ISTITUTO NAZIONALE DI ECONOMIA AGRARIA

ITALIAN AGRICULTURE IN FIGURES 2013





MINISTERO DELLE POLITICHE AGRICOLE ALIMENTARI E FORESTALI

INEA 2014

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Now in its 26th edition, "Italian Agriculture in Figures", edited by the National Institute of Agricultural Economics, is a well-known and appreciated source of information on the performance of Italy's agro-food system. The booklet, in easy-to use format, provides a detailed picture of major agricultural and agro-industrial activities, providing valuable tools for understanding a key sector in the Italian economy.

The data give us a picture of the sector made up of light and shadow. Even for the agricultural sector, the 2012 was the worst year since the economic crisis, with a fall in the value added, in real terms, of 4.4% over the previous year. Unlike the previous year, the downward trend has been stronger in the northern areas (-5.1%), which have experienced the consequences of the long period of drought that has characterized the summer of 2012, thus damaging all agricultural sectors and reducing both the quantity and the quality of the products. The recession has been exacerbated by the decline in investment (-9.6% in real terms), a symptom of the uncertainty linked to the economic cycle and the credit crunch that has discouraged funding beyond the short term, which undergone a decline of 6.7%.

Nonetheless, it can be traced some positive signs in our agricultural sector and in the central role it has in the economy of the country. Actually, agriculture triggers a turnover of the total value of 252 billion euro, representing 17% of the Italian GDP. Although the Health sector is not so optimal, it should also be recognized that the industry experienced only minor consequences compared to other sectors, and that the negative signs, in this case, appear to be much more limited and the effects more softened. For instance, the decrease occurred in agriculture, concerning employment, has been more limited than that of the other sectors. In the South, the area most in need for youth employment, there was, indeed, an increase in the number of employed in agriculture, in the age group 15-35 years (5.8%), contrary to what happened to the whole economy. Even the results of the survey on the land market, carried out by INEA, induce some hope: after decades of uninterrupted climb, in 2012 land prices decreased by 0.1% on a constant basis and by 3.1% in real terms. This decline has also affected regions such as Lombardy, Veneto and Trentino Alto Adige where land values are higher. If this trend is confirmed, in the coming years it could lead to a greater mobility of land, thus allowing an easier access for young people to the sector and an overcoming of the structural constraints.

The improvement of our trade with foreign countries (+2.4% of increase in normalized balance of the agricultural sector which rises to 28% if we consider the entire agro-industrial sector) it should be considered carefully because it is indicative of the stability

of the Italian products and of their reputation throughout the world.
Our agriculture, our food products, are the best presentation of Italy and the part of the national identity, perhaps, more genuinely felt not only by the operators but also by the consumers and citizens. Made in Italy, in the food sector, continues to play an important key-role to overcome the crisis and create a solid path of recovery for the whole country.

The Minister of Agriculture.
Food and Forestry
Mrs. Nunzia De Girolamo

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ECONOMY AND AGRICULTURE

Italy has 302,071 square kilometers of land surface. The areas classified as "mountain" altogether cover 35.2% of the surface so as to affect significantly the distribution of population: in mountainous areas lies less than a fifth of the population (12.6%) which, conversely, tend to be located mainly in plain areas, with 23.2% of the territory and 48.3% of the population. The hilly area hosts 39.1% of the population, with a share of 41.6% of the Italian territory[1].
ISTAT data show that, on 31st December 2012, 59.7 million people are located in Italy, of which more than 4.3 million (7.4%) are of foreign nationality. In 2012, the population grew by 291,000 units, or 0.5%. This increase was due to migration from abroad, which offset the decline in population resulting from the negative natural balance.
The study of the distribution of residents by geographical areas yields the

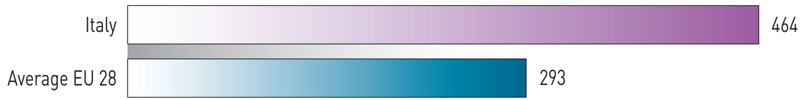
[1] *Source: Territorial Agency and ISTAT.*

Use of agricultural land (000 ha), 2012

	Italy	EU-28
Total surface	17,078	214,578
Utilized agricultural area	12,856	172,920
Arable crops	7,009	103,923
Cereals (%)	51.6	54.5
Dried legumes (%)	2.0	1.6
Potatoes, sugar beets, hoed fodder crops (%)	1.4	3.3
Industrial plants (%)	4.9	12.1
Fresh vegetables, melons and strawberries (%)	4.3	1.6
Flowers and ornamentals (%)	0.2	0.1
Rotating fodder crops (%)	27.4	19.2
Seeds (%)	0.4	0.2
Fallow land (%)	7.8	7.1
Permanent crops	2,323	10,703
Vineyards (%)	27.9	28.6
Olive tree (%)	47.2	40.8
Fruit crops and other crops (%)	24.9	30.5
Kitchen gardens	32	350
Total permanent grasslands and pastures	3,434	57,945
Forested land annexed to farms	3,003	30,379
Non-utilized agricultural area and other land	1,220	11,273
Energy crops	17	480

Source: Eurostat.

Population/agricultural area (inhabitants/100 ha UAA*), 2012



* As for Italy, the population is updated to 31/12/2012 and UAA to 2010; as for EU, the population is updated to 01/01/2012 and UAA to 2010.

following ranking: the municipalities of the North-West regions on top with 15,861,548 inhabitants (26.6% of the total), followed by those in the North-East with 11,521,037 inhabitants (19.3%), the Centre with 11,681,498 (19.6%), the South with 13,980,833 (23.4%) and the Islands with 6,640,311 (11.1%). Such percentages have decreased by a tenth of a percentage point, compared to 2011, for the South (including the Islands) in favor of the North-Central areas.

With an average density of about 202 inhabitants per square kilometer Italy is among the most densely populated countries of the European Union (UE-28 average is about 116 inhabitants per square kilometer). Only Malta, the Netherlands, Belgium, United Kingdom, Germany and Luxembourg register higher density[2].

The total agricultural area (SAT) in Italy amounts to 17.1 million hectares, of which 12.9 million attributable to the utilized agricultural area (UAA). At the regional level, the South contributes with 47.4% of the national UAA, outpacing the North (35.5%) and the central Italy (17.1%).

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

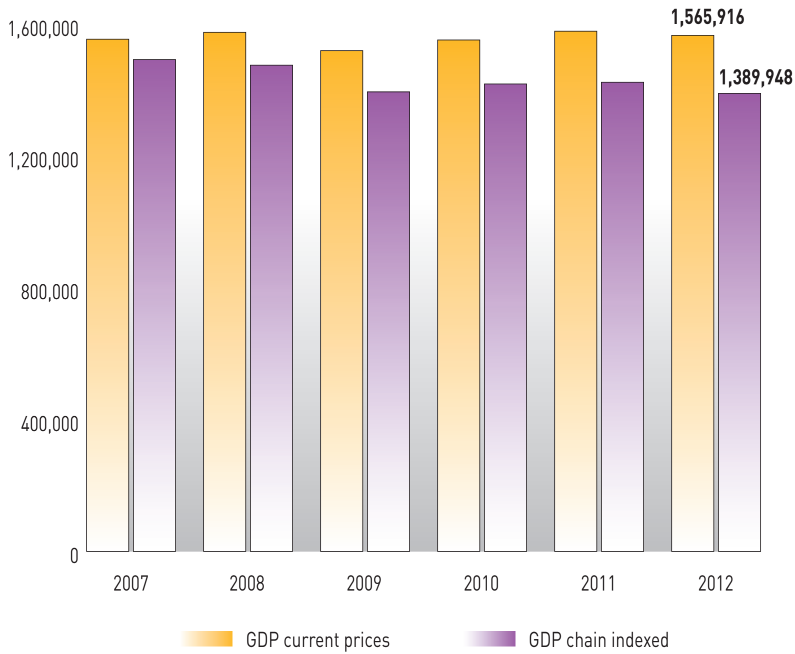
In 2012, the economic activity of the major advanced countries gave modest results reflecting the sovereign debt crisis in the euro zone and the uncertainty about fiscal policy in the United States. In particular, the world economy grew by 3.2%, compared to 4% of the previous year. The slowdown has affected both the advanced economies, whose growth rate is decreased by 1.2%, and those emerging,

Trend in GDP per inhabitant (euro)

Year	GDP/inhabitant Values at current prices	GDP/inhabitant Chain indexed values*
2007	26,176	25,257
2008	26,326	24,755
2009	25,247	23,239
2010	25,658	23,522
2011	25,995	23,493
2012	25,727	22,823

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

Trend in GDP (million euro)



where growth fell from 6.4% to 5.1%. Compared to 2011, Japan's GDP growth has been modest (2%). Even in emerging and developing countries, the pace of expansion of the product has been among the lowest in the last decade, hampered by the sharp slowdown in investment spending and the weakening of foreign demand.
In the EU GDP shrank by 0.3% (it was increased by 1.6% in 2011) with an even greater contraction for the euro zone (-0.6%). Growth was slightly positive in Germany (+0.7%), it stagnated in France (+0.07%), it dropped in Spain (-1.4%) and, to a greater extent, in Italy (-2.4%). GDP has contracted strongly in Greece (-6.4%) and in Portugal (-3.2%).
The performance of the Italian GDP, in 2012, showed a decrease in volume of 2.4% (compared to the partial stability in 2011). This trend was largely a consequence of the sovereign debt crisis: increase in the tax burden, difficulties in the labor market, decline in disposable income, fall in domestic demand.

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

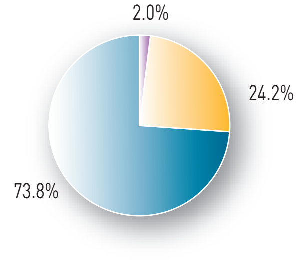
Country	Share of world GDP in2012	2008	2009	2010	2011	2012
Industrialized countries						
United States	18.9	-0.3	-3.1	2.4	1.8	2.2
Japan	5.6	-1.0	-5.5	4.7	-0.6	2.0
Euro Zone	13.7	0.4	-4.4	2.0	1.4	-0.6
United Kingdom	2.8	-1.0	-4.0	1.8	1.0	0.3
Canada	1.8	1.0	-3.1	3.2	2.4	1.8
Emerging and developing countries						
Brazil	2.8	5.2	-0.3	7.5	2.7	0.9
Mexico	2.1	1.2	-6	5.3	3.9	3.9
China	14.9	9.6	9.2	10.5	9.3	7.8
South Corea	1.9	2.3	0.3	6.3	3.6	2.0
India	5.6	6.2	4.9	11.4	7.5	4.1
Russia	3.0	5.2	-7.8	4.5	4.3	3.4
Turkey	1.4	0.7	-4.8	9.2	8.8	2.2

Source: Bank of Italy.

VALUE ADDED

As for agriculture, forestry and fishing the year 2012 has represented the worst year since the economic crisis, with a deep and generalized fall in the value added in real terms (-4.4% compared to 2011). Noteworthy is the worsening of the economic activity in the primary sector that has affected most regions of the Centre-North with a negative variation of 5.1% and to a lesser extent the southern regions with a decrease of 3.4% compared to 2011. In particular, the North-East recorded the worst performance with a strong decrease in the value added of 7.3%.
As it is known, the recession of the last year and a half has involved all the other productive sectors and, in particular, the construction sector which, in 2012, has again recorded a marked drop in production (-6.3% in 2012 over the previous year -3.4) and, in the strict sense, in industry[1] (-3.5% compared to +1.2% in 2011). The Services, indeed, showed a less marked drop in output (-1.2% compared to -0.7% in 2011). The economic result of financial assets and insurance remained unchanged (+0.3%) while the value added of arts, entertainment and repair of household goods increased by 1.2% compared to 2011.
It fared better in the production results of the food industry which recorded a slight positive change in the value added of +0.8% compared to 2011 although down from +1.7% recorded in the previous year.
The contribution of agriculture to the national value added remained stable at 2%, in line with that of most European countries, in which agriculture is, on average, 1.8% of the total value.

Share of the value added at basic prices by sector, 2012 - values at current prices



TOTAL	1,401,876
Agriculture, forestry and fishing	28,108
Industry including building	339,563
Services, incl. the public sector	1,034,205

Source: ISTAT.

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

% value added of agriculture as a share of the total, 2012

Country	%	Country	%
Bulgaria	6.4	Cyprus	2.3
Romania	6.0	Portugal	2.2
Latvia	5.0	Italy	2.0
Croatia	5.0	France	2.0
Poland	4.0	Netherlands	1.7
Lithuania	3.9	Sweden	1.6
Hungary	3.9	Malta	1.5
Estonia	3.7	Denmark	1.5
Slovak Republic	3.6	Austria	1.4
Greece	3.4	Germany	1.0
Finland	2.9	Ireland[1]	1.1
Spain	2.7	Belgium	0.8
Slovenia	2.6	United Kingdom	0.7
Czech Republic	2.3	Luxembourg	0.3
Area euro 17			**1.8**
EU-28			**1.8**

* Value added at basic prices - current values.

[1] Estimation of the European Commission 2011.

Source: Eurostat.

In 2012, the Italian economy reached a deadlock and the employment reports a further slight decline. In this difficult context, however, the decline of the agricultural sector (-0.2%) was lower than that recorded in the overall economy (-0.3%). In addition, in this sector youth employment increases for the age group 15-35 especially in the South (+5.8%), the Italian area that suffers most strongly from youth employment, while at the national level the number of employed in the same reference category decreased in all sectors[1].

The number of people employed in agriculture is around 850,000 employees (of which 29% are women), with a distribution of 15.2% in the North-West, 22% in the North-East, 13.6% in the Centre and the remaining – nearly half – in the South.

The composition of employment by professional categories continues to change. Indeed, the number of self-employed workers decrease (-3.7%) while employees increase in the same ratio, (+3.6%), thus overcoming the first component.

The incidence of part-time workers

Workers by age group and geographical area in agriculture and in the total economy (%), 2012

	Aged 15-34	Aged 35-64	Aged 65 and older	Total (000)	Empolyed (%)
North					
Agriculture, forestry and fishing	17.5	73.0	9.5	315	31.8
Total economy	25.3	72.8	1.9	11,901	76.3
Centre					
Agriculture, forestry and fishing	18.2	70.8	11.0	115	47.6
Total economy	24.4	73.6	2.1	4,818	75.0
South					
Agriculture, forestry and fishing	22.4	74.5	3.1	419	65.1
Total economy	25.9	72.6	1.5	6,180	73.1
Italy					
Agriculture, forestry and fishing	20.0	73.4	6.5	849	50.4
Total economy	25.3	72.9	1.8	22,899	75.2

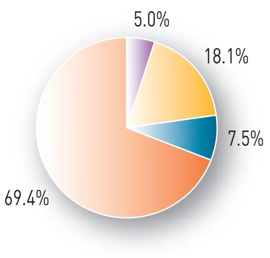
Source: ISTAT, Labour Force Survey.

[1] *Data derive from the Labour Force Survey, carried out by ISTAT, which is the main Italian labor market source of information. National Accounts Data are used for measuring employment in economic activities as shown in the above reported table and chart.*

strengthens, reaching 12.7% of total employment in agriculture.

Also the employment of foreigners in agriculture continues to record an increase, as well as their weight in the economy and in the Italian society.

Total work units (000), 2012



TOTAL	23,745.9
Agriculture, forestry and fishing	1,185.9
Industry in the narrow sense	4,296.2
Building	1,787.7
Services	16,476.1

Source: ISTAT, National accounts.

Foreign workers employed in agriculture by geographical area (000)

	Gender	2010	2011	2012
North	Male	22	30	34
	Female	8	7	7
	Total	30	37	41
Centre	Male	16	21	23
	Female	3	3	5
	Total	19	24	28
South	Male	25	30	33
	Female	10	12	12
	Total	35	42	45
Italy	Male	62	81	90
	% of total foreigners in agriculture	10.2	13.4	14.9
	Female	22	22	25
	% of total foreigners in agriculture	8.6	9.0	10.0
	Total	84	103	115
	% of total foreigners in agriculture	9.7	12.1	13.5

Source: ISTAT, Labour force Survey.

Employment in agriculture as a share of total employment (%), 2012

	15 years and longer	% of women[1]
Austria	4.9	42.4
Belgium	1.2	27.0
Bulgaria	6.4	31.6
Cyprus	2.9	31.0
Croatia	13.7	45.3
Denmark	2.6	20.0
Estonia	4.7	28.5
Finland	4.1	27.1
France	2.9	30.4
Germany	1.5	32.5
Greece	13.0	40.2
Ireland	4.7	12.1
Italy	3.7	29.0
Latvia	8.4	29.7
Lithuania	8.9	37.3
Luxembourg	1.3	29.0
Malta	1.0	:
Netherlands	:	:
Poland	12.6	41.5
Portugal	10.5	39.3
United Kingdom	1.2	26.9
Czech Republic	3.1	27.3
Romania	29.0	46.4
Slovak Republic	3.2	22.5
Slovenia	8.3	42.9
Spain	4.4	26.1
Sweden	2.0	23.0
Hungary	5.2	25.9
EU-27	**4.9**	**36.7**
EU-28	**5.0**	**36.9**

[1] Proportion of employed females engaged in the agricultural sector.

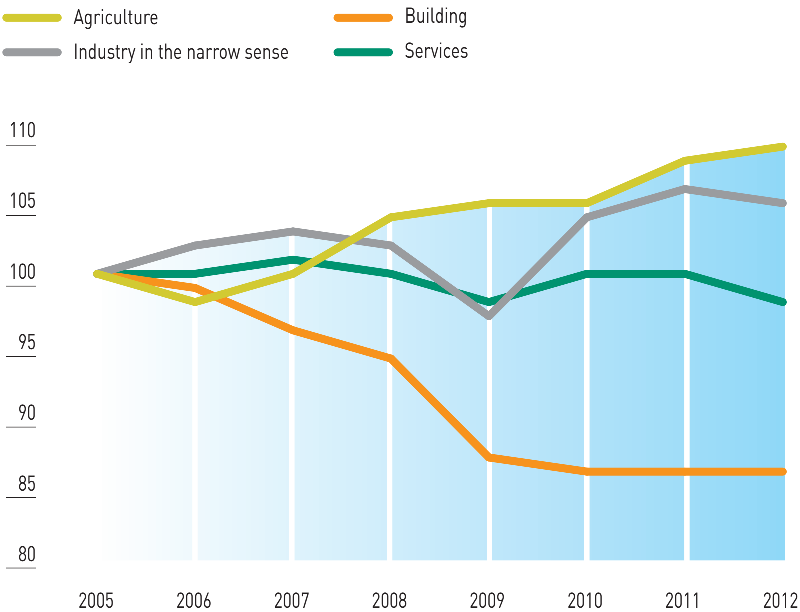
Source: Eurostat, Labour Force Survey.

The downward phase had a considerable impact on the economic performance of firms, giving rise to profound changes in their organizational structure and, more generally, in the cyclical dynamics in all industry sectors. Measured in terms of real value added[1] per hour worked, in 2012, the total output of economic activities fell by 1% (+0.2% in 2011), due to a slight decline in industry, excluding building[2] (-0.6%) and services, (-1.5%) as well as because of a slight increase in the primary sector (+1.4%) and in building (+0.1%). For the whole economy, productivity growth has been less negative than the value added, as a result of the drop in labour. Also for the agricultural sector, the reduction of hours worked was about 6% over the previous year. Noteworthy is the growing-stationary trend of this indicator for

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

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

Labor productivity - value added at basic prices per worked hour* - index 2005=100



* Chain indexes - year of reference 2005.

the agricultural sector, as of 2009, in contrast to the strong negative changes recorded by the sectors of building and industry. This trend reflects, among other things, the familiar employment in our farms. It should be emphasized that capital productivity in 2012 was negative in the primary sector (-3.1%), compared to total economic activities (-1.1%), thus reflecting the accumulation's downsizing. Also the dynamics of total factor productivity was negative, albeit in a less pronounced (-0.3%), compared to the total economic activity (-0.9%).

RECENT TRENDS IN THE SECTOR

In 2012, the Italian land market has been characterized by a slowdown in sales and the reduction in prices. The national average of the land value decreased by 0.1% year by year, reaching approximately € 20,000/hectares, and the downturn has also affected regions such as Lombardy, Veneto and Trentino Alto Adige where land values are higher and demand is stronger. However, reduction in real terms was stronger (-3.1%). The main factors that have contributed to this slowdown are related to the general economic crisis and to the new scenarios that have characterized agriculture in the last decade. In particular, the difficulty of access to credit limits the demand from the professional farmers, while uncertainties on the profitability of the sector affect the activity of the non-agricultural actors.

The Northern districts have land values more than double of those in the South, while the land, located in the plain, reaches prices about three times higher than those in the mountains. Analyzing the distribution of land values, it can be argued that the higher prices were recorded in the Centre-East Po Valley, along the Adige ridge, in some area of the province of Cuneo, on the Ligurian coast and Pistoia and in the metropolitan area of the Campanian coast.

In recent years, the rent has been the main mean of expansion of farm land. According to the 2010 Census of Agriculture this form of ownership concerns, actually, almost 5 million hectares (38% of the national agricultural area). In the northern Regions it has been noticed a prevalence in the demand for leased land, a decrease in negotiation in the long term and a general stability of the rents. In the

Average land values (thousand euro/ha), 2012

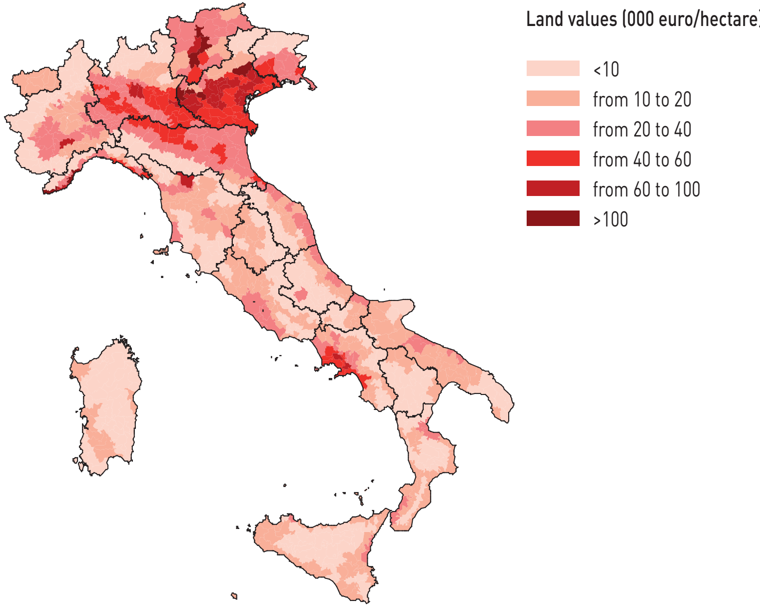
	Altitude zone						
	Inland mountains	Coastal mountains	Inland hills	Coastal hills	Lowland	Total	% change 2012/11
North-West	5.5	26.1	24.5	78.5	34.8	25.1	-0.2
North-East	28.8	-	44.0	32.9	46.7	41.7	0.1
Centre	7.9	13.0	13.1	17.5	21.2	13.6	-0.7
South	6.8	10.0	12.2	17.9	17.8	13.0	-0.3
Islands	5.9	8.8	7.7	10.6	14.9	9.3	0.0
Total	**11.3**	**9.9**	**15.2**	**16.0**	**32.8**	**20.0**	**-0.1**

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

Source: INEA, Land values data bank.

central areas, some increases in rent have been reported, while in the South continued the process of regularization of contracts, despite the presence of a still significant incidence of verbal agreements and payments in kind.

Average land value of land for agricultural region in 2012



Source: INEA, Database of land values.

In 2012, gross fixed investments in agriculture, in real terms, have marked a 9.6% decrease considerably larger than that recorded in the previous year (-1%), thus crippling the good growth recorded in 2010 (+5.8%).
Compared to 2011, the share of agricultural investment in total investment reduced, dropping to 3.5% as it did the relation with the agricultural value added (from 34.2% in 2011 to 32.4% in 2012).
In 2011, the allocation by type of asset, referring to all economic activities, showed a slight decrease for investments in crops and livestock (-0.7%), after the positive results shown in the three previous years.
Conversely, other sectors show a trend much more negative with a decrease of 12.2% for transportation, 10.7% for machinery and equipment and 6.3% for non-residential buildings and other works.
Investments per worker in agriculture amounted to 7,309 euro, down 6.4% compared to 2011. Despite the downward trend compared to 2011, worthy of note is the amount of investments per worker in the primary sector which has increased in recent years, essentially due to a drop of employment in the sector.
As a result of the reduction of manufacturing employment, there has been an increase in the capital stock in agriculture (+1.6%), in real terms and net of depreciation.

Trend in gross fixed investments in agriculture

Year	Current values million euro	Chain indexes[1] million euro	% in[2] tot. invest.	% in[2] VA from agriculture
2006	12,043	11,665	3.8	41.3
2007	11,897	11,193	3.5	39.5
2008	11,841	10,779	3.5	37.5
2009	10,353	9,159	3.4	32.7
2010	11,060	9,686	3.6	34.7
2011	11,326	9,590	3.6	34.2
2012	10,353	8,668	3.5	32.4

[1] Chain indexes: express the real dynamic (in volume) of the economic aggregate with reference to 2005.
[2] Incidence on chain indexes; VA from agriculture at basic prices.
Source: ISTAT.

Gross fixed investments: main indicators by sector , 2012*

	Agriculture	Industry	Services[1]	Total
Investment per worker				
euro	7,309	10,434	10,460	10,296
% change 2012/11	-6.4	-7.1	-7.1	-7.0
Net capital stock per worker[2]				
000 euro	165.8	132.1	242.0	210.1
% change 2012/11	1.6	1.5	0.6	1.1

* Chain indexes, reference year 2005.

1 Gross of investment in housing.

2 Net of depreciation.

Source: ISTAT.

In the last months of 2012, bank loans have registered a slight upward trend (+1%) in agriculture, forestry and fishing, despite a persistent decrease in the total amount paid to firms (-3.5%). In December 2012, the total lending to agriculture, forestry and fishing reached a value of 44.2 billion euro, equals 4.6% of the total.
The distribution of loans by geographic macro-area shows how the northern regions hold most of the funding, with an increasing trend. In December 2012, they increased of 2.6% in North-West and of 1.4% in North-East, compared to the same period of 2011. Conversely, loans reduced of -0.5% in central regions and -1.4% in southern regions.
The ratio between bank loans and agricultural production is equal to 83.2%, a decrease of about one percentage point compared to the value recorded in 2011; the financial exposure of the sector in relation to the banking system remains high, however the information provided by the Bank of Italy show

Bank lending for agriculture, December 2012

	Agriculture[1] (million euro)	% of total lending	% of agricultural production[2]
North-West	12,355	3.6	104.3
North-East	14,802	5.8	100.6
Centre	8,559	3.9	109.0
South	5,249	5.3	42.9
Islands	3,245	7.5	49.9
Total	**44,210**	**4.6**	**83.2**

1 Including forestry and fishing.
2 Production, at basic prices, for agriculture, forestry and fishing.
Source: Bank of Italy and ISTAT.

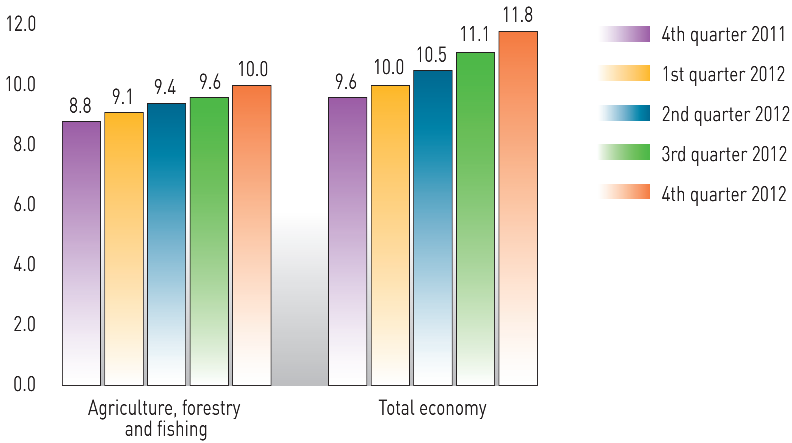
Funding beyond the short term to agriculture, December 2012[1]

Type	(million euro)	2012/2011 (%)	Easy-term loans to tot. (%)
Machinery and equipment	5,407	3.0	4.1
Construction and rural building	6,838	-14.0	1.9
Other rural structures	2,779	-4.5	6.9
Total	**15,025**	**-6.7**	**3.6**

1 Outstanding loans with maturity of over one year.
Source: Bank of Italy.

positive signs in terms of the recovery of the financial cash of companies, although it remains a climate of uncertainty linked to the economic cycle.
This is confirmed by the decrease in loans for funding beyond the short term, that have suffered a decline of 6.7% compared to 2011. Such result is the consequence of a positive change in lending for machinery and equipment (+3%) and a strongly negative variation for those in construction and farm building (-14%) as well as in other rural properties (-4.5%).
Moreover, in 2012, the difficulties related to the economic situation showed a further worsening in all indicators of credit risk. In particular, the ratio of non-performing loans/total loans showed a progressive worsening of credit quality for the agricultural sector (+10%) which is less, however, compared to the overall economic activities (+11.8%).

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

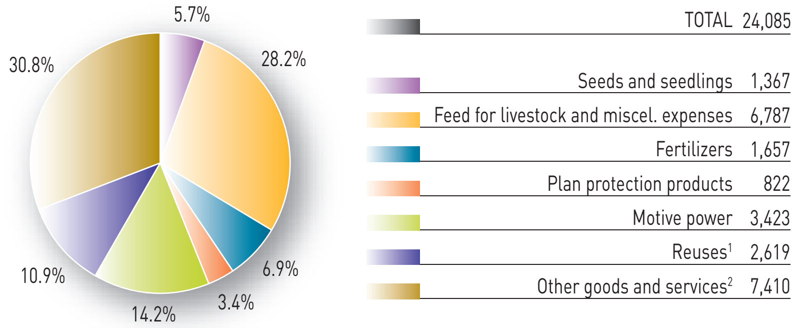


Source: Bank of Italy.

INTERMEDIATE CONSUMPTION

In 2012, expenditure on intermediate consumption in agriculture, including forestry and fishing, amounted to 25,040 million euro with an increase in value of 2.9% compared to 2011, thus showing a sustained rise in prices (+5.1%) and a decrease in the quantities used (-2.1%).
As for the agricultural sector, during 2012, the main categories of intermediate consumption, as feed for cattle and other expenses for livestock (-2.1%), seeds and seedlings (-1.2%), motive power (-1.9%), fertilizers (-2.3%), redeployments (-4.7%) and other goods and services (-1.2%), all had a substantial decrease in the quantities used compared to 2011. Even the services of financial intermediation and credit (FISIM) included in the cost category "other goods and services", showed a decrease of 4.1% compared to 2011, reflecting the restrictive policies of the offer by intermediaries, except for plant protection products which showed an increase of 1.4%.

