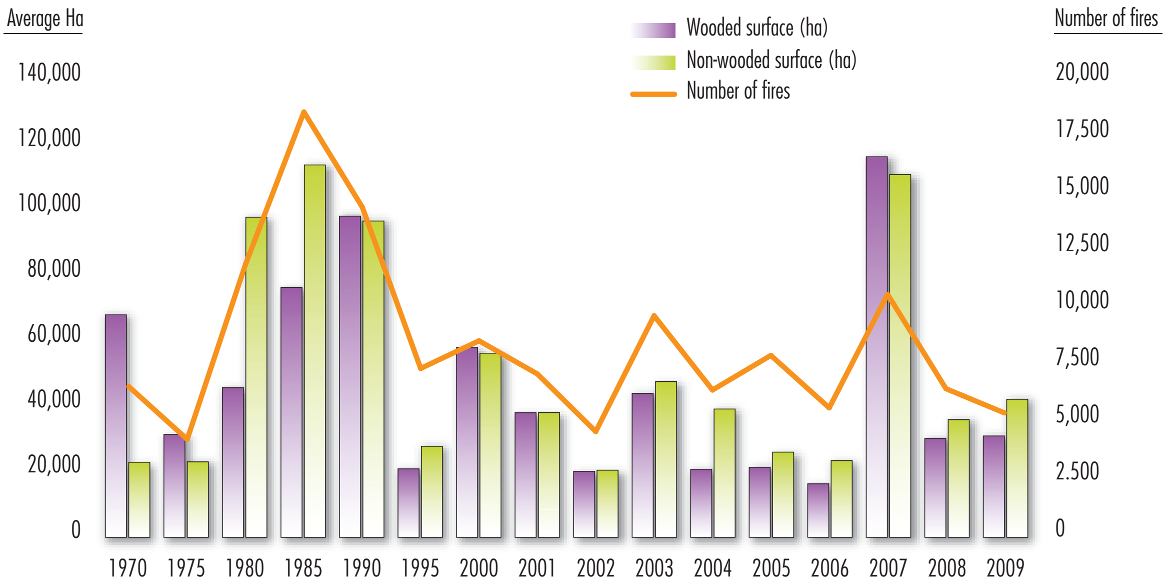
During 2009, territorial commands of the National Forestry Service reported 317 persons to the authori-

Forest fires in Italy's National Parks from 1997 to 2009

	Number of fires	Burned area (ha)	Average area burned per year	Burned surface to Total surface (%)
Gran Paradiso	11	41.73	3.8	0.00
Val Grande	7	133.77	19.12	0.09
Stelvio	32	42.12	1.31	0.00
Dolomiti Bellunesi	22	1,381.77	62.81	0.70
Cinque Terre	43	84.76	1.97	0.17
Arcipelago Toscano	110	1,298.44	11.81	1.96
Appennino Tosco Emiliano	7	10.92	1.51	0.00
Foreste Casentinesi	9	7.28	0.81	0.00
Monti Sibillini	63	95.94	1.52	0.01
Gran Sasso e Monti della Laga	130	1,680.77	12.93	0.09
Majella	96	3,925.87	40.9	0.48
Abruzzo Lazio e Molise	20	728.78	36.44	0.11
Circeo	320	111.67	0.35	0.15
Vesuvio	869	926.64	1.07	0.98
Cilento e V. di Diano	3,249	16,486.60	5.07	0.71
Alta Murgia*	689	33,206.03	48.19	3.77
Gargano	529	10,529.61	19.9	0.69
Pollino	1,083	17,421.95	16.09	0.78
Sila	139	2,368.60	17.08	0.25
Aspromonte	716	10,400.65	14.53	1.05
Val d'Agri*	46	757.38	16.65	0.08
Asinara	-	-	0	0.00
La Maddalena	9	37.44	4.16	0.06
Italy	8,198	101,679	338	

** Figures only available for 2008-2009.*

Surface area affected by fire and number of fires in Italy



Source: processing of MIPAAF figures.

ties, 281 of whom were cited for fault in starting fires and 36 for arson. Eight people were arrested.
The spread of fire in protected areas causes damage to the environment, as well as to the social and cultural resources of these areas and the national heritage. From 1997 to 2009, over 10% of forested area burned (101,678.72 ha) in Italy's 23 national parks.

Products of designated origin

Italy's products of designated origin continued to increase in number, to 210 registered PDO and PGI products (22.6% of the EU total). Most of Italy's PDO and PGI products are fruits and vegetables and cereals (nearly 40%), extra-virgin olive oil (19%), cheese (17.6%) and prepared meats (almost 16%).
Neapolitan pizza has become Italy's second TSG (traditional speciality guaranteed), joining mozzarella.
According to ISTAT, there were 80,600 businesses with PDO-PGI certification in 2008, 92.8% of which were farms and 5.8% processors. Over 44% of farms belong to the dairy products category alone, 24.5% to olive oil and nearly 20% to fruit and vegetables.
ISMEA production figures for 2008 reveal a decline in production (-6.5%), mainly within the fruit and vegetable category (-20%). There were increases for cheese (+4.5%) and meat-based products (+2.1%). Olive oil made a strong recovery (+48.6%),

*Number of PDO and PGI products by region**

Region	Fruit, vegetables and cereals	Olive oil	Cheese	Prepared meats	Other products[2]	Total
Piedmont	3	-	9	4	1	17
Valle d'Aosta	-	-	2	2	-	4
Lombardy	2	2	8	8	-	20
Trentino-Alto Adige	1	1	-	-	1	3
Veneto	2	-	5	2	-	9
Friuli-Venezia Giulia	16	2	7	6	-	31
Liguria	-	1	1	3	-	5
Emilia-Romagna	10	2	3	10	5	30
Tuscany	7	4	1	4	4	20
Umbria	2	1	1	2	1	7
Marche	1	1	2	3	1	8
Lazio	6	4	3	2	5	20
Abruzzo	1	3	-	1	2	7
Molise	-	1	1	1	2	5
Campania	11	4	3	-	2	20
Puglia	4	5	2	-	2	13
Basilicata	3	-	2	-	1	6
Calabria	2	3	1	4	1	11
Sicily	10	6	2	1	1	20
Sardinia	-	1	3	-	2	6
ITALY[1]	79	40	37	33	21	210

** As of August 2010 (reg. (EC) no. 702/10).*

[1] Some products are inter-regional.

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

after being severely affected by bad weather in 2007. PDO-PGI production value, up by 3.6% over the previous year, was around 5.2 billion euro; value of consumption on the national market was roughly 7.8 billion euro (+6%). Cheese alone accounts for over half of production value, followed by prepared meats.

