



UNIVERSITÀ DEGLI STUDI DI MILANO
Dipartimento di Economia, Management
e Metodi Quantitativi



LOMBARDY AGRICULTURE IN FIGURES - 2015



Regione
Lombardia
Agricoltura



LOMBARDY AGRICULTURE IN FIGURES 2015



Regione Lombardia

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The booklet "Lombardy agriculture in figures 2015", sponsored by the DG Agriculture, in cooperation with CREA, DEMM and SMEA, has reached its sixth edition. Based on a traditional layout, this volume provides the reader with a comprehensive framework of the main features proper to the regional agro-food system; moreover, it is available both in paper and online version on the website of Direction and contains tables and data to be updated in the course of each year, as well as quarterly results of the agricultural markets, as jointly processed with Unioncamere Lombardy.

In 2014, the size of the agro-industrial output in Lombardy was estimated to 13.7 billion euro, equal to 16.7% of the value of the national agro-food system; compared to an overall slight increase (+0.8% compared to +0.4% at national level), this system witnessed the growth of the food industry reaching up to 16.9% on the whole system (11.8% at national level) with an increase in the value added equal to 4%. Conversely, the crop year 2014 highlighted 2%

drop in the value of Agricultural output in monetary terms, i.e. approximately estimated to 7.55 billion euro, meaning 14.1% of the equivalent national figure, due to the negative effect of price trend (-3%).

The drop in producer prices affected almost all sectors of the regional agriculture, particularly crops, but the drop in production value mainly affected the livestock sector (mainly the meat sector) and the sector of woody crops (vine and fruit) which underwent a drop in quantity. Against a partial adjustment of a ten-year trend experiencing a higher increase in prices of the production factors compared to the agricultural products' one, in 2014 there was an improvement of the terms of trade (+1.6%) between producer prices and costs of factors.

However, in spite of the drop in average prices (-4.5%), the 1.1% increase in used quantities did not bring about an improvement of factors' productivity. Despite the drop in average consumption, the negative change in agricultural output entailed a stable added

value with a negative sign (-0.3%). Although the foreign demand in agro-food products has been the real driving force in the region for years, the value of agro-food export trade slowed down over the first months of 2015 but it is expected to be solved through the market chances of EXPO. Moreover, although the price trend related to agricultural products has allegedly improved since July 2014, the market trend over the first six months in 2015 did not show positive indicators for profitability: in particular, the dairy, as well as beef and pork meat sectors worsened, based on the trend of producer price listings, whereas production factors costs began to increase against a low domestic demand, which, up to the present, has not shown the expected findings.

During 2014, Lombardy region supported farmers by regional funds equal to 310.5 million euro and allocated one more time an advanced payment of CAP, which overall summed up nearly 488.8 million euro of direct payments. Over 33.000 farms are beneficiaries. However, in 2015, Lombardy region

was not able to repeat such action in favour of the agricultural sector, as the related Ministry did not manage to quantify the value of CAP items. Conversely, with respect to the troubles of the dairy sector, it is worth recalling the agreement and the cooperation of producers, leading to the reference milk pricing (37 cents per litre), as well as the system used to calculate such a pricing. Unfortunately, the industry representatives rejected such reference price, although they shared the index calculation system.

The system of farms, including 47.720 units (-1.9% compared to 2013), experienced an ongoing process of structural reduction, as well as a drop in agricultural credits over the last 4 years,

i.e. from +8.2% in 2011 to 0.8% in 2014, and finally an increase in the amount due in non-performing loans, even if the latter in Lombardy is lower than the national framework (9.5% compared to 1.6%) Moreover, although investments volume in the agricultural sector are higher than the national average, it can be noted a drop in their incidence on the added value. 2015 marks the end of the programming period 2007-2013 and the beginning of the new RDP programming period 2014-2020, allocating 1.157 billion euro to rural development. This amount exceeds 133 million euro compared to the previous amount (about 500 million euro are the funds for the investment measures and the same amount is planned for

agro-environmental measures), since it involved Lombardy Region with a commitment of further over 200 million related to the regional co-financing share, which passed from 15% to 30%. By means of rural development tenders, Lombardy Region committed to support the enhancement of competitiveness of the sector through contributions to investment, as well as a sustainable management of natural resources and an action on climate (operation 4.1.01). It is worth recalling that a RDP cannot be able to solve all business investment projects, since it is up to businesses to build their own future, taking into account the business risks and coping with markets and globalisation.

Gianni Fava
Councillor for Agriculture
of the Lombardy Region



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ECONOMY AND AGRICULTURE

The area of Lombardy extends over 23.863 square km and is nearly 7.9% of national area: it is characterized by plains (47.1%), hills (12.4%) and mountains (40.5%). Lombardy is the most densely populated Italian region with a number of residents reaching approximately 10 millions (equal to 16.4% of the total national population), mostly living in plain and in foothill areas. In such areas, the population density exceeds 600 inhabitants/square km against the national average of 201 inhabitants/square km. In the provinces of Milan and Monza, the population density reaches even 2000 inhabitants/squared km, while the province of Sondrio counts only 57 inhabitants/square km. 68.8% of population live in the plain area.