Intermediate consumption in agriculture, forestry and fishing (million euro), 2012



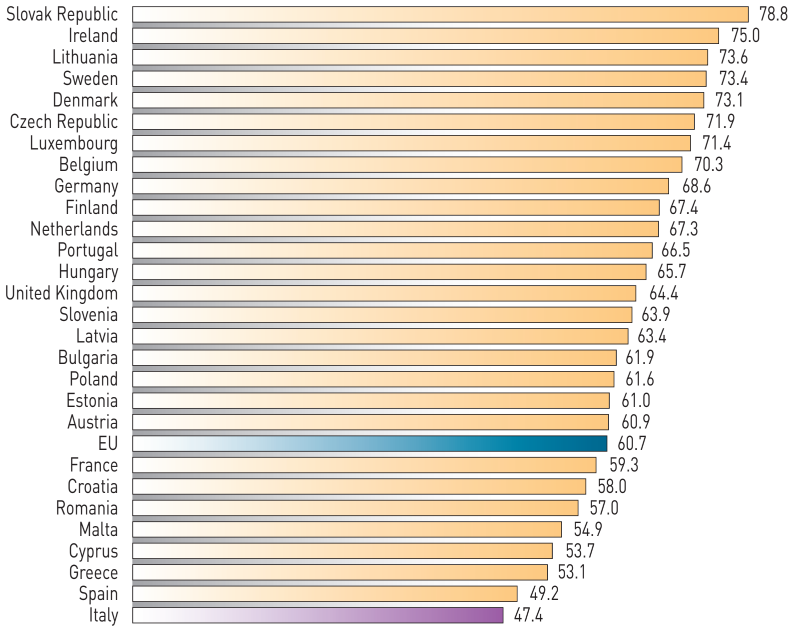
1 Farm products reemployed in the farm or sold to another company as a means of production.

2 Overheads, financial intermediation services, business consulting, water, transport, insurance fees, maintenance.

The price increase has affected all categories of intermediate consumption: first of all the motive energy (+11.8%), followed by fertilizers (+6.6%), feeding stuff and miscellaneous expenses for livestock (+4.9%), from seeds and seedlings (+.36%), to reuses (+2.5%) and plant protection products (+2.3%).
The forestry intermediate consumption stood at 92 million euros, registering a decrease in the amount of

11.9% and a price increase of 4.4%; those of fishing and aquaculture amounted to 864 million euros (-4.5% in volume and +8.9% in terms of price).
The incidence, at current prices, of intermediate consumption on agricultural production, including forestry and fishing, is slightly increased from 46.4% in 2011 to 47.1% in 2012; well below the EU average, which stood at 60.7%, to a level substantially stable compared to 2011.

Incidence of intermediate consumption in agriculture, in EU-28



Source: Eurostat.

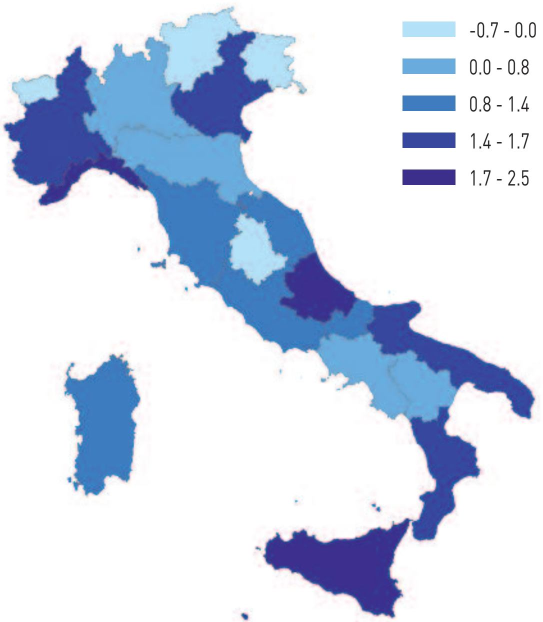
A long period of drought, that has affected most of the Peninsula, has affected performance in 2012[1] and the impairment of the agricultural sector. Actually, the first difficulties during the year were determined by the exceptional snow event in February, whose impact and territorial extension has created hardships in the business activities (difficult access to rural areas, failure to supply companies and transfer of products to markets) and damage to farm structures (collapse of sheds and greenhouses), to livestock (death of animals because of icy temperatures)and to the crops (collapse of trees, freezing of vegetables). In particular, while horticultural products have suffered especially the damage caused by freezing temperatures that occurred concurrently and subsequently to the snowy phenomena, fruit trees, vineyards and olive groves have presented major breakage of branches and, in some cases, structural collapse at the expense of future productions. Then, the desired benefits, at least in terms of improving water availability, have been thwarted by the rapid rise in temperature, so as to cause the state of drought alert since the spring in basins like the Arno River in Tuscany (the lower flow rate since 1930), the Bacchiglione and Brenta in Veneto (-60%), some lakes such as Maggiore, Garda, Iseo and Como in Piedmont and Lombardy (levels between -15 cm and -60 cm compared with the seasonal average). The situation, then, worsened by the concurrence, in a short period, of high temperatures and heat waves, poor rains, phenomena of late frosts, hail (Trentino, Valle d'Aosta, Veneto and Lombardy) and heavy rain (Veneto, Piedmont, Lombardy and Friuli-Venezia-Giulia).

The highest price in terms of quantity and quality of products has been paid by the Centre-North: in all sectors companies have incurred higher production costs because they had to take more business inputs (irrigation water, fuel, energy) and, at the same time, they had lower revenues for lost sales or depreciation of the products.

Although the phenomenon of agricultural crops against drought is not the subject of bridging funds as adversity eligible to the facilitated agricultural insurance, during 2012, considering the seriousness and magnitude of the event, it has been allowed to activate the compensatory intervention ex-post evaluation of the National Solidarity Fund in favor of the following regions: Veneto, Emilia-Romagna; Friuli-Venezia-Giulia; Puglia, Calabria; Lombardy; Umbria; Piedmont; Tuscany; Lazio.

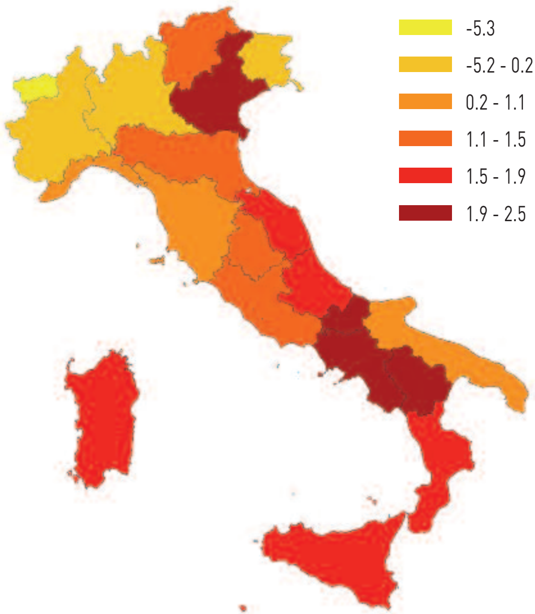
[1] *Information and figures are taken from the technical reports "Quarterly national note on climate trends and the implications for agriculture" issued by INEA as part of the project "Support and technical assistance to natural disaster fund planning" and published on the site www.inea.it.*

Average regional minimum temperatures - deviation of 2012 values from the climatic average



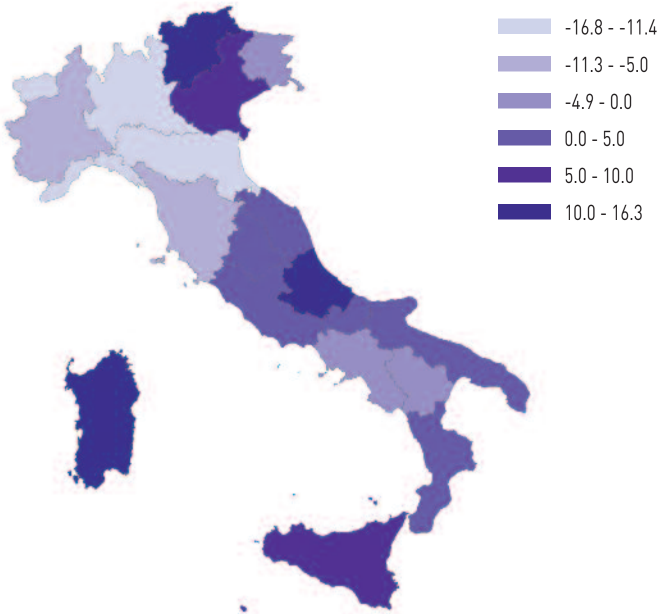
Source: INEA processing of CRA-CMA figures.

Average regional maximum temperatures - deviation of 2012 values from the climatic average



Source: INEA processing of CRA-CMA figures.

Average regional rainfall - deviation of 2012 values from the climatic average (in mm)



Source: INEA processing of CRA-CMA figures.

The trend of the fall season proved to be heterogeneous in the various regions. The areas of Calabria and Sicily were still subject to drought, while the situation has improved in Tuscany and Umbria thanks to the first seasonal rains. Actually, the rainfalls were, sometimes, flooding, thus causing widespread flooding and slope instability due to the dryness of the land (Tuscany, Lazio and Campania were the most affected regions for groves and late vineyards). The river courses that were in flood were detected in Emilia-Romagna (rivers Enza and Secchia), in Veneto (river Bacchiglione) and Friuli (rivers Tagliamento, Vipacco and Isonzo). These phenomena have alternated during the winter season when, at the beginning of December, the temperature reduction of 10°C below the normal has damaged vegetables such as kale, cabbage, radish and broccoli, leading to an increase in the consumption of fuel necessary to the nurseries.
Among the production budgets that have suffered the warm and dry

weather during 2012, note of worth is the loss in Southern Italy as for wheat, especially in the area of Foggia, Puglia. The production of maize in Northern Italy has managed to contain the losses occurred only in the case of irrigation (in many areas it is estimated to be -60%, for instance in Bologna-Modena). Drop in production was also recorded for tomato, in particular in Puglia and Molise (-30 -35% respectively). Some losses were also estimated in the wine sector, although Italy lined up as the world's largest producer overtaking France, and in the olive oil sector (-12% compared to the last year).

The observation of the trend of the minimum and maximum temperatures highlights the difficult climate scenarios that has characterized the Country where mainly the minimum temperature values were higher by about 2.5°C compared to 1971/2000 average climate, so to exacerbate the problems already caused by water shortage.

In recent years, the hardships related to extreme weather events and with different timing are triggering significant problems in the agricultural sector, with particular reference to the management of water resources. These increased difficulties have boosted even more towards initiatives on the sustainable management of water resources, already undertaken at global and national levels. In this regard, the World Water Day on March 22nd proclaimed by the General Assembly of the U.N., at which also INEA attended with its own initiatives, provided an opportunity to keep the attention on the value of water resources.

In 2012, the Italian primary sector has experienced a drop in the quantities produced (-3.3%) over the previous year and a boost in prices of 4.9%. As a consequence, the value of agricultural, forestry and fishing, at basic prices, in current terms, increased by 1.4% reaching 54.1 billion euros, secondary activities included. Also for 2012, the main sectors confirm their contribution to total production, with crop plant which account for 48.3%, livestock farming for 31.9%, support activities for agriculture for 12% and forestry and fishing for 5%. Analyzing the dynamics for each sector, it can be noticed that the value of crop production decreased by 1.4% compared to 2011, with a particularly negative result for fodder crops (-6.7%) and for herbaceous crops (-4.3%). The livestock sector experienced a better trend with an increase in the value of production (+5.7/%), thanks to the good performance in meat prices (+5.8%), while, as for milk, the value of production remains essentially unchanged (-0.1%).

The value of support services to agriculture is increasing (+5.6%), whereas the secondary activities, such as farm and processing, decrease (-1.5%).

As for quantities, almost all major crops decrease, especially those of tree crops (-7.8%). In particular, the major negative changes have affected the production of pears (-30%), apples (-12%), table grapes (-9%), oil (-8%), wine (-8%); among the few

Value of output and services at basic prices by main categories, 2012

	Current values		% change 2012/2011		
Economic activities	million euro	%	value	quantity	price
Herbaceous crops	14,036	25.9	-4.3	-3.9	-0.3
Fodder crops	1,643	3.0	-6.7	-6.4	-0.3
Tree crops	10,506	19.4	3.6	-7.8	12.4
Livestock	17,268	31.9	5.7	-1.0	6.9
Support activities for agriculture[1]	6,474	12.0	5.6	1.3	4.3
Secondary activities[2]	1,540	2.8	-1.5	-2.6	1.1
Forestry	655	1.2	-5.3	-9.4	4.6
Fishing	1,996	3.7	-5.6	-4.4	-1.3
Total[3]	**54,116**	**100**	**1.4**	**-3.3**	**4.9**

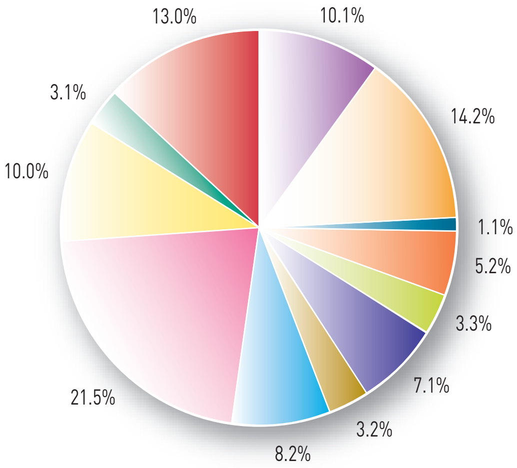
[1] Includes active and passive agricultural contract work, packaging of agricultural produce, maintenance of parks and gardens, services connected to livestock farming, artificial insemination, new sports facilities, etc.

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

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

Source: ISTAT.

Output of goods and services in agriculture at basic prices - values at current prices (million euro), 2012



TOTAL	49,926.4
Cereals and dried legumes[1]	5,047.4
Vegetables[2]	7,088.8
Industrial crops[3]	569.3
Flower and ornamentals	2,604.4
Fodder crops	1,643.3
Grapes	3,535.0
Olives	1,599.4
Fruit and citrus	4,095.5
Meat	10,723.2
Milk	4,987.1
Eggs and other[4]	1,557.3
Connected services[5]	6,473.5

[1] Dried legumes (101.9 million euro).

[2] Potatoes (662 million euro) and fresh beans (293 million euro).

[3] Sugar beets (116 million euro) Tobacco (219 million euro) Sunflowers (59 million euro) Soybeans (144 million euro).

[4] Of which honey (36.0 million euro).

Source: ISTAT.

Main vegetable productions, 2012

	Quantity		Value[1]	
	000 t	% change 2012/2011	million euro	% change 2012/2011
Wine (000 hl)[2]	16,304	-7.6	2,101,358	11.7
Hybrid maize	7,935	-18.6	1,779,257	-19.7
Forage	-	-	1,643,302	-6.7
Oilve oil[2]	452	-8.2	1,383,600	-8.6
Durum wheat	4,161	9.6	1,381,802	7.3
Tomatoes	5,846	-9.8	1,026,294	-11.6
Grapes sold	3,206	-6.5	862,984	21.9
Soft wheat	3,498	23.0	852,391	20.7
Apples	2,119	-12.1	850,375	18.0
Oranges	2,180	-1.3	766,560	6.6
Kitchen gardens	1,862	-3.8	694,100	0.2
Potatoes	1,569	0.7	662,544	-6.3
Table grapes	1,104	-9.0	557,438	-2.6
Lettuce	482	-0.2	482,043	4.5
Pears	652	-29.6	453,532	-2.0
Artichokes	478	0.7	424,018	-4.4
Zucchini	504	-8.9	382,220	8.7
Fennel	464	-9.2	377,563	-16.3

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

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

Source: ISTAT.

tree crops on the rise, noteworthy are the lemons (+3%), mandarins (+7%) and loquats (+14%).

The increase in production at basic prices, in current values, of tree crops (+3.6%) is ascribable exclusively to a sharp rise in prices (+12.4%).

Also the forage production decreased (-6.4%) as well as herbaceous crops (-3.9%); worth of note is the strong drop in the production of sunflower (-27%), soybeans (-25%) and hybrid maize (-19%). In increase, however, is the production of durum wheat (+9.6%) and wheat (+23%). The decline in vegetable crops has affected, especially, the fresh peas (-16%), watermelons (-12%), tomatoes (-10%), cucumbers (-10%), fresh beans (-9.3%) and fennel (-9.2%).

In 2012, the livestock sector showed a slight decrease in the total quantity of meat produced (-0.6%), due to a decrease in the quantities of beef (-3.2%), pork (-2.2%), sheep and goat (-1.2%), offset by a good result in the production of poultry meat

(+4.8%) and horse meat (+1.3%). Also milk production has decreased, compared to 2011, with a decline in both quantities of cow's milk and buffalo milk (-2.4%), and that of sheep and goat's milk (-1%).
More generally, as for the livestock the increase in the price level (+6.9%) has managed to offset the decline in the quantities produced. It should be emphasized the significant increase in the value of production of eggs (+30.9%), as a consequence of a slight decrease in the production volumes (-1.2%) and a substantial price increase (+32.5%), and the sharp decline in honey production (-13.7%) which was not offset by the price increase (+8.2%).
Also the value of forestry production dropped (-5.3%), due to a strong decrease in the production of berries (-25%); the average price increase of 4.6% has only weakened the negative performance.
A similar decline was experienced in the fisheries sector (-5.6%) which recorded a contraction of 4.4% of the amount drawn: -6% for fish, shellfish and aquaculture, +17% the production of shellfish and +5% services related to fisheries and aquaculture. Average prices for this sector fall by 1.3%.
In 2012, the production of services related to agriculture amounted to 8,013 million euro with an increase of 4.2% compared to 2011.
In the UE, the agricultural year 2012 was characterized by a positive change in the value of output at basic prices (+3.3%), compared to 2011, as a re-

Main livestock output, 2012

	Quantity[1]		Value[2]	
	000 t	% change 2012/2011	million euro	% change 2012/2011
Beef	1,394	-3.2	3,580	3.8
Pigmeat	2,017	-2.2	2,969	6.0
Sheepmeat and goatmeat	60	-1.2	191	-0.8
Poultry	1,772	4.8	2,907	9.7
Rabbits and game	417	1.0	996	3.1
Cow milk and buffalo milk (000 hl)	108,763	-2.4	4,555	-0.3
Sheep and goat milk (000 hl)	5,446	-1.0	432	1.5
Eggs (million)	12,777	-1.2	1,509	30.9
Honey	10	-13.7	36	-6.6

[1] Live weight
[2] Production at basic prices and values at current prices.
Source: ISTAT.

sult of an increase in prices (+6.6%) and a decrease in production volumes (-3.1%). The decline has affected most of the crops and especially the wine (-15.4%), potatoes (-14.7%), maize (-13.4%), tobacco (-8.4%) and fresh fruit (-7.7%). Livestock sector production is in slight decrease (-0.6%). In particular meat production reduces (-1%) compared to 2011, while milk production is stationary (+0.3%).

Support activities and secondary activities in agriculture (million euro)

	2012	Current values % change 2012/11	Chain indexes (2005) % change 2012/11
SUPPORT ACTIVITIES			
Subcontracting and leasing of vehicles and agricultural machinery	2,706.3	7.3	2.0
Harvest, initial processing	2,216.4	3.5	-0.8
Conservation of seed	239.0	14.0	4.2
Maintenance of the land in order to keep it in good agricultural and ecological conditions	855.2	4.2	3.2
New crops and plantations	254.4	8.2	4.7
Support activities for cattle breeding	202.4	1.3	-1.2
Total	**6,473.5**	**5.6**	**1.3**
SECONDARY ACTIVITIES			
Meat processing	318.2	-2.4	-0.4
Fruit processing	46.2	-3.1	-12.3
Milk processing	295.0	-3.7	-2.3
Farm holidays	880.1	-0.2	-2.9
Total	**1,539.5**	**-1.5**	**-2.6**

Source: ISTAT.

In 2012, the terms of trade in the agricultural sector, as measured by comparing the change in the producer price and the price index of intermediate consumption, has remained essentially stable (+0.6%) after four years in which, in a more or less intense way, there has been a deterioration in margins for the primary activity. In general, the average annual change in the price index of the products purchased by farmers – facilities and capital goods – has increased by 4.3% against an increase of 6.1% of the price index of products sold. Among the products purchased, the price of intermediate goods and services showed an increase of 5.5%, compared to 2011, while the capital goods registered a lower growth of 2.1%. The largest increases were recorded for energy and lubricants (+12.2%), fertilizers and soil improvers (+6.2%), seeds (+6%) and feeding-stuffs (+5.5%).

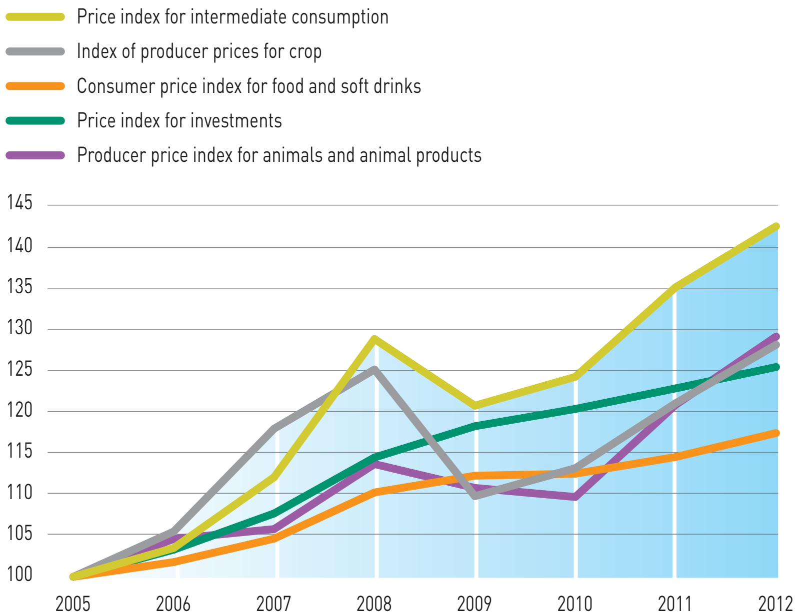
In 2012, the change in the price of vegetable products sold by farmers

Annual change in price indices and terms of trade

Source: ISTAT.

(+5.9%) and of animal products (+6.9%) is positive. Among the vegetable crops the largest increases were recorded for wine (+21.3%) and fruit (+14.7%). Price for potatoes, cereals and olive oil decreased (-4.6%, -3.2%, -1.3% respectively).
Finally, worth of note is the trend of the consumer price index for food and soft drinks which, compared to 2011, increased by 2.5%. The increase affected both processed and non-processed food (+2.7% and +2.2% respectively). In particular, as for the processed food it should be highlighted an annual growth of 3.5% in the price of sugar, jam, honey, chocolate and sweets, while the unprocessed food has experienced an increase in the price of sheep meat and goats (+2.7%), beef (+2.6%) and fresh fish reared in seawater (+3.9%).

Index of agricultural prices and the consumer price index for the entire community - index numbers (2005=100)



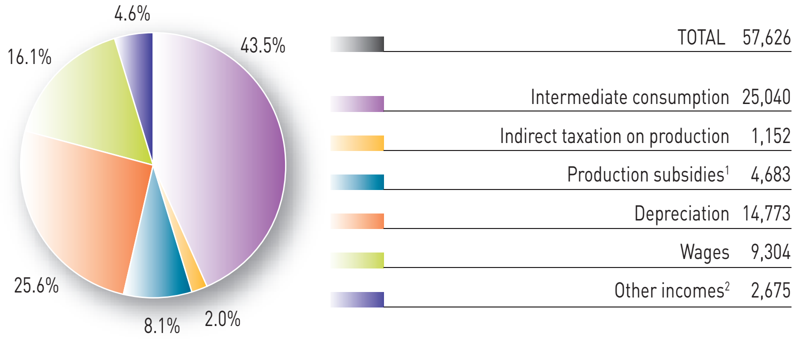
Source: ISTAT.

AGRICULTURAL INCOME

In 2012, the value of agricultural production, including production subsidies and indirect taxes, showed an incidence of intermediate consumption amounting to 43.5% regarding seeds, fertilizers, feeding-stuff, energy, services, etc. Wages have accounted for 16.1%, while depreciation accounted for 25.6%. The remuneration of self-employment (farmers, family workers, entrepreneurs, etc.) and of capital and business, net of depreciation, recorded a market share of 4.6% of production value. The grants and subsidies allocated by the Italian State and the EU to products and other business activities accounted for 8.1%, a decrease from 9.4% compared to 2011.

At the EU level, according to Eurostat estimates, the real agricultural income per work unit remained stable for the EU-28, compared to 2011, after increases of 8.6% in 2011 and 16.4% in 2010. The largest increases were observed in Belgium (+27.9%), Latvia (+21%) and Lithuania (+17.6%). Even the Netherlands, Germany and Estonia have shown an increase of over 14%. The strongest decreases, however, have affected Romania (-27.1%), Poland (-13.7%) and Slovenia (-12.2%). Italy, compared to 2011, showed a decrease by 1.2%, after the positive performance which has experienced the last year (+12.9% compared to 2010). Croatia, as a new EU Member State from July 2013, showed a reduction in agricultural income per worker equal to -10.8%.

Breakdown of the value of agricultural production (million euro), 2012*



* Including forestry and fishing.

1 New CAP aid, interest subsidies (rural development, natural disasters, etc.).

2 Self-employment, capital and business, to the net of accumulated depreciation and subsidies on production.

AGRO-INDUSTRIAL SYSTEM

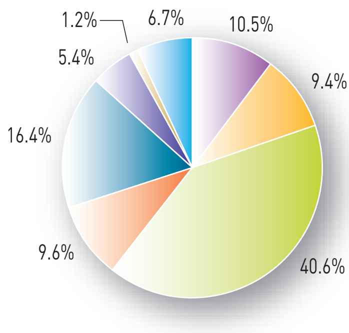
COMPONENTS OF THE SYSTEM

The agro-food system is the set of activities connected by trade which contributes to the establishment of the food value, in the same way how it reaches the consumer's table: it is a fundamental part of the economy of our Country.

The composition of this system varies in time and space, as a consequence of the change in technology and consumer behavior. Agriculture is the primary ring, and actually the only sector indispensable regardless of the structure such a system takes, up and down in the supply chain, which connects the other sectors of the economy – producers of technical tools and services, outside contractors, food manufacturers, processing activities of the food industry, distribution, catering – which together are worth the remarkable figure of 266 billion euro, or almost 17% of national GDP.

The main components are represented by: 28.1 billion euro in agricultural value added, 25 billion euro in agricultural intermediate consumption, 17.8 billion euro in agro-industrial investments, 25.7 billion euro in value added from the food-industry, 43.8 billion euro in value added from catering services and 108.2 billion euro from marketing and distribution.

Main components of the agro-industrial system at basic prices (million euro), 2012



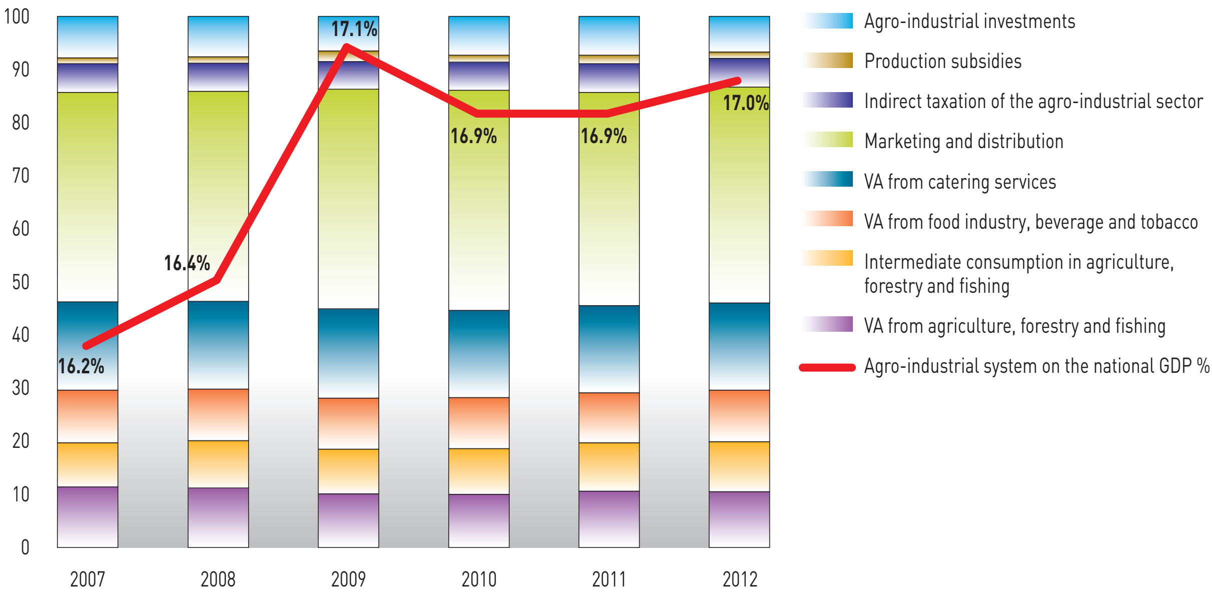
TOTAL	266,488
VA from agriculture, forestry and fishing	28,108
Intermediate consumption in agriculture, forestry and fishing	25,040
Marketing and distribution[1]	108,272
VA from the food industry, drinks and tobacco	25,705
VA from catering services[1]	43,778
Indirect taxation of the agro-ind. sector	14,450
Production subsidies[2]	3,327
Agro-industrial investments[1]	17,808

[1] Estimate.

[2] Single Farm Payment (SFP), aid for rural development, natural disaster relief, national and regional aid, premiums for tobacco, wine, warehousing, export rebates, etc.; production subsidies (new CAP aid) of 1,356 million euroare included in VA from agriculture at basic prices.

Source: ISTAT.

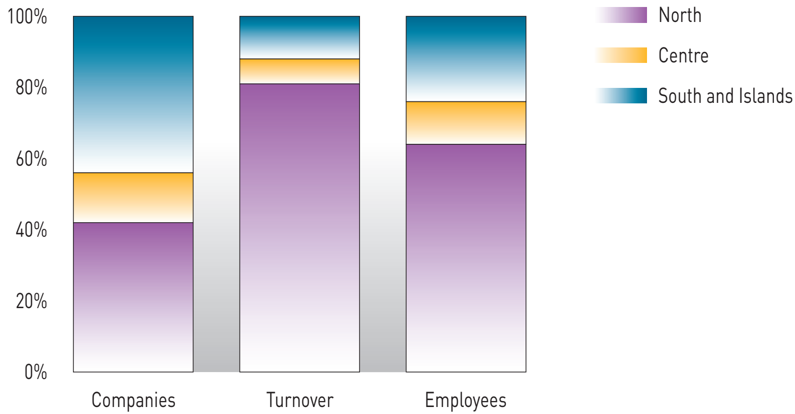
Agro-industrial system: distribution of the components and incidence on the national GDP



Source: provisional estimates 2012 on ISTAT figures.

