The agri-food sector in Italy

Roberta Sardone – 28 February 2018

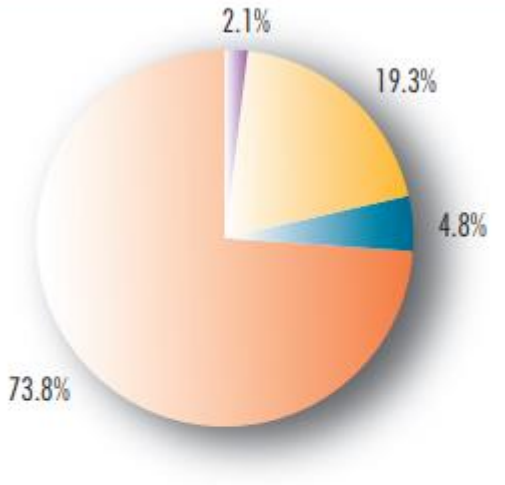
Presentation outline

1. Agriculture in the national economy
2. Farming sector
3. Land use
4. Agro-industrial system
5. Food retailing and consumption
6. Quality products

1. The agriculture in the national economy

VALUE ADDED

% breakdown of the value added at basic prices by sector, 2016 - Values at current prices (million euro)



TOTAL	1,500,585
Agriculture, Forestry and Fishing	31,567
Industry, in its narrow sense	289,728
Construction	71,479
Services, including public sector	1,107,811

Source: ISTAT

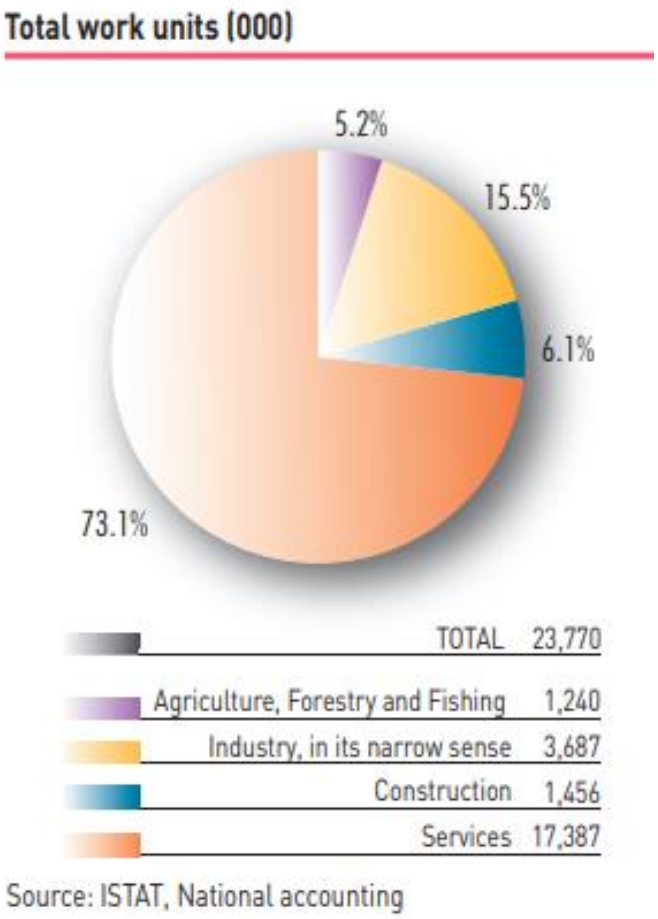
% share of the agricultural* value added on the total value added of each EU country, 2016

Countries	%	Countries	%
Luxembourg	0.2	Poland	2.4
Germany	0.6	Czech Rep.	2.5
UK	0.6	Estonia	2.6
Belgium	0.7	Finland	2.7
Ireland	1.0	Spain	2.8
Denmark	1.1	Latvia	3.2
Austria	1.3	Lithuania	3.3
Sweden	1.3	Slovakia	3.8
Malta	1.4	Greese	4.0
France	1.6	Croatia	4.1
Netherlands	1.8	Romania	4.3
Italy	2.1	Bulgaria	4.4
Portugal	2.2	Hungary	4.5
Slovenia	2.2	**Eurozone (19 countries)**	**1.5**
Cyprus	2.3	**EU-28**	**1.5**

* Value added at basic prices - current values in million euro

Source: Eurostat

EMPLOYMENT



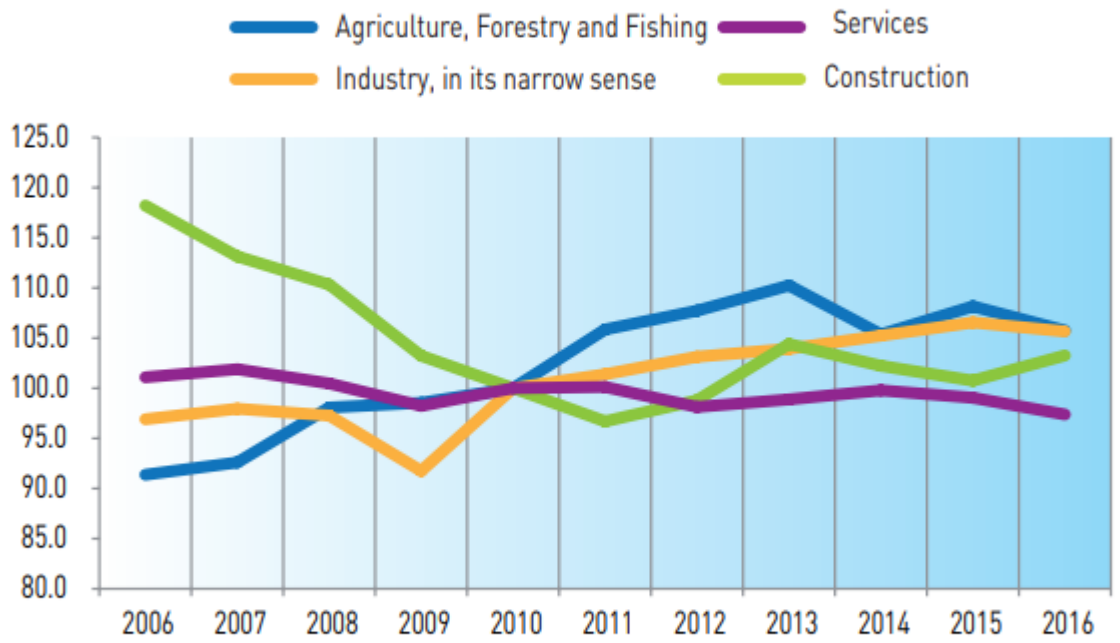
- The number of the employees in agriculture reaches almost 884 thousand of units (of which 27% are women), and they are distributed as follows: 36% in the North, 14% in the Centre and the remaining share – almost the half – in the South.

- It is increasing relevant the share of the part-time employees, reaching 14.3% of the total employment in agriculture.

- Increasing number of foreigners (16-17%)

PRODUCTIVITY

Labour productivity - value added at chained basic prices per hour worked - indices 2010=100



Source: ISTAT

1. The agricultural sector in the national economy: key points

- **Agriculture** plays quite a **marginal role** in the national economy in terms of added value and employment;
- The **agricultural sector** shows, in the last decade, an **increase in productivity.** The primary sector contrasts the trend detected in most of the productive sectors, thus showing its structural peculiarities;
- **But, productivity of agriculture is considerably lower than in other economical sectors;**