Almost all the hill and mountain areas fall within the areas of the RDP (Rural development programme) and are classified as rural, intermediate and

having overall development problems. As for the population density, the ratio between living population and agricultural area shows an elevated value (1.056 inhabitants/100 ha UAA) greatly exceeding both the equivalent national (480 inhabitants/100 ha UAA) and EU figures.

In 2013, the living population increased by 1.8% with the same growth rate as the national one. Nearly 11.3% of living population is of foreign origin compared to the national figure (8.1%). The province with the higher rate of foreign residents is Brescia (13.4%), followed by Mantua (13.2%) and Milan (13.1%).

Elderly people (65 years and over) are 21.4%, whereas the population aging rate is equal to 1.49, which is an absolutely elevated figure, but slightly lower than the national average (1.54).

The high population density, along with the upward trend of the popula-

tion growth, translate into a phenomenal rate of human settlements in the territory, which is approximately 14.5% according to the DUSAF's survey (2012); locally, the values related to Monza and Milan are particularly high (55.1% and 40.5% respectively). Taking into account the DUSAF's survey (2012), the forest and natural areas extend over 39% of the regional area, particularly in the mountain areas, with a peak of 88% in the province of Sondrio. The agricultural area is nearly one million hectares, equal to 43% of the national area, with the highest peak in the province of Cremona (84.7%) and the lowest peak in the province of Sondrio (7.4%). 77% of the agricultural area is intended for arable land purposes.

The erosion of the agricultural soil seems to be a never-ending process due to both human action mainly in the plain area and restoring actions

Area, living population and population density in Lombardy, 2014

	Surface area (sq.km)	% share of surface area	Living population until 1/1/2014	% share of living population	Density (pop./sq.km)	% living foreigners
Lombardy	23,863.65	100.0	9,973,397	100.0	417.9	11.3
Mountain	9,650.02	40.4	1,049,512	10.5	108.8	7.7
Hill	2,967.90	12.4	2,063,199	20.7	695.2	10.4
Plain	11,245.73	47.1	6,860,686	68.8	610.1	12.2
Bergamo	2,745.94	11.5	1,107,441	11.1	403.3	11.6
Brescia	4,785.62	20.1	1,262,295	12.7	263.8	13.4
Como	1,279.04	5.4	598,810	6.0	468.2	8.3
Cremona	1,770.46	7.4	362,141	3.6	204.5	11.4
Lecco	814.58	3.4	340,814	3.4	418.4	8.4
Lodi	782.99	3.3	229,082	2.3	292.6	11.6
Mantua	2,341.44	9.8	415,147	4.2	177.3	13.2
Milan	1,575.65	6.6	3,176,180	31.8	2,015.8	13.1
Monza and Brianza	405.41	1.7	862,684	8.6	2,127.9	8.5
Pavia	2,968.64	12.4	548,326	5.5	184.7	10.4
Sondrio	3,195.76	13.4	182,480	1.8	57.1	5.0
Varese	1,198.11	5.0	887,997	8.9	741.2	8.5
Intensive and specialised agricultural areas	10,233.67	42.9	3,880,134	38.9	379.2	11.0
Rural areas with overall problems of development	4,312.08	18.1	290,884	2.9	67.5	5.9
Intermediate rural areas	7,905.51	33.1	2,129,479	21.4	269.4	8.7
Urban centers	1,412.39	5.9	3,672,900	36.8	2,600.5	13.6

Source: ISTAT.

of the landscape mainly in hill and mountain areas. Based on DUSAF's survey, in the period 2007-2012, the regional agricultural areas dropped

by 1.7%, with a peak of 6.6% in the province of Lecco. Over six decades, i.e. since 1955, the agricultural areas have dropped by 22.4% in spite of

250% increase in human settled areas. The issue of food self-supply is closely related to the drop in UAA. Based on a DEMM study, over the period 2009-

Coverage of the soil in Lombardy, human settlement, wooded and utilised agricultural area (UAA)

	Human settlement areas (%)	Wooded areas (%)	Agricultural areas					
			(%)	(.000 ha)	of which % arable crops	of which % permanent crops	of which % pastures	% change 2007/12
Bergamo	14.4	56.5	27.5	75.7	56.7	2.6	40.8	-2.9
Brescia	11.7	48.4	34.4	164.4	73.7	6.3	19.9	-1.7
Como	16.6	60.0	14.7	18.8	48.6	1.3	50.1	-3.3
Cremona	11.1	2.7	84.7	150.0	87.6	3.8	8.7	-0.9
Lecco	15.3	60.7	14.9	12.1	33.3	2.0	64.8	-6.6
Lodi	13.1	5.0	79.6	62.2	83.2	4.5	12.3	-0.9
Mantua	12.6	2.7	81.4	190.8	88.5	6.5	5.0	-0.7
Milan	40.5	6.9	51.1	80.6	81.6	3.1	15.3	-2.2
Monza and Brianza	55.1	10.4	34.3	13.9	82.8	1.0	16.2	-2.6
Pavia	9.4	16.1	72.9	216.3	80.5	15.1	4.4	-1.6
Sondrio	2.7	88.7	7.4	23.7	6.6	12.9	80.6	-3.9
Varese	29.4	46.3	14.6	17.6	63.0	1.6	35.4	-3.6
Lombardy	14.5	39.0	43.0	1.026.0	77.3	7.1	15.6	-1.7