According to the Register of Companies edited by Infocamere, in 2011, the agro-food system accounted for more than 10,000 active cooperatives, 73.5% of which work in the agricultural sector, 14.8% in the processing industry and the remaining 11.7% in the wholesale.
An important share of the agro-food cooperation joins the main representative associations[1]: there are approximately 5,900 cooperative firms which associate little more than 990,000 manufacturers with a turnover that, in 2011, exceeded 35 billion euro (Italian Centre for Agriculture Cooperation, Report 2013). This is the result of a moderate growth trend that has concerned, in latest years, both the number of cooperatives and the social base, as well as the turnover achieved. For this reason, it should be noticed how the agro-industrial cooperation has managed to record a positive trend even in these years of deep economic crisis. In contrast to the complicated economic system, cooperatives in our country have been able to consolidate the results achieved, although with remarkable differences inside them, and to maintain employment levels and even to increase them (CENSIS, Alliance of Italian Cooperatives, Report

Companies by geographical distribution, 2011



Source: data from the Observatory on the Italian agro-industrial cooperation, Report 2013.

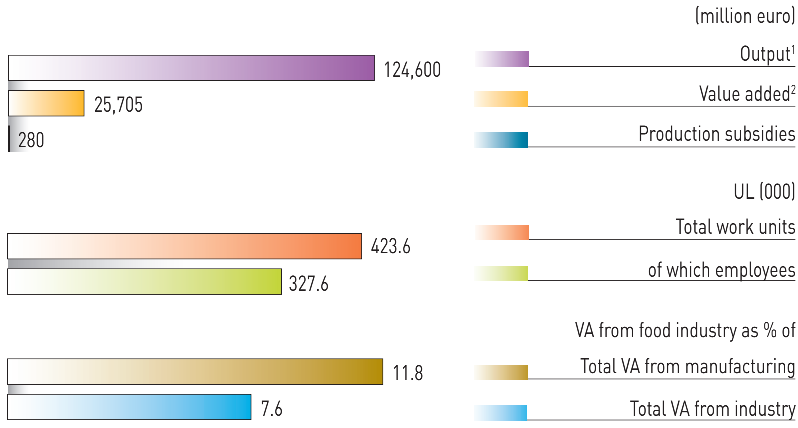
[1] *Agci-Agrital, Fedagri-Confcooperative, Legacoop Agroalimentare, Unci and Unicoop.*

2012), although many of them (about one-third) experienced a very critical economic situation.
From a territorial point of view, the agro-industrial cooperation highlights remarkable differences that affect both the structural characteristics and the economic performance, the result of a process of diversified development that has resulted in a polarized reality: in contrast with the North that, in 2011, with 42% of cooperatives has added for more than 80% of the total turnover, absorbing 64% of the employees, there is the South that, while relying on the 44% of cooperatives, has produced only 12% of the turnover absorbing 24% of the employees.
The Italian agro-industrial cooperation is characterized by the presence of many large companies which operate mainly in the stages of processing and/or marketing of products, and by the presence of small cooperatives that are involved in multiple functions, such as the defense of the territory, the provision of services, the marketing of products at local level.
As for the productive sector, animal husbandry for meat stands in first place with a turnover of 9.3 billion euro (27% of the total) in 2011. It is followed by the fruit and vegetable sector, which boasts the highest share in terms of employment (30%), and by the dairy sector.

FOOD INDUSTRY

According to the first results of the 9th Census of Industry and Services and non-profit Organizations, the number of active firms in food industry, beverages and tobacco amounted to 58,709, as of 31st December 2011, with a decrease of 13.5% compared to the previous Census carried out in 2001. The food industry represents 14% of manufacturing firms and 1.3% of the total national production. The sector employs about 421,000 operators and 12,000 workers, considering external and temporary people. At the territorial level, 29% of active companies in the sector is located in the South, 22% in the North-West, 17% in the North-East and 16% in both the Centre and the Islands. The employees, in the North, account for 57% on the total of the sector, followed by the South and the Centre with 20% and 15% respectively. The Islands are bringing up the rear, with 9% of the work force.
In 2012, the value of output at current prices in food, beverage and tobacco recorded a slight increase of about 0.8%, compared to 2011. This is a positive result but lower than those of 2011 and 2010 when the value of output increased, respectively, of 2.7% and 2.4%.
Some important categories of the Ital-

Food industry*: main macro-economic aggregates, 2012



* Including beverages and tobacco.
[1] Value of production at basic prices, in current values, estimated from ISTAT figures.
[2] Value added, at basic prices, in current values.
Source: ISTAT.

Turnover in the food industry by sector (million euro), 2012

	Million euro	% change 2012/11
Miscellaneous[1]	26,855	2.8
Milk and dairy sector	14,900	-0.7
Confectionery	13,062	2.7
Wine	10,080	-4.0
Cured meats	7,989	0.5
Animal feed	7,740	2.4
Beef	5,900	0.0
Poultry	5,750	2.7
Pasta	4,605	2.3
Frozen food	4,260	1.4
Olive and seed oils	4,200	5.0
Tinned vegetables	3,650	1.4
Milling	3,619	2.3
Baby food, diet food and food supplements	3,200	0.0
Beer	2,750	1.9
Coffee	2,650	3.9
Mineral water	2,300	4.5
Sparkling drinks	1,850	0.0
Fish	1,480	1.4
Rice	1,060	-5.9
Range IV prepared food[2] using fresh or powdered ingredients	1,050	2.9
Fruit juices and fruit-based drinks	1,050	0.0
Total	**130,000**	**2.4**

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

2 Preparation of fresh, treated and packaged vegetables, sold in chilled food departments.

Source: Federalimentare.

ian agro-industrial sector showed a negative trend in production during 2012. The processing and storage of fish products (-9.4%), the production of oil as well as animal and vegetables fats (-7.2%), bread and fresh pastry (-2.9%) were among the most affected. In increase, however, the production of condiments and seasonings (+5.1%), chocolate and candies (+4.4%), ice-cream (+.37%), beer (+2.7%) and the pre-packaged meals (+2.4%).
The value added of the whole sector has recorded a growth of 4.4% in current terms, mainly due to the increase in prices, also considering the slight decline in production in terms of quantity. On the whole, in 2012, the added value in the food industry represented about 12% of the manufacturing industry and 8% of the total industrial sector, including buildings.
At European level, companies operating in the food industry[1] are 264,100

1 It is estimated that there are about 23,100 companies in the beverage industry.

(Eurostat 2010). They employ 4.1 million workers, or 3.1% of the total economy and 12% of the manufacturing sector. The total value of production has been of about 746 billion euro and the value added of the sector reached about 167 billion euro in 2010.
In the EU-27, Germany has represented the highest share of the value added (17.7%), followed by France, the UK and Italy, each with more than 10% of share. Germany and France have registered shares respectively of 18-19% and 14-16% in terms of production and workforce in the EU-27. As for the number of employees, Italy stood at around 10% of the total EU, while the value of production accounted for a share of about 13%.

Change in volume of food production by sector (%)

	% change 2012/11
Processing and preserving of fish products, shellfish	-9.4
Vegetable and animal oils and fats	-7.2
Bread and fresh pastries	-2.9
Processing and preserving of fruit and vegetables	-2.5
Wine from non-self-produced grapes	-1.9
Meat products (including fowl)	-1.0
Processing and production of corn starch	-0.5
Milk and dairy industry	-0.5
Soft drinks, mineral water and other bottled water	0.3
Pasta, couscous and similar farinaceous products	1.1
Rusks and biscuits; preserved pastry products	1.3
Distilling and blending of spirits	1.5
baby food and diet food	2.1
Processing of thè and coffee	2.4
Prepared meals	2.4
Beer	2.7
Sugar	3.2
Fruit juices and vegetables	3.6
Ice-cream	3.7
Cocoa, chocolate, candies and confectionery	4.4
Condiments and spices	5.1
Total food industry, drinks and tobacco	**-0.6**

Source: Federalimentare.

Value added and numb. of employed in the food industry, beverage and tobacco in the EU-27, 2010

	Value added*			Employed		
	million euro	% to total industry[1]	% Italy to UE	000 units	% to total industry[1]	% Italy to UE
Production of food products	166,872	10.5	11.4	4,092	12.0	9.6
of which:						
Processing and preserving of meat and production of meat products	31,200	2.0	9.6	948	2.8	6.2
Processing and preserving of fish products	3,942	0.2	7.6	114	0.3	4.9
Processing and preserving of fruit and vegetables	12,600	0.8	12.5	260	0.8	11.4
Vegetable and animal oils and fats	4,315	0.3	13.5	63	0.2	17.1
Milk and dairy sector	18,000	1.1	14.7	360	1.1	12.0
Processing of milled and starch products	7,340	0.5	9.4	110	0.3	8.0
Processing of bread, biscuits and pasta	40,668	2.6	13.5	1,526	4.5	11.3
Production of other food products[2]	38,800	2.4	10.7	584	1.7	9.7
Pet foods	9,200	0.6	6.8	126	0.4	6.5
Drink industry	37,000	2.3	9.7	474	1.4	7.5
Tobacco industry	6,949	0.4	4.0	48	0.1	2.4

* At factor cost.

1 Manufacturing industry.

2 Sugar, sweets, the, coffee, condiments, diet food.

Source: Eurostat.

Main indicators of the food industry in EU-27, 2010

	N. of companies	Employed	Output	Value added[1]	Turnover
	(000 unit)		(million euro)		
Belgium	7.4	85.6	33,499	5,562	35,354
Bulgaria	4.7	87.6	3,188	624	3,604
Czech Republic	6.6	102.9	9,135	1,946	11,010
Denmark	1.5	53.4	16,789	3,896	19,145
Germany	30.7	799.3	135,679	29,586	147,948
Estonia	0.4	12.4	1,006	208	1,125
Ireland	0.6	34.0	18,695	5,225	21,666
Greece[2]	15.8	81.2	10,246	3,337	11,102
Spain	23.5	322.6	74,097	15,540	78,771
France	57.1	576.6	122,491	27,570	135,109
Italy	54.3	393.8	96,306	19,077	100,332
Cyprus	0.8	11.2	1,156	331	1,274
Latvia	0.7	23.2	1,201	274	1,252
Lithuania	1.1	39.0	2,539	460	2,677
Luxembourg	0.1	-	-	-	-
Hungary	4.3	89.6	7,045	1,487	8,184
Malta	-	-	-	-	-
Netherlands	4.4	120.4	46,076	8,817	51,071
Austria	3.6	68.9	12,091	3,441	13,287
Poland	13.6	396.6	34,499	7,245	37,959
Portugal	9.7	96.3	9,836	2,164	11,103
Romania	7.9	162.9	6,514	1,480	7,434
Slovenia	1.1	14.7	1,485	382	1,756
Slovakia	2.6	37.3	2,538	594	3,229
Finland	1.7	34.4	8,121	1,948	8,633
Sweden	3.3	59.5	12,954	3,162	14,840
United Kingdom	6.4	381.0	78,341	22,262	84,936
EU-27	264.1	4,091.5	746,291	166,872	813,590
Croatia	2.9	57.3	3,570	984	4,355

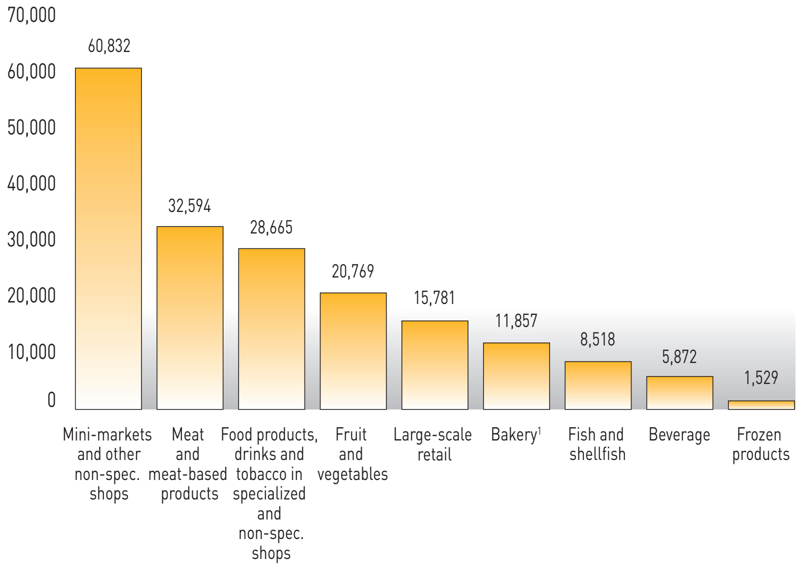
[1] At factor cost correspond the value added at basic prices, net of taxation on production and including duties.

[2] Data refer to 2009.

Source: Eurostat.

In 2012, the number of fixed-location businesses in the food sector showed a slight decrease compared to 2011 (-0.4%), dropping to 186,417 shops. In particular, the types of non-specialized outlets (hypermarkets, supermarkets, mini-markets, discount stores, etc.) were, on the whole, 95,404, a slight decrease (-0.5%) compared to 2011. This was the consequence of a substantial increase in the number of discount food (+10.6%), supermarkets (+4.5%) and frozen food stores (+2.2%) compared to a decrease of mini-markets and other non-specialized shops (-1.5%).
Specialized food shops, which include more traditional sales methods and often located in small shops, were 91,013, net of retail outlets monopolies (such as tobacco shops), showing a slight decrease (-0.2%) compared to 2011. Noteworthy is the negative change (-2.1%) in the retailers of meat, which represent the largest category with 32,594 shops, and in the

Fixed-location retail food shops, 2012



[1] Including resales of confectionery and sweets.

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

stores of fish products (-0.8%) which include 8,518 units. There is an increase in the number of beverage stores with 8,872 units (+1.5%), fruit and vegetables (20,769 units, +1.3%) and other specialized shops (+1.6%); the retailers of bakery products remain stationary with 5,872 units.
At local level, the number, the type and the specialization of the shops are different throughout the peninsula. The data from the Ministry of Economic Development's Observatory of Trade show a widespread prevalence of the sales of food products (wholesale, intermediary, retail and street merchant) in Campania, Lombardy, Sicily, Lazio and Puglia (approximately 30,000 units for each region). Although Lombardy stands out for the presence of hypermarkets (176 units in 2012), it is the Campania region to lead with just over 27,900 stores with regard to the fixed-location food retailers, specialized and non-specialized. This Region also has the highest number of food wholesalers (some 7,669 units), especially sellers of fruit and vegetables and agricultural raw materials (some 1,903 units), while the presence of intermediaries in commerce is much more numerous in Lombardy (5,138 units for food pro-

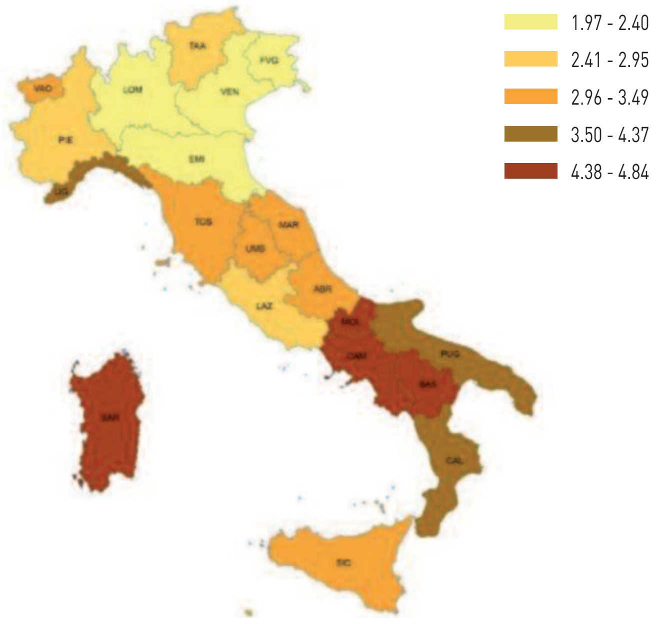
Large-scale distribution: index of sales value at current prices (base 2010=100) by type of business

	Index			% Change		
	Oct. '12	Nov. '12	Dec. '12	Oct. '12/.Oct. '11	Nov. '12/Nov. '11	Dec. '12/Dec. '11
Non-specialized large-scale distribution	100.5	96.7	126.8	-3.5	-0.7	-1.2
Mainly food	101.2	97.2	123.2	-3.0	-0.2	-1.2
- Hypermarkets	96.2	95.1	131.4	-7.6	-2.2	-2.3
- Supermarkets	102.6	97.1	118.8	-1.0	0.5	-0.8
- Discount	109.0	102.5	117.6	2.0	1.6	0.9
Mainly non-food	95.1	93.2	157.4	-6.9	-3.7	-1.4
Specialized large-scale distribution	110.1	103.4	147.9	-4.6	-1.5	-0.3
Total	**101.9**	**97.7**	**130.0**	**-3.7**	**-0.8**	**-1.1**

Source: ISTAT.

ducts and 932 for agricultural raw materials and live animals).
According to ISTAT index of the value of total retail sales in the trade, in 2012, there was a decrease of 1.7% compared to 2011 as for the total number of retail stores, as a result of a slight increase (+0.2%) for the large-scale distribution and a decrease of 3.2% for firms operating in small areas. The decrease in sales, compared to 2011, has affected the non-food products (-2.7%) while food-products have increased slightly (+0.2%).

Fixed location retail food shops per 1,000 inhabitants, 2012



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

Area for 1,000 inhabitants of shops in the large scale retail (square meters), 2012

	Hyper + Super	Superette[1]	Discount
	(area/1000 inhabitants)		
North-West	220,5	36,7	40,2
North-East	222,1	46,2	50,2
Centre and Sardinia	182,3	52,0	48,5
South	148,1	64,7	38,5
Italy	**189,6**	**51,0**	**43,6**

[1] Superette is a food store with an area between 200 and 400 square meters.

Source: Nielsen.

In 2012, Italian household spending on food, beverages and tobacco was approximately 165 billion euro in current values, a decrease of 0.4% in value and a 3.2% in quantity, compared to 2011. Spending for food and beverages, excluding alcoholic drinks, totaled about 138 billion euro in current value, a decrease of 0.7% in value and 3% in quantity. Prices of food consumption increased by 2.4%.

On the overall household expenditure, the expenditure for food, beverages and tobacco represents the largest share (17.1%) after housing consumption.

In 2012, the average monthly household expenditure of food and drinks has remained essentially stable (i.e. 477 euro), thus reflecting cost containment strategies put in place as to cope with the increase in prices: actually, the number of families who have reduced the quality or quantity of food purchased has grown (from 53.6% in 2011 to 62.3% in 2012) and have increased those who have turned to hard discount (from 10.5% to 12.3%), mainly at the expense of supermarkets, hypermarkets and traditional shops. In the South the percentage of families that purchased at least one grocery at hard discounters has reached 14.6% (from 13.1% in 2011), but it's the North that records the largest increase (from 8.5% to 10.9%).

Spending for bread and cereals, for meat, milk, cheese and eggs declined against an increase in spending for drinks.

At the territorial level, in 2012, Ca-

Breakdown of consumption by main category of expenditure, 2012

Category of expenditure	% of total expenditure	Change 2012/2011 (%)	
		chained indexes	implicit prices
Food, drinks and tobacco	17.1	-3.2	2.9
- of which food and non-alcoholic drinks	14.3	-3.0	2.4
Clothing and shoes	6.9	-10.2	2.5
Housing, gas, electricity and other fuels	23.6	-0.5	4.3
Furniture, electrical appliances and home mainatenance	7.1	-5.8	2.1
Health	2.8	-2.2	-0.3
Transport	12.7	-8.5	6.7
Communications	2.2	-4.8	-2.5
Recreation, culture and education	8.1	-4.5	0.6
Hotels and restaurants	10.2	-1.9	1.4
Other goods and services	9.4	-4.4	0.0
Total	**100**	**-4.1**	**2.8**

Source: ISTAT.

labria, Sicily and Campania are the regions which have allocated for food spending more than a quarter of the total expenditure, while in the central and northern Regions the share is lower than the national average (19.4%), with the exception of Liguria (20.5%), Umbria (20.4%) and Lazio (19.9%).

At European level, the incidence of food expenditure on the total was about 13%. Such a result summarizes quite different situations in which Latvia, Estonia and Poland are characterized by a very high share of the food component on the total spending unlike the United Kingdom and Luxembourg. Spain, Belgium and France are the countries with a share very close to the European average and slightly lower than the Italian. In all countries there has been an increase in food prices but only some of these have experienced a decrease in the quantities purchased. The greater negative changes have affected Estonia, Slovakia and Greece.

Food consumption in Europe*

Country	% of total expenditure	Change 2011/2010 (%)	
		quantity[1]	price[2]
Austria	10.0	-0.9	4.5
Belgium	13.4	-1.5	2.7
Cyprus	12.6	1.9	3.7
Denmark	11.4	-1.1	4.0
Estonia	19.8	-1.9	9.3
Finland	12.3	1.0	6.3
France	13.4	0.8	1.8
Germany	11.5	1.1	3.1
Greece	16.2	-3.6	2.4
Ireland	10.4	3.7	2.7
Iceland	14.6	4.0	4.2
Italy	14.2	-1.3	2.5
Latvia	19.9	5.9	9.7
Luxembourg	8.5	2.4	2.5
Malta	15.2	3.1	3.4
Norway	13.3	3.8	2.7
Netherlands	11.8	-0.1	2.3
Poland	18.9	-1.0	1.6
United Kingdom	9.1	-1.1	4.3
Czech Republic	14.7	0.2	7.8
Slovakia	17.4	-2.4	6.1
Slovenia	14.9	0.2	4.3
Spain	13.8	0.1	2.2
Sweden	12.2	2.2	7.0
Hungary	17.1	-1.1	6.4
EU-27	12.9	-0.5	3.5
Euro zone	13.0	-0.1	2.6

* Food and non-alcoholic drinks.
[1] Million euro, chained values, year of reference 2005.
[2] Change in the price index.

Source: Eurostat.

The year 2012 marks an improvement of trade flows over the previous year, also supported by the positive performance of the agro-industrial production (+2%). Exports grew by 5%, while imports fell by 2.5%, resulting in a trade balance which, although still negative, shows a clear improvement compared to 2011, amounting to almost 28%. Compared to 2011, the volume of trade increased slightly (+0.8%), while the reduction of imports has a negative impact on the value of apparent consumption, which shows a decrease of 1%.

The positive result of exports is manifested in the improvement of some indicators of the food system, such as the inclination to export and the degree of commercial coverage. The first shows an improvement of 1.1% over the previous year; even more significant is the variation of the second which, from year to year, gains 6%. The degree of self-sufficiency increased by 2.8%.

67% of the sales of food products is directed to the 27 EU-Countries, with only one percentage point less than the share in 2011. An amount equal to 11% is addressed to North America, mainly the United States, gaining

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

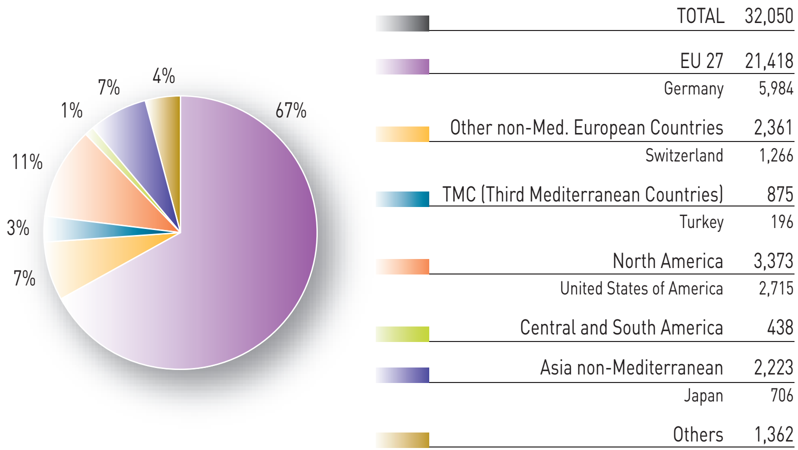
		2000	2011	2012
MACRO-ECONOMIC AGGREGATES				
Total agro-industrial output[1]	(P)	67,899	77,625	79,223
Imports	(I)	25,358	39,595	38,600
Exports	(E)	16,867	30,516	32,050
Balance	(E-I)	-8,491	-9,079	-6,550
Volume of trade[2]	(E+I)	42,225	70,111	70,650
Apparent consumption[3]	(C=P+I-E)	76,390	86,102	85,403
INDICATORS (%)				
Degree of self-sufficiency[4]	(P/C)	88.9	89.5	92.4
Propensity to import[5]	(I/C)	33.2	46.0	45.2
Propensity to export[6]	(E/P)	24.8	39.6	40.5
Degree of trade cover[7]	(E/I)	66.5	77.1	83.0

* Million euro at current value; figures for output and trade include also "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 Agro-industrial output plus imports minus exports.
4 Otput-consumption ratio.
5 Imports-consumption ratio.
6 Exports-output ratio.
7 Exports-imports ratio.

Source: ISTAT.

one percentage point compared to 2011, and a market share of 7% is purchased by both other non-Mediterranean European countries and non-Mediterranean Asian countries. Even for the agro-food imports the balance among the various areas remains essentially unchanged compared to 2011, with 71% of purchases by the UE, two percentage points higher than the previous year, 8% from non-Mediterranean countries in Asia, 7% from South America, with Argentina leading supplier.
The primary sector recorded a recovery compared to the negative performance of 2011, evidenced by the improvement in the balance normalized by about 2.4% due to a decrease of 5.5% in imports, against a substantial performance of exports (-0.4%). Even more marked is the boost given by the food industry, whose normalized balance became from -13.8% in 2011 to -10.3% in 2012, driven by the increase in exports of 6.2%. On the total of the agro-industrial balance, the primary sector weighs 32% for imports compared to 63% of the industry, and 18% for exports compared to 61% of the industry.
"Made in Italy", the strength of our agro-food sector, confirms the competitive advantage based mainly on processed products, for which the value of the normalized balance amounted to 76.8%, a slight improvement

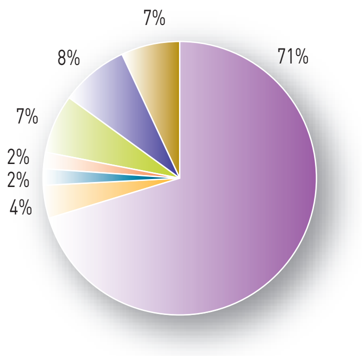
Destination of Italian agro-industrial exports, 2012



Source: ISTAT.

compared to 2011 (+0.7%). This result is the consequence of an increase in exports (5.5%). As for agricultural products, the normalized balance remains essentially unchanged, from year to year, reaching 61.7%. Even the food industry shows a positive trend in 2012, with a normalized balance that grows almost 2%. The products which record the best results are fresh vegetables (+6.9%) for the agricultural sector, the bulk wine (+12.9%) and vegetables or prepared/preserved fruits (+9.9%) for the processing sector, the cocoa-based confectionery products (+16.2%) and coffee (+12.6%) for the industry. The values of the most significant sales for the three categories of Made in Italy, agricultural sector, processing and industry concern, respectively, the fresh fruit, packaged wine and pasta.

Origin of Italian agro-industrial imports, 2012



TOTAL	38,600
EU 27	27,291
France	5,960
Other non-Med. European Countries	1,496
TMC (Third Mediterranean Countries)	782
Turkey	387
North America	913
United States of America	633
South America	2,546
Argentine	708
Asia non-Mediterranean	2,991
Indonesia	783
Others	2,581

Source: ISTAT.

Foreign trade by main agro-food category (million euro)

	Import	Export	Sn (%)
Cereals	2,406.90	153.7	-88
of which from seeds	180.3	44.6	-60.4
Fresh legumes and vegetables	851.7	1,123.20	13.7
of which from seeds	176.6	96.6	-29.3
Dried legumes and vegetables	217.6	35.2	-72.1
Citrus	289.3	161	-28.5
Other fresh fruit	1,024.50	2,438.00	40.8
Dried fruit	735.9	274.8	-45.6
Plants filamentous flocks	106.5	10.7	-81.7
Oil seeds and oleaginous fruits	774.4	59.8	-85.7
Cocao, coffee, the and spices	1,599.60	70	-91.6
Nursery products	486.6	678.3	16.5
Raw tobacco	25.2	266.7	82.7
Live animals	1,473.50	61.1	-92
of which fro breeding	160.6	30.4	-68.2
of which for rearing and slaughtering	1,289.40	17.3	-97.3
Other livestock products	442.1	66.2	-74
Forestry products	716.6	130.6	-69.2
Fishing products	961.7	194.8	-66.3
Game products	132.9	24	-69.4
Total Primary Sector	**12,320.10**	**5,842.10**	**-35.7**
Cereal derivatives	1,242.10	4,323.00	55.4
of which pasta	67.4	2,066.70	93.7
of which baked goods	727.9	1,476.20	33.9

	Import	Export	Sn (%)
Sugar and sweet products	1,987.00	1,577.00	-11.5
Fresh and frozen meat	4,537.70	1,146.10	-59.7
Prepared meat	348.7	1,239.70	56.1
Processed and preserved fish	3,270.20	315.7	-82.4
Processed vegetables	862	2,035.30	40.5
Processed fruit	561.3	1,075.70	31,4
Milk and dairy products	3,643.80	2,474.80	-19.1
of which milk	858	12.2	-97.2
of which cheese	1,622.50	1,975.80	9.8
Oils and fats	2,935.40	1,830.10	-23.2
of which olive oil	1,154.40	1,268.70	4.7
Oilcakes and feedingstuffs	1,850.90	632.2	-49.1
Other products from the food industry	1,627.10	2,690.50	24.6
Other food products	1,368.50	382.8	-56.3
Total Food Industry	**24,234.80**	**19,723.00**	**-10.3**
Wine	297.9	4,827.20	88.4
of which quality sparkling	124	499.8	60.2
of which liqueurs and aromatic spirits	5	230.5	95.7
of which quality bottled quality wine	44.9	3,190.60	97.2
of which quality bulk wine	38.7	164.4	61.9
Other alcoholic drinks	989.7	822.7	-9.2
Soft drinks	206	561.9	46.4
Total Food and Drink Industry	**25,738.10**	**25,970.20**	**0.4**
Total Agro-Food Balance	**38,599.50**	**32,049.60**	**-9.3**

Source: ISTAT.

Foreign trade in “Made in Italy” agro-food products

	2012 (million euro)			Change (%) 2012/2011	
	Import	Export	Sn (%)	Import	Export
Fresh fruit	444.9	2,354.40	68.2	-1	4.3
Fresh vegetables	287.2	824.8	48.3	15.4	6.9
Nursery products	143.7	519.6	56.7	0.6	1.2
Made in Italy in agriculture	875.8	3,698.80	61.7	4.1	4.4
Rice	64.7	491.6	76.7	-2.6	-1.8
Bottled wine	62.5	4,368.30	97.2	6.7	6.1
Bulk wine	115.6	436.3	58.1	26.4	12.9
Processed tomatoes	120.8	1,485.10	85	-15.9	3.4
Cheese	59.2	1,288.00	91.2	-6.6	1.9
Cured meats	189.1	1,084.90	70.3	-0.7	7.4
Fruit juice and cider	246.9	601.7	41.8	3.4	7.1
Prepared or preserved vegetables or fruit	476	890.1	30.3	-2.3	9.9
Olive oil	119.6	289.7	41.6	38.5	3.2
Vinegar	19.6	224.4	83.9	31.3	5.9
Essences	35.7	73.4	34.5	-9.5	-4.1
Mineral water	6.6	340.5	96.2	1.3	9.1
Made in Italy processed	1,514.50	11,530.00	76.8	1.9	5.5
Pasta	67.4	2,066.70	93.7	13.1	6.7
Coffee	166.4	980	71	-5.6	12.6
Baked goods	727.9	1,476.20	33.9	6.1	9.1
Cocoa-based sweet products	660.3	1,297.00	32.5	1.1	16.2
Other cereal derivates	28.3	109.4	58.9	146.7	7.4
Aquavits and liqueurs	178.1	557.4	51.6	-4.5	4.3
Ice cream	131.4	230	27.3	5.3	-9.6
Made in Italy from the Food Industry	1,959.80	6,716.70	54.8	3.3	8.9
Total Made in Italy	**4,350.10**	**21,945.50**	**66.9**	**3**	**6.3**

Source: ISTAT.