The trend in foreign demand, though positive, indicates a slowdown compared to the rather brilliant results of preceding years: PDO-PGI exports rose by 5.2% in volume and 3.2% in monetary terms, for a value of over a billion euro. PDO-PGI exports did well for fruit and vegetables (+7% in volume and +29% in value) and cheese (+4% in volume and value), while exports were down for meat-based products (-3% in both volume and value).

ISMEA figures on demand for PDO-PGI products indicate a drop in domestic consumption in 2008, of 4.3% in volume, and an increase of 2% in value, caused by higher average retail prices. Not all products felt the crunch from the economic crisis: Grana Padano cheese remained stable, partly thanks to trade promotion strategies in large-scale distribution. Exports of Alto Adige Speck, Asiago and Pecorino Romano did well. Exports declined sharply for Buffalo Mozzarella, because of the dioxin scare, and Valtellina Bresaola (a prepared meat), as an effect of a drop in production and increased costs of raw materials, following the closure of imports of Brazilian beef.

Quality wines

As of 1 August 2009 new rules were put in force regarding wine of controlled origin in the light of the new wine-growing CMO. Along with the other Member States, Italy had to issue national reform application measures (regulation (EC) n. 607 of 14 July 2009). In particular, with Law Decree n. 61 of 8 April 2010, "Protection of controlled origin and geographical indication of wines", Italy re-designed the discipline of wines of controlled origin, which had previously been regulated by Law 164/92.

The number of Italian quality wines increased for both PDO and PGI. There are 380 DOC and 49 DOCG wines.

Production of 15 million hectolitres of DOC-DOCG from the 2009 harvest (+4% compared to 2008) accounts for 35% of all wines produced in Italy. The North continues to hold first place in quality production: 9.3 hectolitres, or 62% of national DOC production. Wines of controlled origin (especially reds) continue to be among Italy's best-selling exports, with a total value of nearly 1.4 billion euro.

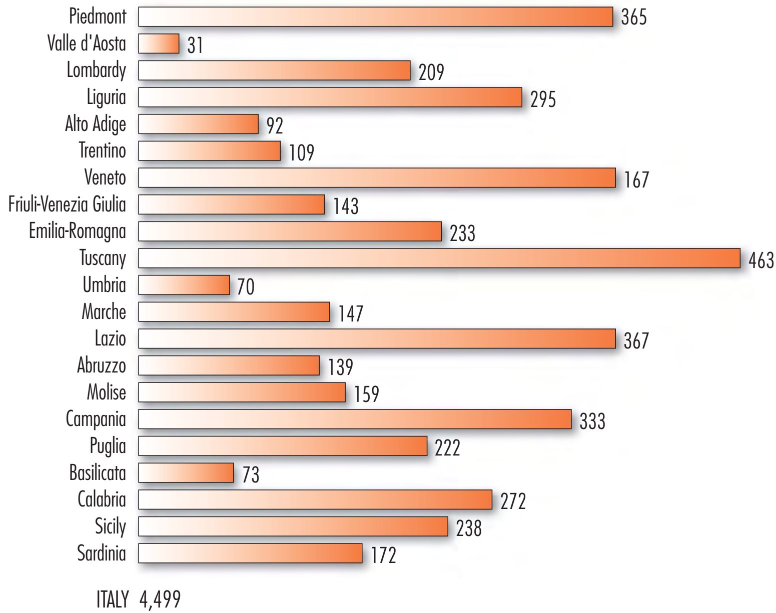
*DOCG, DOC and IGT wines by region**

	DOCG	DOC	IGT
Piedmont	13	45	-
Valle d'Aosta	-	1	-
Lombardy	4	21	15
Trentino - Alto Adige	-	8	4
Veneto	6	26	10
Friuli - Venezia Giulia	2	9	3
Liguria	-	8	3
Emilia - Romagna	1	23	9
Tuscany	7	37	6
Umbria	2	12	6
Marche	4	15	1
Lazio	1	26	4
Abruzzo	1	5	10
Molise	-	3	2
Campania	3	17	9
Puglia	-	26	6
Basilicata	1	4	2
Calabria	-	12	13
Sicily	1	22	6
Sardinia	1	19	15
ITALY	49	331	119

** As of 31 August 2010.*

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

Number of traditional agri-food products by region, 2010



Source: National List of Traditional Agri-food Products, MIPAAF, tenth revision 16 June 2010.

Production

In 2008, organic farming involved 1.4 million producers and over 35 million hectares of cultivated land worldwide, with 35% in Australia, 22% in the EU, 11% in Argentina and just over 5% in China and in the USA. Organic farming in the EU grew in 2008, both in number of farms (+3.9%) and surface area (+5.8%).

Investments in Italy recovered in 2009, with a significant increase in planted hectares to 1,106,684 in 2009 (+10.9%), following a steep decline in organic area recorded in 2008 (-12.9%). The slight drop in certified operators involved in the supply chain, to 48,509 (-2.3%), did not prevent Italy from occupying a cutting-edge position in the international organic panorama.

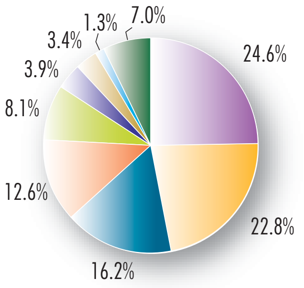
The increase in organic farmland, 63.6% of which is devoted to cereals, fodder crops, grasslands and pastures, mainly applied to cereals (+21.4%), and the tree crops of olive oil (+22%) and grapevines (+7.7%). Significant

Operators in the organic sector, by region, 2009

	Production	Processing	Imports	Other	Total	
					number	var. % 2009/08
Piedmont	1,857	353	11	16	2,237	1.2
Valle d'Aosta	70	9	0	0	79	-4.8
Lombardy	722	507	6	27	1,262	2.4
Trentino-Alto Adige	997	217	1	5	1,220	-18.2
Veneto	1,029	484	12	28	1,553	-0.3
Friuli-Venezia Giulia	276	92	2	5	375	1.1
Liguria	298	93	2	11	404	-0.5
Emilia-Romagna	2,672	721	8	48	3,449	-2.2
Tuscany	2,519	427	6	18	2,970	1,3
Umbria	1,220	120	0	6	1,346	-2.4
Marche	2,096	188	0	4	2,288	-14.8
Lazio	2,664	301	2	4	2,971	2.1
Abruzzo	1364	157	0	2	1,523	1.5
Molise	123	39	0	0	162	5.9
Campania	1,470	241	0	5	1,716	-0.3
Puglia	5,829	436	4	11	6,280	23.3
Basilicata	3,272	79	1	0	3,352	-19.3
Calabria	6,910	196	0	3	7,109	7.1
Sicily	6,355	495	1	11	6,862	-1.8
Sardinia	1,283	68	0	0	1,351	-48.4
ITALY	43,026	5,223	56	204	48,509	-2.3

Source: SINAB.