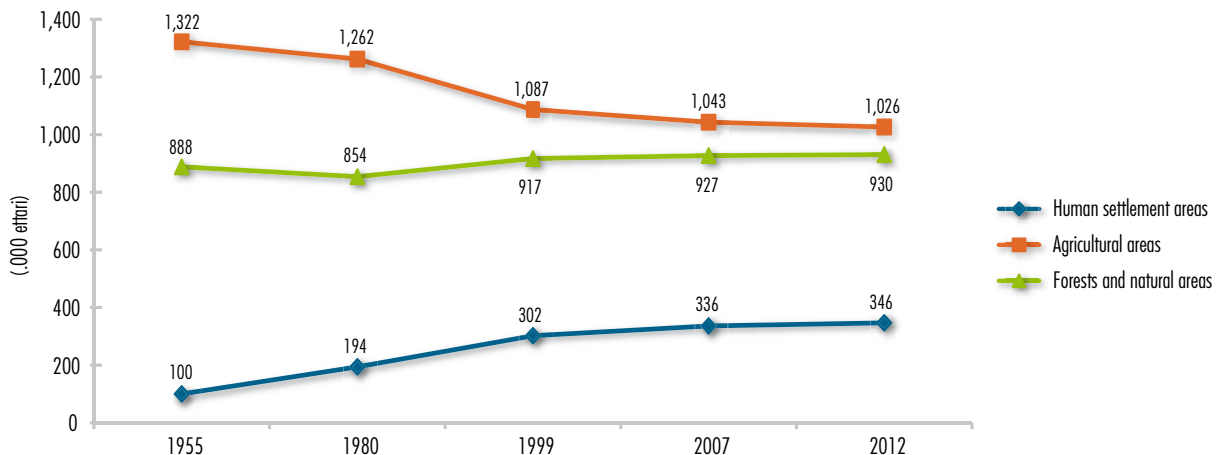
Source: ERSAF-DUSAF, 2007, 2012.

2011, Lombardy's self-supply rate is equal to 64.5% in terms of calories and 74.1% in value, whereas, nationally,

the figures above rank as 65.5% and 91.3%. In spite of the increased average productivity in terms of calories

per hectare (5.9 feedable inhabitants per hectare against 3.3 at national level), Lombardy would be able to feed

Trend of human settlement, agricultural and forest areas (1955-2012)



Source: ERSAF.

only 60.1% inhabitants against 67.2% at national level.

As to tourism, 61.9% of the annual inflow of visitors in Lombardy's accom-

modation companies, meaning overall 13.6 million arrivals, concerns attractive locations and particularly historical and art cities (Milan, Bergamo and

Como) as well as lake cities (Garda lake, Como and Lecco lake, Maggiore lake), where visitors reach 59.6% and 70.6% of arrivals respectively.

Rural areas



- Intensive and specialised agricultural areas
- Rural areas with overall problems of development
- Intermediate rural areas
- Urban centers

Source: Rural development programme 2014-2020, Lombardy Region.

Food self-supply rate in Lombardy and Italy (average 2009-2011)

	Italy	Lombardy
Global self-supply rate (% kcalories)	65.5	64.5
- plant-derived	64.1	56.6
- animal-derived	76.7	139.1
Self-supply-human consumption rate (% kcalories)	67.2	60.1
- plant-derived	64.1	34.4
- animal-derived	76.8	139.0
Domestic outcome per UAA hectare (Kcal)	8,974,192	22,040,000
Domestic vegetable outcome per hectare as to crops and trees (Kcal)	10,570,450	20,664,002
Domestic livestock outcome per forage crop hectare (Kcal)	2,849,295	10,317,746
Feedable population/hectare	3.3	5.9
Overall feedable population with domestic outcomes	39,999,900	5,816,856
Supply rate in value	91.3	74.1

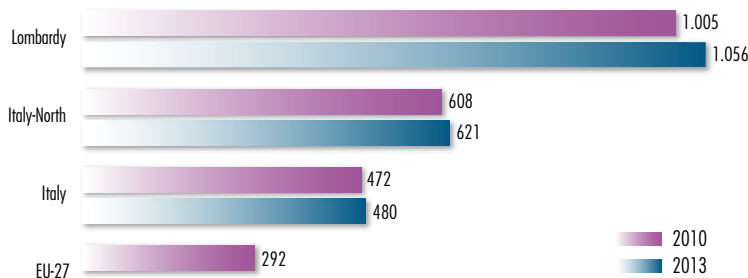
Source: DEMM's calculations based on Faostat data.