FARM STRUCTURE

The 6th general Agricultural Census shows a structural framework characterized by a strong decrease of farms (-32.4%) compared to 2000 and a more modest decline in total farm area (-9%) and UAA (-2.5%). The phenomenon is the result of a multi-year process during which agricultural lands and farms were concentrated in a substantially smaller number of farms. It has brought to an increase of the average farm's UAA that grows from 5.5 to 7.9 hectares.
Although there has been an increase in companies of larger size (>30 hectares), Italian agriculture continues to be characterized by a very large number of very small companies that affect the economic performance of the sector. Companies with a standard value production of less than 8,000 euro represent 62% of the total farms and they account for only 5.3% of the total standard production of domestic agriculture. It's clear that companies that have an economic weight so modest, although they have an important

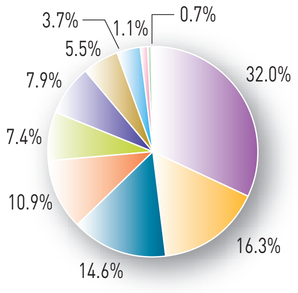
Farms and utilized area, 2010

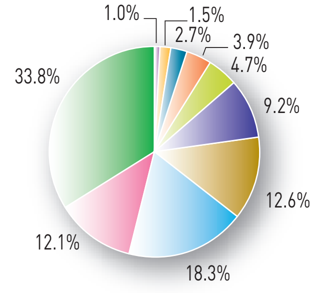
Regions	Farms		UAA (ha)		TAA (ha)	
	2010	% change 2010/00	2010	% change 2010/00	2010	% change 2010/00
Piedmont	67,148	-36.8	1,010,780	-5.4	1,299,008	-10.9
Valle d'Aosta	3,554	-40.0	55,596	-21.8	119,368	-24.5
Lombardy	54,333	-23.5	986,826	-5.1	1,229,561	-9.0
Liguria	20,208	-45.4	43,784	-31.4	98,048	-39.1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

Source: ISTAT, 6th and 5th Agricultural Census.

role for the care and protection of the environment and landscape, are mainly aimed at the production for self-consumption or other ancillary functions such as hobbies and recreational activities rather than commercial purposes. Only 310,000 companies (19% of the total) can be considered real “business”. These companies account for almost 90% of the value of the Italian standard production (whose total value amounts to approximately 49 billion and 500 million euro).

% distribution of farms and standard output, 2010

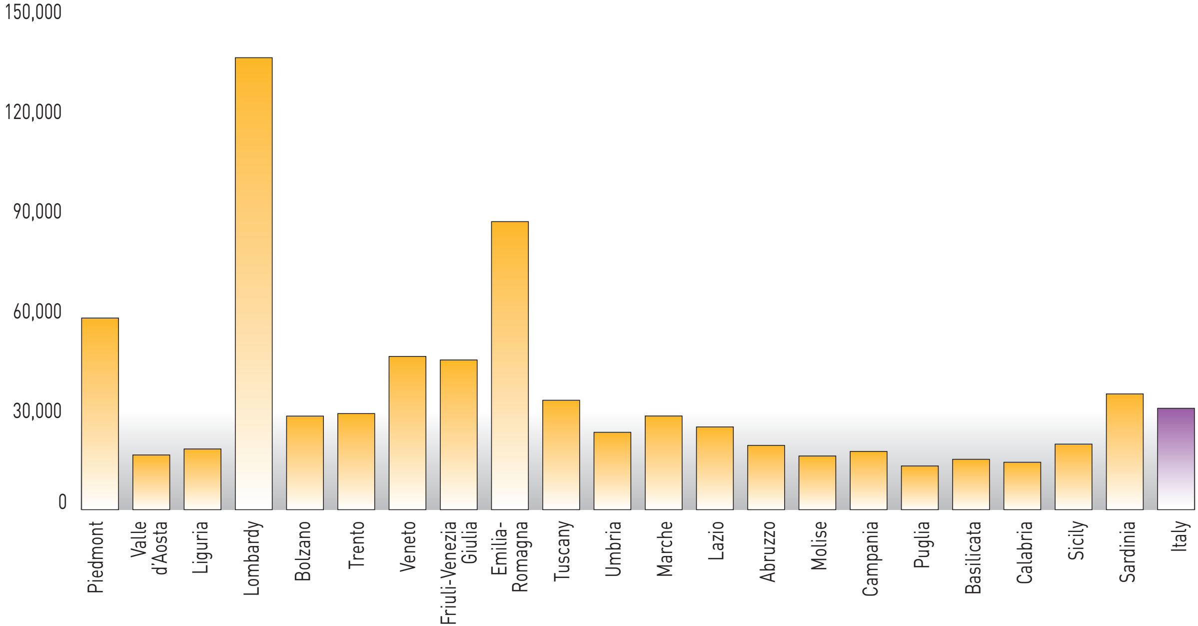




TOTAL	1,620,884
from 0 to 2,000	518,385
from 2,000 to 4,000	263,773
from 4,000 to 8,000	236,338
from 8,000 to 15,000	177,023
from 15,000 to 25,000	119,505
from 25,000 to 50,000	128,590
from 50,000 to 100,000	88,655
from 100,000 to 250,000	59,436
from 250,000 to 500,000	17,410
> 500.000	11,769

TOTAL	49,460,329,731
from 1 to 2,000	512,254,665
from 2,000 to 4,000	765,093,790
from 4,000 to 8,000	1,354,603,959
from 8,000 to 15,000	1,949,711,790
from 15,000 to 25,000	2,320,878,799
from 25,000 to 50,000	4,557,314,119
from 50,000 to 100,000	6,227,506,358
from 100,000 to 250,000	9,054,610,179
from 250,000 to 500,000	5,988,971,178
> 500,000	16,729,384,897

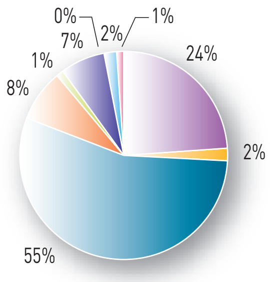
Average standard output per region (euro), 2010



Source: ISTAT, 6th Agricultural Census.

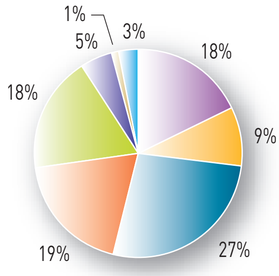
More than 81% of total farms is specialized in vegetable crops and produces 55% of the Italian standard agricultural production. About 8.6% is specialized in livestock but represents 37% of total standard production, thus showing the best economic performance. Mixed farms (with crops and livestock), together with those unclassifiable, do not reach 10.4% of the total and achieve 8% of the standard production.
The companies that are specialized in permanent crops (vines, olive trees, groves and citrus trees) represent up to 55% of the total and 28% of the total standard production. Then, there are companies specialized in arable crops (384,000) that account for 16% of the national agricultural standard production. Companies specialized in the breeding of granivorous account for 18% of the total standard production, although they represent only 0.8%. On average, the standard production of the granivorous accounts for 960 million euro per farm, against

% distribution of farms and standard output by type of farm, 2010



NUMBER OF FARMS

Specialized in arable crops	383,761
Specializzate in horticulture	37,798
Specialized in permanent crops	891,401
Specialized in herbivorous	129,493
Specialized in granivorous	9,358
Polyculture	105,449
Mixed livestock	4,237
Mixed livestock and polyculture	35,587
Not classified	23,800



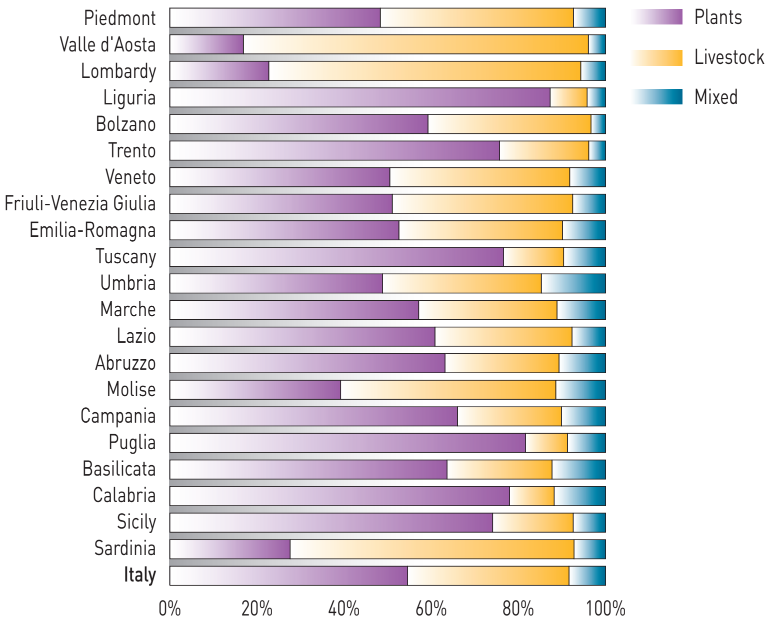
STANDARD OUTPUT

Specialized in arable crops	8,991,810,382
Specializzate in horticulture	4,268,038,822
Specialized in permanent crops	13,724,503,662
Specialized in herbivorous	9,341,279,898
Specialized in granivorous	8,979,335,586
Polyculture	2,296,925,382
Mixed livestock	429,766,102
Mixed livestock and polyculture	1,428,669,899

Source: ISTAT, 6th Agricultural Census.

15.4 million of the permanent, 23.5 million of arable crops and 28.6 of the mixed farms. Even the horticultural farms are particularly profitable, they are only 37,000 but they achieve an average standard production of 113 million euro.
The national average value of the standard production amounted to 30,514 euro but only 7 regions, mainly northern (except for Tuscany and Sardinia), exceed this average. Among these, it is the value of Lombardy which stands out for the presence of great livestock companies (136,979 euro).

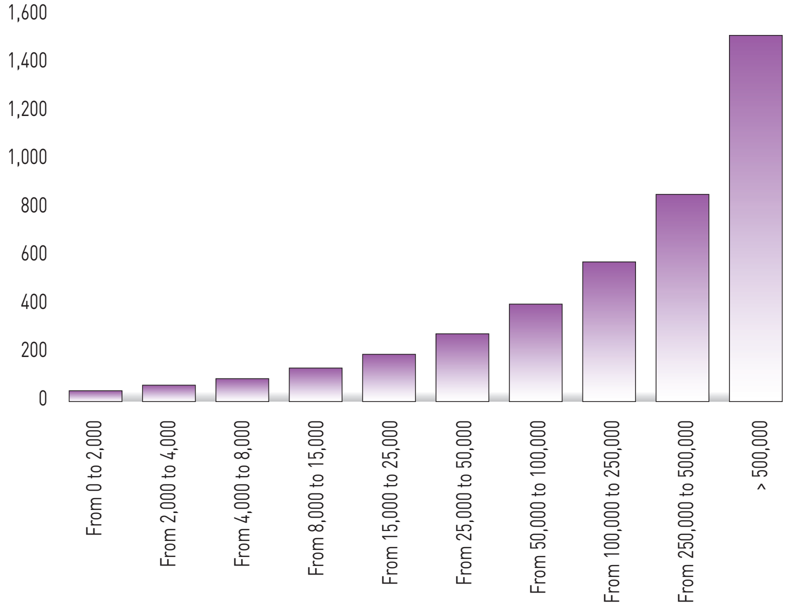
% composition - standard output, 2010



Source: ISTAT, 6th Agricultural Census.

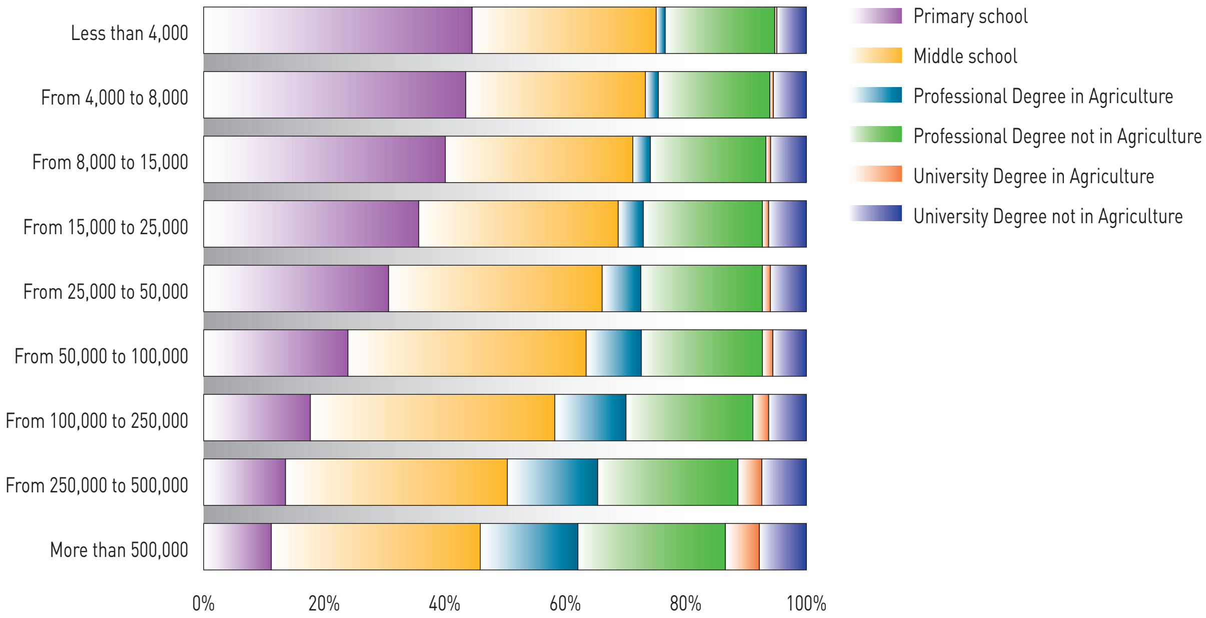
The structure of agricultural and livestock Italian companies is characterized by individual firm (96%), mainly run by the owner or his family (95.4%); only 4.1% of the farms involves wage earners.
The family takes on a central role for the programming and the management of agriculture, as much as 76% of the total workforce comes from the owner and his family. In 2010, the standard working days fell by 23.4% compared to 2000. The greatest reduction is due to family labor (-38.9% for the spouse and -31.6% other family members or relatives) and permanent workers (-3.7%); on the contrary, working days of temporary workers increase (+6.3%). The average work intensity of all components is 155 days per year.
Most company leaders have a level of education less or equal to that of the middle school (71.5%), only 0.8% seems to have a degree or diploma in agriculture. The title of the post-secondary school is not always connected

Average number of days per economic size class



Source: ISTAT, 6th Agricultural Census.

Distribution of farms by economic size class and level of education of the farm owner



Source: ISTAT, 6th Agricultural Census.

to specific studies in agriculture: only 4.2% of the company leaders has a specific qualification in the sector, the remaining 24.3% has titles other than agriculture. Although it can be highlighted a higher level of education in larger companies, it should be said that even in these companies (> 500,000 euro of standard production) most of the company leaders has a low degree of education that is almost half of the total number of farms (46%).

ECONOMIC RESULTS OF FARMS

In 2011, Italian farms (FADN database) recorded an average gross production of 56,597 euro, which corresponds to a net income of 22,478 euro, as a labour compensation of entrepreneur and his family.
The best results are achieved by the farms of the northern regions. In these areas the productivity and the

Structural and economic indicators by geographical area, 2011

	GSP/HA	GSP/LU	GSP/AWU	NI/FWU	NI/GSP (%)	NI/HA	NI/LU
North-West	4,785	3,009	70,686	29,801	37.6	1,801	1,133
North-East	5,474	6,899	60,289	28,354	39.5	2,162	2,725
Centre	3,103	8,180	41,468	19,033	37.3	1,157	3,050
South and Islands	2,715	6,354	34,312	19,675	42.0	1,141	2,670
Italy	**3,608**	**5,352**	**45,920**	**23,087**	**39.7**	**1,433**	**2,126**

Structural data and main economic results by geographical area, farm averages, 2011

	UAA	LU	AWU	FWU	GSP	Current costs	Long-term costs	Distributed income	Off-farm management	Net income
	ha	n.			euro					
North-West	20.6	32.6	1.4	1.2	97,892	41,253	7,575	10,005	-2,118	36,941
North-East	14.2	11,3	1.3	1.1	77,800	32,382	5,386	9,714	412	30,729
Centre	17.9	6.8	1.3	1.1	55,560	20,422	6,105	8,791	438	20,680
South and Islands	14.5	6.2	1.1	0.8	39,269	13,441	3,094	6,719	482	16,498
Italy	**15.7**	**10.6**	**1.2**	**1.0**	**56,597**	**21,683**	**4,548**	**8,025**	**137**	**22,478**

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

profitability, both in absolute terms and per hectare and per worker, are marking values higher than the national average. Such results are explained by the predominance of livestock farms in the North, generally with high economic value, together with a greater presence of intensive farming.

In particular, in the North-East are located large industrial poultry farms, while in the North-West there are pig fattening farms. The farms located in the North-West have a wider agricultural surface (28.3 hectares as against the national average of 16.5), which contributes to the achievement of good economic results.

The farms in the South, including Islands, while recording the lowest values for productive efficiency, gain in terms of net income on the production: they achieve a net income that represents 42% of production against a value that does not reach even 40% of the Gross Saleable Production (GSP) in other districts. This result is

Structural data and main economic results by type of farm, averages 2011

		UAA	LU	AWU	FWU	GSP	Current costs	Long-term costs	Distributed income	Off-farm management	Net income
		ha	n.			euro					
Vegetables	Cereal	23.2	0.1	0.9	0.9	45,518	19,868	3,303	5,543	-988	15,815
	Horticulture	3.7	0.1	2.4	1.4	136,966	57,715	6,410	21,789	-1,832	49,220
	Fruit	6.4	0.1	1.2	0.9	39,913	10,382	3,279	7,719	-248	18,286
	Wine	7.9	0.2	1.2	0.9	43,672	13,565	4,445	7,607	576	18,630
	Olive	6.7	0.0	1.0	0.7	24,995	6,557	1,751	5,758	380	11,308
Livestock	Dairy cattle	26.6	66.4	1.9	1.6	168,266	68,412	14,857	13,840	2,235	73,392
	Sheep and goats	44.6	37.6	1.3	1.2	45,875	14,830	6,673	6,023	2,874	21,223
	Mixed cattle	31.9	45.3	1.4	1.3	68,163	29,458	6,666	6,446	707	26,300
	Granivorous	22.6	311.5	2.2	1.7	370,625	205,505	16,267	23,203	-9,976	115,675
	Mixed livestock	30.2	47.0	1.9	1.7	114,600	51,559	9,516	13,280	233	40,478

primarily due to lower current costs, the main item of business expense, compared to the value of production: current costs account for 34% on the GSP compared to over 41% in the northern businesses.

Structural and economic indicators by type of farming, 2011

		GSP/HA	GSP/LU	GSP/AWU	NI/AWU	NI/GSP (%)	NI/HA	NI/LU
Vegetables	Cereal	1,961	366,033	50,344	18,544	35	681	127,174
	Horticulture	37,050	2,218,855	56,353	34,439	36	13,314	797,364
	Fruit	6,271	595,166	32,985	20,283	46	2,873	272,676
	Wine	5,549	213,683	37,571	20,749	43	2,367	91,157
	Olive	3,756	4,430,696	25,447	15,945	45	1,699	2,004,463
Livestock	Dairy cattle	6,334	2,535	89,343	47,204	44	2,763	1,106
	Sheep and goats	1,028	1,219	35,168	18,155	46	475	564
	Mixed cattle	2,139	1,504	47,510	19,865	39	825	580
	Granivorous	16,429	1,190	164,802	69,741	31	5,128	371
	Mixed livestock	3,799	2,440	59,924	24,446	35	1,342	862

Among the various vegetable productions, the horticultural sector stands out thanks to the achievement of production values and income much higher than those obtained from specialized companies in the other sectors. Horticultural farms, although characterized by a small area, however, face significant costs for carrying out agricultural activities. The production cycle requires, indeed, high use of facilities and workforce, as well as a substantial spending in technical tools. Seed purchases represent the main item of expenditure. The best economic results have been achieved by companies in the North-East, thanks to the greater land size.
Cereal farms, the larger ones for utilized agricultural area (an average of 23.2 hectares), achieve the best economic results in the North-West, thanks to the greater land size (31.4 hectares and 1.3 working unit).
The olive oil sector shows, however, the lowest values of production and income. Nonetheless, in the olive farms, as well as in the fruit farms, the current cost containment allows to regain in terms of net income. Current costs in both sectors account for 26% of the Gross Saleable Production, compared with 31% of the wine sector and more than 42% of cereal and horticultural sectors. Almost half of the production value of fruit and olive farms is resulting in net income (45% and 46% respectively).
The best economic performance of fruit farms are achieved in the northern regions, especially in the North-East: in these areas the average production value exceeds of over 20,000 euro the Italian average value in the sector. The farms specialized in viticulture and wine-making show the best results in the central regions and they record a value in the Gross Saleable Production which is almost double of that obtained from the sector at national level.

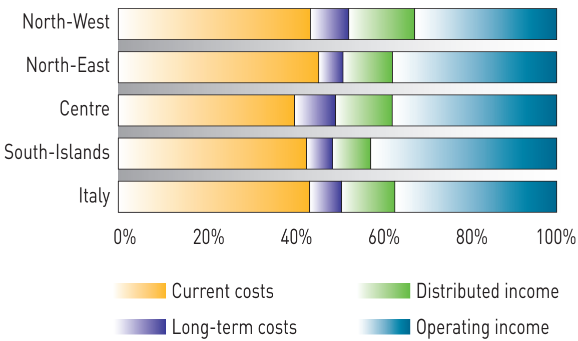
Structural and economic data by geographical area, cereal TF, 2011

	UAA	AWU	GSP/HA	GSP/AWU	NI/FWU
	ha	n.	euro		
North-West	31.4	1.3	2,608	62,854	18,647
North-East	18.4	0.7	2,417	59,366	22,591
Centre	25.3	1.1	1,556	36,990	14,906
South-Islands	22.1	0.8	1,348	39,585	17,246

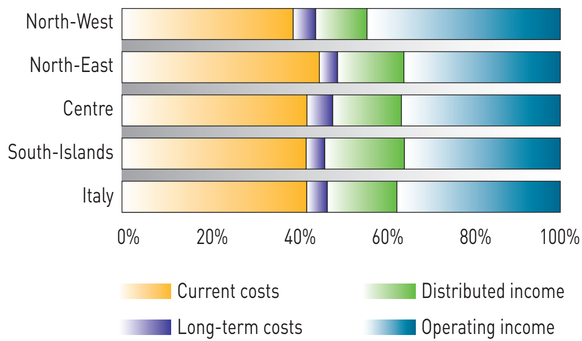
Structural and economic data by geographical area, horticulture TF: 2011

	UAA	AWU	GSP/HA	GSP/AWU	NI/FWU
	ha	n.	euro		
North-West	2.9	1.6	33,076	58,289	30,524
North-East	5.6	3.3	42,868	73,141	42,009
Centre	3.4	2.5	41,741	56,622	30,044
South-Islands	3.8	2.6	34,781	49,808	35,963

Farms specializing in cereals: % composition of GSP, 2011



Farms specializing in horticultural: % composition of GSP, 2011



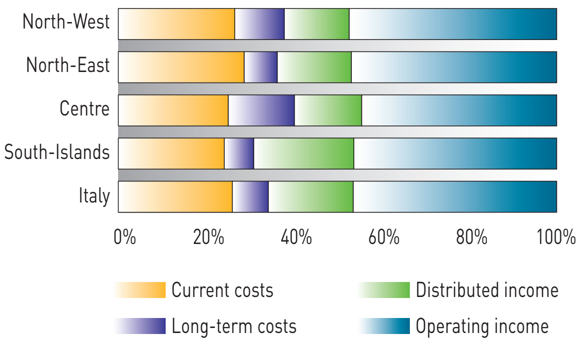
Structural and economic data by geographical area, fruit TF: 2011

	UAA	AWU	GSP/HA	GSP/AWU	NI/FWU
	ha	n.	euro		
North-West	6.8	1.4	6,900	34,596	16,765
North-East	6.0	1.4	10,156	43,430	25,392
Centre	5.8	0.9	4,419	27,760	14,039
South-Islands	6.5	1.2	5,167	28,797	19,896

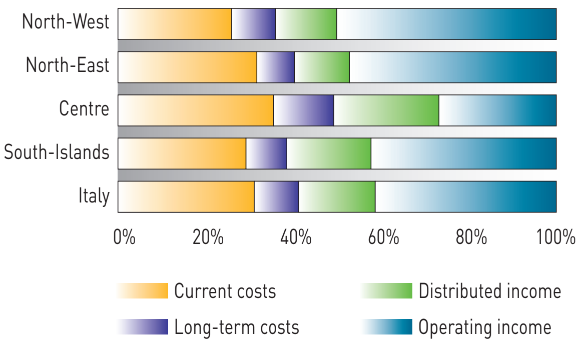
Structural and economic data by geographical area, wine TF: 2011

	UAA	AWU	GSP/HA	GSP/AWU	NI/FWU
	ha	n.	euro		
North-West	6.9	1.3	6,778	37,103	21,617
North-East	6.3	1.2	8,317	45,539	25,288
Centre	13.8	1.7	6,074	47,952	21,701
South-Islands	7.5	1.0	3,727	28,056	16,675

Farms specializing in fruit: % composition of GSP, 2011



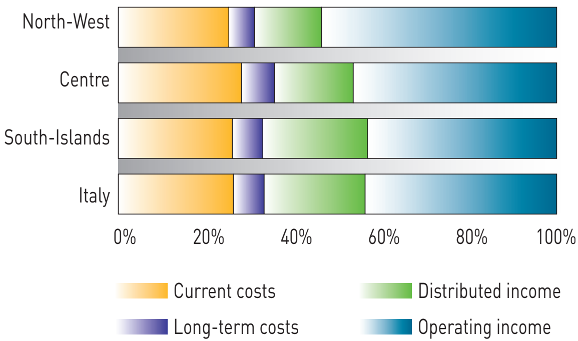
Farms specializing in wine: % composition of GSP, 2011



Structural and economic data by geographical area, olive TF: 2011

	UAA	AWU	GSP/HA	GSP/AWU	NI/FWU
	ha	n.	euro		
North-West	3.9	0.9	8,473	36,054	23,077
Centre	7.0	1.1	3,947	26,325	15,656
South-Islands	6.6	1.0	3,697	25,210	15,884

Farms specializing in oilve: % composition of GSP, 2011



Among livestock production systems, farms specialized in the breeding of grainfed animals stand out for the exceptional economic results achieved compared to other livestock farms. The sector is characterized by large industrial farms which explain such results: the average size of livestock farms exceeds five times the average recorded by the dairy cattle sector and almost 8 times the average of farms specialized in the breeding of sheep and goats. The dairy cattle sector and the mixed-breeding farms show, on average, the larger number of cattle and workers to carry out their activities. These sectors record higher values in productivity and profitability compared to farms that breed sheep and goats as well as mixed cattle which, on the contrary, appear to have the most extensive agricultural area and a reduced number of cattle per hectare. In particular, the average density of livestock, in farms with sheep and goats and mixed cattle, amounts respectively to 0.8 units/hectare and to 1.4 units/hectare in the mixed-breeding farms and it amounts to 2.5 units/hectare in the dairy cattle farms.

The farms breeding sheep and goats, although penalized on economic performance, show to be the most efficient in terms of income on the Gross Saleable Production (46%), thanks to the containment of current costs (33% of the Gross Saleable Production).

In the northern regions the best economic performance is achieved by the livestock farms, with the exception of the sheep and goat farms which excel in the southern regions and Islands.