Organic farmland and land under organic conversion, by crop, 2009 (ha)

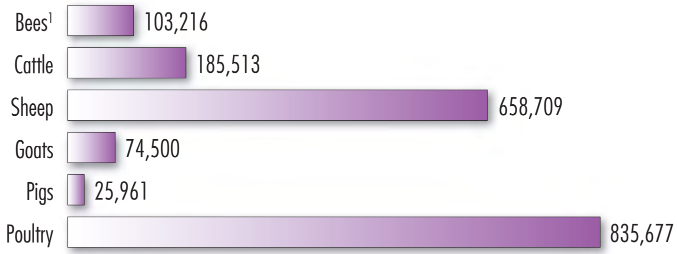


Grassland and pasture	272,184
Cereals	251,906
Fodder crops	179,439
Olives	139,675
Fruit & Vegetables	89,646
Vines	43,614
Fallow land	37,729
Industrial crops	14,842
Other crops	77,649
TOTAL	1,106,684

Source: SINAB.

increases were also recorded for fruit and vegetables (+11.2%).
Sicily, with 206,546 hectares planted to organic crops (18.7% of Italy's total), and Puglia, with 140,176 hectares (12.7%), are the regions where this production is most widely used. Most organic producers are in the South of Italy (61.8%), while most processors operate in the North (47.3%). Organic livestock farming declined sharply, with significant drops for poultry (-61.3%), sheep (-34.6%) and pigs (-23.7%), which had shown sustained growth in 2008.

Number of head raised by organic methods, 2009



TOTAL 1.883.576

[1] *Number of hives.*

Source: SINAB.

Market

According to IFOAM (International Federation of Organic Agriculture Movements), the world organic market was worth 32 billion euro in 2009, 50% in Europe and 10% in Italy, where it accounts for 3% of the food products market.

According to Ismea/ACNielsen, domestic purchases of packaged products in Italy increased by 6.9% in 2009, with the greatest growth in fresh and processed fruit and vegetables (+37.8%), eggs (+24.3%) and drinks (+11.6%). These, along with milk and dairy and breakfast products, make up the greatest share of the total of purchases of packaged organic products (65%). Purchases of organic products are concentrated in regions of the North, with 44% in the North-West and growth above the national average.

Sales of organic products outside organised distribution channels also increased; in the 2007-2009 three-year period, according to Bio Bank, the number of specialised sales points increased (+2%), and there were more activities associated with short supply chains, especially purchasing groups (+68%) and farms with direct sales (+32%). Interesting results also come from extra-domestic channels, with the growth of fast food outlets, wine shops, pizzerias and catering, and the boom in school canteens, with 197 million meals served in 2009.

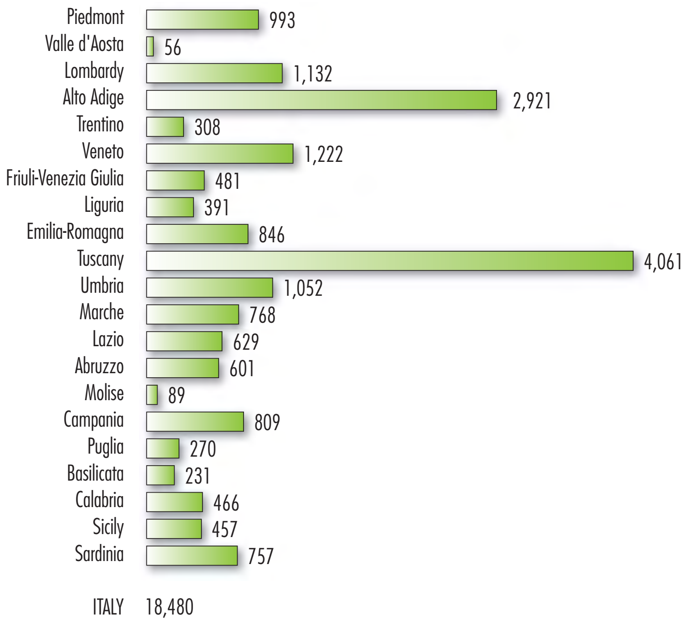
Italy is also the world's largest exporter of organic products to Europe, the US and Japan, with an export value for organic products estimated at 900 million euro in 2008 (IFOAM figures). Along with the supply of national organic foods, there has also been an increase in imported products, as confirmed by the increased number of importers in 2009 (+9.8%) and 2008 (+17%) and the increase in total volume of products imported from non-European countries. In 2008 this figure was 90 million tonnes (+30% compared to the year before).

Farm Stays

In 2008, there were 18,480 agritourism farms in Italy, a significant increase over the previous year (+4.3%), confirming the upward trend of the past decade (+90.2% compared to 1998). Historically, structures are more widespread in regions of the North (44.9%) and the Centre (35.2%), which recorded the greatest growth, particularly in the province of Trento (+9.2%) and in Lazio (+13.9%). In absolute terms, Tuscany and Alto Adige have the most structures, together accounting for 40% of the national total. More than half of farms are located in hilly areas (51.4%) and over a third are in the mountains (34.5%), with considerable impact on agricultural development in those areas. Women as heads of agritourism farms are on the rise (+4.2% compared to 2007), and are mostly in regions of the Centre (42.1%); on the whole, farms operated by women make up 34.9% of structures nationwide.

Sleeping accommodations rose to

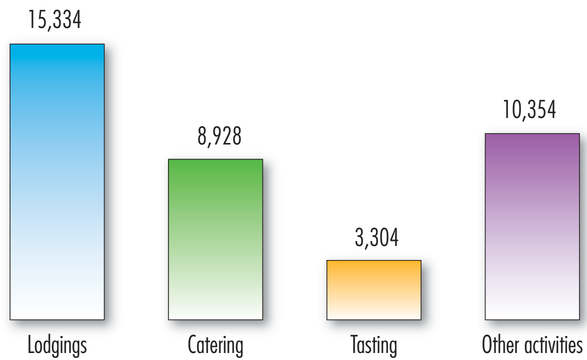
Farm stays by region, 2008



Source: ISTAT.