11% of arrivals in Lombardy (as opposed to approximately 20% at national level) is mainly concentrated in extra-accommodation facilities, such as camps, villages and accommodation for rent, which are particular accommodation forms allowing visitors to stay on average for almost a week.

In recent years, arrivals have gradually increased, whereas the average stay has not grown (2.5 number of nights per customer); in the period 2008-2013, the rate of foreign visitors increased from 46.6% to 51.3% out of the total and ranked higher than the national average (48.4%). In 2003, ac-

commodations for rent were equal to 3%, increased their rate over the time; the same applies to bed & breakfast (0.9%), the higher expression of family hospitality, as well as to accommodation farms (0.9%). The rate of arrivals in other accommodation companies also increased with an increase in the average stay.

Ratio population/agricultural area (population/UAA 100 ha)



Source: EUROSTAT, ISTAT.

Visitors in Lombardy's accommodation establishments, 2013

Type of locations	Total		% arrivals	% foreign visitors' arrivals/total	average stay n. nights/customer
	arrivals*	number**			
Main towns of province and municipalities	5,182,560	9,839,646	38.1	38.2	1.9
Tourism-attractive locations	8,429,046	24,120,995	61.9	59.5	2.9
<i>Historical and artistic locations</i>	5,558,570	12,071,882	40.8	59.6	2.2
<i>Mountain locations</i>	755,716	3,048,092	5.6	34.4	4.0
<i>Lake locations</i>	1,974,572	8,599,787	14.5	70.6	4.4
<i>Thermal locations</i>	68,802	248,121	0.5	23.5	3.6
<i>Hill locations and of different interest</i>	71,386	153,113	0.5	37.0	2.1
Type of businesses					
Hotel businesses	12,107,639	26,429,228	89.0	51.0	2.2
Extra-hotel businesses	1,503,967	7,531,413	11.0	54.2	5.0
<i>Camps and tourist villages</i>	600,094	3,474,131	4.4	58.3	5.8
<i>Accommodation for rent, managed by business</i>	402,042	2,031,939	3.0	64.3	5.1
<i>Farm accommodation</i>	125,225	422,965	0.9	38.1	3.4
<i>Bed and breakfast</i>	152,221	334,158	1.1	40.1	2.2
<i>Other hotel businesses</i>	224,385	1,268,220	1.6	43.5	5.7
Lombardy	13,611,606	33,960,641	100.0	51.3	2.5
Italy	103,862,530	376,785,615		48.4	3.6

* number of customers, both Italians and foreigners, hosted in the accommodation businesses in the reference period.

** number of nights spent by customers, both Italians and foreigners, in the accommodation businesses.

Source: calculations based on ISTAT data.

GROSS DOMESTIC PRODUCT (GDP)

In 2013, Lombardy's GDP amounted to nearly 360 billion euro at current prices, meaning 22.3% of the national GDP and 2.7% of the EU's GDP. Lombardy's GDP exceeds 19 EU countries' GDP in absolute terms and is as com-

petitive as the Belgium, Poland and Austria's one.

GDP per capita, equal to 36,459 euro at current prices, is higher than the national (+36%) and EU (+37%) averages. It exceeds 5.4% the German one

and 12.3% the French one (EUROSTAT) and in the Italian framework, it ranks third after Alto Adige and Valle d'Aosta's ones.

Similar considerations apply to the GDP per person employed, equal to

*Trend of the GDP per inhabitant in Lombardy (euro) from 2006 to 2013**

Years	GDP/inhabitant					
	Lombardy		Lombardy		Italy	
	GDP at current prices (million euro)	% over Italy	Current prices	Chained values	Current prices	Chained values
2006	325,033	21.0	34,698	36,930	26,644	28,519
2007	338,489	21.0	35,888	37,308	27,556	28,822
2008	352,077	21.6	37,031	37,683	27,758	28,391
2009	336,077	21.4	35,106	35,124	26,629	26,699
2010	351,509	21.9	36,492	36,492	27,088	27,088
2011	358,689	21.9	37,046	36,516	27,600	27,203
2012	356,437	21.9	36,566	n.d.	27,343	26,375
2013	360,358	22.3	36,459	n.d.	26,877	25,628
Lombardy/Italy (2013)			1.36	n.d.		
Lombardy/Northern Italy (2013)			1.11	n.d.		
Lombardy/EU-28 (2013)			1.37	n.d.		

*Chained values - reference year 2010.

Source: EUROSTAT; ISTAT, Local financial statements.

nearly 77,500 euro at current prices, which is higher than national (16%) and EU (24%) average figures.