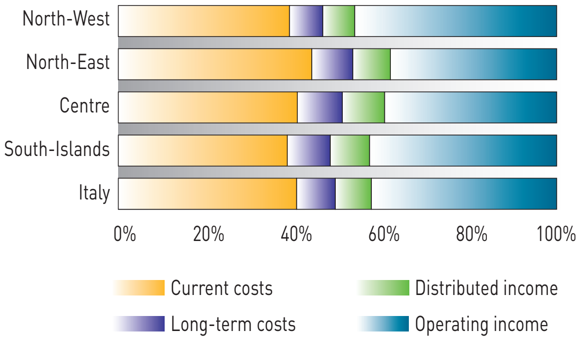
Structural and economic data by geographical area; dairy cattle TF: 2011

	UAA	LU	AWU	GSP/HA	GSP/LS	GSP/AWU	NI/FWU
	ha	n.		euro			
North-West	42.1	109.2	2.2	7,252	2,793	141,612	81,676
North-East	22.1	57.7	1.8	7,088	2,714	86,718	40,738
Centre	27.1	67.9	2.0	5,556	2,217	76,857	40,998
South-Islands	21.6	49.2	1.8	4,770	2,093	57,737	30,523

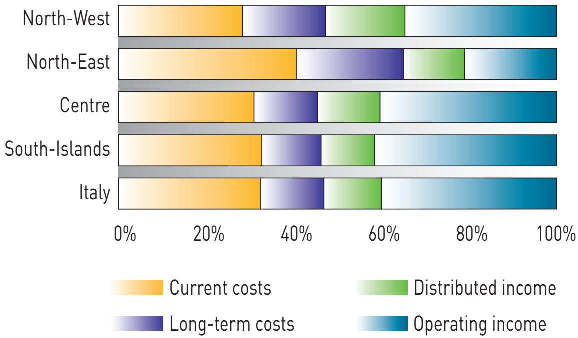
Structural and economic data by geographical area, goat and sheep TF: 2011

	UAA	LU	AWU	GSP/HA	GSP/LS	GSP/AWU	NI/FWU
	ha	n.		euro			
North-West	53.5	31.3	1.2	700	1,197	32,213	12,173
North-East	9.8	13.0	0.9	2,079	1,571	21,684	4,726
Centre	32.6	35.3	1.3	1,389	1,282	34,528	16,380
South-Islands	50.7	42.4	1.4	999	1,195	36,901	20,739

Farms specializing in dairy cattle: % composition of GSP, 2011



Farms specializing in goat and sheep: % composition of GSP, 2011



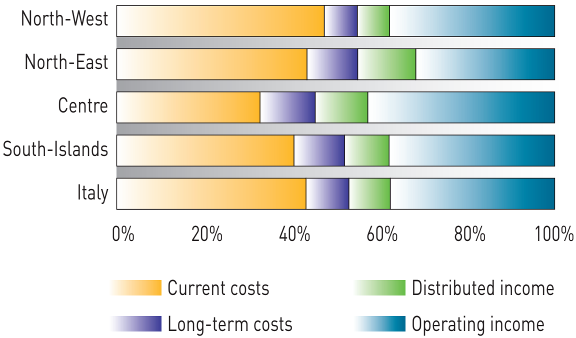
Structural and economic data by geographical area, mixed cattle TF: 2011

	UAA	LU	AWU	GSP/HA	GSP/LS	GSP/AWU	NI/FWU
	ha	n.		euro			
North-West	25.1	49.0	1.5	3,262	1,672	54,555	17,321
North-East	22.9	42.1	1.4	3,675	1,994	58,206	26,702
Centre	31.1	38.8	1.4	1,849	1,478	39,788	18,553
South-Islands	42.7	44.8	1.4	1,220	1,161	38,493	21,788

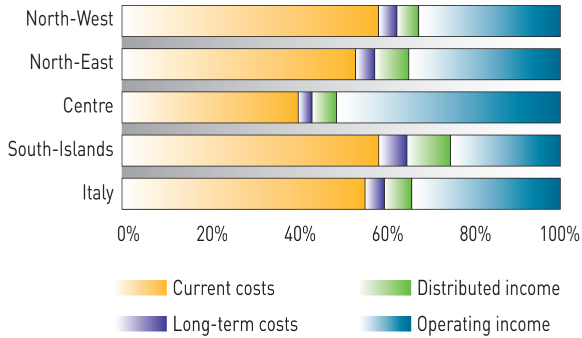
Structural and economic data by geographical area, granivorous TF: 2011

	UAA	LU	AWU	GSP/HA	GSP/LS	GSP/AWU	NI/FWU
	ha	n.		euro			
North-West	33.7	606.3	2.4	17,288	962	243,138	84,345
North-East	20.0	239.0	2.5	17,423	1,458	138,905	66,642
Centre	19.6	108.3	2.0	13,721	2,482	132,891	89,094
South-Islands	11.1	78.9	1.8	12,509	1,767	78,141	29,438

Farms specializing in mixed cattle: % composition of GSP, 2011



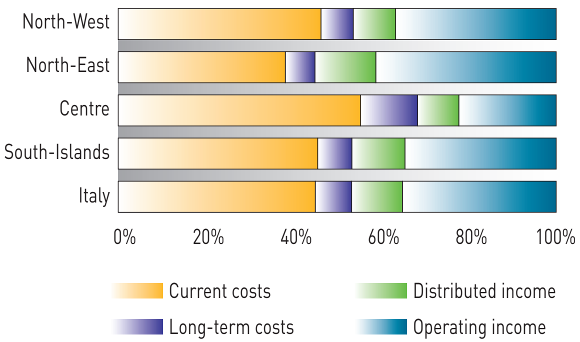
Farms specializing in granivorous: % composition of GSP, 2011



Structural and economic data by geographical area, mixed livestock TF: 2011

	UAA	LU	AWU	GSP/HA	GSP/LS	GSP/AWU	NI/FWU
	ha	n.		euro			
North-West	36.0	111.1	1.7	5,353	1,732	112,755	43,524
North-East	26.1	63.6	3.1	7,993	3,282	68,059	33,556
Centre	26.3	25.7	1.6	3,130	3,198	52,208	13,814
South-Islands	32.5	26.9	1.7	1,775	2,148	34,947	15,885

Farms specializing in mixed livestock: % composition of GSP, 2011



Analysis of FADN data, that are classified according to the new parameter of standard production[1], allows the assessment of the main cost groups for 2008-2010 period. These groups contribute to the net household income through their effects on the value of production.
On average, the net household income of the 27 countries remains positive for all types of farming, the only exception is recorded in Bulgaria for specialist vineyards which, despite involving approximately 1,260 farms in each year of the three-year period, they not affect particularly on the country's agriculture. Among the farms specialized in animal husbandry, the value of production is not sufficient to remunerate costs, thus recording negative family farm income values in dairy cattle and mixed cattle in Slovakia and Denmark, in sheep and goats in Slovenia and Denmark, and in granivores in Denmark and in Czech Republic.

Livestock farms
In the period 2008-2010, the Italian breeding of dairy cattle recorded excellent performance, with indices of productivity and profitability of production factors that almost always duplicate the overall European average.
In particular, Italy stands out for the best result of family income per employee that reaches more than 46,000 euro compared to the European average of about 15,000 euro, as well as for the highest productivity and profitability per hectare of land. Maltese data, that stand out far beyond the average of other countries, are related to a small number of farms (110).
In terms of income per livestock unit, the Italian farms are almost aligned with the Austrian farms which are however characterized (an average of 27 livestock versus 68 in Italy and 35 of the overall European average).
The economic results of Italian dairy sector are largely ascribable to intermediate consumption and capital depreciation which have limited impact on the value of production (intermediate consumption represents 45% of the value of production of Italian farms and 55% of European farms; Capital depreciation absorbs 8% of the value production compared to European average of 12%).
The smaller average size (27 hectares as against the 35 hectares of the UE) is offset by the greater number of cattle per unit area (2.4 unit of adult cattle as against 1.3 of the European average).
In the sheep and goat sector, the Italian and Spanish farms, while having differences in the supply of land and livestock – in Italian farms the average supply is lower than that of Span-

[1] *Further information of FADN data are available on the following web-site: http: //ec.europa.eu/agriculture/rica/index_en.cfm.*

ish farms (29 units of adult cattle and 45 hectares in Italy against 53 units of adult cattle and 64 hectares of the sheep and goat farms in Spain) – they are aligned in terms of percentage of net household income on gross production (43% in Spain, 46% in Italy), and their labor factor is almost equal. Only Greek farms can do better than Spanish and Italian farms, gaining in terms of net income a share of more than 47% of gross production.
Another interesting figure is that of the British farms that, despite they boast of a very significant number of cattle, 151 adult cattle against the 33 units of the European average, and with an area of more than six times the European average size, they fail to represent, in terms of income, a noteworthy productive advantage (about 92,000 euro of average production versus 33,000 euro of the European average), resulting in net income which represents only 22% of the production value. This result is due, in particular, to the greater impact of intermediate consumption (58% versus 50% of the EU average). As far as the mixed cattle farms are concerned, the Italian companies excel in terms of net income – calculated as a percentage of the production value (40%)- followed by Spanish farms with 37%. The livestock productivity of Italian farms is high, with an average of 1,486 euro of production value per livestock unit, exceeded only by the Austrian farms which record 1,642 euro per livestock unit.
In addition, the net income of Italian farms, that equals less than 690 euro per livestock unit, is more than double of the European average (300 euro).
The livestock husbandry, in France, despite it stands out for the consistent structural resources and an average gross production which is nearly 100,000 euro per farm, fails to align with the Italian and Austrian performance due to the increased incidence of intermediate consumption and external factors.
Analyzing animal husbandry specialized in grain-fed animals that in the EU average it accounts, yearly, for less than 190,000 farms, it should be pointed out how within this sector fall very specialized types of farming, with issues that are very different from each other such as pigs and poultry, eggs and meat.
Italy with only 7,200 specialized farms is not a Country worth of note, especially when compared to Poland and Romania that account for 43% of farms specialized in grain-fed animals all over the EU.
However, among European countries, Italy even in the three-year period continues to achieve satisfactory results in terms of productivity and especially in terms of profitability of all production factors considered.
The Italian farms are characterized by a very high supply of cattle, an average of 587 units per farm which is almost three times the EU average, by a greater use of labor, 2.2 labor units as against 1.9 of the UE, and they are also characterized by the less use of fam-

ily labor which accounts for 68% of the total labor employed compared to an average figure of 70%. With such a structure, which brings farms to agro-business, Italian farms manage to convert in net income 42% of the production value, while in the average of the European farms specialized in grain-fed animals this percentage does not reach 13 percentage points.

Vegetable crops

In term of productivity, the Italian horticultural farms excel with Belgium and Germany and they record values per hectare which are well above to the approximate 26,740 of the EU average, despite a limited area (3 hectares of UAA compared to almost 6 of the EU average). They stand out, even more, for the profitability of the land factor as well as for the labor factor (20,000 euro of net income per hectare of area planted versus the European average of about 5,480 euro); such results are largely ascribable to intermediate consumption which affect, to a limited extent, the gross production (31% versus 48% of the European average). For Dutch farms the production figure, very far from the equivalent parameter of the other EU Countries, confirms the leadership of the productive horticultural sector of the country, nonetheless it does not convert in income, because of the high surface extension and the strong use of wage labor.

The Italian wineries compete to French farms which have different structural equipment. French farms are, on average, larger (23 hectares compared to 7 hectares of Italian farms and 13 hectares of the European average), with more workers (2.7 labor unit against to 1.2 of the Italian farms and 1.6 of the European average) and a higher incidence of wages (50% compared to 26% of Italian farms).

This explains the difference in costs: external factors (wages, rents and interests) paid by the French farms account for about 30% of the production value, while in Italy only 14%.

The Italian farms boast the highest indicators of profitability of land, albeit from a low level of productivity of land and labor.

Olive farms of the main EU producer countries have in common the same substantial use of family labor, which affects approximately 70% of the total labor employed. Italian farms, which have an average of 5.8 hectares of UAA and 0.16 labor unit per hectare, have the highest productivity per hectare and per worker, as well as the highest profitability value per hectare; the Spanish and Portuguese farms have, however, the highest profitability per family's employee.

In the fruit sector, Italy, although it is not part of the leading group made up of Germany, Belgium, the Netherlands and the United Kingdom, achieves more than satisfactory results in terms of both productivity and profitability of land and labor, despite the reduced area (5 hectares of UAA vs. 28 hectares of the UK and

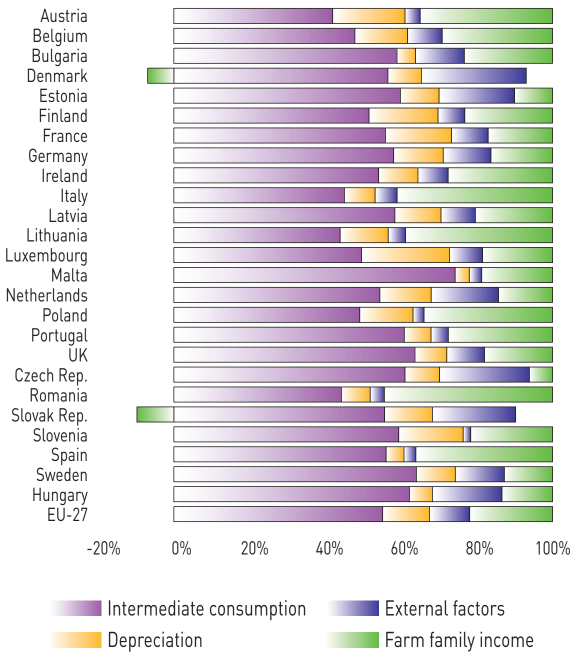
13 hectares of the Netherlands).
The Italian farms are in line with the European average as regards the work on average utilized (0.2 labor unit per hectare slightly above the EU average of 0.15 unit labor per hectare) and for the incidence of family work (68%).
The performance of Italian farms is positively characterized by a low incidence of intermediate consumption which absorb only 22% of the production value, compared with a European average of more than 30%.
In the cereal sector and in the oily-protein sector, the German, French and English farms, whose average of agricultural lands exceed 170 hectares (122 in France), clearly stand out for productivity.
The high levels of productivity and profitability per hectare and per unit of family labor in the Italian farms should be grasp in conjunction with the reduced land availability (22 hectares vs. 72 hectares of the European average) and with the high use of family labor (90% vs. 70% of the European average), considering that these crops are generally characterized by a low use of labor per hectare.

Farms specializing in dairy cattle: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/LU	GP/AWU	NI/HA	NI/LU	NI/FWU
Austria	2,093	2,211	36,856	977	1,032	17,594
Belgium	3,134	1,592	88,304	1,057	537	30,200
Bulgaria	1,513	956	6,906	409	259	2,979
Denmark	4,276	2,654	240,580	-379	-235	-42,329
Estonia	886	1,908	38,504	111	239	18,417
Finland	2,187	2,676	57,374	783	959	23,276
France	1,827	1,686	84,178	373	344	18,600
Germany	2,456	1,854	85,774	476	359	22,257
Ireland	2,295	1,231	79,975	763	409	30,688
Italy	**5,598**	**2,291**	**84,372**	**2,504**	**1,025**	**46,359**
Latvia	586	1,258	15,221	169	363	6,127
Lithuania	717	1,361	13,407	382	725	7,907
Luxembourg	1,870	1,519	103,276	469	381	28,278
Malta	38,864	1,798	83,145	8,624	399	21,437
Netherlands	5,162	2,145	146,396	803	333	25,073
Poland	1,307	1,251	14,580	535	511	6,147
Portugal	3,480	1,739	38,730	1,119	559	14,497
United Kingdom	3,103	1,702	128,427	620	340	40,059
Czech Republic	1,193	1,896	31,193	96	153	16,999
Romania	1,776	1,255	6,110	883	624	3,229
Slovak Republic	703	1,821	22,810	-130	-338	-128,348
Slovenia	2,856	1,876	21,708	764	502	5,881
Spain	4,865	1,993	65,393	1,959	803	28,356
Sweden	2,263	2,278	113,530	349	351	23,558
Hungary	1,433	1,928	34,149	240	323	17,804
EU-27	**2,404**	**1,800**	**47,478**	**620**	**464**	**14,409**

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

Farms specializing in dairy cattle: % composition of GP, 2008-2010

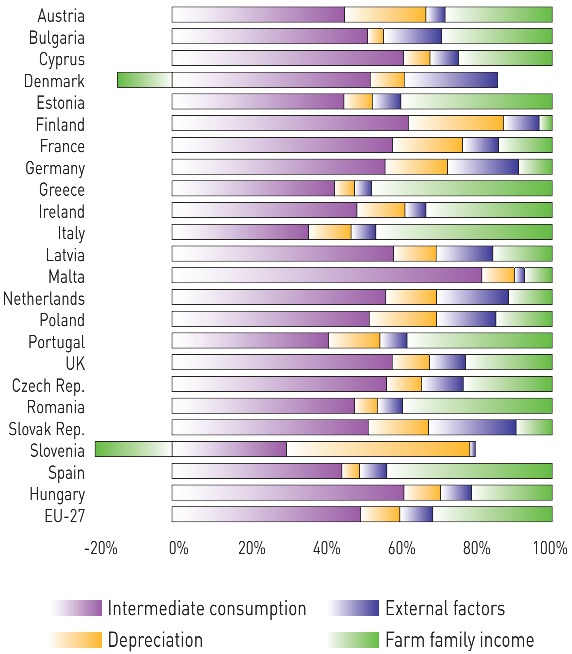


Farms specializing in goat and sheep: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/LU	GP/AWU	NI/HA	NI/LU	NI/FWU
Austria	1,957	2,264	31,921	764	883	12,890
Bulgaria	1,480	828	3,945	509	285	1,946
Cyprus	3,636	2,353	35,860	1,137	736	14,682
Denmark	2,595	3,630	86,493	-596	-834	-25,888
Estonia	227	999	8,514	169	742	7,006
Finland	814	2,045	25,039	60	150	1,993
France	921	1,216	51,168	178	235	10,872
Germany	681	1,349	37,880	98	193	7,230
Greece	4,533	1,165	22,112	2,708	696	15,111
Ireland	352	460	16,421	245	320	11,828
Italy	**955**	**1,460**	**32,538**	**540**	**826**	**20,882**
Lithuania	572	1,596	9,905	134	374	4,862
Malta	7,561	2,343	12,219	617	191	1,021
Netherlands	7,410	3,048	121,284	895	368	19,694
Poland	626	1,045	8,086	137	229	2,114
Portugal	324	698	9,598	185	399	5,957
United Kingdom	356	611	59,438	123	212	24,990
Czech Republic	358	1,017	17,650	208	592	15,758
Romania	1,551	833	7,866	684	367	4,094
Slovak Republic	335	1,146	11,953	72	248	9,541
Slovenia	1,023	1,425	8,147	-552	-770	-4,445
Spain	984	1,187	42,486	533	643	27,412
Hungary	386	671	18,994	133	230	9,486
EU-27	**835**	**997**	**20,421**	**346**	**413**	**10,104**

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

Farms specializing in goat and sheep: % composition of GP, 2008-2010

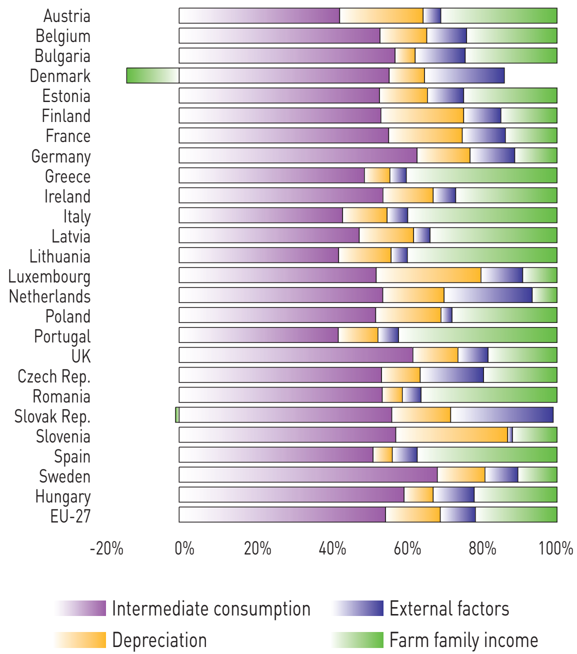


Farms specializing in mixed cattle: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/LU	GP/AWU	NI/HA	NI/LU	NI/FWU
Austria	1,246	1,642	31,302	574	756	14,885
Belgium	1,949	974	69,881	606	303	21,965
Bulgaria	1,070	693	7,683	308	199	3,549
Denmark	1,908	1,590	106,818	-473	-394	-29,636
Estonia	271	878	19,060	124	402	11,191
Finland	912	1,051	41,881	319	368	16,675
France	880	774	61,054	173	152	12,897
Germany	1,523	1,192	63,806	222	174	10,664
Greece	3,001	724	24,049	1,917	463	18,797
Ireland	631	576	23,757	299	272	11,589
Italy	**2,050**	**1,486**	**45,781**	**946**	**686**	**23,344**
Latvia	281	706	14,984	192	481	12,253
Lithuania	384	765	10,682	307	612	9,459
Luxembourg	1,299	981	76,390	174	132	11,533
Netherlands	5,220	1,487	86,793	387	110	9,945
Poland	680	872	8,276	266	342	3,320
Portugal	390	642	12,900	273	450	9,806
United Kingdom	858	732	64,821	224	191	19,833
Czech Republic	455	984	23,617	187	405	22,735
Romania	1,307	943	6,001	528	380	2,590
Slovak Republic	392	1,193	16,565	-8	-24	-22,317
Slovenia	1,524	1,399	9,958	260	239	1,709
Spain	665	874	37,651	342	449	21,409
Sweden	858	1,281	53,373	133	198	8,839
Hungary	402	726	15,934	165	298	8,561
EU-27	983	913	35,553	302	280	12,083

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

Farms specializing in mixed cattle: % composition of GP, 2008-2010

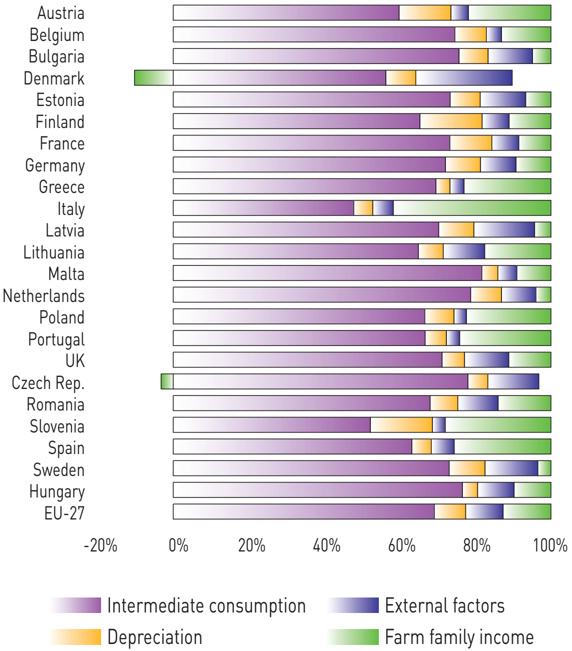


Farms specializing in granivorous: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/LU	GP/AWU	NI/HA	NI/LU	NI/FWU
Austria	4,758	1,493	93,752	1,173	368	23,751
Belgium	17,853	1,012	251,146	2,397	136	35,085
Bulgaria	13,918	945	20,208	701	48	2,634
Denmark	5,757	1,248	281,532	-775	-168	-108,505
Estonia	7,178	856	80,846	504	60	60,316
Finland	3,104	1,129	122,958	467	170	21,427
France	6,343	815	173,844	569	73	19,544
Germany	4,798	1,177	160,904	477	117	20,615
Greece	13,249	1,714	111,344	3,119	403	38,939
Italy	**16,072**	**665**	**169,521**	**6,806**	**282**	**105,545**
Latvia	8,435	1,064	67,191	387	49	16,745
Lithuania	5,504	1,075	46,331	1,024	200	44,358
Malta	110,766	879	64,282	11,592	92	8,969
Netherlands	60,802	1,162	376,331	2,421	46	19,486
Poland	3,246	1,164	38,973	792	284	11,135
Portugal	10,131	671	55,066	2,573	170	17,203
United Kingdom	15,560	981	162,319	1,769	112	57,091
Czech Republic	24,925	1,057	66,300	-875	-37	-26,111
Romania	11,101	912	18,093	1,701	140	3,872
Slovenia	3,166	923	45,039	1,152	336	17,496
Spain	7,555	556	110,585	2,002	147	39,674
Sweden	4,016	839	161,797	150	31	7,925
Hungary	5,903	1,425	62,002	609	147	14,929
EU-27	**6,854**	**938**	**103,002**	**914**	**125**	**19,522**

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

Farms specializing in granivorous: % composition of GP, 2008-2010

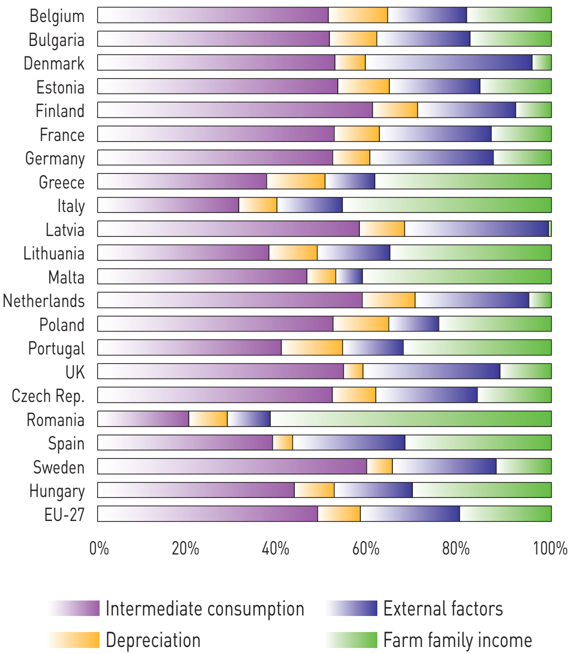


Farms specializing in horticultural: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/AWU	NI/HA	NI/FWU
Belgium	44,408	76,547	8,398	32,797
Bulgaria	8,262	6,578	1,605	2,723
Denmark	30,010	108,986	1,291	27,349
Estonia	2,119	20,610	369	7,479
Finland	41,010	68,532	3,620	14,695
France	29,845	57,654	4,044	20,451
Germany	39,953	55,312	5,182	25,166
Greece	16,246	23,638	6,611	13,289
Italy	**44,679**	**57,495**	**20,359**	**48,538**
Latvia	5,797	19,158	38	662
Lithuania	2,948	12,769	1,111	8,698
Malta	8,893	15,921	4,282	8,296
Netherlands	91,546	128,093	4,567	24,475
Poland	12,684	20,819	3,193	9,628
Portugal	10,500	16,282	3,499	7,427
United Kingdom	39,009	60,792	4,420	41,407
Czech Republic	10,284	36,961	1,736	12,801
Romania	14,030	13,445	8,711	12,560
Spain	11,155	32,011	3,765	27,912
Sweden	27,218	76,211	3,368	19,720
Hungary	9,611	25,244	3,060	26,061
EU-27	**26,742**	**47,445**	**5,478**	**22,164**

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

Farms specializing in horticulture: % composition of GP, 2008-2010

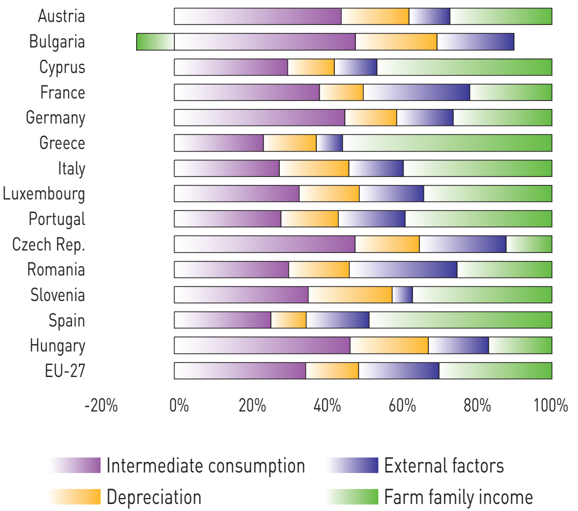


Farms specializing in wine: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/AWU	NI/HA	NI/FWU
Austria	3,554	38,058	1,141	14,696
Bulgaria	4,147	12,638	-555	-12,917
Cyprus	2,820	11,397	1,735	8,364
France	8,073	69,023	1,778	30,342
Germany	10,600	50,781	2,929	19,670
Greece	4,928	15,729	3,253	11,931
Italy	**5,191**	**33,786**	**2,116**	**18,728**
Luxembourg	17,812	65,336	6,859	42,528
Portugal	2,700	15,721	1,194	10,791
Czech Republic	2,761	22,422	412	9,547
Romania	2,495	11,467	671	9,652
Slovenia	6,781	14,039	2,679	6,049
Spain	1,162	20,116	631	14,248
Hungary	3,026	17,745	575	6,652
EU-27	4,889	39,595	1,523	19,273

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

Farms specializing in wine: % composition of GP, 2008-2010

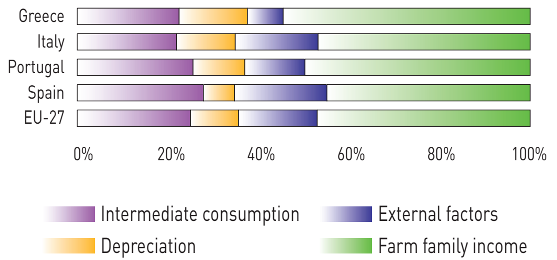


Farms specializing in olive: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/AWU	NI/HA	NI/FWU
Greece	2,069	8,558	1,588	7,151
Italy	**3,008**	**18,136**	**1,690**	**14,776**
Portugal	656	18,946	452	22,756
Spain	1,468	17,695	860	15,272
EU-27	**1,872**	**15,223**	**1,130**	**12,293**

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

Farms specializing in olive: % composition of GP, 2008-2010

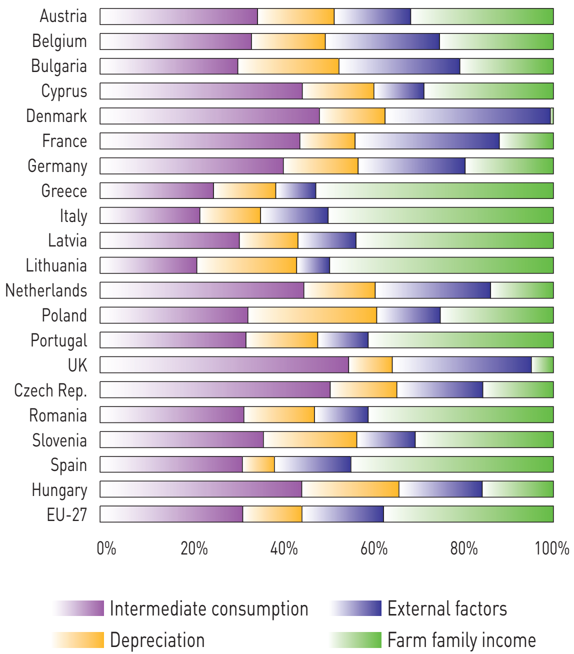


Farms specializing in fruit: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/AWU	NI/HA	NI/FWU
Belgium	15,021	54,276	3,819	42,997
Bulgaria	1,608	5,749	376	4,150
Cyprus	3,970	9,052	1,381	3,602
Denmark	4,226	78,507	30	933
France	6,336	41,464	826	14,181
Germany	9,131	45,472	1,831	21,688
Greece	5,131	16,655	3,058	12,093
Italy	**6,446**	**31,547**	**3,298**	**23,797**
Latvia	295	7,454	173	6,278
Lithuania	1,056	15,804	683	14,490
Netherlands	23,383	83,058	3,239	31,855
Poland	2,695	11,129	726	4,644
Portugal	2,667	13,687	1,193	7,717
United Kingdom	6,885	50,782	356	12,362
Czech Republic	2,556	22,559	481	8,426
Romania	2,672	9,202	1,136	6,070
Slovenia	5,795	14,996	2,107	7,413
Spain	2,102	24,088	1,071	17,657
Hungary	1,944	15,990	365	8,842
EU-27	**3,752**	**24,334**	**1,522**	**15,204**

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

Farms specializing in fruit: % composition of GP, 2008-2010

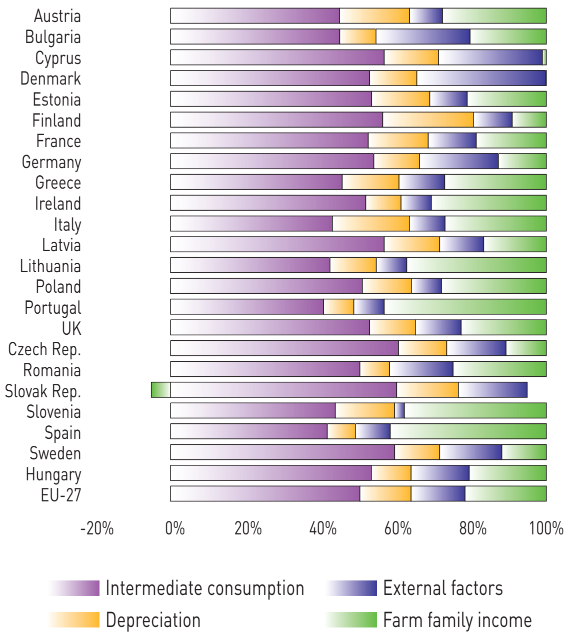


Farms specializing in cereal: average farm results in euro (2008-2010 three-year period)

	GP/HA	GP/AWU	NI/HA	NI/FWU
Austria	979	57,515	423	25,946
Bulgaria	495	23,933	130	53,964
Cyprus	255	15,756	6	383
Denmark	2,237	164,206	3	343
Estonia	349	45,782	117	26,097
Finland	487	49,776	98	10,612
France	1,081	98,186	262	27,255
Germany	1,134	102,519	186	27,791
Greece	945	21,922	404	9,848
Ireland	1,056	77,389	453	35,513
Italy	**1,232**	**33,017**	**432**	**12,758**
Latvia	472	39,576	116	24,136
Lithuania	484	31,082	280	25,681
Poland	706	20,450	264	8,883
Portugal	655	22,762	423	16,901
United Kingdom	1,127	123,910	325	56,785
Czech Republic	775	48,867	110	14,727
Romania	498	19,918	155	10,848
Slovak Republic	662	38,067	-49	-12,091
Slovenia	973	16,104	779	13,120
Spain	483	33,126	286	21,457
Sweden	769	101,166	119	17,794
Hungary	692	45,646	187	26,305
EU-27	**814**	**45,042**	**232**	**18,259**

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

Farms specializing in cereals: % composition of GP, 2008-2010



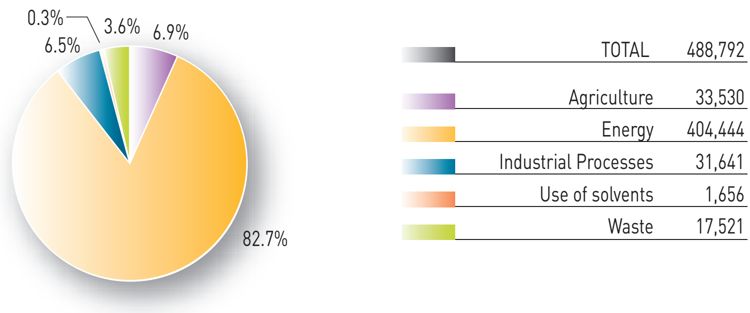
ENVIRONMENT AND NATURAL RESOURCES

AGRICULTURE AND GREENHOUSE GAS EMISSIONS

The period 2002-2011 was the warmest period ever recorded in Europe, with an average temperature of 1.3°C which is higher than the usual average recorded in the period 1961/1990 (data provided by the European Environment Agency).
The data published by ISPRA, within the United Nations Framework Convention on Climate Change, show that, in 2011, the total emissions of greenhouse gases, excluding absorption and emissions from forests and land use, accounted for 489 million tons CO_2eq[1]. Emissions continue to reduce compared to 1990 (-5.8%), partly due to the economic recession, bringing the Country closer to the objective imposed by the Kyoto Protocol, according to which Italy should reduce its emissions by 6.5% compared to 1990 levels.
The energy sector is responsible for the largest share of emissions at national level (82.7%), while agriculture, despite being the second largest emissive source, represents only 6.9% of total emissions. Actually, the sector is responsible for 39% of methane emissions (CH_4) and 71% of nitrous oxide emissions (N_2O).