189,013 beds (+5% compared to 2007), an average of 10 per farm; in addition to lodgings (provided on 83% of total farms) and food services (48.3%), agritourism farms offer tastings of their own products (17.9%) and a series of sports, recreation and cultural activities (56%).
According to Agriturist, turnover in the sector for 2009 amounted to over a billion euro, a slight drop (-2.6%), with average proceeds per farm of 55,570 euro (-6.4%) as the effect of fewer presences (-3.5%), especially for foreign tourists, and shorter average length of stay. Yet the sector's vitality is confirmed by the increase in supply, with a rise in number of structures over 2008 (+4%), beds (+4.5%) and farms offering food service (+4.2%).

Agritourism farms by type of service*, 2008

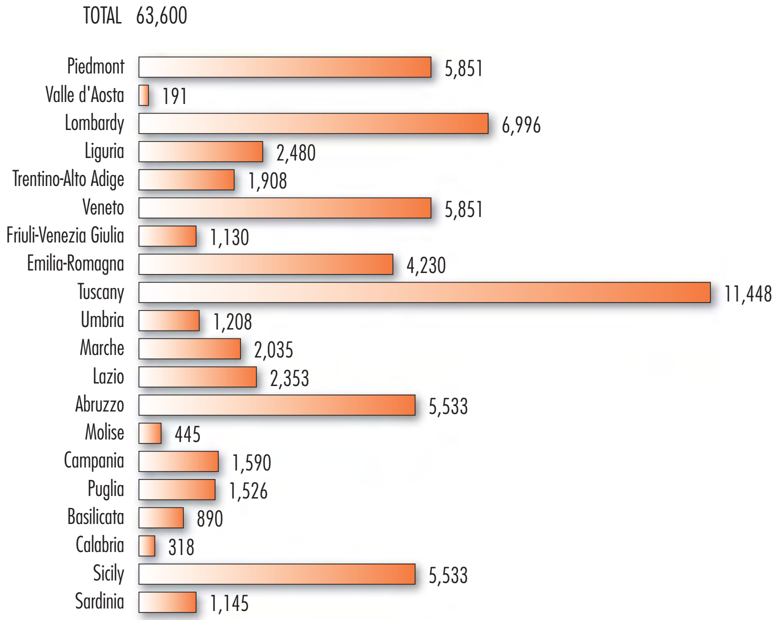


** A farm may be licensed for more than one type of agritourism activity.*
Source: ISTAT.

Direct sales

Direct sales were codified by legal guidelines issued in 2001 (Law Decree 228/01), which stated that individual farmers and coops can directly retail products that come mainly from their own farms.
In 2009, farms practising direct sales amounted to 63,600 units, an increase of 4.7% compared to 2008 and a growth of 64% over the 2001-2009 period. In terms of share to total farms enrolled with the Chamber of Commerce, farms with direct sales make up 7.4%, as compared to 6.7% in 2008. This share is higher in the North-West (11.7%) and the Centre (10%), compared to that surveyed in the North-East (6.9%) and the South (4.6%).
Regarding type of product sold, wine was again the top product in 2009, sold on over 34% of farms. 30% of farms use short sales channels to sell fruit and vegetables, followed by cheese, at 15.8%. An important share is also held by olive oil, sold on 13.1% of farms, and ornamental plants, on

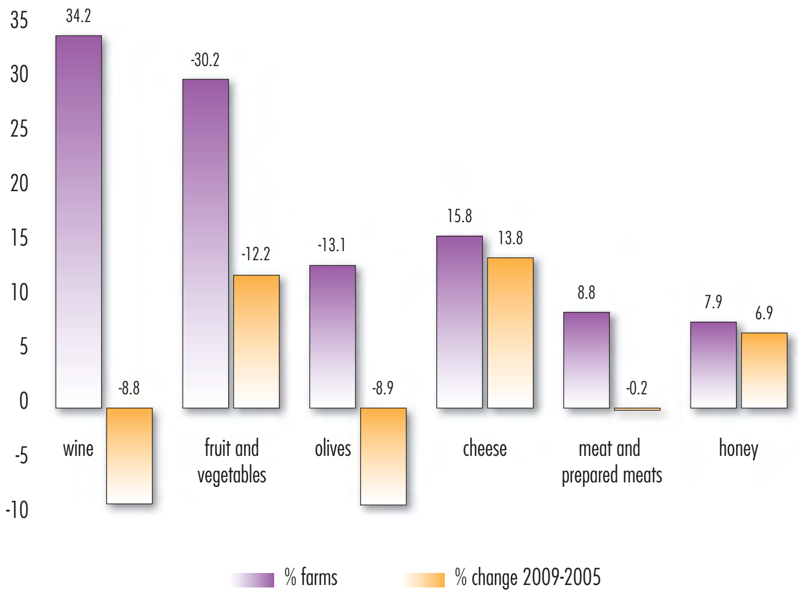
Farms with direct sales by region, 2009



Source: Agri 2000 and Coldiretti, International Observatory of direct sales on farms.

12.6% of farms. Note that in 2009, fresh milk was sold on 4.3% of farms, mostly from self-service distribution machines, up approximately 0.6 percentage points compared to 2008, when Italy was in first place in Europe in short channel distribution of fresh milk.
Compared to 2008, there was growth in sales of cheese, meat and prepared meats, and especially the category of "other products", which includes ornamental plants and jams, as well as other minor products. Olive oil maintained a stable share, while wine and fruit and vegetables dropped. Distribution of products by geographical area was marked by a prevalence of fruit and vegetables in the South (43% of total) and the Centre (33%); direct sale of wine was predominant in the North-West and North-East (45% and 37% of total, respectively). 68,9% of farms sell their own products on farm premises, at local events like harvest festivals and food fairs (30% of total farms), while farm

Products sold directly



Source: Agri 2000 and Coldiretti, International Observatory of direct sales on farms shops are used by 17.9% of farms. In 2009, there was a significant increase in farmers' markets (+8.7%), with around 6,000 participating farms. Shops in cities also increased in share, from 2% to 4.1%.

The value of direct sales increased in 2009, to roughly 3 billion euro, approximately 11% higher than the previous year. Contributing to this performance was the wine category (41%), followed by fruit and vegetables (21%) and milk and dairy products (14%), with a 3% share for fresh milk.

AGRICULTURAL POLICY

In 2009, following the publication of regulations (EC) n. 72 and n. 73/2009, Member States were instructed to define national choices about how to apply the Health Check. None of the Member States decided to abandon the historic model for the regionalised model of single payments, and none appear to have made use of harmonisation (that is, of the possibility of making the value of aid more uniform among farmers who have benefited in the past from direct CAP payments in Pillar 1). There was a fairly varied choice in the threshold below which direct payments should not be made, and there were equally differing decisions about which aid to keep decoupled from production in the meantime. Broad use was made of Art. 68 of Regulation (EC) n. 73/2009, which allows part of the national basket to be destined for a fairly wide range of measures. The one most widely adopted by countries regards coupled payments to deal with specific disadvantages borne by farmers in the sectors of milk and dairy, beef, sheepmeat and goatmeat and rice, who operate in areas that are economically vulnerable or sensitive from an environmental standpoint, or for economically vulnerable types of farms operating in the same sectors. Most uses of this measure regard livestock, especially milk and dairy cattle. No country applied the measure regarding improvement of marketing of farm products, or the one regarding financing for mutual funds.