The persisting economic crisis is also affecting Lombardy, in spite of its less marked trend compared to the

national framework. As the matter of fact, 2003 GDP at current prices increased by 1.1% compared to 2012, as opposed to 0.6% drop at national level. Lombardy's GDP has a growth rate similar to the EU's, although at

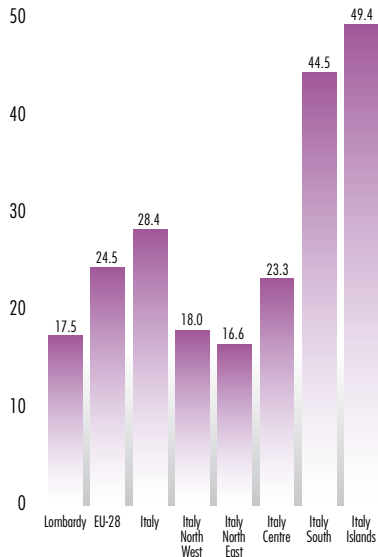
Trend of GDP per employed in Lombardy (euro) from 2006 to 2013*

Years	GDP/Employed			
	Lombardy		Italy	
	Current prices	Chained values	Current prices	Chained values
2006	69,767	74,256	62,008	66,371
2007	72,030	74,880	63,661	66,586
2008	74,276	75,585	64,418	65,885
2009	71,950	71,986	63,134	63,300
2010	76,040	76,040	64,835	64,835
2011	77,516	76,408	65,969	65,020
2012	77,156	n.d.	65,675	63,350
2013	77,551	n.d.	66,610	63,516
Lombardy/Italy (2013)	1.16	n.d.		
Lombardy/Northern Italy (2013)	1.07	n.d.		
Lombardy/EU-28 (2013)	1.24	n.d.		

*Chained values - reference year 2010.

Source: EUROSTAT; ISTAT, Local financial statements.

Population at risk of poverty or social exclusion, 2013 (%)



Source: EUROSTAT.

*Trend of GDP from 2005 to 2014 (2005=100)**



slightly lower level. Since 2009 the gap between Lombardy's economic growth rate and the national equivalent figure has further increased. The overall economic figure of the region is counterbalanced by the rate of population at risk of poverty or social exclusion, which, based on EUROSTAT figures, amounted to nearly 17.5% in 2013 and is, however, better than the national and EU averages (28.4% and 24.5% of the population, respectively)

**Chained values - reference year 2010.*

Source: EUROSTAT; ISTAT, Local financial statements.

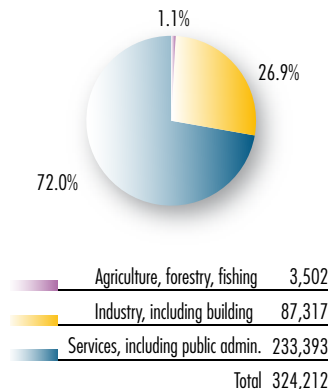
VALUE ADDED

Lombardy's economic added value is mainly based on services (72%) and industry (26.9%), whereas the contribution of the agricultural sector is only 1.1%, which is lower than the national (2.3%) and EU (1.7%) average equivalent figures.

In spite of the modest incidence on the overall economy, Lombardy contributes to the sum of the national agricultural added value with 10.4% and ranks second after Emilia Romagna (10.7%). The incidence of the agricultural added value on the overall EU (28 countries) is equal to 1.6%, as competitive as that of countries like Denmark, Portugal and Belgium.

Since 2010, Lombardy's agriculture has recovered compared to other economic sectors and has restored its percentage incidence on the overall economy equal to 2005

VA at basic prices¹ per sector in Lombardy (million euro), 2013



¹Value at current prices.

Sources: ISTAT, Local financial statements; EUROSTAT.

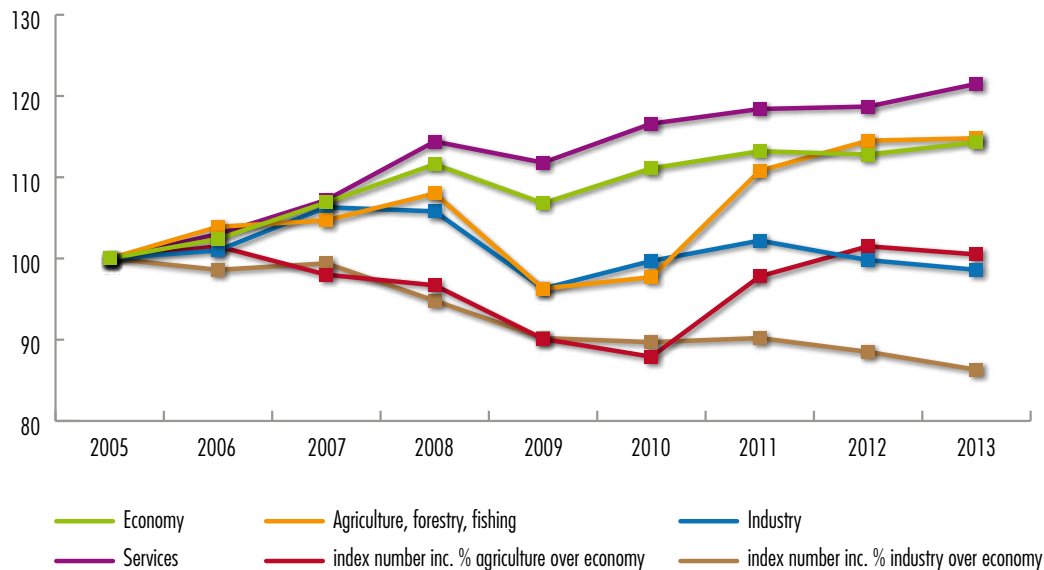
% incidence of the VA of agriculture over the total VA, 2013