If we consider each emissive source, the most significant is that related to agricultural areas (45.8%), followed by enteric fermentation (32.1%), the manure management (17.4%), rice paddies (4.6%) and the burning of harvest stumps (0.05%).

Emissions by source, 2011



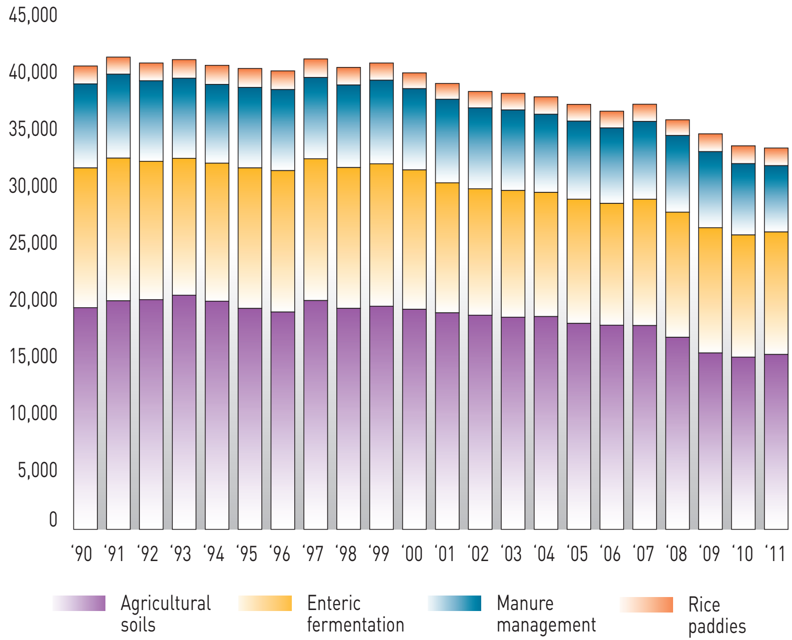
Source: ISPRA, 2013.

[1] *To get a sum of different greenhouse gases, the emissions are expressed in CO_2 (carbon dioxide) equivalents, using the global warning potential.*

The contribution of agriculture to the mitigation of emissions remains positive. From 1990 to 2011, there was a reduction of 17.7%; in particular, the N_2O emissions and the CH_4 emissions were reduced respectively by 18% and 17%. Such reductions are ascribable to the decrease of CH_4 emissions from enteric fermentation (-12%) and to the manure management (-21%), essentially due to the reduction in the number of animals for some livestock species and to the increase in the recovery of biogas from animal manure; while the drop in emissions from agricultural areas (-21%) is mainly ascribable to the change, over the years, of lands and agricultural productions, to the change of some production techniques as well as the rationalization of fertilization.

The absorption of CO_2 and greenhouse gas emissions related to forests, farmland, meadows and pastures as well as urban settlements, are estimated within the category LULUCF (Land Use, Land Use Change and Forestry).

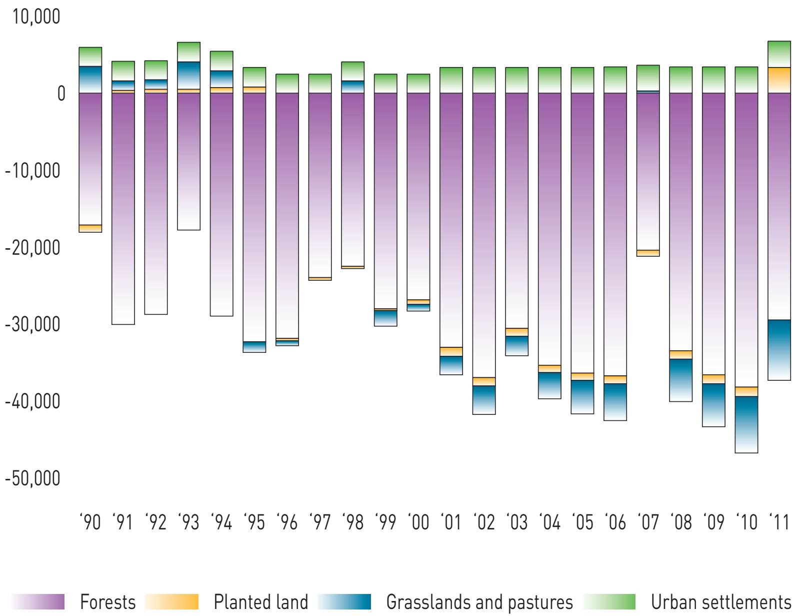
Trend in agricultural emissions by source (Mt CO_2eq)



Source: ISPRA, 2013.

These absorptions represent an important tank of carbon in agricultural and forestry biomass and they are significantly higher than the emissions. From 1990 to 2011, they increased by 151.7%. The main increases are ascribable to forest areas, especially for the colonization of marginal areas and land no longer cultivated and, to a lesser extent, to the increase in carbon stocks in areas devoted to meadows and pastures. In sum, in 2011, the LULUCF sector was responsible for the removal of 30.8 million tons of CO_2 from the atmosphere.

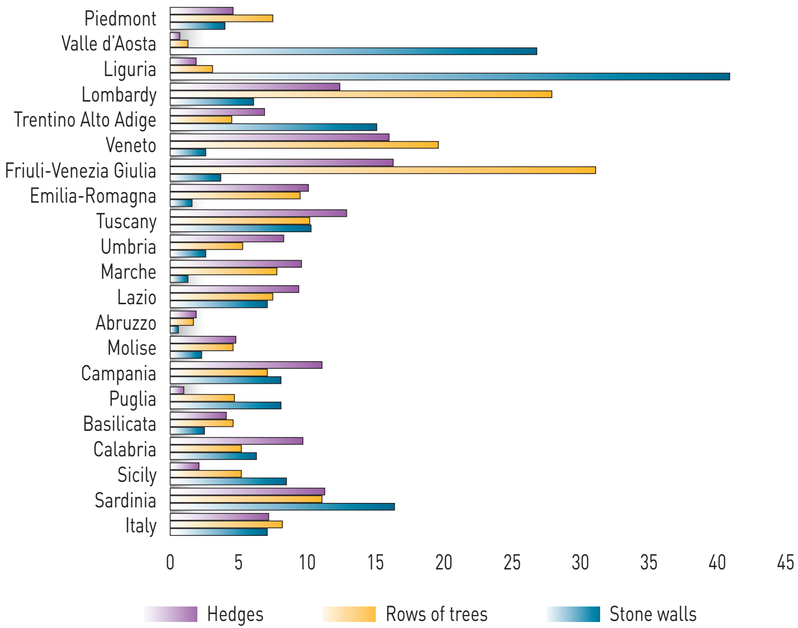
Trend in emissions and absorption of greenhouse gases by LULUCF sector by source (Mt CO_2eq)



Source: ISPRA, 2013.

The features in the non-cultivated agricultural land, including hedges, rows of trees, woods and stone walls, play a leading role in the aesthetic quality of agricultural landscapes. They are essential in order to preserve traditional landscapes but also to ensure the ecological equilibrium, especially with regard to the management of water resources and preservation of biodiversity. Unfortunately, the combined effect of progressive urbanization and mono-productive specialization in agriculture has led to an alteration and to a removal of these elements, so as to contribute to the phenomena of hydrogeological instability, changes of wildlife habitats and ecological systems, and last but not least the decline of traditional landscape.
The maintenance of landscape features by farmers is thus a fundamental practice for sustainable management of rural areas, helping to enhance the environmental features and landscape value.
The data carried out by the 6th Agri-

Farms with maintenance and/or realization of at least one type of linear element of the landscape (%)



Source: ISTAT, 6th Agricultural Census, 2010.

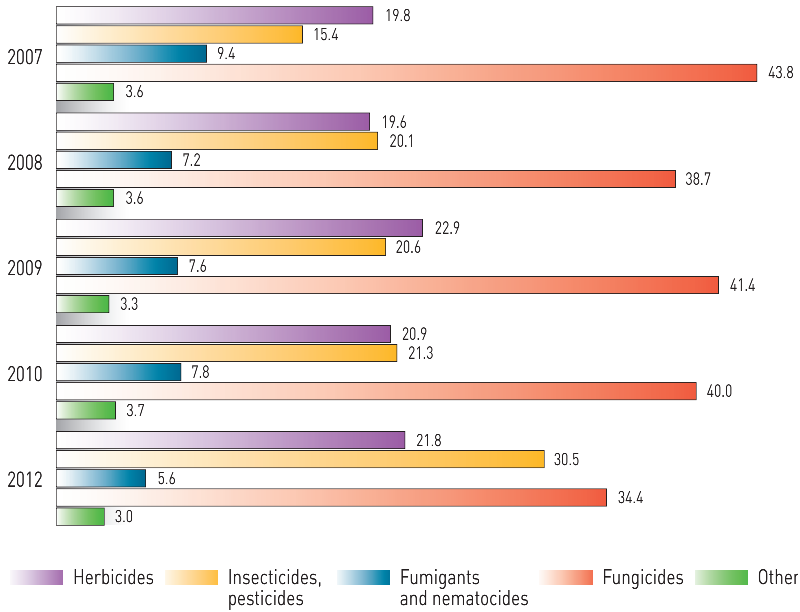
cultural Census show that during the period 2008-2010, at the national level, 17.2% of farms (278,000 units) has made or performed the maintenance of at least one landscape feature (hedges, rows of trees and stone walls). Hedges and rows of trees are mainly spread in northern agricultural farms, especially in Veneto (16% of farms with construction and/or maintenance of hedges and 19.6% with rows of trees), in Friuli Venezia Giulia (16.3% with hedges and 31.1% with rows of trees) and in Lombardy (12.4% with hedges and 27.9% with rows of trees). The maintenance and construction of stone walls are mainly present in the farms located in Liguria (40.9%), in Valle d'Aosta (26.8%) and in Sardinia (16.4%).

The environmental and landscape role of these features is also increasingly recognized by national and European Institutions, so that the direct payments of the CAP impose their upkeep. This requirement will likely be strengthened in the coming years, with the obligation to devote a portion of the agricultural land, eligible for payments, to areas of ecological interest, including land left fallow, terraces, landscape features, buffer areas and other areas subjected to afforestation.

USE OF CHEMICALS

In 2012, the use of pesticides in agriculture exceeded 95,000 tons, with an increase of 1.7% compared to the previous year. This trend is mainly due to the greater use of pesticides and insecticides (+43.2%) and herbicides (+4.3%) in order to face the spread of mycotoxins, particularly in cereals and cereal products. The spread of mycotoxins was caused by rainy weather conditions which affected, in the spring, Italy and especially northern regions. On the contrary, the dry summer climate has limited the attack of the main cryptogamic on the fruit trees, contributing to the reduced use of fungicides (-14%). The suspension of tanning extended through 2012 along with the reduced use of some pesticides, considered the reason of the plague of bees, has decidedly influenced on the contraction of the total use of fumigants and nematocides (-28.2%).
Despite the increase in consumption, the market value of pesticides, amounting to 798 million euros in 2012, decreased by 2.8% over the pre-

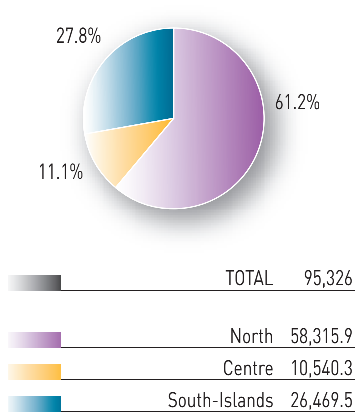
Evolution in the use of plant protection farms (000 t)



Source: Agrofarma, data refer to member farms.

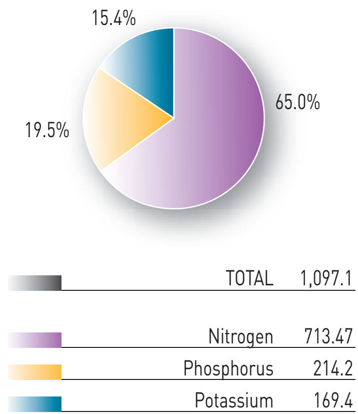
vious year due to the diminishing use of active substances. The development of European environmental policy and research investments have led to the use of mixed pesticides with fewer active elements that has brought to a decrease of 32.5% in their consumption at national level between 1990 and 2012. The Directive 2009/128/CE, which requires Member States to draw up national plans for sustainable use of plant protection products, is pushing on their reduction and on a correct and responsible use in order to reduce risks to human health and the environment, by promoting the use of integrated pest management and alternative approaches or techniques.
The presence of chemical residues in plant products, exceeding the limits allowed by law, was detected only in 0.5% of the sample monitored by The Ministry of Health during 2012.
The total use of fertilizers, amounting to just over 1 million tons in 2012, declined by 5.4% compared to 2011, with a significant decrease in the use of products based on potassium and phosphorus, respectively, 15.5% and 10.5%. The increase in fertilizer prices and supply variability that characterizes the market in recent years, has put farmers faced with complex choices regarding production planning so as to maximize the yield

Use of plant protection products by district (t), 2012



Source: Agrofarma, data refer to member farms.

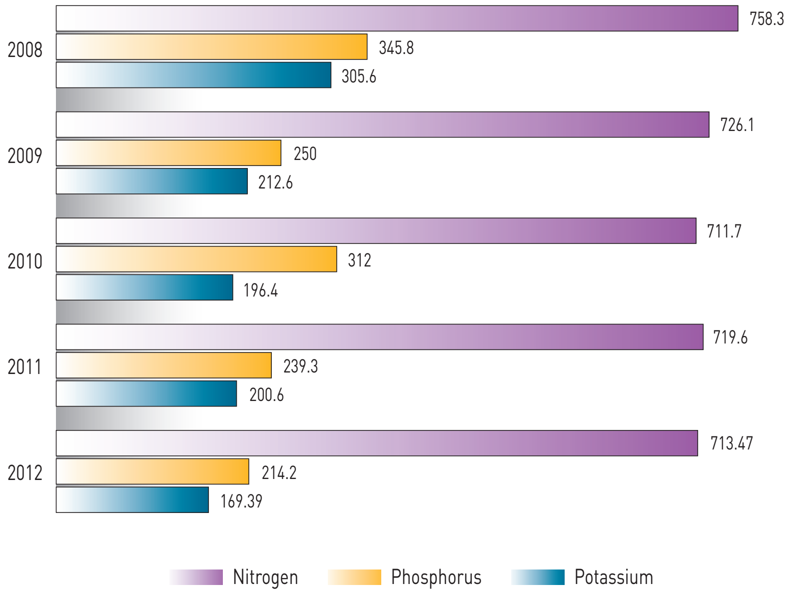
Composition of fertilizers used (000 t), 2012



Source: Assofertilizzanti.

quantity and quality through the use of fertilizers, which is still evenly distributed throughout the country with peaks in areas of high agricultural vocation, such as the Po Valley. Also in this case the spread of new agricultural techniques and the use of technical means with high contents of nutrients have led, in the last five years, at an overall contraction of 22.2% in the consumption of substances based on nitrogen, phosphorus and potassium.

Evolution in the use of fertilizers (000 t)

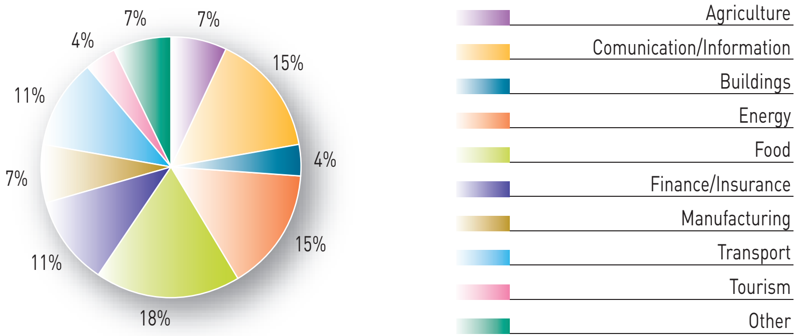


Source: Assofertilizzanti.

The latest official figures currently available on the national forest area is 10,916,000 hectares (Eurostat, 2013), or 36.2% of the national area. The trend of forest exploitation for the last ten years remains less than 8 million m3, of which 70% are employed in the energy sector, and the remaining part in the industry sector. The latter imports from abroad more than 75% of the raw material processed (about 25 million m^3).

According to METES data in Italy forest workers account for 60,348 (also including 1,836 employees of the State Forestry Corps) and are especially employed by regions, local authorities and provinces. The regions with the highest labor force are those in the South (Calabria and Sicily), which account for 93.3% of the employed; the most staffed, among the northern regions, are Veneto and Trentino Alto Adige.

Breakdown of the productive sectors that have purchased forestry carbon credits in 2011



Source: data provided by the Survey on the State of the Forest Carbon Market in Italy, 2012.

Voluntary market for forestry carbon credits

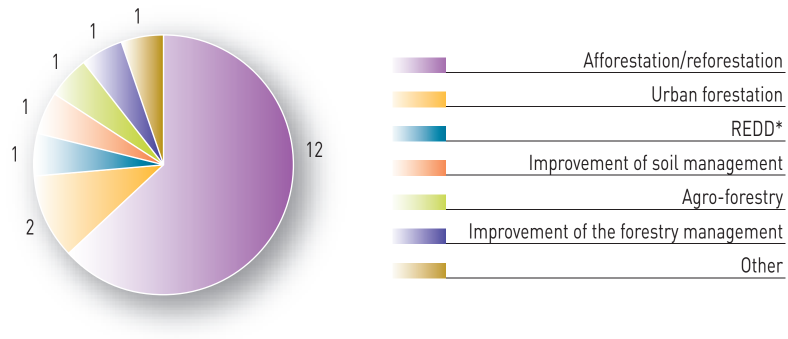
In recent years, the voluntary market for carbon credits in Italy has had an exponential growth of interest and activity, driven by the will of profit and no-profit organizations, local governments and even individuals, to reduce and offset their emissions through projects of afforestation, reforestation and/or forest management.

The volume of loans sold in Italy rose from 34,560 tCO_2 in 2009 to 244,181 tCO_2 in 2011, generating an economic value of 2.02 million euros. The average price of carbon credit was 5.34 euro/tCO_2, with a range of prices between 1.1 euro/ tCO_2 to 58 euro/ tCO_2. The forest area affected by such activities amounted to 12,713 hectares, of which 97.4% is abroad and the remaining 2.6% is in Italy. The latter is represented mostly by reforestation in urban parks.

The health of Italy's forests

According to provisional data provided by the National Forestry Service, in 2012 the country experienced 8,252 fires that have affected an area of 130,814 hectares, of which 74,543 were forests. Compared to 2011 the overall number of forest fires remains essentially unchanged (+0.87%) while the forest area affected by fire has almost doubled (+94%). The most affected by fires was Sicily, with 27,326 hectares of forest area burned, followed by Calabria with 16,750 hectares and Campania with 6,531 hectares. The least affected regions were the Valle d'Aosta, with just 4 hectares, Trentino Alto Adige with 45 hectares and Veneto with 88 hectares.

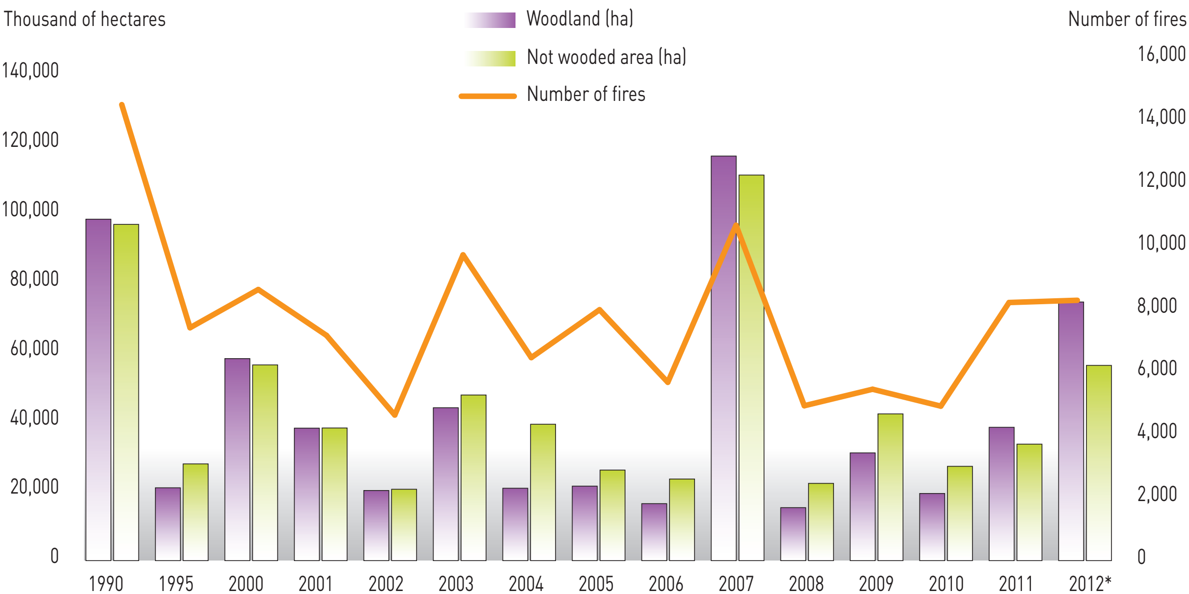
Number of projects by type of activity in the voluntary marketfor carbon credits, 2011



* REDD: Reducing emissions from Deforestation and Degradation of Forests, and the role of the increase in carbon stock and forest conservation and sustainable management of forests in developing countries.

Source: data provided by the Survey on the State of the Forest Carbon Market in Italy, 2012.

Evolution of the surface covered by fire and the number of fires



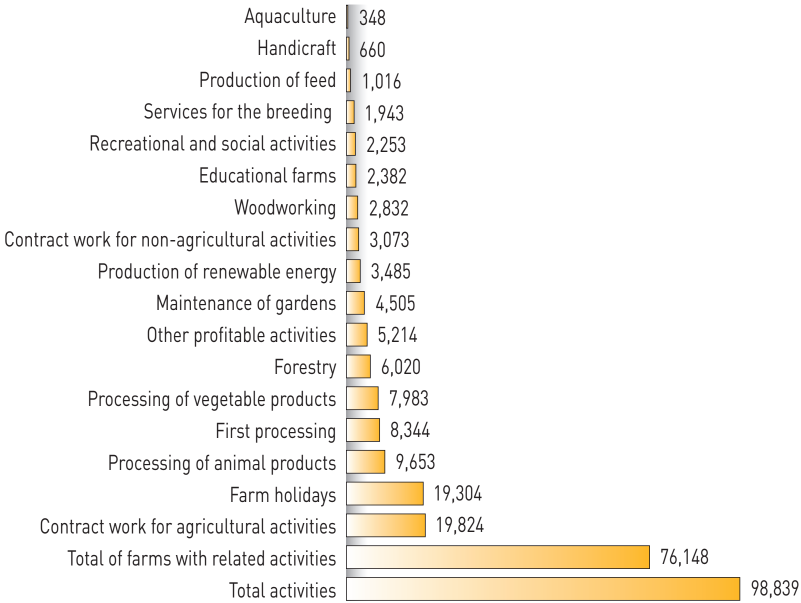
* Data relating to 2012 are provisional.

Source: processing of CFS-AIB figures, 2012.

DIVERSIFICATION

According to the 6th Agricultural Census, about 5% of farms diversifies its activities in favor of "related profitable activities". These are new functions that produce income (profitable) and which are directly or indirectly related to agricultural activity itself (connected). These new activities approach farms in markets other than those strictly agricultural and require an entrepreneurial approach to making investments, programming and training. Farms with related activities amount to just over 76,000. The main activities deal with subcontracting (20%) and farm stays (19.5%). The most innovative activities, such as the provision of parks and educational farms, are still rather limited (respectively 4.5% and 2.4%).
The reasons for a modest spread of related activities are to be found mainly in two different aspects: in some cases, it is often a niche activity, whose characteristics do not allow a widespread diffusion in the area (such as the educational farms or therapeutic

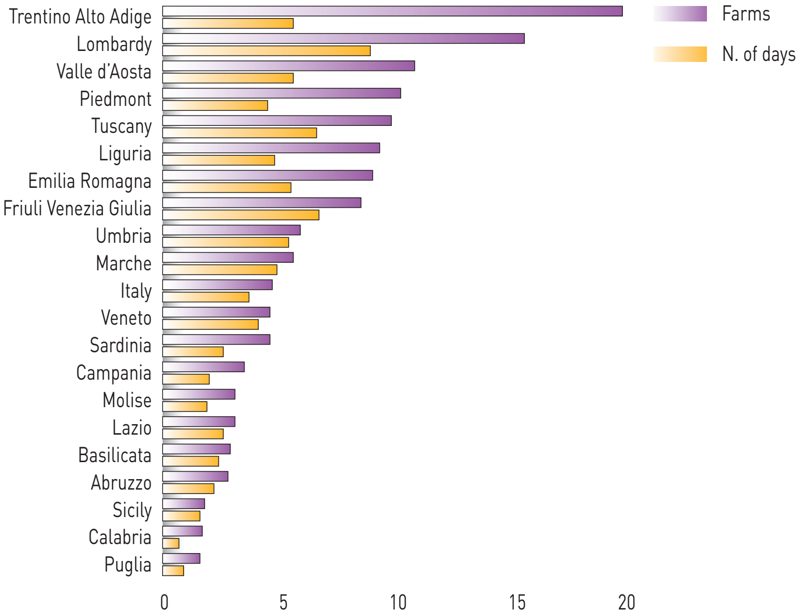
Farms with related activities



Source: 6th Agricultural Census.

functions); in other cases, are the structures, in particular the small size of farms, to limit the appropriate development of different activities other than those strictly agricultural.
On the whole, diversification prevails mainly in the northern regions. In all cases, the number of days dedicated to activities other than primary activity always remains below the threshold of 10%.

Incidence of farms with related activities and devoted workshops by region

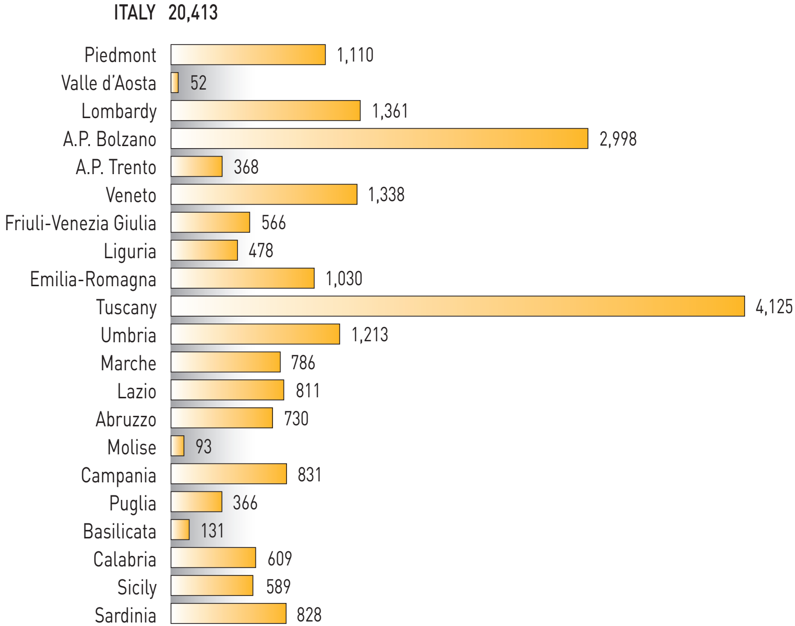


Source: 6th Agricultural Census.

FARM STAYS

Farm stays exceeded 20,000 units in 2011 with an increase of 2.2% compared to the previous year. More than half of the structures are in the hills (51.8%) and a third in the mountains (33.2%). Farm stays are also in disadvantaged areas, where they contribute to the maintenance and development of human settlements and to agricultural activities.
In 2011, the southern regions scored the most significant increases in facilities (+.36%), despite the sharp contraction in Basilicata (-42.5%). On the other hand, indeed, it stands Abruzzo along with Piedmont, with increases of respectively 14.8% and 10% compared to 2010. The farms run by women are rising sharply (+6.2% versus +0.1% of farms run by men), especially in the North (+14.5%). On the whole, one third of farm stays is run by women.
The trend of offering integrated travel packages with differentiated services continues to growth but at lower rate compared to 2010. Housing, that is

Farm stays by region, 2011

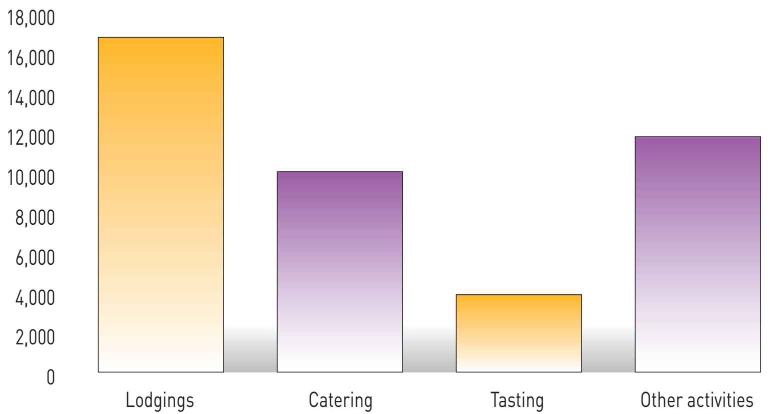


Source: ISTAT.

present in more than 82.1% facilities, grew by 1.5%. Sleepers that account for 210,747 - on average 12 per farm – increased by 2.2%. Catering, that consists mainly of home-made products, offered by 49.1% of the farm stays with a slightly increase (+1.2%). Farm product tasting and wine-shops, offered by 19% of facilities, has also registered a slight increase (+1%). There are also new ways of entertainment, such as active participation in the farm work and leisure activities, folklore events and cultural meetings, in addition to the most popular activities of horseback riding, hiking, trekking, mountain biking, sports and nature watching, these latter are rising by as much as 13.8%.