2. Farming sector

ITALIAN REGIONS

FARMS AND AGRICULTURAL AREA

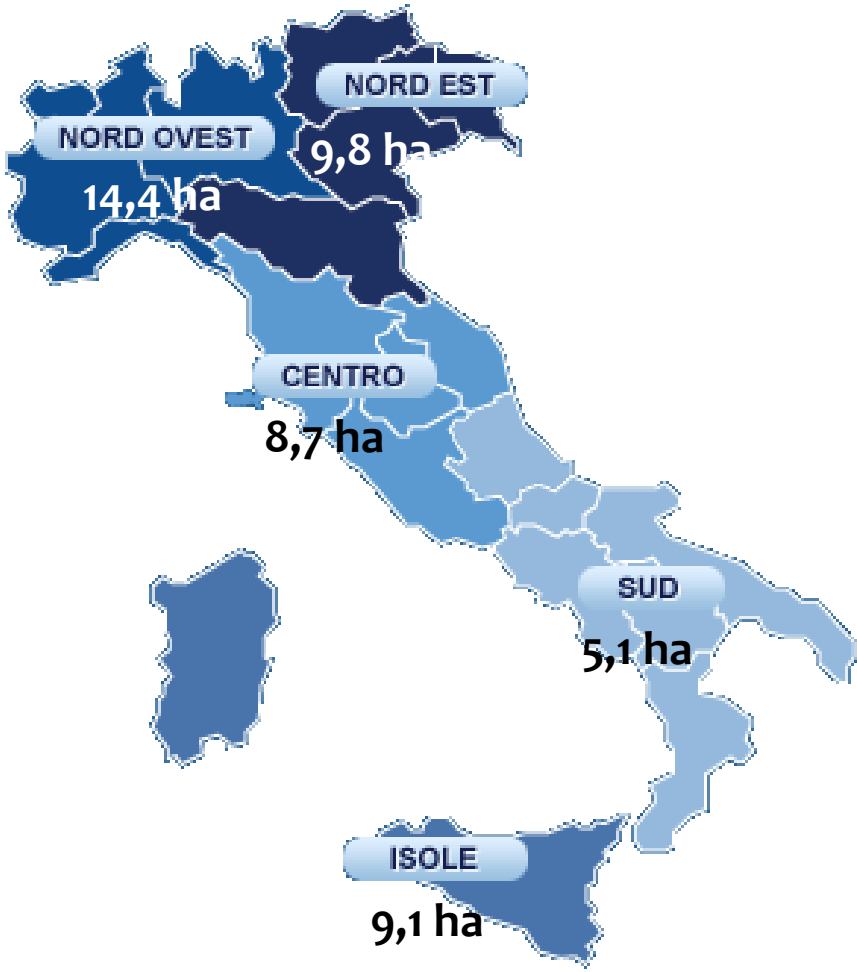
Farms and utilised surface area, 2013

	Farms		UAA (ha)		TAA (ha)	
	2013	% change 2013/10	2013	% change 2013/10	2013	% change 2013/10
Piedmont	59.308	-11,7	955.473	-5,5	1.269.044	-2,3
Valle d'Aosta	2.807	-21	52.872	-4,9	104.917	-12,1
Lombardy	49.169	-9,5	927.450	-6	1.136.414	-7,6
Liguria	16.479	-18,5	41.992	-4,1	101.038	3
Bolzano	19.182	-5,3	230.662	-4,1	451.989	-6,6
Trento	15.511	-5,7	135.284	-1,4	432.387	5,8
Veneto	111.155	-6,9	813.461	0,2	1.084.244	7,5
Friuli Venezia Giulia	20.176	-9,6	212.751	-2,6	266.575	-3,5
Emilia-Romagna	64.480	-12,2	1.038.052	-2,5	1.348.363	-0,9
Tuscany	66.584	-8,4	706.474	-6,3	1.298.353	0,2
Umbria	34.125	-5,8	305.589	-6,5	505.751	-5,8
Marche	41.003	-8,6	447.669	-5,1	588.800	-4,5
Lazio	82.777	-15,7	594.157	-7	867.826	-3,7
Abruzzo	63.154	-5,5	439.510	-3,1	655.073	-4,7
Molise	21.780	-17,1	176.674	-10,6	222.514	-11,8
Campania	115.895	-15,3	545.193	-0,8	699.360	-3,2
Puglia	255.655	-5,9	1.250.307	-2,7	1.331.403	-4,1
Basilicata	46.633	-9,9	495.448	-4,6	639.284	-4,4
Calabria	129.642	-5,9	539.886	-1,7	713.407	1
Sicily	203.765	-7,2	1.375.085	-0,9	1.529.106	-1,3
Sardinia	51.907	-14,6	1.142.006	-1	1.432.448	-2,6
Italy	**1.471.185**	**-9,2**	**12.425.995**	**-3,3**	**16.678.296**	**-2,4**

Source: ISTAT

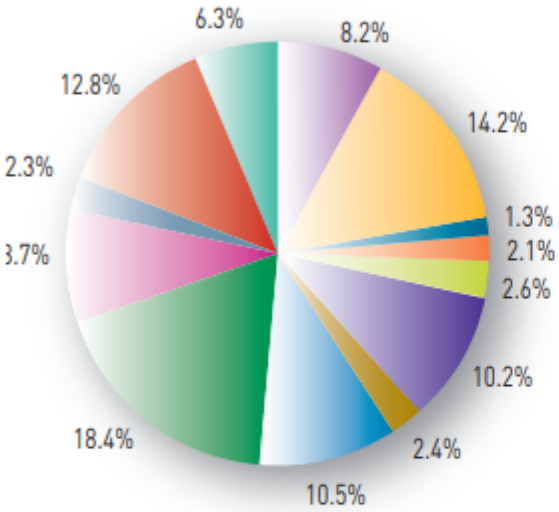
THE SIZE OF ITALIAN FARMS (1)

- **Data from the last Agricultural Census (2010)**
  - Number of farms: 1.6 M of farms (only 400,000 real "companies")
  - Agricultural area: 12.9 M ha
  - Average size: 7.9 ha
  - Average size of farm specialised in:
    - Arable: 12.8 ha
    - Horticulture: 3.9 ha
    - Permanent crops: 3.0



PRODUCTION

Production of goods and services at basic prices of the agricultural sector - Values at current prices (million euro), 2016



Total	52,576
Cereals and dried legumes [1]	4,319
Vegetables [2]	7,454
Industrial crops [3]	665
Flowers and ornamentals	1,125
Fodder crops	1,355
Wine products	5,374
Olives	1,256
Fruits and citrus	5,512
Meat	9,649
Milk	4,589
Eggs and other [4]	1,223
Support activities to agriculture	6,735
Secondary activities (+ and -) [5]	3,320

[1] Dried legumes (129 million euro)

[2] of which potatoes (766 million euro) and fresh beans (246 million euro)

[3] Sugar beet (96 million euro), tobacco (173 million euro), sunflower (60 million euro), soya (306 million euro)

[4] of which honey (47 million euro)

[5] Secondary activity should be thought as the activity performed in the agricultural sector and, therefore, not separable, pointed out by the + sign, and as the activity performed by other economic activities related to crops and livestock which are indicated by the - sign

VEGETABLE PRODUCTION

Main vegetable productions, 2016

	Quantity		Value[1]	
	000 t.	% change 2016/15	000 euro	% change 2016/15
Wine (000 hl)	20,974	-0.6	3,591,910	-1.7
Durum wheat	5,049	14.8	1,484,450	-14.7
Fodder (hay)	-	-	1,355,370	2.5
Nurseries	-	-	1,325,301	-1.2
Hybrid corn (maize)	6,914	-4.4	1,261,715	11.5
Grape conferred and sold	3,887	-0.5	1,206,075	-5.6
Flowers and ornamental plants	-	-	1,124,586	-1.8
Olive oil	251	-44.5	1,075,084	-49.7
Tomatoes	6,430	-2.5	956,868	-16.7
Honey	2,548	2.4	822,869	5.8
Potatoes	1,407	3.8	766,196	25.8
Kitchen gardens	1,768	0.9	661,595	-6.4
Fennels	552	5.3	654,379	-2.2
Table grape	1,032	-1.1	562,305	1.6
Lettuce	483	1.3	560,504	0.4
Pears	738	-6.5	535,473	-2.8
Frumento tenero	2,989	-0.3	523,633	-8.7
Zucchini	549	4.8	460,105	-1.6
Oranges	1,622	-2.8	447,636	-21.7
Artichokes	402	0.3	441,173	-12.1

[1] Production at basic prices expressed at current values

Source: ISTAT

ANIMAL PRODUCTION

Main livestock productions, 2016

	Quantity[1]		Value[2]	
	000 t,	% change 2016/15	000 euro	% change 2016/15
Beef	1,185	-0.7	2,913,637	-1.8
Pigs	2,102	0.7	2,863,622	2.0
Poultry	1,954	6.8	2,710,293	-7.7
Rabbits and game	359	-2.7	902,801	-2.0
Goat and sheep meat	60	2.2	169,659	0.0
Horsemeat	40	1.5	89,199	4.5
Cow milk and buffalo milk (000 hl)	114,525	2.3	4,085,907	-6.1
Sheep and goat milk (000 hl)	5,446	2.5	503,123	-14.4
Eggs (millions of units)	13,300	1.6	1,165,522	-12.5
Honey	8	-13.2	46,750	-6.2

[1] Live weight for meat
[2] Production at basic prices expressed at current values
Source: ISTAT

SUPPORT AND SECONDARY ACTIVITIES

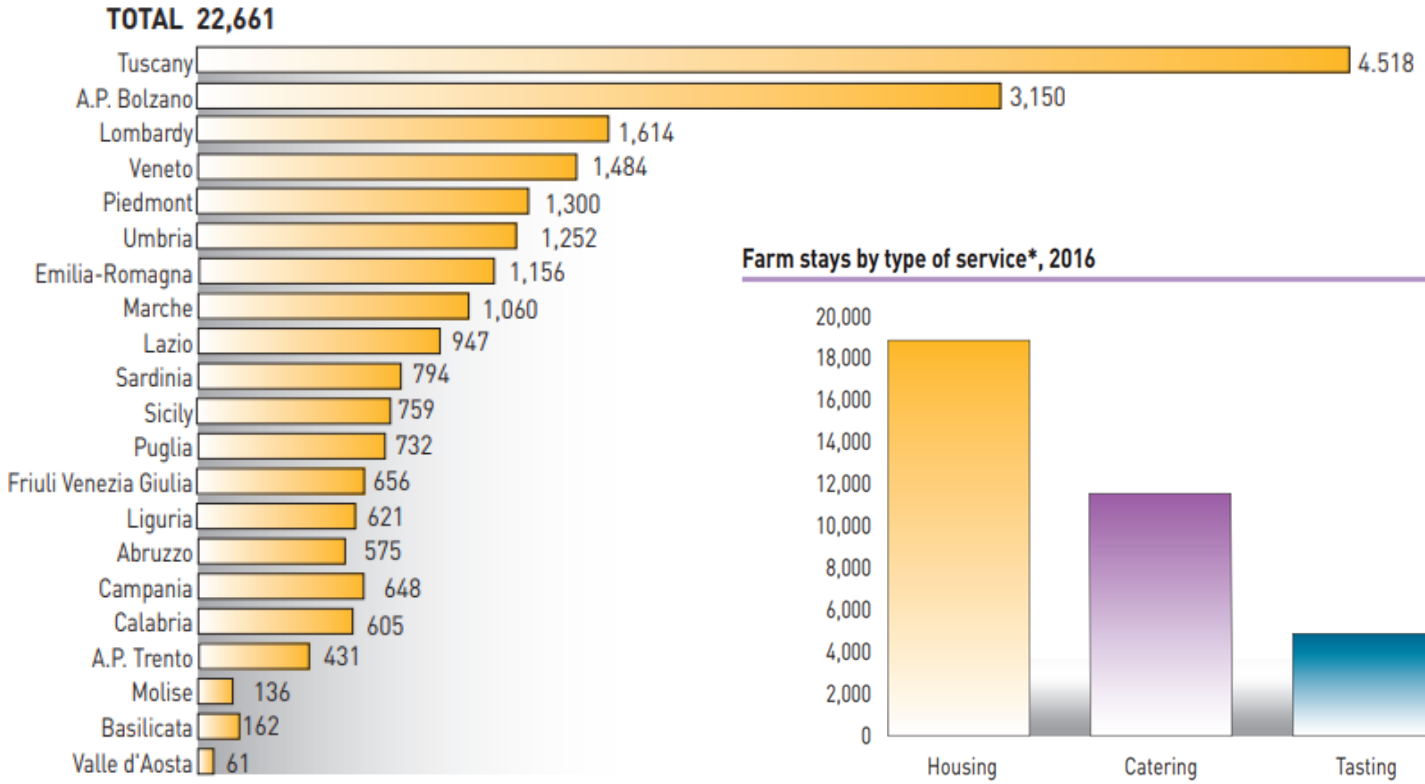
Support activities and secondary activities in agriculture