	VA
Lombardy	1.1
Italy	2.3
Italy - North	1.8
Italy - Centre	1.7
Italy - South and Islands	4.2
EU-28	1.7
Belgium	0.8
Bulgaria	5.5
Denmark	1.4
France	1.6
Germany	0.9
Greece	3.8
Netherlands	1.9
Poland	3.3
Portugal	2.3
United Kingdom	0.7
Romania	6.2
Spain	2.8
Sweden	1.4
Hungary	4.4

¹Agriculture, forestry and fishing

Sources: ISTAT, Local financial statements; EUROSTAT.

Trend of the VA per sector in Lombardy¹ (2005=100)



¹Values at current prices

Source: ISTAT, Local financial statements.

EMPLOYMENT

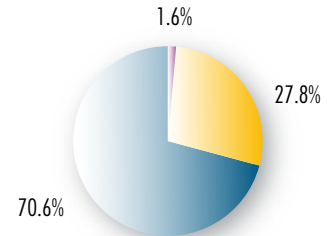
Lombardy has a very high employment rate, equal to nearly 65% of population aged between 15 and 64 years old. This figure, which sets in line the region with EU framework, is greatly higher than the national average figure, stable at 55.7%. A similar trend affected female employment, which is 15% lower than the male one. On the contrary, the youth employment rate (15-24 years old), albeit higher than the national average, is below the EU average.

As to the unemployment rate, Lom-

bardy kept a rather moderate level (8.2%) as compared to the national (12.7%) and EU (10.2%) figures. Female unemployment is slightly more marked and reached 8.8%. The youth unemployment rate is far less promising, because it reached the considerable rate of 31.2%, 10% lower than the national average but 9% higher than the EU average.

The agricultural sector covers 1.6% of work units (WU) compared to 27.8% of industry and 70.6% of services (ISTAT, 2012). In 2012, the average produc-

Working units per sector in Lombardy (000 units), 2012



Agriculture, forestry and fishing	67.4
Industry, including building	1,209.1
Services, including public administration	3,066.6
Totally	4,343.1

Source: ISTAT, Local financial statements.

Employment and unemployment rate, 2014

	Employment rate			Unemployment rate		
	overall %	female %	youth %	overall %	female %	youth %
Lombardy	64.9	57.5	20.6	8.2	8.8	31.2
Italy - North	64.3	56.9	20.3	8.6	9.7	32.7
Italy	55.7	46.8	15.6	12.7	13.8	42.7
EU-28	64.8	59.5	32.4	10.2	10.3	22.2

Source: ISTAT, Findings related to workforce - 2014 average; EUROSTAT.

tivity of an agricultural work unit at current prices is equal to 69.7% of an average service work unit and to 70.9% of the equivalent industrial figure. In spite of the huge differences from the other sectors, the trend of the value added per employed person has constantly grown over the last years, which is not common as to other sectors.

In 2014 the people employed in agriculture amounted to nearly 72,000 units, equal to 1.7% of the regional total sum and to 8.9% of Italians employed in agriculture. The incidence of

the agricultural workers on the total is below the national (3.6%) and EU-28 countries (5%) averages.

The percentage of women employed in Lombardy's agriculture is 16.9%, which is significantly lower than both the overall economy and the equivalent national figure. The number of employees on the total of the agricultural workers ranks about 35% against 50% at national workers.

The added value per agricultural worker is significantly higher than the equivalent national and EU figures (+60% and 240% respectively). Such

Total employed and employed farmers per gender and geographical distribution, 2014

	Employed		Employed farmers	
	000 units	% women	000 units	% women
Lombardy	4,237.4	43.7	71.9	16.9
Italy - North	11,612.0	43.7	306.3	26.8
Italy	22,278.9	41.9	811.7	27.7

Source: ISTAT, Findings related to workforce - media 2014.

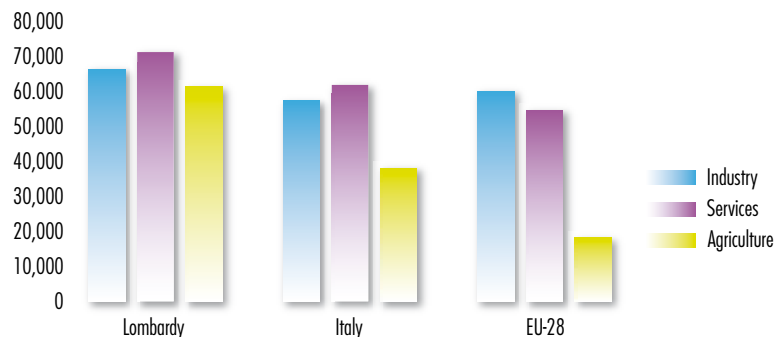
% incidence of employed in agriculture¹ on the total economy, 2014