Italy earmarked 316.5 million euro to finance Art. 68. Of this amount, 172 million come from deductions made on the value of entitlements, the rest

Budgetary ceiling for implementation of the single payment scheme, 2009 ('000 euro)

Ceiling for the single payment scheme	3,838,239
- Art. 68ter tomatoes	91,984
- Art. 68ter pears, peaches, plums	9,700
- Art. 69 arable crops	141,712
- Art. 69 beef	28,674
- Art. 69 sheepmeat and goatmeat	8,665
- Art. 69 sugar	10,880
- Art. 71 esclusion of seeds	13,321
NATIONAL CEILING*	4,143,175

** The ceiling is 20 million euro lower than that set by Regulation (EC) 1782/2003. The difference was transferred to funding for national support programmes for the wine CMO.*

Source: Regulation (EC) No. 889/2009.

from recovery of unused funds. The ceiling finances coupled and decoupled payments. The former were budgeted 147 million euro, awarded as part of the measure to promote quality for beef, sheepmeat and goatmeat, olive oil, milk, tobacco, sugar and flowers and ornamental plants. The remaining 169 million euro is for aid to enrolment in insurance schemes and aid to producers practicing crop rotation. Finally, there is an ample range of products for which Italy has opted to keep aid coupled to production (rice, protein crops and seeds, to name a few, which will become a part of the single payment scheme no later than 2012).

With regard to application of the fruit and vegetable CMO, final aid amounts in 2009 for processed products were considerably higher than estimated figures set at the beginning of the year. For tomatoes, for which estimated aid was 1,100 euro/ha, the final amount was 1,177 euro/ha; pears went from a theoretical 2,200 euro/ha to a final 3,922 euro/ha; peaches went from 800 to 2,581 euro/ha; plums, from 2,000 to 3,206 euro/ha. For 2010, theoretical amounts for industrial tomatoes were set at a slightly higher level than in 2009, of 1,000 euro/ha, in order to re-establish balance in the supply chain. Estimated amounts remained the same for fruit destined for processing.

To support milk producers affected by the crisis in the sector, the EU provided a fund of 300 million euro in 2009. Funding was shared out among countries based on 2008/2009 production within quotas. Italy received 23 million euro.

As for the wine CMO, the national support plan for 2009-2014 calls for implementing promotional measures on markets outside the EU, reconversion and restructuring of vineyards, distillation, aid for the use of concentrated must, as well as investment measures and innovative anti-crisis measures, like green harvesting and crop insurance. In 2014, a significant part of funding will be set aside for schemes of restructuring and reconversion and promotion. During the period of application of the plan, classic market measures will be phased out (distillation) and measures of insurance and investment will grow. It will not be possible to use the national envelope to assign aid rights in the single payment scheme. Access to the scheme will only be available to producers who participate in grubbing-up programmes for vineyards.

Funding for Italy in 2009 for the direct payment scheme was 4,143 million euro, pretty much the same as for 2008 (+0.3%), since the sugar CMO reform has now been put in place.

As for the application of the scheme of milk quotas, calculations at the end of the 2008/09 farming year showed the EU's total production down by 4.2%, with five Member States in excess of their quotas. In Italy, where the quota was

10,412,532 tonnes of milk, deliveries were 10,567,566 tonnes (+1.5% compared to guaranteed national volume), with an excess of 155,034 tonnes, much lower than the 577,240-tonne excess from the year before. This was because of Italy's increased quota (+2%) beginning on 1 April 2008, and lower national output (roughly 200,000 tonnes). The excess corresponded to a provisional levy of 43,146 million euro, or 44.5% of the total levies owed the EU by the five Member States that exceeded their quotas.

EAGF spending by country, 2009*

	million euro	%	Var. % 2009/08		million euro	%	Var. % 2009/08
Austria	747.0	1.7	0.7	Malta	3.6	0.0	36.4
Belgium	717.2	1.7	-4.1	Netherlands	1,077.3	2.5	10.2
Bulgaria	225.7	0.5	26.6	Poland	1,749.7	4.0	20.4
Cyprus	38.8	0.1	38.1	Portugal	722.6	1.7	0.7
Denmark	1,038.9	2.4	-2.1	United Kingdom	3,333.9	7.7	-4.6
Estonia	54.7	0.1	31.0	Czech Republic	502.2	1.2	25.0
Finland	574.6	1.3	2.6	Romania	596.3	1.4	25.8
France	8,920.1	20.5	-0.3	Slovak Republic	220.4	0.5	33.4
Germany	5,715.3	13.2	0.2	Slovenia	77.1	0.2	24.7
Greece	2,594.5	6.0	1.6	Spain	5,986.3	13.8	2.1
Ireland	1,336.3	3.1	2.3	Sweden	751.9	1.7	0.9
Italy	4,930.0	11.4	5.8	Hungary	758.0	1.7	47.6
Latvia	80.8	0.2	27.7	EU	416.2	1.0	-17.9
Lithuania	218.0	0.5	25.4				
Luxembourg	35.5	0.1	0.6	TOTAL EAGF	43,423.4	100.0	2.9

** 2009 provisional*

Source: EU Commission.

The EAGF

EAGF distribution for countries confirms the trend of recent years: a stable share for the 15 countries of the old EU, which recorded an increase in spending of 1% compared to 2008, and gradual advancement for the 12 new Member States (+27% compared to 2008), bringing their share from 8.4% to 10% of the EAGF total. Funding for Italy was 4,930 million euro, up 5.8% from 2008. Italy's share of total EU 27 expenditure comes to 11.4%, following France, Spain and Germany. On both the Community and national level, direct aid represented the top budget item, and decoupled direct aid as part of the single payment scheme was particularly generous. This expenditure item accounts for 69% of the EAGF total for Italy, and just over 75% for the entire EU. A large component of spending for Italy was for farm market measures (16.3% of EAGF), just over 50% of it for the wine CMO and another 23% for the fruit and vegetable CMO. On the whole, funding for farm market measures in Italy covers 20% of the total expenditure item for the EU. Our country's share of direct aid is lower (10.5%). Finally, funding was lower than in 2008 for the sugar restructuring fund, since the restructuring process of Italy's sugar industry is in the completion phase.