In 2012, according to Agriturist, the turnover of the sector, amounting to 1,168 million euro, fell by 5% over the previous year and the average annual turnover per farm fell by 9%, amounting to 54,580 euro. Despite a growth in facilities of 3.4%, the sector experienced a decrease of arrivals (-4%) and of the use of accommodation (-8.1%) and a lesser demand for services, with a drop in catering of 20%.

Farm stays by type of service*, 2011



* A farm may be licenced to perform one or more activity.

Source: ISTAT.

The Italian energy system is heavily dependent on foreign countries: the percentage of imported energy consumption is around 95% compared to almost 53% of the EU-27. In 2012, gross domestic consumption amounted to 177 MTOE (million tons of oil equivalent), with a reduction of 3.5% over the previous year, making use of almost 80% of fossil fuels, renewable sources (in increase) and imported electricity (in decreasing).
Gross production from renewable sources has grown at a steady rate over the last decade especially for the contribution of non-traditional sources such as wind, sun, waste and biomass that increased from 15% in 2000 to 61% in 2012 on the total renewables.
The gross production of facilities fueled with bio-energy, between 2011 and 2012, has increased by 15.3%, from 10,832 to 12,486 GWh, and it is divided between plants intended only for production of electricity (58%)and cogeneration plants (42%). Among

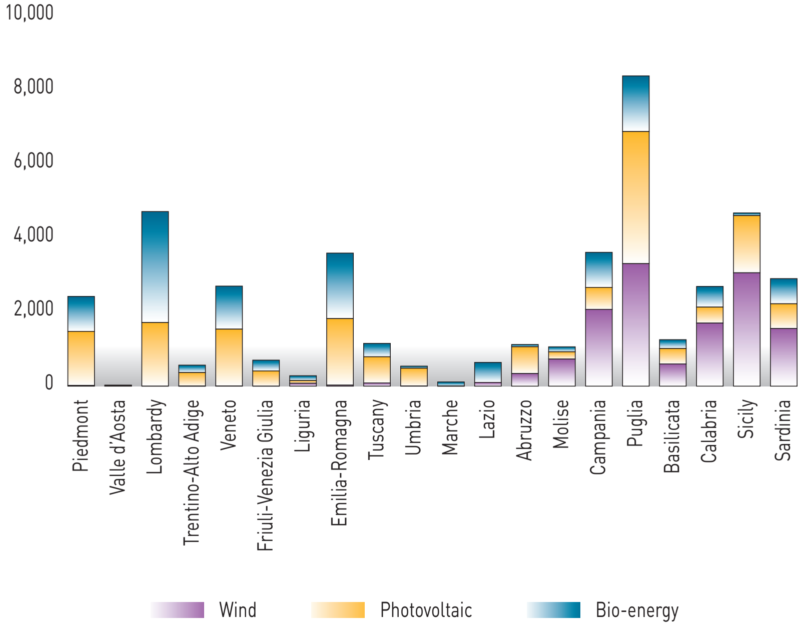
Gross production of biomass plants and total from renewable sources in Italy (GWh)

	2010	2011	2012	% change 2012/11
Bioenergy	**9,440.1**	**10,832.4**	**12,486.9**	**15.3**
only production of energy	**6,189.2**	**6,608.0**	**7,294.3**	**10.4**
Biomass	2,605.3	2,868.4	2,759.7	-3.8
from urban waste	1,062.2	1,200.7	1,214.7	1.2
other biomass	1,543.1	1,667.7	1,545.0	-7.4
Biogas	1,451.2	1,868.5	2,160.6	15.6
from waste	1,197.4	1,273.5	1,210.5	-4.9
from mud	11.6	19.3	12.2	-36.8
from animal manure	100.3	133.8	147.4	10.2
from agricultural and forestry activities	141.9	441.9	790.6	78.9
Bio-liquids	2,132.7	1,871.2	2,374.0	26.9
raw vegetable oils	1,759.1	1,709.1	2,051.5	20.0
other bio-liquids	373.6	162.1	322.5	99.0
production of energy and heat	**3,250.9**	**4,224.4**	**5,192.6**	**22.9**
Biomass	1,702.2	1,861.8	1,985.8	6.7
from urban waste	985.7	1,017.1	961.6	-5.5
other biomass	716.5	844.7	1,024.2	21.3
Biogas	602.9	1,536.2	2,459.3	60.1
from waste	217.4	254.6	276.5	8.6
from mud	16.6	43.2	68.3	58.1
from animal manure	120.7	227.8	371.2	62.9
from agricultural and forestry activities	248.3	1,010.7	1,743.2	72.5
Bio-liquids	945.7	826.3	747.6	-9.5
raw vegetable oils	922.5	822.1	704.5	-14.3
other bio-liquids	23.2	4.2	43.1	926.2
Total renewables	76,964.4	82,961.5	92,222.4	11.2

Source: Terna/GSE.

the biomass for the production of electricity stand solid ones, including biodegradable municipal solid waste (over 45% in 2012), but it is also worth of note the growth of biogas and bioliquids.
In 2012, the total production of electricity and heat from biogas was 4,619 GWh, 35% more than in 2011. The share obtained from the raw material from agriculture and forestry has increased by 55%, exceeding that obtained from municipal solid waste and reached 74% of the total (in 2011 it was 38%). It is also increasing the share produced by plants with manure, which has reached 11% of the total with an increase of 43% compared to 2011. According to the CRPA, the number of biogas plants in Italy amounted to 994 (compared to 587 in 2011) for an installed capacity of 756.4 MW (+50% compared to 2011), mainly concentrated in northern Italy.

Electricity from non-traditional renewable source by region, 2012



Source: Terna/GSE.

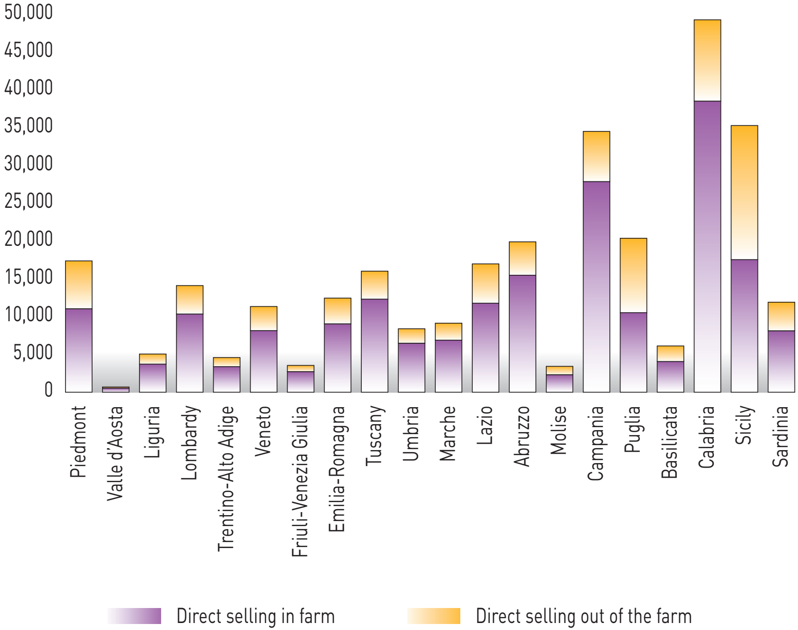
According to the 6th Agricultural Census data, Italian farms that sell farm products directly to consumer are 270,579 in 2010. They represent 26% of the total. The direct selling is much more spread in the central and southern Italy, where the percentage raises, respectively, to 35% and 31%. The regions with the greater number of farms which perform direct sale are Calabria (16.3%), Sicily (12.2%) and Campania (11.7%).
Analyzing the distinction between the direct selling carried out in the farm and the direct selling carried out outside the farm, we notice that, at national level, it is much more frequent the selling in the farms (78% of cases). As regard the distribution of farms per region and class of agricultural area there is a greater presence of direct selling in the small sized farms. In fact, 76% of all farms analyzed falls in class 0-3 hectares. The percentage drops to 21% for the class 3-5 hectares.
Family farms which perform direct selling are 94% of the total. This reflects the Italian agricultural farm composition.
Potatoes and fruits are the most important products among fresh vegetables sold by farms while live animals represent the main category between unprocessed animal products. Finally oil and wine sales prevail among processed products.

Number of farms performing direct selling to the consumer

	Selling in farm	Selling out of the farm
Vegetable products	92,111	43,810
- vegetables and potatoes	22,505	12,752
- fruit including citrus	21,333	11,171
- wine grapes	9,568	3,678
- olives	13,349	6,597
Animal products	29,319	8,842
- live animals	24,169	6,596
- milk	2,687	1,108
Processed products	118,918	42,693
- wine and grape must	23,367	6,939
- oil	91,642	32,947
- cheese and other dairy products	5,966	1,884
Forestry products	4,415	2,254
All items of product	210,625	89,668

Source: processing of ISTAT figures, 6th Agricultural Census, 2010.

N. of farms performing direct selling to the consumer by region and type of direct selling



Source: processing of ISTAT figures, 6th Agricultural Census, 2010.

QUALITY PRODUCTS

Italy continues to maintain the largest share in the market for PDO and PGI products in the EU (that is 1,167, including also Traditional Specialty Guaranteed - TSG), recording a further increase up to 252. The most recent awards include the Salt of Trapani, Panforte di Siena, the Arctic Char of Trentino, the Lamb of central Italy. All of these products are PGI which belong to categories that are still underrepresented in our Register. Most of our specialties deals with fruit and vegetables and cereals (almost 40%), cheese (18%), extra virgin olive oil (17.6%) and cured meats (over 14%). Mozzarella and Pizza Napoletana are the only recognized Italian Traditional Specialty Guaranteed (across the EU they amount to 38).
Also the chain of recognized products is increasing and, while maintaining in many cases the niche characteristics, it is becoming, over the time, increasingly important. In the period 2004-2012 there has been a signifi-

Number of PDO and PGI by region*

Region	Fruit, vegetables and cereals	Olive oil	Cheese	Cured meats	Other products[2]	Total
Piedmont	6	-	8	4	1	19
Valle d'Aosta	-	-	2	2	-	4
Lombardy	2	2	11	9	1	25
Liguria	1	1	-	-	1	3
Alto Adige	1	-	1	1	-	3
Trentino	2	1	4	1	1	9
Veneto	16	2	7	7	1	33
Friuli-Venezia Giulia	1	1	1	3	-	6
Emilia-Romagna	11	2	4	13	5	35
Tuscany	7	5	2	4	7	24
Umbria	2	1	1	2	2	8
Marche	2	1	2	4	2	11
Lazio	7	4	3	4	7	25
Abruzzo	2	3	-	1	3	9
Molise	-	1	1	2	2	6
Campania	11	5	3	-	2	21
Puglia	6	5	3	-	2	16
Basilicata	4	1	3	-	1	9
Calabria	4	3	1	4	2	15
Sicily	15	6	4	1	2	28
Sardinia	1	1	3	-	2	7
Italy[1]	**100**	**43**	**44**	**36**	**29**	**252**

* Updated to September 2013.

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

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

Source: processing of data-base provided by the European Commission DOOR.

cant increase in farms (+38.7%), in livestock (+50%), in the land used (+40.7%) and in processing (+22%).
According to a survey carried out by the European Commission, the PDO and PGI products trigger a relevant turnover amounting to 16 billion euros (reference year 2010), and it reaches 54 billion euros if we consider also PDO and PGI wines. Italy, with a total value of 12 billion, shows a substantial balance between the food industry and the wine sector: 6 billion of food products and 5.7 billion of wines. The data from Qualivita – carried out by ISMEA – showed that a production volume was more than 1.2 tons in 2011 with a stationary trend compared to 2010. The sector of olive oil increased (+7.6%) as well as the sector of balsamic vinegars (+7%). The production trends of fruit, vegetables, cereals and cured meats were almost unchanged while cheese reduced by 1.7%. Worth of note is the increase in fresh meats (+33%) along with other products (+36%).

The value of the PDO and PGI production has registered a growth of 8.9% compared to 2010, amounting to over 6.5 billion euro; also the value of the consumer market, estimated at almost 12 billion euro, is increasing (+5.5%).

In a negative context for consumption, according to ISMEA, the purchase of the PDO and PGI products held the market and they even increased (+4% compared to 2011), in contrast with what happened on the whole to the food sector (-0.5%).

Operators of quality products (PDO, PGI, TSG) by sector, 2012

	Producers	Processing operators	Total operators[1]	Processing plants
Fresh meat	6,984	804	7,788	1,783
Preparation of meat	3,872	683	4,555	970
Cheese	27,747	1,743	29,196	2,990
Other animal products	243	33	255	62
Vegetable, fruit and cereals	16,767	1,170	17,442	1,216
Extra-virgin olive oil	19,192	1,879	20,142	2,645
Vinegars other than wine vinegars	175	531	614	646
Bakery products	32	63	83	64
Spices	93	90	100	105
Essential oils	28	9	35	11
Fish	10	7	13	11
Salt	5	3	8	6
Total	**75,148**	**7,015**	**80,231**	**10,509**

[1] An operator can be, at the same time, both producer and processing operator.

Source: ISTAT.

Quality wines

In the EU, the recognized PDO and PGI products totaled 1,290; Italy stands in first place with 476 registrations considering the DOCG, DOC and IGT wines, followed by France with 376 registrations.

According to the latest available data published by ISMEA, the areas planted with the PDO and PGI wines in Italy, in 2011, are estimated at about 355,000 hectares, or rather more than half of the total Italian area under wine.

The production of PDO wine, which stood in the 2012 harvest just over 15.5 million hectoliters, it is increasingly experiencing a significant share of total wine produced in Italy (almost 40%); when it is considered also the share of the IGP wine (for a total of 13.5 million hectoliters) you get to a certified production accounting for over 70% of total production. The PDO wines fall in the shortlist of Italian products most sold abroad, with a total value of 2.3 billion euro, considering the red wines, rosè wines and white wines, with increasing ranging from 6.6% of red and rosè wines to 27% of sparkling wines, compared to 2011.

DOCG, DOC and IGT wines by region*

	DOCG	DOC	IGT
Piedmont	16	42	-
Valle d'Aosta	-	1	-
Lombardy	5	23	15
Alto Adige		3	2
Trentino	-	7	3
Veneto	14	28	10
Friuli-Venezia Giulia	4	10	3
Liguria	-	8	4
Emilia-Romagna	2	18	9
Tuscany	10	41	5
Umbria	2	13	6
Marche	5	15	1
Lazio	3	27	6
Abruzzo	1	8	8
Molise	-	4	2
Campania	4	15	10
Puglia	4	28	6
Basilicata	1	4	1
Calabria	-	9	10
Sicily	1	23	7
Sardinia	1	15	15
Italy	**73**	**330**	**118**

* Updated to September 2013.

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

Source: processing of data-base provided by the European Commission E-Bacchus.

Organic farming, according to data FiBL 2011 (Research Institute of Organic Agriculture), involves more than 1.8 million farmers in 162 countries on a global area of 37.2 million hectares. In Europe, the lands under organic are increased by 6% compared to 2010, reaching 10.6 million hectares(28.5% of the total) while organic farms, which have exceeded 291,000 units (+5.1%), represent 16.2% of organic farms in the world. Italy is among the top ten global producers and it is second behind Spain among the EU countries for its land under organic.
In 2012, according to data SINAB, the sector in Italy has restarted to grow and areas are increased by 6.4% over the previous year, reaching 1,167,362 hectares (3% of the global area). This increase is due, particularly, to the expanded hectares under cereals (+14.4%), citrus trees (+15.15%), grapevine (+8.6%) and olive (+16.2%). Forages and grasslands represent 46.7% of the organic land, while 18% is allocated to the produc-

Organic farming in the EU, 2011

	Farm number	% change 2011/10	Area ha	% change 2011/10
Austria	21,575	-2.5	542,553	-0.2
Belgium	1,274	15.0	59,220	20.8
Bulgaria	978	37.9	25,022	-2.4
Cyprus	732	0	3,575	0.0
Denmark	2,677	0	162,173	-0.4
Estonia	1,431	5.5	133,779	18.4
Finland	4,114	2.3	188,189	11.2
France	23,135	12.3	975,141	15.3
Germany	22,506	2.6	1,015,626	2.5
Greece	21,274	0	309,823	0.0
Ireland	1,400	2.5	54,122	13.1
Italy	42,041	0.6	1,096,889	-1.5
Latvia	3,484	-3.0	184,096	10.7
Lithuania	2,623	-1.1	152,305	6.0
Luxembourg	96	0	3,720	0.0
Malta	9	-18.2	23	-4.2
Netherlands	1,672	14.4	47,205	2.1
Poland	23,430	13.9	609,412	16.8
Portugal	2,603	6.9	200,151	-0,4
UK	4,650	-6.0	638,528	-8.7
Czech Republic	3,904	11.0	460,498	2.7
Romania	9,471	217.2	229,946	25.9
Slovak Republic	365	0.6	166,700	-4.5
Slovenia	2,363	6.5	32,149	4.7
Spain	32,195	15.5	1,621,898	11.3
Sweden	5,508	5.8	480,185	9.5
Hungary	1,433	-11.4	124,402	-2.5
EU-27	**236,943**	**8.1**	**9,517,330**	**5.6**

Source: FiBL.

Incidence of UAA to organic sector by region (ha), 2012

	2012	% change 2012/11	% on the total
Piedmont	29,306	-5.3	2.5
Valle d'Aosta	1,652	0.9	0.1
Lombardy	19,000	-10.9	1.6
Trentino-Alto Adige	11,240	24.6	1.0
Veneto	17,094	12.3	1.5
Friuli-Venezia Giulia	3,567	0.8	0.3
Liguria	3,023	-6.2	0.3
Emilia-Romagna	81,511	5.3	7.0
Tuscany	90,997	0	7.8
Marche	52,939	-2.3	4.5
Umbria	46,957	33.7	4.0
Lazio	91,920	9.9	7.9
Abruzzo	27,666	-9	2.4
Molise	4,823	0.2	0.4
Campania	24,862	6.2	2.1
Puglia	171,122	25.5	14.7
Basilicata	44,392	-3.2	3.8
Calabria	119,720	7.9	10.3
Sicily	193,352	2.8	16.6
Sardinia	132,219	1.3	11.3
Italy	**1,167,362**	**6.4**	**100**

Source: SINAB.

tion of cereals, followed by olive and grapevine with, respectively, 14.1% and 4.9%. The vegetable and fruits, which, on the whole, cover 3.8% of the organic UAA, are the weak part of the organic sector, with decreases, respectively, of 8.9% and 0.9%.

Sicily, with 193,352 hectares (+2.8% compared to 2011), or 16.6% of the total national organic UAA, along with Puglia, with 171,122 hectares (+25.5%), or 14.7% of the total, both represent the Regions most suited. The reallocation of subsidies to the support measures for rural development has led to significant increases in the agricultural area planted to organic even in regions with a low incidence on the total national organic UAA, such as Umbria (+33.7%), Trentino Alto Adige (+24.6%) and Veneto (+12.3%).

Also the workers in the sector have increased compared to 2011 (+3%) and continue to represent the highest number in Europe (49,709). As in past years, agricultural producers are

concentrated in the southern regions (56.9%), with Sicily and Calabria at the top, followed by Puglia, where there was a sharp increase (+20.3%). Significant increases were also recorded in Lombardy (+12.7%) and Lazio (+10%). The processing is mostly concentrated in the North (47.6%) and mainly in Emilia Romagna, Lombardy and Veneto.
The organic livestock farms increased by 12.1% in 2012, with Sicily and Sardinia that concentrate 42.1% of the national total. Significant increases have occurred for pigs (+32.2%), goats (+10.1%) and the number of hives of bees (+29.2%), the latter supported by the weather conditions and the reduced use of agrochemicals. Organic aquaculture is practiced by 21 farms, half of which is located in the northern regions.

Market and distribution

The value of the organic world market in 2011, according to the estimates provided by IFOAM (Interna-

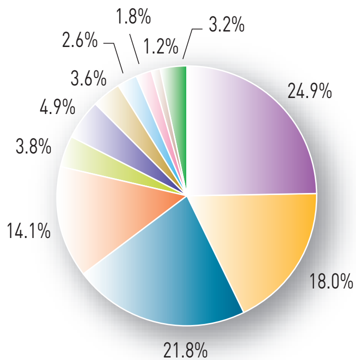
Operators of the organic sector (n.), 2012

	Production	Processing	Import	Total	
				n.	% change 2012/11
Piedmont	1,507	354	38	1,899	-3.90
Valle d'Aosta	83	7	0	90	4.70
Lombardy	1,046	605	46	1,697	12.70
Trentino-Alto Adige	1,235	288	9	1,532	5.00
Veneto	1,176	518	52	1,746	-3.60
Friuli-Venezia Giulia	312	100	4	416	-3.70
Liguria	276	94	9	379	-2.60
Emilia-Romagna	2,856	692	56	3,604	0.10
Tuscany	3,066	442	22	3,530	-0.20
Umbria	1,087	121	7	1,215	-7.80
Marche	1,809	192	6	2,007	-5.60
Lazio	2,969	327	6	3,302	10.00
Abruzzo	1,356	191	4	1,551	-3.80
Molise	200	35	1	236	1.70
Campania	1,588	303	5	1,896	0.00
Puglia	5,639	462	10	6,111	20.30
Basilicata	1,103	77	0	1,180	-12.50
Calabria	6,983	213	5	7,201	1.20
Sicily	7,395	510	13	7,918	6.00
Sardinia	2,129	66	4	2,199	-3.20
Italy	**43,815**	**5,597**	**297**	**49,709**	**3.00**

Source: SINAB.

tional Federation of Organic Agricultural Movements), amounts to 48 billion (+6.3% compared to 2010), 50% of which is made in North America and 46% in Europe.
In Europe the market is increasing by 9%, with a turnover of 19.7 billion in the EU, driven by Germany, with a turnover of 6.6 billion euros. The European countries with the highest consumption of organic products per person/year are Switzerland (177 euro), Denmark (162) and Luxembourg (134).
Italy, where the organic sector represents 3.1% of the food market, with a value of 1.7 billion euros, is in fourth place among the EU countries, with an incidence on the European organic turnover of 8%.
In 2012, despite the economic and financial crisis, it is confirmed a positive trend in domestic purchases of pre-packaged organic products. According to ISMEA they are increasing by 7.3%, compared to 2011, with a growth mainly in the purchase of biscuits, sweets and snacks (+22.9%), along with soft drinks (+16.5%). Also purchases of pasta, rice and bread substitutes are increasing (+8.9%), followed by fresh fruit and vegetables and processed products (+7.8%), meat (+4.8%) and milk and dairy products.

Organic area and area under conversion by crop (ha), 2012



TOTAL	1,167,362
Grasslands and pastures	290,701
Cereals	210,543
Fodder crops	255,003
Olives	164,488
Fruit and vegetables	44,369
Vines	57,347
Fallow land	42,504
Nuts	30,071
Protein, leguminous and seed crops	20,837
Industrial crops	13,567
Other crops	37,932

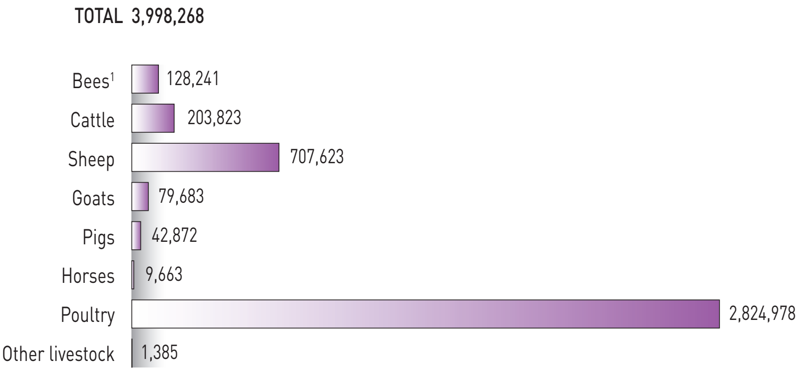
Source: SINAB.

Organic livestock farms

	2012	% change 2012/11
Piedmont	338	9.4
Valle d'Aosta	54	0.0
Lombardy	230	46.5
Trentino-Alto Adige	436	17.2
Veneto	180	-2.2
Friuli-Venezia Giulia	42	2.4
Liguria	102	-1.0
Emilia-Romagna	662	13.4
Tuscany	474	28.1
Umbria	130	-7.8
Marche	311	38.8
Lazio	766	13.3
Abruzzo	54	1.9
Molise	2	100.0
Campania	58	9.4
Puglia	117	317.9
Basilicata	185	5.7
Calabria	328	30.2
Sicily	1,735	10.7
Sardinia	1,510	-1.9
Italy	**7,714**	**12.16**

Source: SINAB.

Head of livestock raised using organic methods, 2012



[1] Number of hives.

Source: SINAB.

The quality certifications continue to be for the agricultural and food sector a useful tool for the commercial differentiation of products. However, the difficult economic situation has triggered a reversal of the trend in recent years. Actually, if we consider the most commonly used certification systems using standards ISO 9001, in 2012 there was almost a halving of the number of certified farms (-45%), while for food business the decline was more mild (-10%). Farms with environmental certifications complying with ISO 14001 have increased slightly, unlike the food industries that decrease. Even the number of

Forest area by type of certification, 2012

	FSC			PEFC		
	number of certificates	total hectares certified	% change 2012/10	number of certificates	total hectares certified	% change 2012/10
Forestry certification	-	52,102	-0.1	-	768,689	-0.01
CoC certification	1,445	-	0.7	803	-	0.8

Source: FSC Italia and PEFC Italia.

Agricultural and agro-food businesses with management systems for quality and environment certified in Italy, 2012

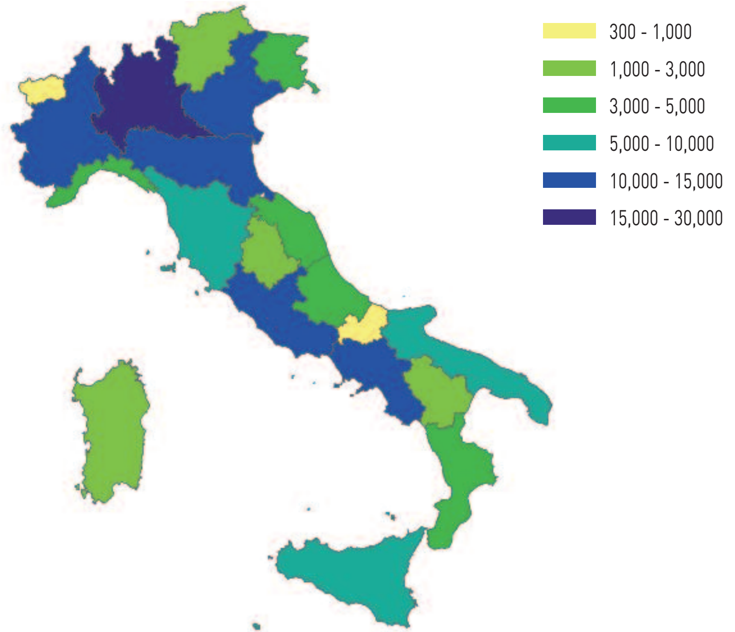
	ISO 9001			ISO 14001			EMAS		
	n.	% of tot.	% change 2012/11	n.	% of tot.	% change 2012/11	n.	% of tot.	% change 2012/11
Agricultural sector (crops, livestock)[1]	276	0.2	-45.2	80	0.5	2.6	-	-	-
Food sector	3,619	2.9	-9.7	709	4.2	-3.4	83	7.2	-8.8
Total	**125,204**	**-**	**-5.6**	**16,946**	**-**	**8.7**	**1,158**	**-**	**-0.6**

[1] It includes nurseries and businesses operating in the care of the green.

Source: processing of ACCREDIA and ISPRA figures.

food industries complying with the European certification EMAS are decreasing (-8.8%).
The membership regarding the international standard of ethical and social certification SA8000 has increased with about 120 farms registered in 2012 out of a total of 1,020 units at the national level. It is also confirmed the importance of forest certification both in terms of area, although with a slight decrease compared to 2010, and in terms of traceability of materials from certified forests (Chain of Custody certification - CoC).

Number of production sites with ISO 9001 and ISO 14001, 2012



Source: processing of ACCREDIA figures.

AGRICULTURAL POLICY

The First Pillar of the CAP concerns the system of direct payments and the market interventions managed by the unified CMO (Common Market Organization).

With regard to the current system of direct payments, the amount of funds allocated to Italy, in 2012, amounted to about 4,380 million euros. Almost all of this subsidy (4,202 million euros) is allocated to the decoupled subsidies of the single payment. Among other payments, € 850,000 relate to the payments for plums to be processed, while € 322 million euros represent the amount for the measures of the art. 68, of which 144.9 million euros are financed by unused funds.

The innovation of the 2012 campaign is the further and last increase in the rate of modulation which, for the share of the aid exceeding 5,000 euro, has increased from 9% to 10%, whereas for that one exceeding 300,000 euro has increased from 13% to 14%. Furthermore, aid for producers of rice, protein crops, nuts and seeds are no longer paid since, as of 1st January 2012, they have been decoupled and integrated in the value of securities owned by farmers. It remains the possibility for Member States to grant national aid for nuts up to 120.75 euro/hectare within of a maximum guaranteed area, at Community level, equal to 829,129 hectares.

In 2012, the specific aid to the dehydrated forage and to the processing of hemp are no longer granted to the processors but included in the value of the rights of the producers.

As for the decoupled aid for plums for processing, the definitive aid, for 2012, amounted to 2,868 euro/hectare, over an area of 296.37 hectares, instead of a theoretical amount of 1,500 euro/hectare.

The application of art. 68 sets the full payment of the aid only for turnover measures, which has also showed a saving of expenses used (1,461 million euros) to increase the endowment in

Budgetary ceiling for implementation of the single payment scheme in Italy (000 euro), 2012

- Ceiling for the single payment scheme	4,202,085
- Art. 54 reg. 73/2009 - plums	850
- Art. 68 reg. 73/2009 - decoupled aid	169,000
- Art. 68 reg. 73/2009 - coupled aid	152,950
- Art. 69 reg. 73/2009 - unused funds available for art. 68	144,900
National ceilings (all. VIII reg. 73/2009)	**4,379,985**
National ceilings net of modulation (all. IV reg. 73/2009)	**4,127,800**

Source: regulations (CE) n. 564/2012 and n. 73/2009.