	% employed
Lombardy	1.7
Italy	3.6
Italy - North	2.6
Italy - Centre	2.5
Italy - South and Islands	6.6
EU-28	5.0
Austria	4.3
Belgium	1.3
Bulgaria	19.4
Denmark	2.6
France	2.8
Germany	1.5
Greece	12.5
Netherlands	2.2
Poland	11.5
Portugal	11.6
United Kingdom	1.4
Romania	29.3
Spain	4.0
Sweden	2.2
Hungary	6.7

¹ Agriculture, forestry and fishing

Source: ISTAT, Findings related to workforce - media 2014, EUROSTAT

VA at basic prices per employed person and per sector (euro)*, 2013



*current prices.

Source: ISTAT, Local financial statements; EUROSTAT.

Immigrants employed in agriculture, 2012

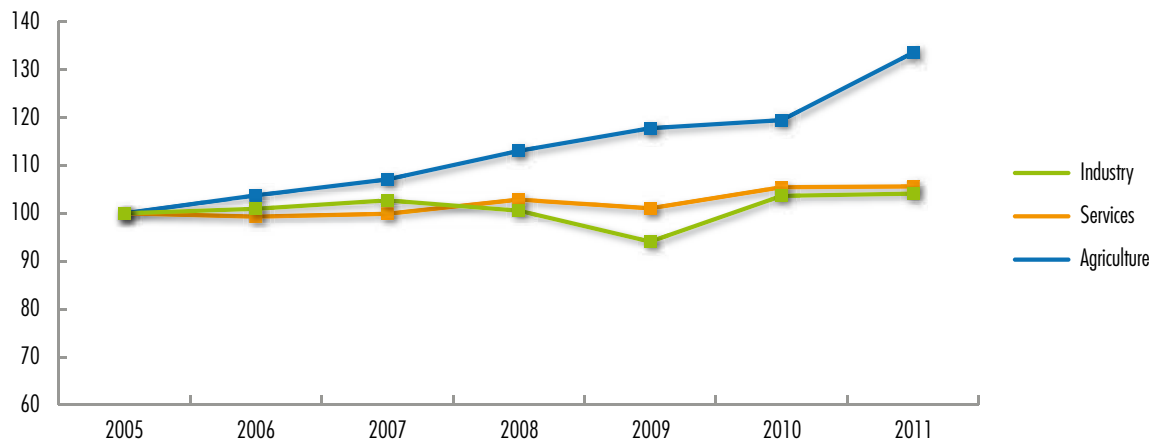
	Non-EU national		EU-national		Total immigrants	
	units	% on employed farmers	units	% on employed farmers	units	% on employed farmers
Lombardy	15,240	26.2	2,910	5.0	18,150	31.2
Italy - North	50,723	16.1	61,144	19.4	111,867	35.5
Italy	143,620	16.9	125,340	14.8	268,960	31.7

Source: INEA, Indagine sull'impiego degli immigrati in agricoltura in Italia, 2012.

regional figure can be compared to other sector's, even if they are slightly negative, i.e. 7.5% as to industrial sector and 14% as to the tertiary sector. The share of foreign workers in Lombardy's agriculture is notably high. Based on the survey carried out by INEA in 2002 on immigrants working in agriculture, there are almost 15,000 non-EU and 3,000 EU national agricultural workers, equal to 26.2% and 5% of regional agricultural workers respectively.

At national level, the share of non-EU nationals is lower (16.9%), whereas the share of EU-nationals is higher (14.5%) compared to the equivalent regional figures. Overall, the incidence of foreign workers in Lombardy (31.2%) is aligned with the national one (31.7%). The sector employing most of foreign workers is animal breeding (33% of workers), followed by flower-growing (24%) and horticultural sector (23%).

VA at basic prices per WU and per sector (euro)*, 2005-2012 (2005=100)



*Chained values - reference year 2010.

Source: ISTAT, Local financial statements.



AGRI-INDUSTRIAL SYSTEM

COMPONENTS OF THE SYSTEM

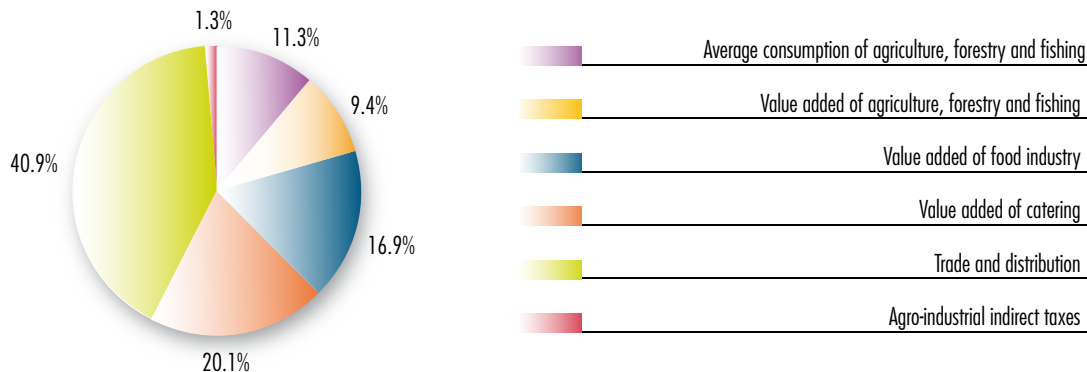
In 2014, the economic size of Lombardy's agri-food system was estimated approximately 36.5 billion euro, meaning 16.7% of the national agri-food system figure. Compared to

2013, this figure increased by 0.6% compared to +0.4% of the national equivalent figure.