EAGF spending by category of measure, 2009*

	Italy		EU		Italy/EU
	million euro	%	million euro	%	%
Agricultural market measures	802.9	16.3	3,987.0	9.2	20.1
- Export refunds	26.4	0.5	1,109.5	2.6	2.4
- Storage	25.3	0.5	108.8	0.3	23.3
- Other	751.2	15.2	2.768.7	6.4	27.1
Direct aid	4,119.7	83.6	39,114.0	90.1	10.5
- Decoupled direct aid	3,396.9	68.9	32,794.1	75.5	10.4
- Other direct aid	630.3	12.8	5,777.7	13.3	10.9
- Modulation refund	92.5	1.9	542.2	1.2	17.3
Other measures	7.5	0.2	322.4	0.7	2.3
TOTALE EAGF	4,930.1	100.0	43,423.4	100.0	11.4
Sugar restructuring fund	226.0		3,017.7		7.5
TOTAL SPENDING	5,156.1		46,441.1		11.1

** 2009 provisional.*
Source: EU Commission.

CAP in Italy: Pillar 2

In 2009, Rural Development Programmes (RDPs) were substantially revised to accommodate both the new features introduced by the CAP Health Check and anti-crisis measures launched at the Community level to deal with the grave economic and financial liquidity situation that also affects EU Member States.

In particular, the "Health Check" process for CAP Pillar 2 defined new goals. Some were strategic, addressing climate change, renewable energies, water resource management and biodiversity conservation (including related support for innovation). Others were simply in response to solutions adopted in Pillar 1, as in the case of the restructuring in the milk and dairy sector to be accomplished through accompanying measures to support producers, helping them to adapt better to new market conditions.

On the other hand, as concerns initiatives adopted to jump-start the economy of the EU, the so-called "Recovery Plan" assigns the EAFRD Fund with the task of helping to do away with the "digital divide" in the most marginalised areas, to encourage growth, diversification and development of the economies in such areas, as well as reducing physical and geographical isolation of local populations.

In light of these new challenges, therefore, a more ambitious role emerges for rural development policy, supported by further economic funding from various financing sources, to be added to the already copious budget assigned to RDPs at the beginning of the 2007/2013 programming period.

Italy received over one billion euro in additional public funds, distributed as follows: 693.8 million euro as the share from the Community, 323.8 million as the share from the state, and 138.7 million as the regions' share. Additional EAFRD funding comes from distinct sources:

1. 70.5 million euro, deriving from original compulsory modulation;
2. 157.8 million euro, deriving from the wine sector reform;
3. 369.4 million euro, deriving from the increase in compulsory modulation set in the Health Check;
4. 96.1 million euro, deriving from the "Recovery Plan".

The new setup involved a complex path of negotiation and partnership at all levels (Community, national and regional), which ended in December of 2009 with the approval from Brussels of all changes made to Italy's RDPs. In particular, as regards national strategy, the changes made were a simple restyling, as the document in force already adequately addressed the reinforced policy priorities introduced in the Health Check and the Recovery Plan. Amendments essentially regarded a reorganisation of key actions, with the strengthening of some strategic priorities and the introduction of new ones, such as increasing broadband in rural areas.

At the same time, the administrative

New challenges for which additional funding has been allocated

Region	New challenges						Total
	CC	RE	WR	Bio	M	BB	
Piedmont	X	X	X	X	X	X	6
Valle d'Aosta		X		X			2
Lombardy			X	X	X	X	4
A.P. Trento	X		X				2
A.P. Bolzano	X		X		X		3
Veneto	X	X	X		X	X	5
Friuli - Venezia Giulia			X	X	X	X	4
Liguria	X	X	X	X		X	5
Emilia-Romagna	X		X	X	X	X	5
Tuscany	X		X	X	X	X	5
Umbria	X			X	X	X	4
Marche	X	X	X	X		X	5
Lazio	X	X	X	X		X	5
Abruzzo				X		X	2
Molise				X		X	2
Campania	X		X		X	X	4
Puglia	X	X	X	Xi	X	X	6
Basilicata	X	X	X	X	X	X	6
Calabria	X	X	X	X		X	5
Sicily	X			X		X	3
Sardinia		X	X			X	3
TOTAL	15	10	16	16	11	18	21

Note: CC= climate change; RE= renewable energy; WR= water resources; Bio= biodiversity; M= milk and dairy sector; BB= broadband

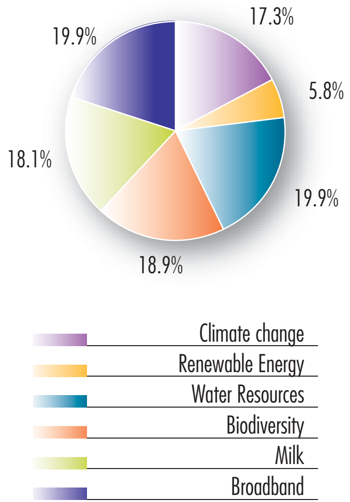
Source: MIPAAF-NRN.

Regions provided for adapting their RDPs to issues dictated in the national strategic plan and to indications formulated by Community services following notification of programmes.

In examining the amended RDPs, it is interesting to note the differing attention paid by the regional administrations to individual strategic priorities defined by the reform at mid-term. The new challenge regarding innovation was included by the Regions within other measures.

As for the share of funding for new challenges, there was a substantial balance among amounts allocated for various strategic goals, except for the specific matter of renewable energy.

Breakdown of additional funding for new challenges on the national level



Source: MIPAAF-NRN.

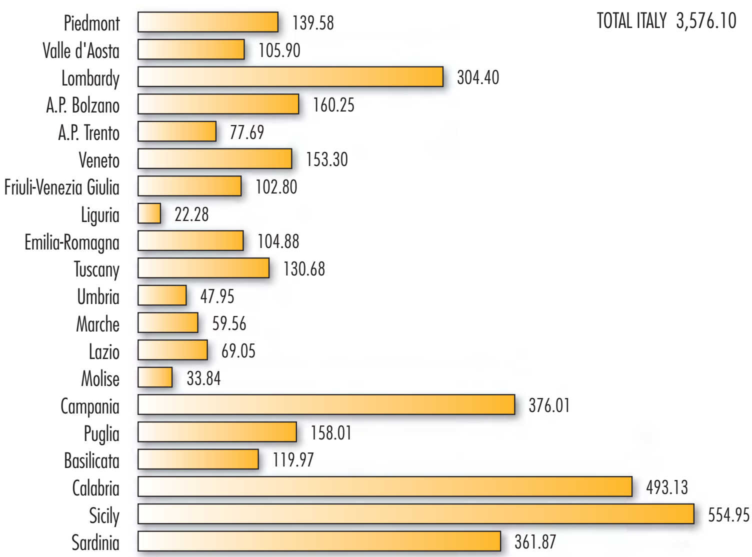
Public spending programmed and sustained for rural development programmes as of 30 June 2010 ('000 euro)