	Current values (million euro)					% changes (current values)	% changes (chained values) ref. year 2010
SUPPORT ACTIVITIES	**2010**	**2013**	**2014**	**2015**	**2016**	**2016/15**	**2016/15**
Seed processing for sowing	248.6	275.6	266.6	285.3	290.9	2.0	1.7
New crops and plantations	231.4	246.1	222.5	191.2	190.8	-0.2	-1.6
Agricultural activities (subcontracting)	2,408.1	2,820.8	2,934.9	2,964.3	3,047.9	2.8	1.2
First processing of agricultural products	2,029.5	2,140.6	2,184.9	2,224.9	2,264.8	1.8	2.1
Maintenence of land for keeping it in good agric, and ecological conditions	464.6	535.4	546.7	552.2	563.9	2.1	1.1
Support activities to the livestock breeding	196.9	204.8	204.1	196.2	202.9	3.4	2.0
Other suppot activities	155.0	166.9	164.4	165.6	173.5	4.7	3.1
Total	**5,734.1**	**6,390.3**	**6,524.0**	**6,579.6**	**6,734.6**	**2.4**	**1.5**
SECONDARY ACTIVITIES	**2010**	**2013**	**2014**	**2015**	**2016**	**2016/2015**	**2016/2015**
Aquaculture	7.0	7.2	7.4	7.5	7.7	2.5	2.0
Processing of vegetable products (fruit)	141.0	175.1	165.1	183.6	190.1	3.5	2.1
Milk processing	287.3	303.7	321.6	300.9	269.3	-10.5	2.3
Farm stays. including social and recreational activities. educational farms and other ancillory activities	1,108.0	1,138.8	1,153.6	1,188.4	1,250.4	5.2	4.8
Processing of animal products (meat)	294.0	323.8	314.3	296.5	302.2	1.9	0.7
Renewable energy (photovoltaic. biogas. biomasses)	231.9	1,471.5	1,401.5	1,397.1	1,359.4	-2.7	-1.7
Handicraft (wood processing)	53.0	58.3	59.0	59.4	59.7	0.5	1.0
Production of feedingstuffs	177.0	207.1	190.3	169.4	166.4	-1.8	-0.8
Maintenance of parks and gardens	309.8	356.9	350.9	343.9	342.5	-0.4	-0.5
Direct sales/marketing	252.0	280.3	266.0	293.3	305.2	4.0	5.1
Total	**2,860.9**	**4,322.8**	**4,229.7**	**4,240.0**	**4,252.9**	**0.3**	**1.4**

Source: ISTAT

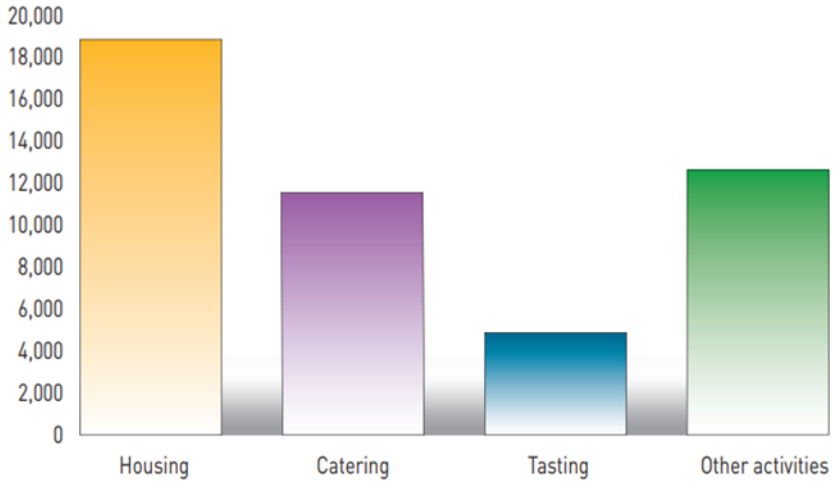
RURAL TOURISM

Farms stays per region, 2016



Source: ISTAT

Farm stays by type of service*, 2016

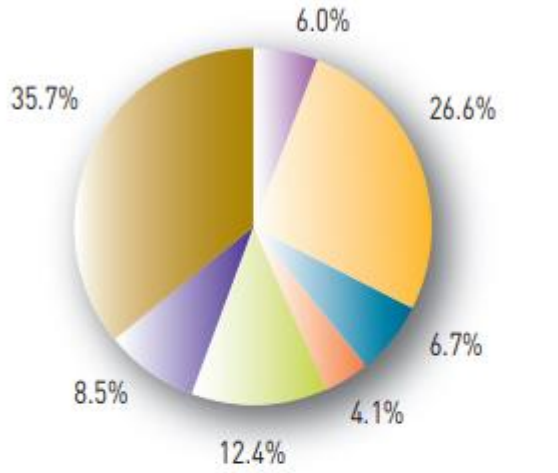


* A farm can be authorized in carrying out one or more types of activity

Source: ISTAT

INTEMEDIATE CONSUMPTION

Breakdown of agricultural intermediate consumption (million euro), 2016



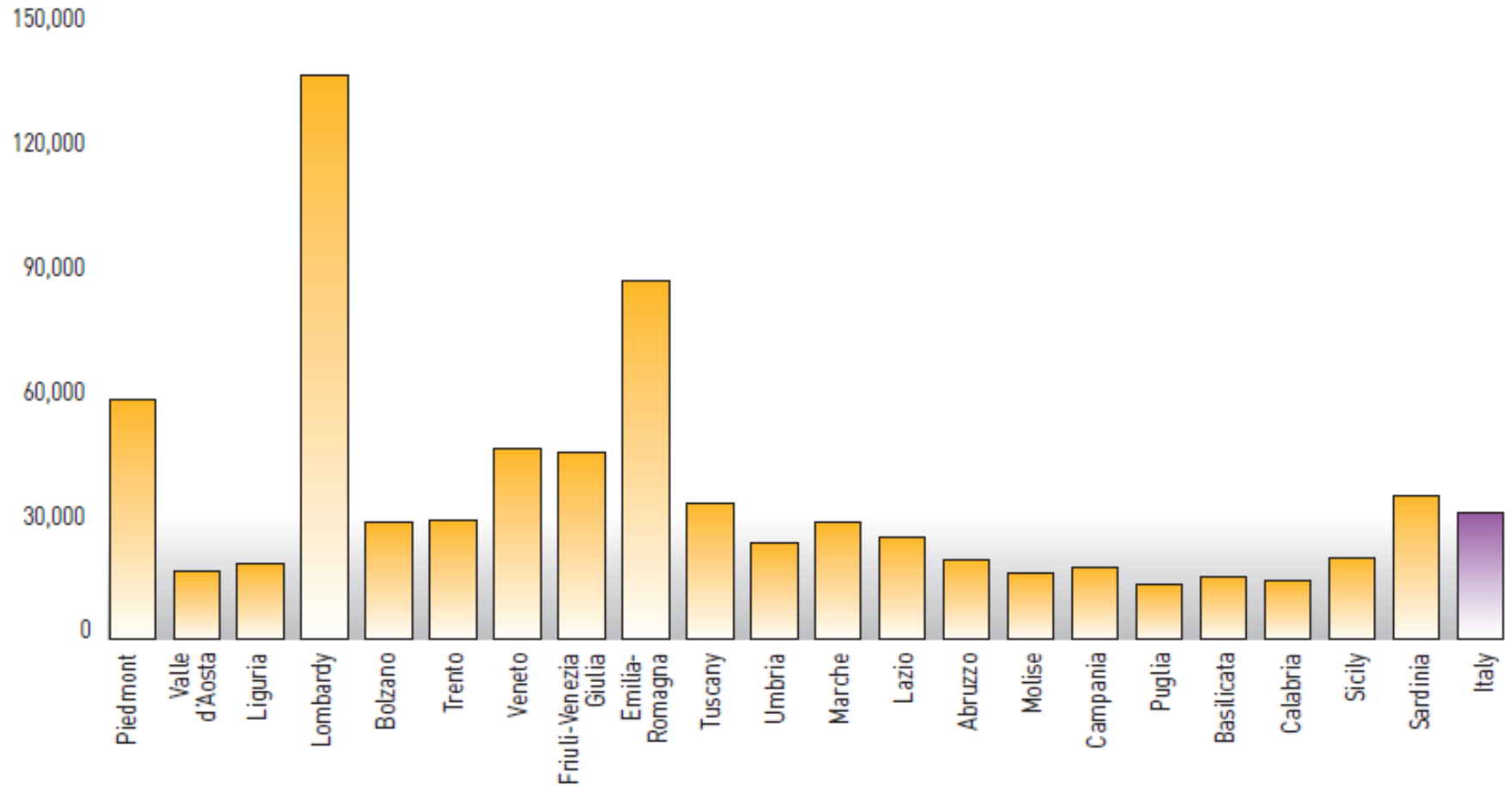
Seeds and seedlings	1,415
Animal feeding and various expenditures for livestock	6,228
Fertlizers	1,572
Plant protection products	951
Motive power	2,902
Reuses	2,005
Other goods and services	8,378