Application of art. 68 of Regulation (EC) n. 73/2009 in Italy, 2012

Sector affected	Amount admitted for aid	Aid granted	% change compared to theoretical aid
	COUPLED PAYMENTS (QUALITY IMPROVEMENT)		
Beef			
- LG primiparous cows	29.743 head	162.82 euro/head	-19%
- LG pluriparous cows	151,383 head	122.11 euro/head	-19%
- dual purpose cows	13,730 head	48.84 euro/head	-19%
- slaughtering and labelling	644,899 head	40.46 euro/head	-19%
- PGI slaughtering	15,878 head	72.83 euro/head	-19%
Sheepmeat and Goatmeat			
- purchasing	352 head	247.89 euro/head	-17%
- fencing	6,287 head	57.84 euro/head	-17%
- slaughtering	467,662 head	12.39 euro/head	-17%
- flock expansion	454,088 head	8.26 euro/head	-17%
Olive oil	37,856,151.33 kg	0.2377 euro/kg	-76%
Milk	7,942,990.71 t	5.04 euro/t	-66%
Tobacco			
- generic	49,262,758 kg	0.4161 euro/kg	-79%
- Kentucky	752,149 kg	1.2653 euro/kg	-49%
- grown in Italy	61,013 kg	0.7908 euro/kg	-80%
Sugar	51,051.86 ha	385.88 euro/ha	-4%
Danae racemosa	213.78 ha	7,016.55 euro/ha	-53%
	DECOUPLED PAYMENTS		
Crop rotation	975,389.40 ha	100 euro/ha	-
Aid for insurance policy premiums on harvests, livestock and plants	134,716,287.25 euro	65%	-

Source: AGEA circular n. ACIU.2012.262.

order to support the payment of insurance premiums. With regard to the measures of quality improvement, the year 2012 experienced the overshoot of price ceilings for all products and the consequent cutoff of the recognized unified aid. In the case of beef, the aid was reduced by 19%, in line with the previous year. The aid for sheep and goat meat, which in 2011 had been fully paid, in 2012 was reduced by 17%, mainly because of the increase of labelled livestock for slaughtering, while the purchase of rams experienced a further decline in the number of animals for which the premium was requested. For olive oil the aid amounted to 37.8 million Kg (+42% compared to 2011), leading to a further contraction of the unified aid which stood at 0.24 euro/kg, significantly below the theoretical amount available (1 euro/kg). In the case of insurance on the crop, the subsidies derived from Community financing, the national co-financing and the Financial Law were enough to ensure the maximum contribution to the expenditure incurred by farmers (65% of the amount allowed for each insurance).

In terms of market measures, the 2012 national support plan for the wine sector has had a budget allocation of 341 million euros. The resources allocated to the Regions amounted to 276.5 million euros, while the remainder is managed by national funds. 45% of the total national budget has been allocated to the measure which deals with the conversion and restructuring of vineyards, 19% to the promotion on third country markets, 10% to investments and another 10% to the enrichment of musts and distillation of alcohol for edible uses which, as from 2013, will no longer be activated. 8% of the total amount has been allocated to the green harvesting and to the insurance on the crop, which are targeted measures to support incomes and rebalancing of supply. Sicily is the main beneficiary of the regional resources with a share of 20%, most of which (63%) is granted to the measure to restructuring and conversion of vineyards. Follows the Emilia Romagna whose requests, because of earthquakes, have been fully met (along with the province of Mantua). The funds for the restructuring and conversion of vineyards have been primarily allocated to Sicily (23%), as well as those for investment (22%), while, as for promotion, the region that has benefit the most was Piedmont (24%).

Also for the campaigns 2011/12 and 2012/12, it is confirmed a stable national milk production of 10.8 million tons, lower than the national reference quantity. The higher production was recorded in Lombardy (41% of the total), followed at a distance by Emilia Romagna (16%) and Veneto (10%).

EAGF

EAGF expenditure for Italy in 2012 amounted to 4,813.9 million euro, 10.7% of the Community total, up by 1.4% compared to 2011. The most important component of expenditure concerns decoupled direct payments (79%)related to the functioning of the single payment scheme.

Expenditure for agricultural market interventions is still important (15.8%), compared to expenditure at European level (8%).

EAGF spending by country, 2012*

	million euro	%	% change 2012/11		million euro	%	% change 2011/10
Austria	743.9	1.7	-0.3	Malta	5.6	0.0	36.6
Belgium	653.4	1.5	2.9	Netherlands	927.6	2.1	5.8
Bulgaria	425.0	0.9	40.9	Poland	2,847.7	6.4	12.2
Cyprus	46.2	0.1	9.7	Portugal	775.7	1.7	3.5
Denmark	955.2	2.1	-0.3	UK	3,351.7	7.5	2.0
Estonia	91.4	0.2	22.5	Czech Republic	768.9	1.7	15.2
Finland	552.3	1.2	10.7	Romania	1,022.3	2.3	32.9
France	8,655.7	19.3	-1.1	Slovak Republic	332.6	0.7	11.5
Germany	5,446.7	12.1	-1.3	Slovenia	125.3	0.3	20.0
Greece	2,416.4	5.4	8.4	Spain	5,868.7	13.1	1.1
Ireland	1,293.2	2.9	-1.2	Sweden	715.9	1.6	1.5
Italy	4,813.9	10.7	1.4	Hungary	1,165.4	2.6	9.6
Latvia	127.6	0.3	13.9	EU	336.2	0.7	-7.9
Lithuania	332.1	0.7	19.5				
Luxembourg	35.0	0.1	1.2	**TOTAL EAGF**	**44,831.7**	**100.0**	**3.1**

* 2012 provisional.

Source: EU Commission.

Funds related to the program that support the wine sector are particularly important in our country (335 million euros equal 31% of the relating expenditure item at EU level), as well as those funds that finance operational programs in fruit and vegetable sectors (208 million euro, equal to 29% of the relating expenditure item at EU level).

EAGF spending by category of measure, 2012*

	Italy		EU		Ita/EU
	million euro	%	million euro	%	%
Agricultural market measures	758.8	15.8	3,514.9	7.9	21.6
- export refunds	12.3	0.3	146.7	0.3	8.4
- storage	-20.8	-0.4	17.3	0.0	-
- food programmes	99.2	2.1	515.1	1.1	19.3
- PO fruit and vegetables	208.4	4.3	723.2	1.6	28.8
- national support programmes for the wine sector	335.0	7.0	1,069.8	2.4	31.3
- other	124.7	2.6	1,042.8	2.3	12.0
Direct aid	4,055.6	84.2	40,880.0	91.8	9.9
- decoupled direct payments	3,802.7	79.0	37,665.5	84.5	10.1
- other direct aid	253.0	5.3	3,213.9	7.2	7.9
- modulation refund	-0.1	0.0	0.6	0.0	-15.7
Other measures	-0.5	0.0	157.3	0.4	-
Spending on agriculture and rural development	**4,813.9**	**100.0**	**44,552.2**	**100.0**	**10.8**
TOTAL EAGF	**4,813.9**		**44,831.7**		

* 2012 provisional.

Source: EU Commission.

Public expenditure, allocated in 2012 by the Italian RDP, amounted to 2,566 million euro, of which 1,296 represent the amount of financial resources from the EAFRD (European Agricultural Fund for Rural Development). This outcome has also allowed the regions to avoid, even for 2012, the return of funds to the European Commission because of the so-called mechanism of automatic de-commitment.

However, regional differences in financial performance still remain remarkable. Campania, for example, leads programs which are more exposed to the risk of losing european subsidies compared to those of the Autonomous Province of Bolzano.

The difference in spending power is also reflected at the level of the target areas, although the gap has been significantly reduced compared to the previous years. Spending power amounted to 59.9% for those regions under the Competitiveness target and it amounted to 55.4% for those regions under the Convergence target,

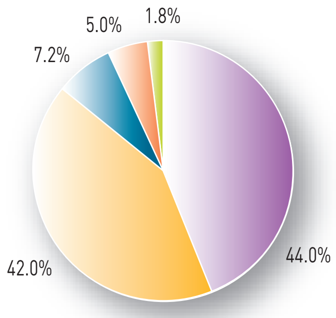
RDP 2007/2013 - Progress in Public Spending

Region	Programmed public spending	Disbursed public spending	Spending progress (%)
Piedmont	442,019,000	254,796,622	57.6
Valle d'Aosta	56,108,000	41,451,623	73.9
Lombardy	471,110,000	322,585,352	68,5
Liguria	114,621,000	66,234,429	57.8
A.P. Trento	108,566,000	84,424,895	77.8
A.P. Bolzano	148,205,000	127,384,947	86.0
Veneto	478,155,000	279,415,352	58.4
Friuli-Venezia Giulia	119,774,000	73,020,934	61.0
Emilia-Romagna	527,819,000	297,981,514	56.5
Tuscany	388,956,000	218,269,678	56.1
Umbria	353,613,000	206,371,744	58.4
Marche	217,609,000	125,680,433	57.8
Lazio	315,419,000	172,408,277	54.7
Abruzzo	192,572,000	100,540,176	52.2
Molise	92,959,000	52,320,610	56.3
Sardinia	571,596,000	333,289,761	58.3
Total competitiveness objective	**4,599,101,000**	**2,756,176,349**	**59.9**
Campania	1,110,774,000	535,188,623	48.2
Puglia	927,827,000	524,276,165	56.5
Basilicata	384,627,000	229,784,758	59.7
Calabria	650,151,000	375,291,305	57.7
Sicily	1,271,842,000	743,975,257	58.5
Total convergence objective	**4,345,221,000**	**2,408,516,107**	**55.4**
Total NRN territory	41,459,883	24,151,887	58.3
Total ITALY	**8,985,781,883**	**5,188,844,342**	**57.7**

Source: MIPAAF.

which are also those whose territories have the greatest problems, both at administrative level, with delays in the preparation of tender notices and in the publication of the final classifications, and at socio-economic level.
The distribution of annual public expenditure between the axes is substantially closer to what has been defined during the startup of programming in the national strategic plan. Actually, 44% of the total is concentrated in Axis 1, with an amount of payments of approximately 1,130 million euros. Measures aimed at restructuring and developing the capital and foster innovation represent almost 82% of the total, with a clear predominance of investments in the agricultural and forestry holdings (approximately 568 million euros) and investments in processing products marketing (199 million euros), despite operators continue to experience obvious difficulties in providing the private share, due to the large stiffness in access to private credit. More contained, vice-versa, is the expense realized with the measures for the promotion of know-how and the optimization of human capital with a total allocation of 175 million euros (more than 15% of the total). The lack of attention of the regions in this type of intervention is even more evident if we do not consider the prizes for the settlement of young farmers (137 million euros), which reduce the subsidies to just over 3% of the total axis. Even more modest are the payments for the measures to improve the quality of agricultural products and their promotion (2%).
As for the Axis 2, the public support amounted to 1,077 million euros with

Distribution of Public Spending by Axis, 2012



TOTAL	2,565.70
Axis 1	1,129.70
Axis 2	1,076.66
Axis 3	185.60
Leader Axis	128.33
Technical Assistance	45.42

Source: MIPAAF.

an incidence of 41.9% on the total expenditure. Approximately 82% of subsidies deal with the measures aimed at promoting the sustainable use of agricultural lands where agro-environmental measures represent more than 50% of the entire Axis, with total payments amounting to 543 million euros.
Among the measures to promote the sustainable use of forestry, which account for the remaining 19%, noteworthy are the interventions for restoring forestry potential at a cost of 92 million euros.
As for the Axis 3, the public expenditure amount is just over 7% of the total annual, with a volume of payments of approximately 186 million euros. About 60% of the total expenditure in the Axis is ascribable to the measures aimed at diversifying the rural economy; in particular, those interventions for the diversification in non-agricultural activity which represent more than 50% of the total, with an amount of almost 94 million euros. However, among the measures aimed at improving the quality of life, the interventions for the development of broadband in rural areas are still lagging; such interventions, actually, are included under the measure 321 "Basic services for the economy and rural population" with an expenditure of around 50 million euros.
Noteworthy are then the performance improvements under the Leader Axis, whose expenditure of 128 million euros represents 5% of the total.

The new rural development policy 2014-2020

In the new programming cycle 2014-2020, considering the regulatory proposals under negotiation, the Rural Development Policy will be characterized by significant innovations. One of the most important is represented by the end of the separation between the EAFRD and the Structural Funds. The new strategic concept will provide the integration and coordination of all funds.
Another new feature is the abolition of the Axes and the establishment of six specific priorities:

- strengthen the transfer of know-how and innovation in agriculture, forestry and rural areas;
- increase the competitiveness of all kind of agriculture and the economic sustainability of farms;
- promote the organization of the supply chain and risk management in agriculture;
- restore, preserve and improve the ecosystems subjected to agriculture and forestry;
- promote the efficient management of resources, support the transfer to a low-carbon economy and low impact on climate change;
- promote social inclusion, poverty reduction and economic development in rural areas.

It is also expected a remarkable reduction in the number of measures (from 40 to 25), along with the choice of the free crossing between priorities and measures, thus overcoming the stiffness of the past that prevented the

same intervention to contribute to the achievement of different objectives and thereby ensure greater autonomy to the Member States.
In this process of simplification of the measures, some important changes have occurred, such as:

- the introduction of a specific measure for organic farming;
- the redefinition of existing agro-environmental measures in “Agro-climate-environmental payments” as new incentives for action to combat climate change;
- the introduction of a measure on risk management, usually implemented under the First Pillar;
- the introduction of a specific measure to encourage the dissemination of research results and innovations.

Finally, it will increase the integration and complementarity with the First Pillar thanks to the “greening” component that has many contacts with the measure “Agro-climate-environmental payments” and the “new” measure of “Organic Farming”; thanks to the added and optional component that provides compensation for companies operating in areas affected by natural constraints, cumulative and complementary to the indemnity provided by the RDP; and thanks to the mandatory component of the aid to young farmers that finds its equal in the five-year award which is provided by the RDP.

The data analysis of regional public expenditure shows that in 2010 the total payments steadily decreased in the agricultural sector. Regional payments accounted for about 3.1 billion euros, with a slight decrease compared to the previous year (about 21 million euros compared to 2009).
The reduction in expenditure relates to both the absolute values and the percentage of payments in the sector on the value added which, in the national average for 2010, was equal to 11.8%.
The reduction in regional agricultural spending is due to the expenditure rationalization that all public administrations are required to comply as a consequence of the application of Stability Pact and the fiscal consolidation measures in recent years.
If we analyze the spending, by type of agriculture policy actions, referring to the traditional classification adopted by INEA, it is clear that the largest part of the total payment is ascribable to the farm management and forestry activities, followed by technical assis-

Payments to the agricultural sector and incidence on the regional value added, 2010

	Million euro	%
Piedmont	143	9.3
Valle d'Aosta	34	77.2
Lombardy	340	11.9
Liguria	12	2.3
A.P. Bolzano	143	20.4
A.P. Trento	124	28.5
Veneto	118	5.2
Friuli-Venezia Giulia	78	20.2
Emilia-Romagna	71	2.6
Tuscany	119	6.7
Umbria	55	13.3
Marche	29	5.4
Lazio	48	3.1
Abruzzo	75	12.7
Molise	24	11.1
Campania	155	6.9
Puglia	42	1.9
Basilicata	105	22.5
Calabria	423	37.4
Sicily	721	25.6
Sardinia	250	27.0
Italy	**3,110**	**11.8**

Source: INEA data bank of regional public spending.

tance and research, farm investment and investments in infrastructure and hydrogeological defense.

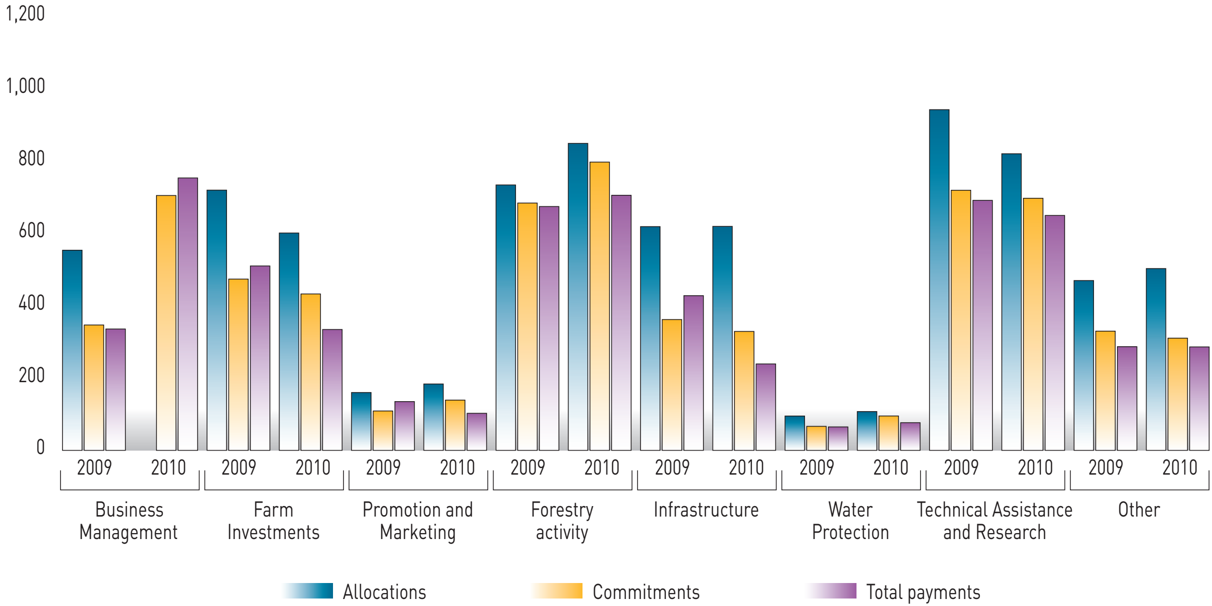
The incidence of the payments for the agricultural sector compared to the total payments of the balance for each region shows that the agricultural spending is rather limited and never exceeds the threshold of 10%. Calabria has the highest incidence (8.7%), followed by Basilicata (4.4%), Sicily (4.1%), Sardinia (3.4%) and Molise (3%), while many regions that play a significant role in the national agricultural sector are characterized by an incidence on the regional agricultural spending much more modest (Lombardy, Emilia-Romagna, Tuscany, Campania, Puglia).

Incidence of regional agricultural payments on the total value of regional payments, 2010

Region	Total payments in agriculture (million euro)	Total payments from budget (million euro)	Share agricultural payments/ total payments (%)
Piedmont	143	12,834	1.11
Valle d'Aosta	34	1,639	2.09
Lombardy	340	24,506	1.39
Bolzano	143	8,200	1.75
Trento	124	7,700	1.61
Veneto	118	13,306	0.89
Friuli-Venezia Giulia	78	6,400	1.23
Liguria	12	3,971	0.30
Emilia-Romagna	71	15,797	0.45
Tuscany	119	10,774	1.10
Umbria	55	3,117	1.75
Marche	29	5,291	0.55
Lazio	48	18,320	0.26
Abruzzo	75	0	0.00
Molise	24	819	2.98
Campania	155	18,838	0.83
Puglia	42	12,147	0.35
Basilicata	105	2,233	4.68
Calabria	423	4,831	8.76
Sicily	721	17,598	4.10
Sardinia	250	7,195	3.48

Source: INEA data bank of public spending in agriculture.

Regional spending for agriculture by economic-functional destination (million euro), 2010



Source: INEA data bank on public spending for agriculture.

In 2012 and 2013, the Government's actions in the agricultural sector, concerned:

1. The reorganization of agricultural research;
2. The revision of certain rules concerning food safety and drinks;
3. The revision of the incentives for the use of agricultural products in the production of electricity;
4. The protection of the quality of products and measures to combat the counterfeiting;
5. The introduction of new tax provisions and administrative simplification;
6. Interventions for farms damaged by the earthquake;
7. The incentives for the development of youth employment in the green economy;
8. The support measures for businesses and farm incomes;
9. Other measures for the agricultural sector.

1. The reorganization of agricultural research

The Decree of 6th July 2012 n. 95 (Spending Review) established the abolition of the National Research Institute for Food and Nutrition (INRAN) starting from 7 July 2012. It also transferred INRAN functions relating to official certifications of seed products to "Ente Risi", while all other functions have been conferred to the Council for Research and experimentation in Agriculture (CRA). The reorganization of responsibilities was completed by the Stability Law 2013 (Law n. 288/2012), which transferred to the CRA the functions in the seed sector.

2. The revision of the rules on food safety and drinks

The Decree of 13th September 2012 n. 158 art. 8 (Health Decree) in order to achieve proper nutrition has increased the contents of natural fruit juice in soft drinks, specifying the name of one or more fruits, achieving now a minimum contents presence of 20% compared to the previous level of 12%.

3. The revision of incentives for the use of agricultural products in the production of electricity

The Law of 24th December 2012 n. 228 (Stability Law 2013), in clause 364, provides the holders of plants producing electricity, powered by sustainable bio-liquids and which became operational before 2013, and that benefit from the green certificates or all-inclusive tariff, the faculty to change the incentive system in force, with effect from 1st January 2013. The owners of the plants, which benefit the green certificates, may require the application of the multiplicative coefficient of the green certificates equal to 1.80 instead of 1.30, within a maximum of energy for incentives to be fixed by Ministerial Decree. The plant owners who benefit the all-inclusive tariff – power <1 MW – may require an increase in the reference rate.

The main regulatory measures in 2012/2013

Law	Content
Law 7 August 2012, n. 135	Urgent measures for the review of public spending with no change of services for citizens
Law 1st August 2012, n. 122	Urgent measures to support people affected by the earthquake in the provinces of Bologna, Modena, Ferrara, Mantua, Reggio Emilia and Rovigo, on the 20th and 29th May 2012
Law 7 August 2012, n. 134	Urgent measures for the growth of Italy
Law 8 November 2012, n. 189	Urgent measures to promote the country’s development through a higher level of health protection
Law 17 December 2012, n. 221	Further urgent measures for the growth of Italy
Law 24 December 2012, n. 234	General rules about Italian participation in the formation and implementation of EU legislation and policies
Law 24 December 2012, n. 228 *(Stability Law 2013)*	Urgent measures for the preparation of the annual and multi-year State budget
Law 14 January 2013, n. 9 *(Save Oil Decree)*	Rules on the quality and transparency of the supply chain of extra virgin olive oils
Law 21 May 2013, n. 54	Interventions for the suspension of the IMU (property tax), refinancing of social safety in derogation, deferment of the temporary employment in public administration and elimination of the salaries of the Government’s
Law 6 August 2013, n. 97 *(European Law 2013)*	Regulations for the fulfillment of the obligations arising from Italy’s membership to the EU
Law 9 August 2013, n. 98 *(decreto del fare)*	Urgent provisions for economic recovery

4. The protection of the quality of products and measures to combat the counterfeiting

The Law of 7th August 2012 n. 134 converting Decree Law of 22nd June 2012, n. 83:

- art. 49 gives the Chambers of Commerce the power to impose penalties in respect of Made in Italy in the case of a false indication of the use of the brand;
- art. 59 bis plans measures to combat counterfeiting and other misleading transactions made at the expense of agricultural products and food quality. The Minister of Agriculture, Food and Forestry should define the procedures for the integration of the labelling of agricultural products with sustainable security system, also linked to databases and other devices or technical means of control and remote sensing.

The Law of 14th January 2013, n. 9 (Save Oil Law) has introduced a series of regulations on the quality and transparency of the supply chain of virgin olive oils. In particular, the Law contains rules on the indication of origin, rules on the functioning of the market and competition and some measures to combat fraud.

5. The introduction of new tax provisions and administrative simplification

The law of 17th December 2012, n. 221, art. 36, clause 8 bis, has introduced the obligation to communicate annually the operations relevant for VAT purposes (list of customers/ suppliers) for agricultural producers with a turnover of less than 7,000 euro/year. The duty is intended to make more efficient the control activities related to traceability of agricultural products and foodstuffs as established by Regulation (EC) n. 178/2002.

Under the Law of 24th December 2012 n. 228 (Stability Law 2013):

- art. 1 clause 512 has established the revaluation of 15% of agricultural incomes for the years 2013/2015 in order to determine the income tax; it also establishes the appreciation of 5% of agricultural land and non-cultivated land which are owned and run by farmers and by professional farmers;
- art. 1 clause 513 has established the abrogation of the special regime for the determination of business income for the agricultural societies, in art. 1 clauses 1093 and 1094, of the Law n. 296/2006 (Fiscal Decree 2007). With the new provision, agricultural societies, other than partnerships, can't benefit of the tax based on the cadastral agricultural income in the years 2013 and 2014.

The Decree of May 21st, 2013 n. 54 established the suspension of the IMU tax (a property tax) payable by farmland, farm buildings, homes and their major properties (art. 1 clause 1). The Decree was converted into Law on the 18th July 2013, n. 85.

The Decree of June 21st, 2013 n. 69 (*"decreto del fare"*) was converted into Law on the 9th August 2013, n. 98. It established the following measures:

- art. 6, restoring the subsidized system for greenhouse growers as from 1st August 2013 until 31st December 2015. The arrangement panders only those farmers enrolled in the social security and it establishes an excise duty of 25 euros per 1,000 liters on diesel used for heating the underground crops;
- art. 30-bis has established that, for direct sales, during festivals, fairs and other events, there's no need to communicate the start-up of the activity and that, in the case of electronic commerce, it might be initiated simultaneously with the sending of the communication to the municipality where the firm is settled. Furthermore, during direct selling, it is allowed the immediate consumption of the products sold.

6. Measures for farms damaged by earthquake in the provinces of Bologna, Modena, Ferrara, Mantua, Reggio Emilio and Rovigo

Law 1st August 2012, n. 122, conversion of the Decree Law 6th June 2012, n. 74:

- art. 1 establishes a guarantee fund in support of micro, small and medium sized farms, including those of the agro-food sector, with headquarters or local units in the areas affected by the earthquake in May 2012. The fund is granted for free with priority over other interventions, for a maximum guaranteed amount of 2,500,000 euro per each farm;
- art. 11 establishes grants in the form of an interest subsidy in favor of farms that do not have headquarters in the areas damaged by the earthquake but whose funds are located in that area;
- art. 13 allocates 5 million euros, from the fund's resources for the reconstruction of the quake-hit areas, to support the burden that farms must bear, in terms of commissions, in order to request the intervention of the fund management company for the ISMEA's agro-food sector, as a guarantee for the bank loan;
- art. 14 establishes that the State's participation, in the share of regional funding of the Rural Development Program 2007/2013, is extended to all the regions affected by the earthquakes for the years 2012 and 2013. At the beginning, the participation was disposed only in favor of Emilia Romagna.

7. The incentives to support the youth employment in the green economy

The Decree Law 22 June 2012, n. 83, converted into Law 7 August 2012, n. 134, in the art. 57 supports youth employment in the "green economy" with low-interest loans. To gain access to finance, the investments projects submitted by companies must provide additional permanent employment of young people aged up to 35 years.

8. The support measures for farms and agricultural incomes

Law 17 December 2012, n. 221, art. 36:

- clause 2-bis establishes, at ISMEA, a national mutual fund to stabilize the incomes of farms, constituted by the voluntary contributions of farmers. The fund may benefit from governments grants which are compatible with the European legislation on State Aid;
- clause 8 establishes that the classification as agricultural farm and consequently the ability to benefit from the subsidies remains even in the presence of income from the rental or loan of buildings to residential use and land and buildings to instrumental use for agricultural activities, as long as such incomes do not exceed 10% of the total revenues;
- clause 10-ter authorizes ISMEA to grant loans at market conditions also through the establishment of associations and consortium with banks.

Decree Law 21 June 2013, n. 69 (“*decreto del fare*”), converted into Law 9 August 2013, n. 98:

- art. 9 establishes provisions to boost the use of structural funds, including those for rural development and fisheries. Administrations and government businesses must give priority to proceedings related to the use of funds. In addition, the State or the Region, can act as a subsidiary, thus replacing the defaulting entity, in the case of undue delay in the adoption of acts within the competence of local authorities;
- art. 32, clause 7-ter, establishes for agricultural processing cooperatives the extension of tax relief in relation to the products supplied by the members, payable to farmers who work in mountainous or disadvantaged areas.

9. Further measures in the agricultural sector

The Law 24 December 2012, n. 234 has introduced a reform of the rules governing the participation of Italy in the formation and implementation of European Legislation. The new provisions, which set a greater involvement of national parliaments in some aspects of the functioning of the Union, are also relevant to the regulation of the agricultural sector. Among the rules for the sector, noteworthy is the provision in art. 47 which has established for public aid, which have been granted for damage caused by natural disasters or exceptional occurrences, the coverage threshold of 100% of the damage.

The Law 6 August 2013, n. 97 (European Law 2013) contains “Provisions for the fulfillment of the obligations arising from Italy’s membership of the European Union”. Among the rules intended to ensure the compliance of national law, art. 27 acts on pollution caused by nitrates from agricultural sources, to remedy the breach of the European Commission Directive 91/676/CEE.

NOTES

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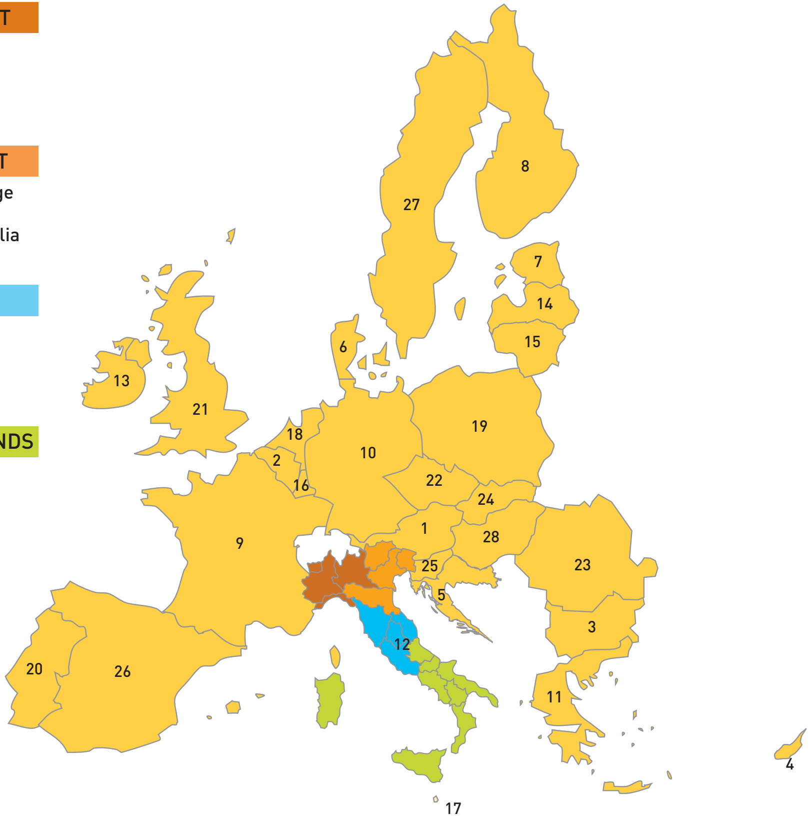

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