Regional programmes	Programmed public spending	Disbursed public spending	Leftover funds (%)
Piedmont	980,463	162,905	16.62
Valle d'Aosta	124,429	33,152	26.64
Lombardy	1,025,193	216,941	21.16
Liguria	292,024	59,688	20.44
Bolzano	331,899	140,208	42.24
Trento	280,633	72,713	25.91
Veneto	1,050,818	157,116	14.95
Friuli-Venezia Giulia	266.779	59,803	22.42
Emilia-Romagna	1,057,362	189,502	17.92
Tuscany	876,141	170,739	19.49
Umbria	792,389	153,044	19.31
Marche	486,416	145,636	29.94
Lazio	703,933	75,790	10.77
Abruzzo	412,777	46,970	11.38
Molise	207,871	32,353	15.56
Sardinia	1,292,254	205,095	15.87
Total Competitiveness	10,181,382	1,921,654	18.87
Campania	1,813,586	154,826	8.54
Puglia	1,617,660	100,312	6.20
Basilicata	671,764	84,902	12.64
Calabria	1,089,902	102,226	9.38
Sicily	2,185,430	252,595	11.56
Total Convergence	7,378,341	694,862	9.42
National rural network	82,920	8,737	10.54
General total	17,642,643	2,625,253	14.88

Regional spending

During 2007, regional spending for agriculture generated measures amounting to a total of 3,576 million euro, down 8.3% compared to 2006, and as opposed to allocations of 4,939 million and appropriations of 3,555 million. This decrease is explained first of all by policies of containing public spending, but also by the fact that, with the 2007-2013 programming, funds for RDPs no longer pass through regional budgets but come directly from AGEA or paying agencies.
An analysis of the distribution of spending by Region for 2007 shows figures similar to previous years. Spending for agriculture accounts for only 2% of total spending disbursed by the regions.
The greatest part of regional spending, in 2007 as well, was for "infrastructures" and "forestry activities", while spending for "farm investments" was down slightly.

Regional spending for agriculture, 2007 - total disbursed (million euro)



Source: INEA data bank, public spending for agriculture.

National legislation

In 2009, national agriculture policy addressed the world crisis and the collapse of prices for agricultural raw materials. The difficult situation confirmed the goal of improving competitiveness and protection of farms, proceeding in the following directions:

- development of farms' competitiveness, both for quality and for optimising production factors;
- stabilising social security burdens, also in disadvantaged areas;
- funding prospects for insurance instruments;
- re-launching of support to investments and development of new financial instruments;
- growth in size of farms and strengthening of the co-op system;
- strengthening of national structures to protect production and land.

Tax and social security relief

Law of 3 August 2009, n. 102 reduced tax on farm income by 50% of the value of investments in new machinery and new equipment.

The Finance Act:

- reopened terms for reassessment of land and holdings, expanding the scope of application of this measure, including land and holdings owned as of 1 January 2010 in reassessment relief;
- extended social security relief for the period 1 January – 31 July 2010 for mountain and disadvantaged areas. Spending of 120.2 million euro was authorised for 2010.

Law of 26 February 2010, n. 25 confirmed relief for small rural properties for 2010. Benefits apply to land con-

Main normative measures 2009/2010

Normative measure	Content
Law 3 August 2009, n. 102	Anti-crisis measures, extension of terms for Italy to participate in international missions
Law 20 November 2009, n. 166	Urgent provisions to implement Community mandates and carry out the sentences of the European Court of Justice
Law 23 December 2009, n. 191	Finance Act of 2010 sets forth provisions for setting the annual and long-term national budget
Law 26 February 2010, n. 25	Extends terms called for in legislative provisions
Legislative decree 8 April 2010, n. 61	Protects designations of origin and geographical indications of wine
Law 22 May 2010, n. 73	Incentives for various sectors of economic activity, scrapping of farm machinery, support for energy efficiency
Law 4 June 2010, n. 96	EU Law 2009, sets forth provisions for carrying out obligations deriving from Italy's membership in the European Community

solidation of small rural properties, with reference to registry, mortgage and cadastral fees, and the setting of notary costs.

Natural disasters and market crises

The Finance Act (F.A.) added 10 million euro to the Civil Defence Fund, destined for territories in Veneto and Friuli Venezia Giulia that were affected by severe weather on 6 June 2009. The F.A. provided the following relief measures for farm insurance:

- support for payment of insurance policies taken out by farmers against damage caused by adverse weather and plant pathologies and livestock diseases. For the 2010-2012 period an annual increase of 70 to 120 million was provided in increased funding to pay farm premiums for various types of insurance (harvest, animal disease, plants, etc.);
- allocation of 20 million euro annually within the wine CMO, for the 2010-2012 period, to fund the new "Harvest Insurance" measure inserted into the national support plan for the wine sector;
- refinancing, using funds from the Tax Shield[1] of the National Solidarity/Insurance Incentives Fund in the amount of 100 million euro annually for the 2010-2012 period. Added to these funds are 51.9 million euro for 2010, 16.7 million for 2011 and 16.7 million for 2012, from the IGRUE Fund of the Ministry of Economy and Finance (National Audit Office).

Development of the agri-food and forestry supply chains

Law of 3 August 2009, n. 102 provided payment of 20 million euro for 2009 and 130 million euro for 2010 to the Institute for Agri-Food Development, Ltd., for tasks involving the agri-food supply chain. Funds are earmarked 85% for the South and 15% for the Centre-North.

Law of 20 November 2009, n. 166 disciplined the protection of Made in Italy and products that are entirely Italian. Modes of application for food products are defined by the Ministry for Economic Development, in agreement with the Ministry for Agricultural, Food and Forestry Policies.

The F.A. has:

- authorised spending of 10 million euro for 2010, for recognition of typical agricultural production and

[1] *Tax shield: government measures using payment of determined amounts to encourage repatriation or regularisation of financial and property activities illegally held abroad.*

to support Made in Italy;
- extended the National Three-Year Programme for Fishing and Aquaculture for 2010;
- provided that CIPE identify support programmes for the needs of the agriculture sector, funding 100 million euro from the Infrastructure Fund;
- called for financial intervention of 10 million euro for 2010, to pay for production subsidies for PDO products with long-term ageing processes;
- reduced authorisation of spending for avian flu by a total of 3 million euro for the 2010-2012 three-year period.