Source: ISTAT

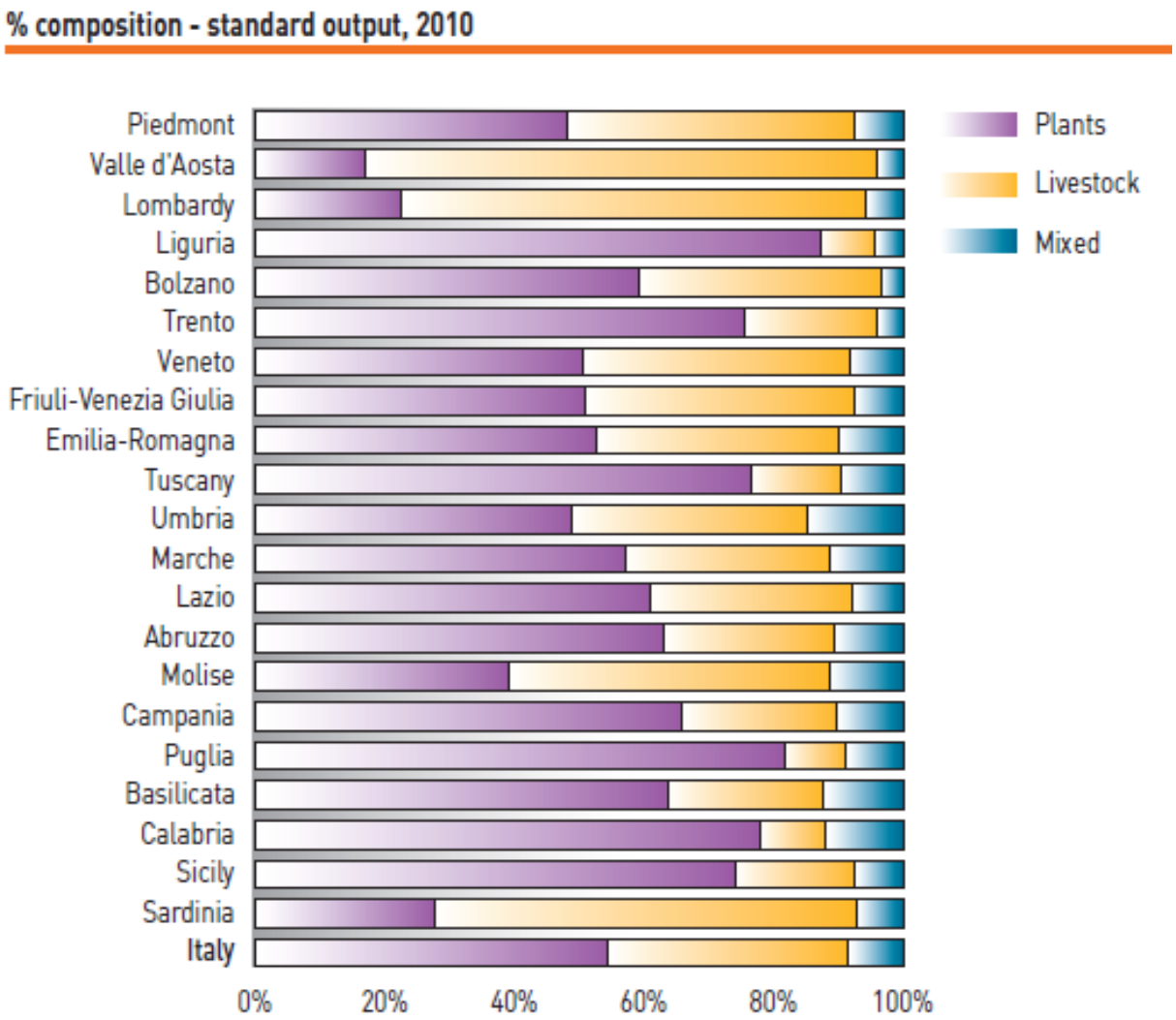
The composition of intermediate consumption remains mostly unchanged during the latest years: there has not been a substantial change in the use of production factors in agriculture

STANDARD OUTPUT

Average standard output per region (euro), 2010



STANDARD OUTPUT (2)



2. Farming sector: key points

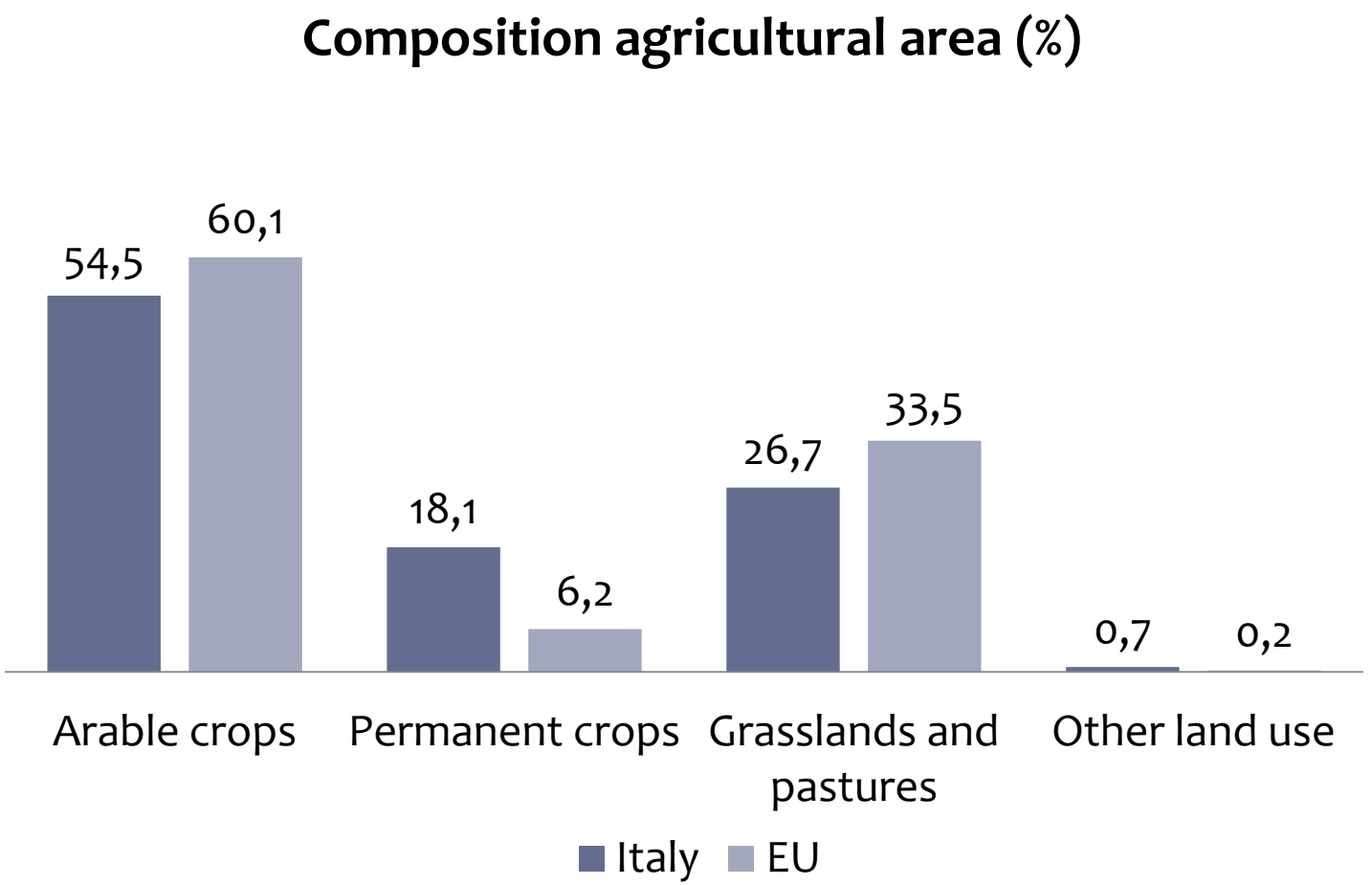
- In Italy the farming sector reflects the main features of the country: highly populated, with strong **regional differences** and highly differentiated productions;
- **Two typologies of farms**: (1) small family farms and (2) well-structured, large and commercial farms;
- Although there has been an increase in large and commercial farms, Italian agriculture continues to be characterized by a **large number of very small farms** that affect (not only negatively…) the economic performance of the sector;
- **Generational turnover** is one of the main problems of Italian agriculture, especially for the small family farms.