Legislative decree 8 April 2010, n. 61 made changes to protection of wines of designated origin, to:
- introduce tools to simplify administration for various procedures required of wine producers;
- promote a high level of quality and recognisability of wines of designated origin and geographical indication;
- support transparency and protection of consumers and farms, against counterfeiting, theft and imitation.

The EU Law of 2009 adapted national rules regarding production sectors, with measures for:
- reorganising rules about partially or totally dehydrated milk;
- funding for common agriculture policy;
- strengthening protection of fine wine production of controlled designation of origin or geographical indication;
- faster marketing of eggs (abrogating Law of 3 May 1971, n. 419, which imposed a tax on egg packaging centres);
- reorganisation of guidelines for fishing and aquaculture;
- changes to rules about protection of homeothermic wildlife and hunting.

Promotion and use of biofuels and bioenergies

The F.A. called for a reduction of relief funding for bio-ethanol and lowering the quota from 250,000 to 18,000 tonnes of contingent biofuel allowed for excise relief.

Law of 22 May 2010, n. 73 established a fund at the Ministry for Economic Development to support demand for energy efficiency, eco-compatibility and improvement of labour safety, in the amount of 300 million euro for 2010.

EU Law of 2009 introduced important new provisions about renewable energy and waste recovery, to:
- ensure achievement of 2020 goals (17% of energy from renewable sources for final use, of which 10% in the transport sector) by promoting energy efficiency and the use of renewable sources;
- provide balanced development in the national action plan on renewable sources, in various sectors that work together to achieve 2020

goals, based on criteria that take the cost-benefits ratio into account;
- simplify the procedure of authorisation for building and operating plants powered by renewable sources, and for necessary network infrastructures;
- promote integration of renewable sources to energy transport and distribution networks;
- define certification and technical specifications to be obeyed, as a basis for granting of benefits;
- adapt and strengthen the system of incentives, partly by reformulating rules;
- provide for a revision of incentives to produce electrical energy from biomass and bio-gas, to promote activities connected with agriculture, compatible with EU disciplines on state aid.

EU Law of 2009 intervened regarding protection of water from pollution caused by nitrates from agriculture, by defining the legal framework to be applied to poultry dung used in combustion plants to produce energy. Based on these provisions, dung treated in certain ways and used for combustion within the same production cycle can be considered a by-product subject to the discipline of combustible biomass. This allows authorisation and incentives for thermoelectric plants powered by dung, as plants for energy production and not as plants for waste treatment.

Financial instruments and farm development

The F.A. has:
- earmarked 10 million euro, as part of farm funding, for measures in favour of cooperative trust consor-

Finance Act of 2010: allocations for agriculture and comparisons with 2009 (million euro)

Allocations	**2009**	**2010**
Special current account fund (A)	0.00	0.00
Special capital account fund (B)	0.00	0.00
Allocations authorised through legal provisions (C) (AGEA, Fisheries Plan, CRA, various Public Bodies)	286.90	282.73
Re-financing of economic support measures (D) (national solidarity fund, individual investment fund, etc.)	0.00	75.20
Long-term spending laws (F) (including re-financing in item D)	105.00	0.00
Other allocations (F) (irrigation plan, internationalisation, tax credits, forestry plan, etc.)	240.00	376.00
TOTAL	631.90	733.93

Source: MIPAAF.

tiums in the provinces with the highest incidence of temporary lay-offs, to insure effective support of production initiatives;
- provided the possibility to renegotiate loans to young farmers with the National Agency for attracting investments and developing businesses (formerly Sviluppo Italia), taken out between 31 December 2004 and 31 December 2008;
- facilitated credit access for farmers, providing a reserve of 20 million euro for 2010 on availability of the central guarantee fund for SMEs, in favour of cooperative trust consortiums for funding farm measures.

Law of 22 May 2010, n. 73 provided measures for agriculture, for scrapping farm trucks and tractors and for building seasonal greenhouses. Available funds are disbursed as subsidies, for 10% of the list cost, on the condition that the agent or seller provides a matching discount.

NOTES

Photos by Dino Ignani and Giuseppe Argiolas

NORTH-WEST

Piedmont
Valle d'Aosta
Lombardy
Liguria

NORTH-EAST

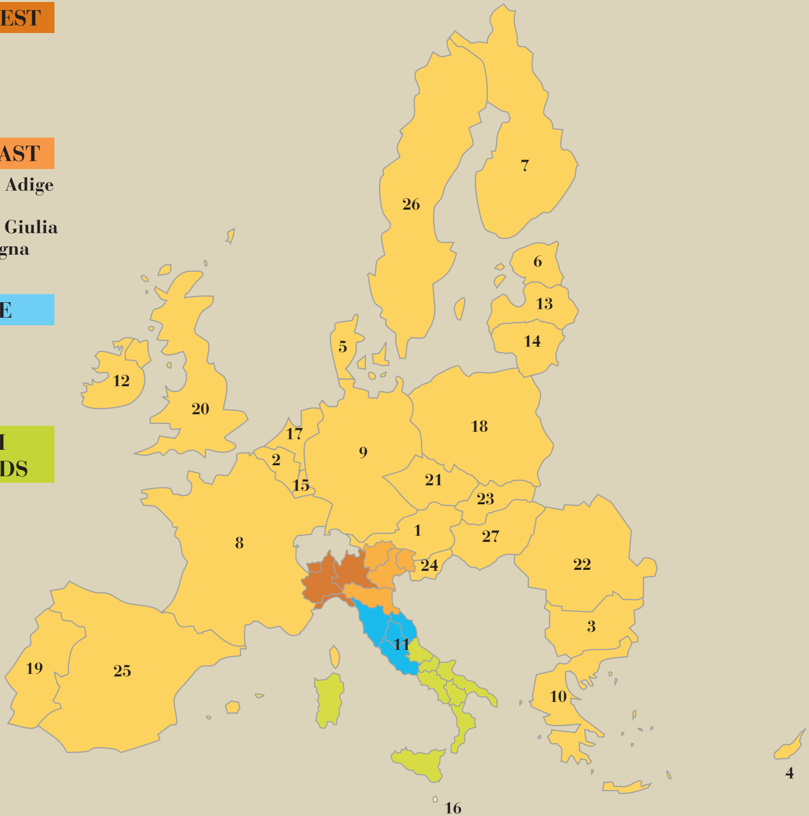
Trentino-Alto Adige
Veneto
Fiuli-Venezia Giulia
Emilia-Romagna

CENTRE

Tuscany
Umbria
Marche
Lazio

SOUTH & ISLANDS

Abruzzo
Molise
Campania
Puglia
Basilicata
Calabria
Sicily
Sardinia



EU COUNTRIES

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