3. Land use

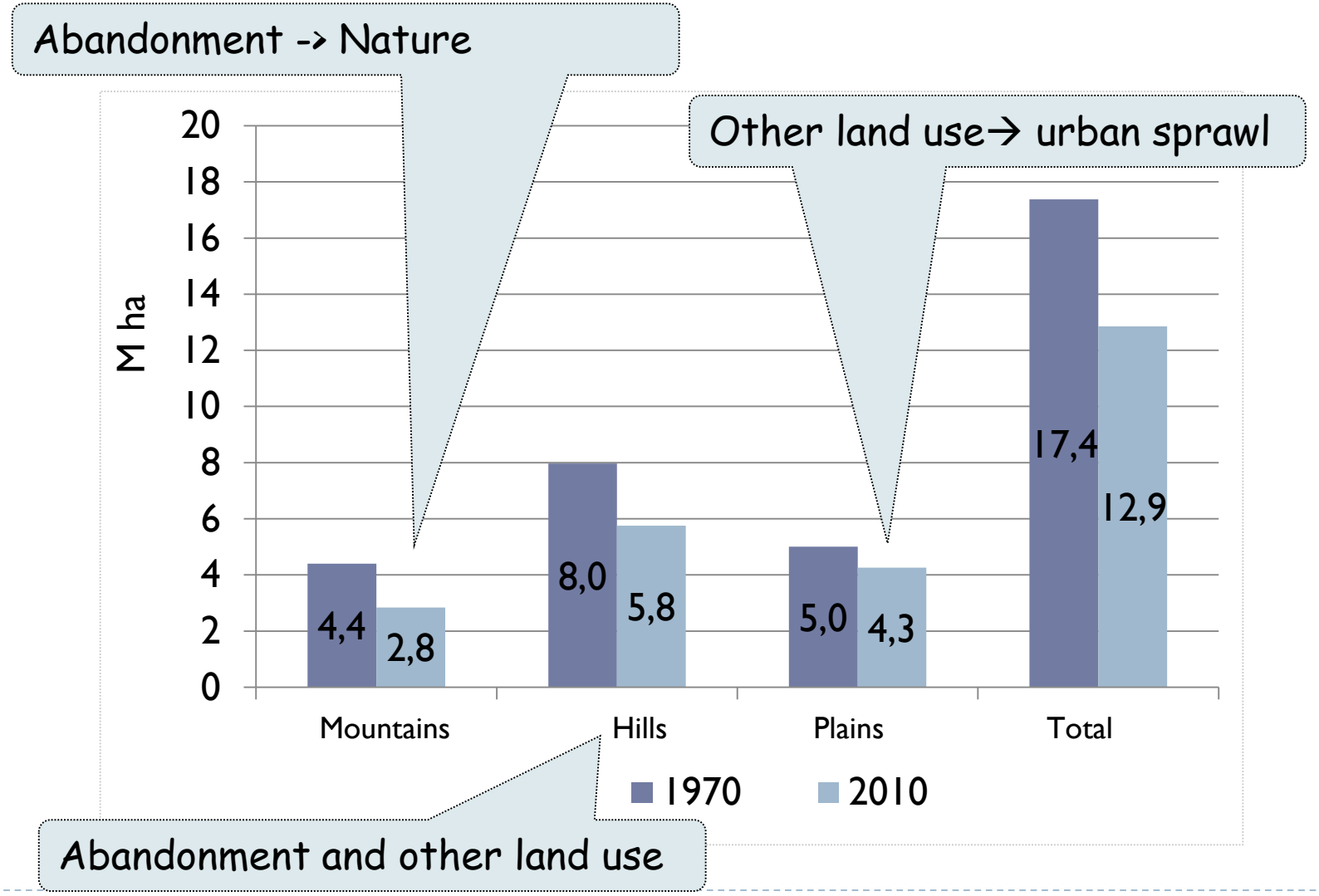
ITALY

The extension of the national territory amounts to 302,071 square kilometers, of which 35.2% is represented by mountain, 41.6% by hill, whereas the remaining 23.2% is represented by plains.

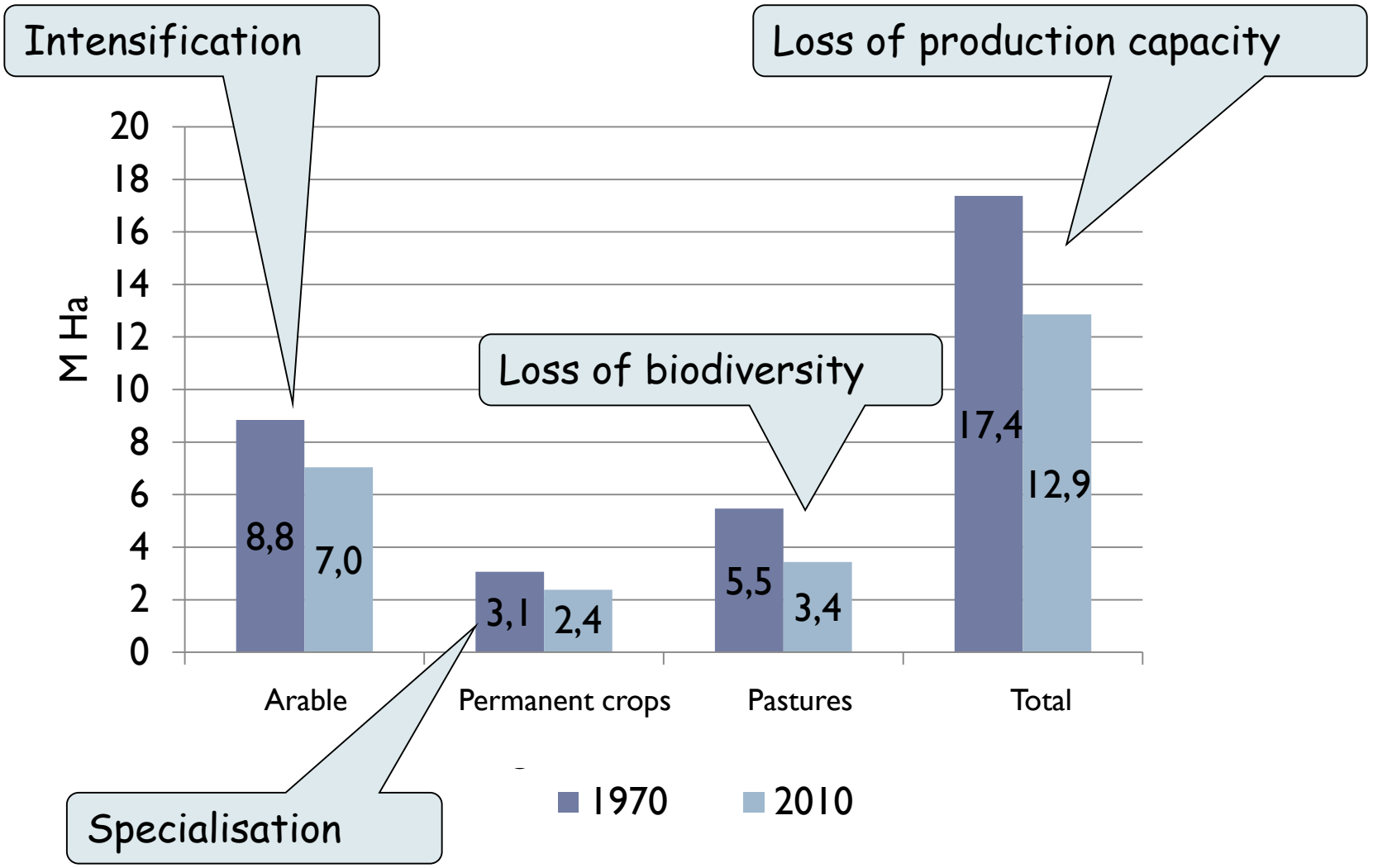
LAND USE (2)


Composition agricultural area (%)
54,5
60,1
18,1
6,2
26,7
33,5
0,7
0,2
Arable crops
Permanent crops
Grasslands and pastures
Other land use
Italy
EU

AGRICULTURAL AREA – EVOLUTION (1)



AGRICULTURAL AREA – EVOLUTION (2)



LAND MARKET

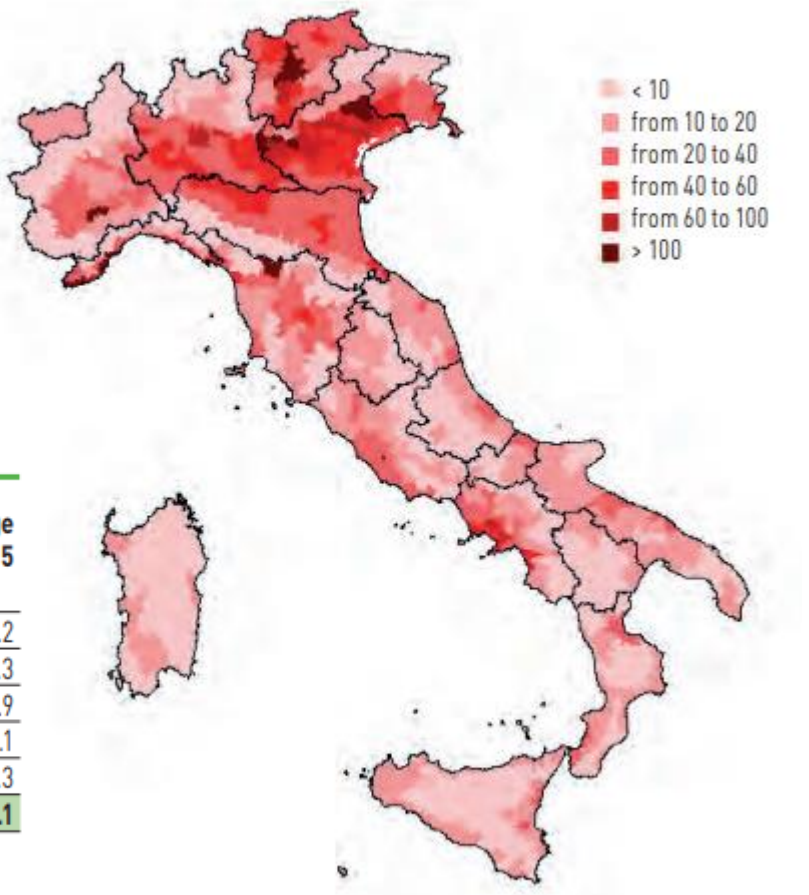
- The national average of the land value is approximately **€ 20,000/ha**
- **Land ownership fragmentation**
- Difficulties in accessing to credit
- **Gaps in land prices** between Northern regions and Southern regions as well as between plains and mountains

Average land values (thousand euro/UAA), 2016

	Altitude zone						% change 2016/15
	Inland mountain	Coastal mountain	Inland hill	Coastal hill	Lowland		
North-West	5.8	17.2	25.0	98.5	33.2	26.2	0.2
North-East	29.9	-	44.0	30.8	43.7	40.5	-0.3
Centre	9.2	24.3	14.8	16.6	22.4	14.8	-0.9
South	6.4	9.8	12.1	17.1	17.7	12.9	0.1
Islands	5.7	7.2	7.5	8.9	14.2	8.5	0.3
Total	**11.7**	**8.9**	**15.7**	**14.8**	**31.3**	**19.8**	**-0.1**

Source: CREA - Centre of Policies and Bio-economy

Average land value by agricultural region (000 euro/hectares), 2016



Source: CREA – Centre of Policies and Bio-economy

3. Land use: key points

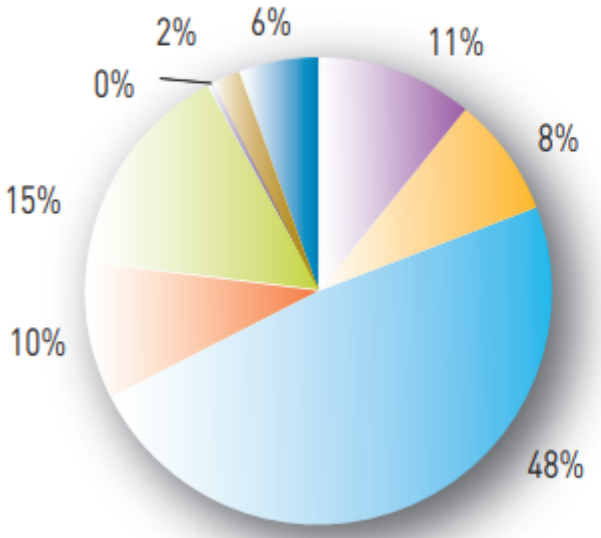
- **Two different trends with opposite challenges**
  - **Productive areas**
    - Intensification: environmental concerns
    - Urban sprawl
    - Access to credit
    - Access to land
  - **Marginal and less productive areas**
    - Abandonment: negative consequences on landscape and rural heritage
    - Problems of rural vitality
    - Strong dependence on public support

4. Agro-industrial system

THE SYSTEM'S COMPONENTS

The **total value of the Italian agro-industrial system** (comprising agriculture, processing, retailing, public support etc.) amounts to about **266 billion euro**, with an incidence of around **17% on the GDP.**

Main components of the agri-food sector at basic prices (million euro), 2016



Added value from agriculture, forestry and fishing	31,567
Intermediate consumption in agriculture, forestry and fishing	23,452
Marketing and Distribution	138,495
Value added from the food, beverage and tobacco industries	27,251
Value added from catering services	43,134
Indirect taxation on the agro-industrial sector	1,314
Production subsidies	5,267
Agro-industrial investments	15,713

Source: ISTAT

FOOD INDUSTRY IN ITALY

- The food and drink industries, along with the tobacco industry, have acquired during time a very **important role in the national manufacturing sector**
- **The food industry**, in 2011, had an incidence of:
  - 13.6% in terms of companies
  - 11.0% in terms of employees
- **Lombardy** is the first region for the number of local units employed in the food sector (12.7%), followed by **Sicily** and **Campania** (respectively with an incidence of about 12% on the national total)

FOOD INDUSTRY: DETAILS

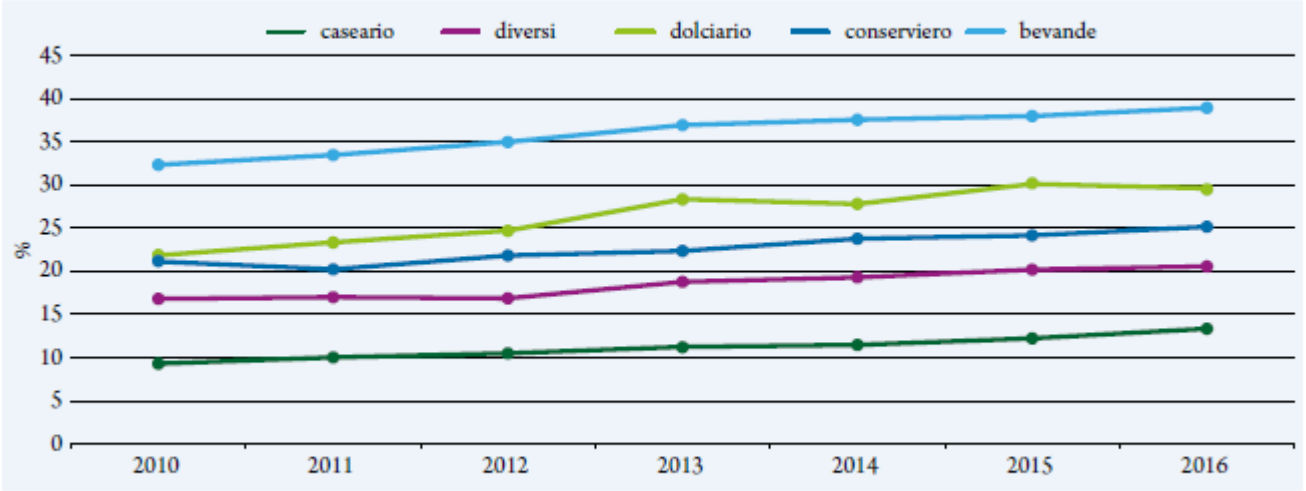
Value of the production sold for the food products, 2016

	Production sold (thousand euro)		% change 2016/2015	Incidence to total (%)
	2015	2016		
Food products	88,757,897	93,083,333	4.9	-
Processing and preservation of meat (birds excluded)	8,592,097	9,238,060	7.5	9.9
Processing and preservation of poultry meat	3,243,492	3,035,128	-6.4	3.3
Production of meat-based products	9,325,082	9,142,335	-2.0	9.8
Processing and preservation of fish, shellfish and molluscs	1,332,099	1,441,279	8.2	1.5
Processing and preservation of fruit and vegetables	9,388,403	10,027,687	6.8	10.8
Production of vegetable and animal oils and fats	3,734,490	4,331,993	16.0	4.7
Dairy industry	11,581,678	12,938,684	11.7	13.9
Processing of grains, production of starch and starch products	5,527,741	5,745,733	3.9	6.2
Bakery products	15,640,396	16,556,529	5.9	17.8
Other foodstuffs	15,441,857	16,172,229	4.7	17.4
Animal feeding	4,405,979	4,094,657	-7.1	4.4

Source: ISTAT

EXPORT SHARES IN THE AGRO-FOOD SECTOR

FIG. 1.3 - ANDAMENTO DELLA QUOTA DEL FATTURATO ESTERO SUL FATTURATO TOTALE DELLE SOCIETÀ ITALIANE DEL SETTORE ALIMENTARE E DELLE BEVANDE[1]



1. La rilevazione ha riguardato le società italiane con più di 500 dipendenti.
Fonte: elaborazioni su dati Mediobanca.

25% of sales are directed to the international markets

5. Food retailing and consumption

CONSUMPTION IN ITALY

Average monthly household expenditure per region, 2016

	Average monthly expenditure, current prices (euro)					
	total			food products and soft drinks		
	2015	2016	% change 2016/15	2015	2016	% change 2016/15
Piedmont	2,622	2,608	-0.5	462.3	522.2	13.0
Valle d'Aosta	2,777	2,862	3.1	470.6	547.5	16.4
Liguria	2,295	2,289	-0.2	415.4	421.0	1.4
Lombardy	3,031	3,040	0.3	445.3	451.5	1.4
Trentino-Alto Adige	3,022	3,074	1.7	455.2	489.7	7.6
- Bolzano	3,379	3,551	5.1	504.6	563.9	11.7
- Trento	2,692	2,630	-2.3	409.5	420.7	2.7
Veneto	2,629	2,673	1.7	441.0	432.8	-1.9
Friuli Venezia Giulia	2,498	2,479	-0.7	432.1	433.8	0.4
Emilia-Romagna	2,904	2,975	2.5	420.2	420.0	-0.1
Tuscany	2,753	2,821	2.5	476.0	460.5	-3.3
Umbria	2,336	2,250	-3.7	436.9	487.8	11.7
Marche	2,306	2,264	-1.8	435.9	450.7	3.4
Lazio	2,614	2,620	0.2	448.3	400.0	-10.8
Abruzzo	2,156	2,159	0.1	400.8	396.3	-1.1
Molise	2,092	2,176	4.0	440.8	426.6	-3.2
Campania	2,028	2,065	1.8	458.2	498.5	8.8
Puglia	2,114	2,171	2.7	459.6	475.2	3.4
Basilicata	1,923	1,981	3.0	445.2	448.2	0.7
Calabria	1,729	1,701	-1.6	419.8	384.6	-8.4
Sicily	1,824	1,876	2.8	406.1	426.7	5.1
Sardinia	2,084	2,129	2.2	413.5	431.4	4.3
Italy	**2,499**	**2,524**	**1.0**	**441.5**	**447.96**	**1.5**

Source: ISTAT

On the total household spending, the one related to the foodstuffs, drinks and tobacco represents the most important share (17%), after that one for the housing, gas, electricity and other fuels

FOOD CONSUMPTION BY CATEGORY

Average monthly household expenditure, by category of foodstuffs and drinks, 2016 (values in euro)

	2015	2016	% change 2016/15
AVERAGE MONTHLY EXPENDITURE (=100%)	**2,499.4**	**2,524.4**	**1.0**
Foodstuffs and soft drinks	**441.5**	**448.0**	**1.5**
- Meat	98.3	93.5	-4.8
- Bread and cereals	73.8	75.1	1.8
- Vegetables	58.8	60.6	3.1
- Milk, cheese and eggs	58.1	57.6	-0.9
- Fruit	40.5	41.7	3.1
- Fish and fish products	36.4	39.8	9.5
- Mineral waters, soft drinks, fruit juice and vegetables	20.5	20.9	1.9
-Sugar, jam, honey, cocoa and sweets	18.7	19.1	2.1
- Oils and fats	14.3	15.6	9.2
- Coffee, tea and cocoa	12.2	13.1	7.0
- Precooked food and other food preparations*	10.1	11.0	8.9
Alcoholic beverages and tobacco	**44.1**	**45.0**	**2.0**
Non food	**2,057.9**	**2,076.4**	**0.9**

* among which: salt, spices, seasonings and baby food

Source: ISTAT

FOOD RETAILERS

Mercato – It usually applies to an outdoor market, which has set operating days.

Alimentari – These are smaller, usually more locally based grocery stores.

Panetteria or Panificio – Specialized in freshly baked bread (pane). Italy has over 350 types of bread which can include sweet bread and pizza.

Macelleria – Shops specialized in meat.

Pescheria – Shops specialized in fresh seafood.

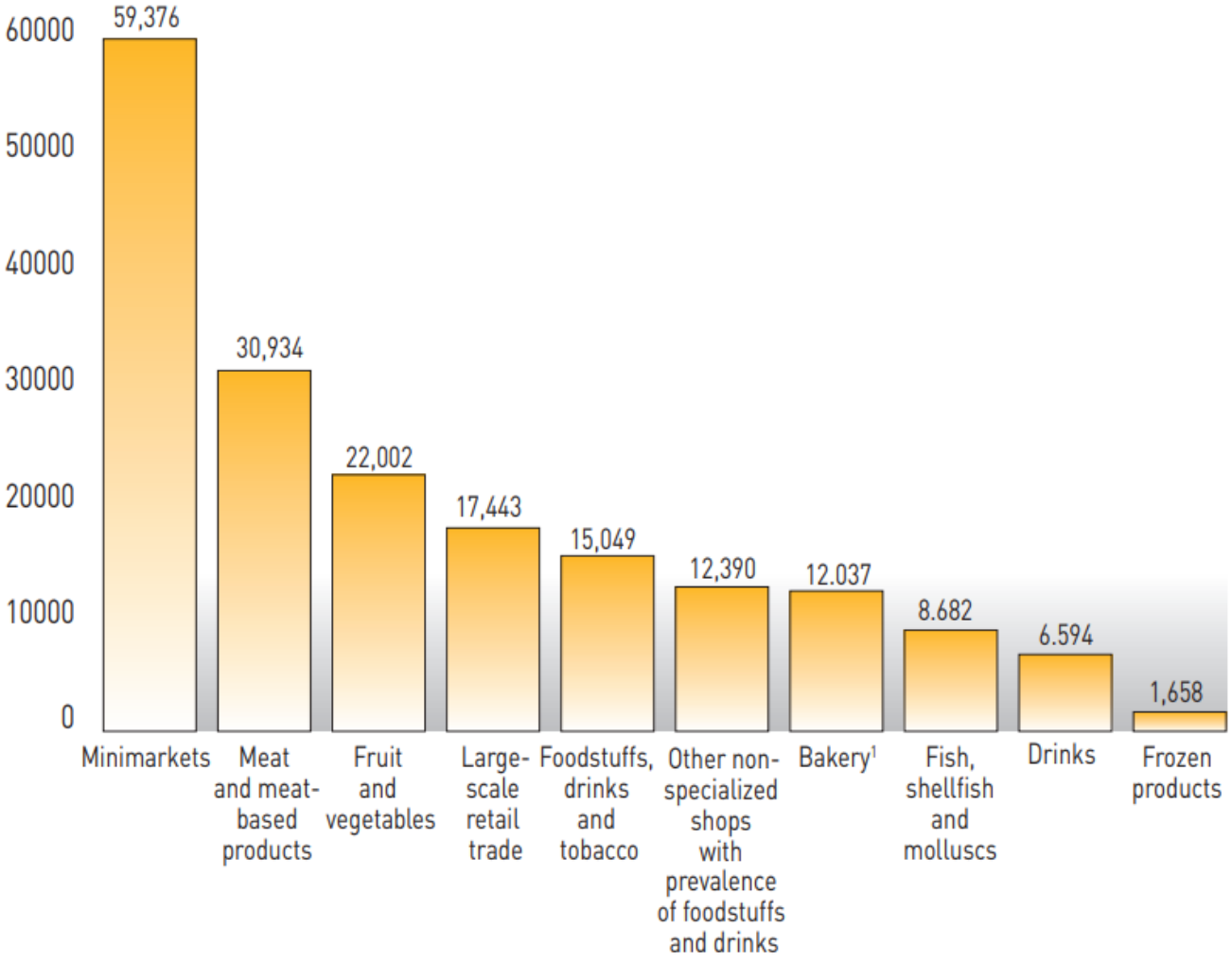
Frutta e Verdura – These shops sell mainly fresh fruits and veggies

Gastronomia – A place to purchase a range of freshly prepared or ready-to-heat items like salad, pasta dishes, and sandwiches. High Quality products

Supermercato - They carry a large variety of food products and they are becoming increasingly relevant

FOOD SHOPS

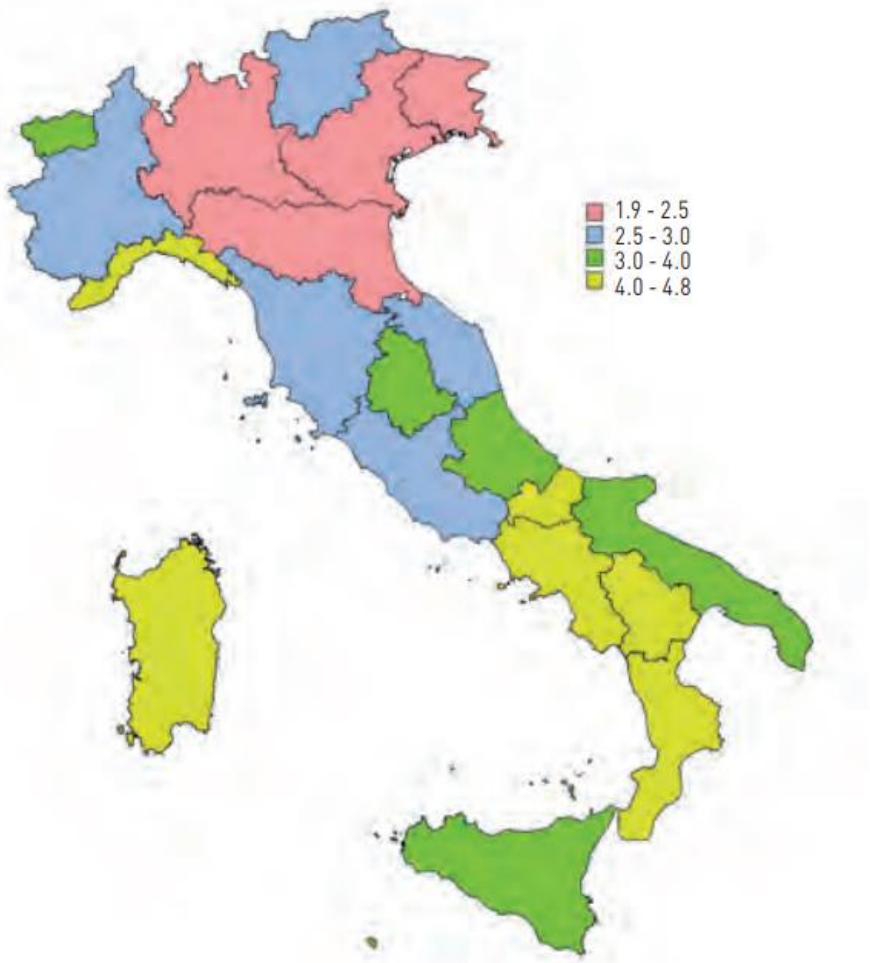
Food retail shops in fixed location, 2016



[1] including the sale of sweets and sugared almonds

FOOD SHOPS: REGIONAL SCALE

Food shops in fixed location per 1,000 inhabitants, 2016



Source: National Observatory of Trade, Ministry for the Economic Development; ISTAT

NO FIXED LOCATION

Commercial businesses with no fixed location, 2016

Type	2016	% change 2016/2015
Street food vendors	35,713	-0.8
Street vendors - Textiles. clothing and footwear	75,048	-0.9
Street vendors - Other	83,822	2.1
E-commerce	17,265	11.1
Distance commerce (mail. phone. radio TV)	2,593	-1.1
Door-to-door selling	11,579	0.5
Vending machines	5,029	2.7
Other no-store	4,526	-7.8
Total	**235,575**	**1.0**

Source: Coop Survey 2017 - on figures released by the Ministry for the Economic Development

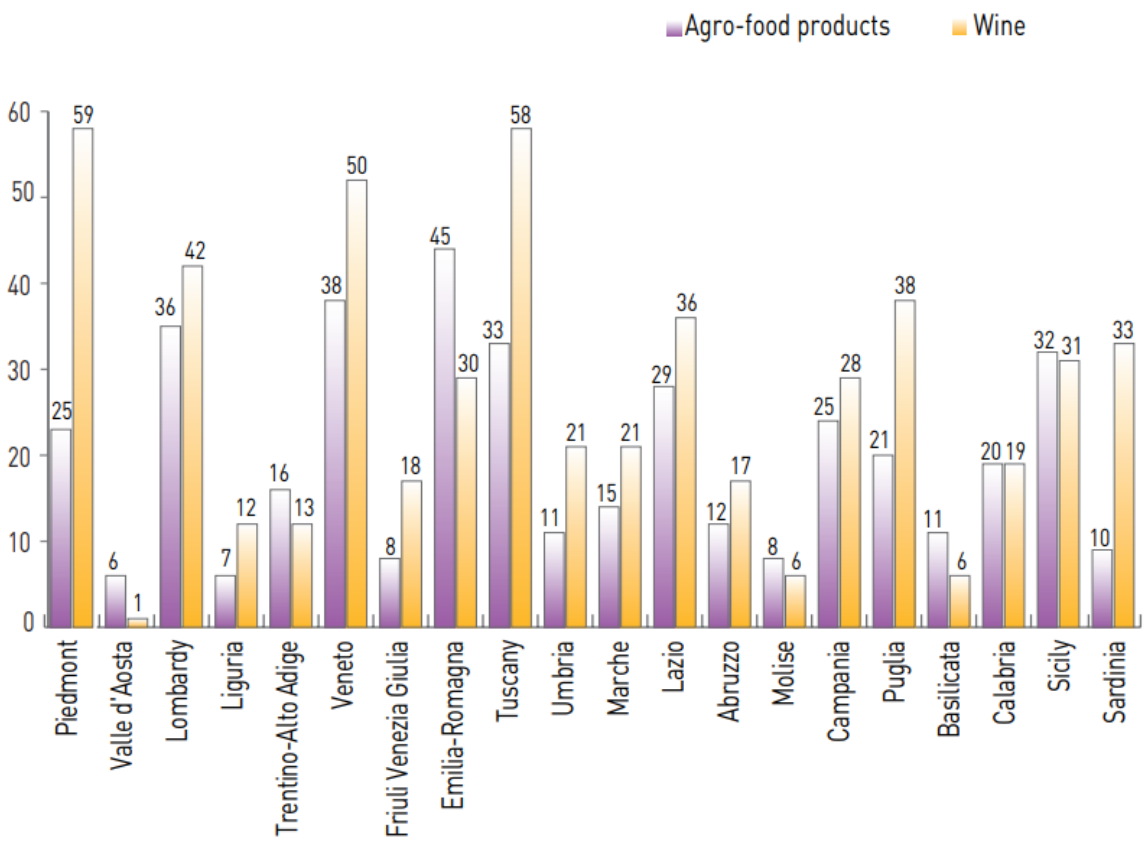
5. Food retailing and consumption: key points

- The Italian **retail sector** is extremely **fragmented;**
- Many consumers still prefer **traditional Italian products** and **local shops;**
- Strong **increase of large supermarket** chains (number of shops, quantity and value of products);
- **Quality and food safety**: strict mandatory customs duties, sanitary inspections, and labeling requirements;
- Increasing (unfair) **competition** from similar food products produced in other EU products;
- **"Food culture":** Mediterranean Diet is not just nourishment, it is life (social and cultural aspects, sense of places, family, traditions, identity, etc.)

6. Quality products

DENOMINATION OF ORIGIN

Number of PDO, PGI and TSG products by region*



* Updated at 31 October 2017

Source: Qualigeo and Federdoc

Italy is the EU country with the highest number of geographical indications for foodstuff and wines: 859 products, 294 of which are agro-food products, 527 wines and 38 spirits

ORGANIC FARMING

Incidence of the organic UAA per region, 2016

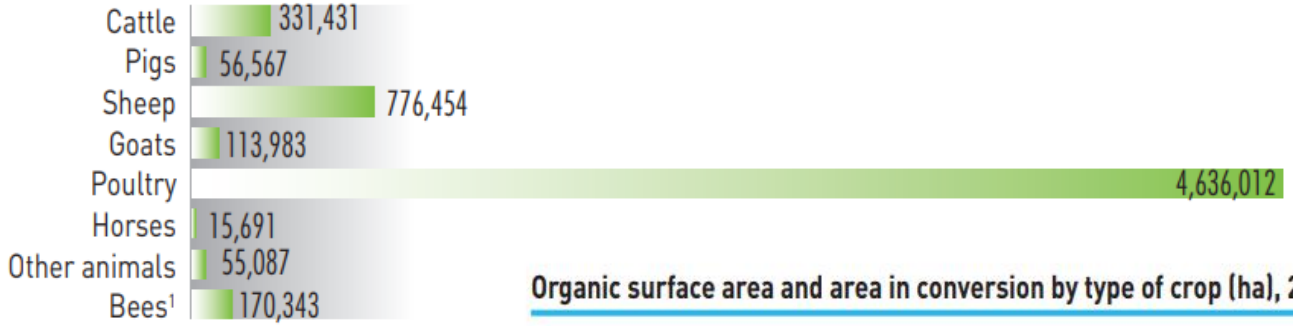
	ha	% to total organic UAA	% to total related UAA	Organic UAA % change 2016/15
Piedmont	45,732	2.5	4.8	34.0
Valle d'Aosta	3,206	0.2	6.1	7.7
Lombardy	37,210	2.1	4.0	26.1
Liguria	3,910	0.2	9.3	2.0
Trentino-Alto Adige	14,699	0.8	4.0	8.5
Veneto	23,654	1.3	2.9	35.8
Friuli Venezia Giulia	14,016	0.8	6.6	172.2
Emilia-Romagna	117,290	6.5	11.3	17.3
Tuscany	131,003	7.3	18.5	-0.6
Umbria	37,994	2.1	12.4	10.2
Marche	78,408	4.4	17.5	24.4
Lazio	132,923	7.4	22.4	19.5
Abruzzo	38,569	2.1	8.8	32.8
Molise	11,104	0.6	6.3	119.4
Campania	46,758	2.6	8.6	144.3
Puglia	255,853	14.2	20.5	41.4
Basilicata	95,371	5.3	19.2	91.1
Calabria	204,527	11.4	37.9	20.1
Sicily	363,688	20.2	26.4	5.4
Sardinia	140,648	7.8	12.3	-3.7
ITALY	**1,796,363**	**100.0**	**14.5**	**20.4**

Source: SINAB

Italy is among the ten greatest worldwide producer countries
In UE, ranks second place in terms of land under organic farming, after Spain

ORGANIC PRODUCTION

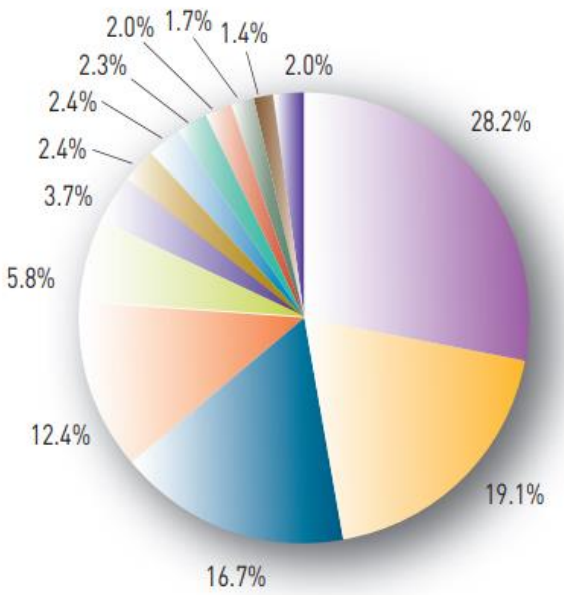
Animals reared with organic method (n.), 2016



[1] n. of hives

Source: SINAB

Organic surface area and area in conversion by type of crop (ha), 2016



TOTAL	1,796,363
Grasslands and meadows	506,153
Fodder	342,653
Cereals	299,639
Olive trees	222,452
Grapevine	103,545
Fallow field	66,047
Protein crops, legumes, grains	43,986
Vegetables	43,914
Nuts	40,665
Citrus	36,125
Fruit	29,920
Industrial crops	25,278
Other crops	35,984

Source: SINAB