In 2014, Lombardy's agri-food system figure is currently 10.1% of the region-

al GDP and 13.5% of the national GDP. Retail-distribution chains and restaurant businesses mostly contribute to Lombardy's agri-food system figure; their figures represent 40.9% and

Main components of the agri-food system at basic prices in Lombardy, 2014



Sources: DEMM estimates based on ISTAT data.

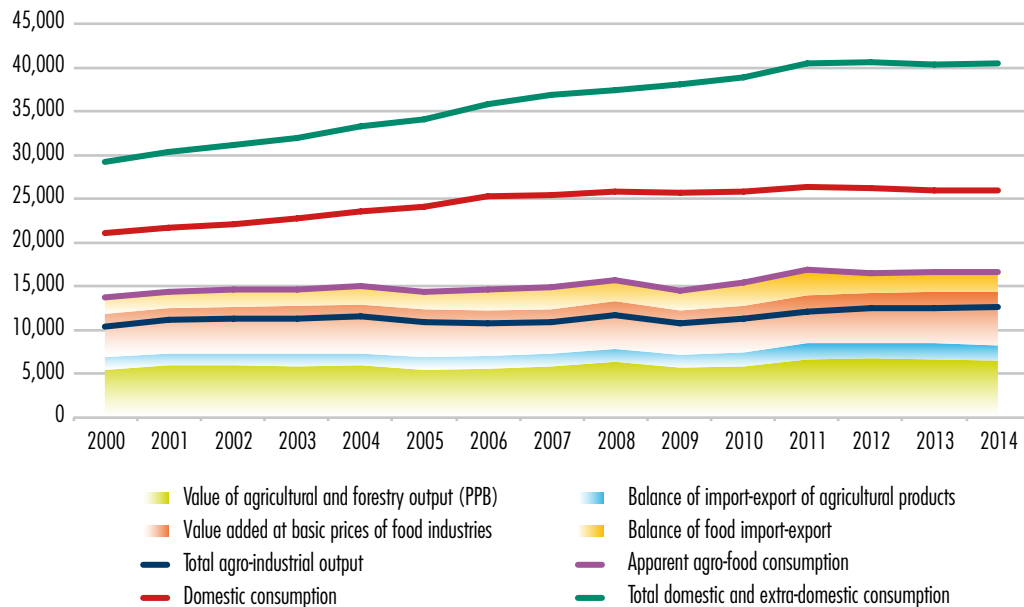
20.1% of the total, respectively. As to production, the agricultural value added is 9.4% in the total of the systemic value (14.2% of the national figure), whereas the average agricultural consumption remains stuck at 11.3%. As food industry becomes stronger, it represents 16.9% of the whole system (11.8% at national level). Since 2000, the figure related to agriculture and forestry has increased by 18.4%, which is considerably lower than the figures related to food industry (+25.3%) and to domestic and non-domestic food consumption (+38.7%).

Main components of the agri-industrial system at basic prices, in Lombardy (2014)

	Mio.	% Change 2014/2013
Average consumption of agriculture, forestry and fishing	4,138	-3.4
Value added of agriculture, forestry and fishing	3,442	-0.4
Value added of food industry	6,167	4.4
Value added of catering	7,333	2.6
Trade and distribution	14,903	-0.6
Agri-industrial indirect taxes	490	8.0
Value of the agri-industrial system	36,474	0.6

Source: estimates based on ISTAT data

Recent trend of the main components of the agri-food system and consumption in Lombardy (million euro)



Source: DEMM estimates based on ISTAT data.

In 2014, the value added (VA) of the Lombardy's food and beverage industry was estimated 6.2 billion euro, equal to 23.9% of the national food industry-related figure and to 16.9% of the regional agri-food system figure. The value added of food industry exceeds 79% of the agricultural equivalent figure, whereas, at national level, the agricultural level prevails with 20% in value on food industry sector. Lombardy's food industry has an impact of 44.9% on the overall value of the agri-food industry against 32.5% of the national value.

Lombardy's operating companies in food and beverage industry amount to 6,098, equal to 6.1% of regional manufacturing companies and to 10% of Italian food companies (based on data from Infocamere, 2014). 95.4% of these companies are involved in food production, whereas 4.6% in the beverage sector. Over 66% of the op-

erating companies are craftsmanship-related, with the exception of the beverage sector where craftsmen are only 24.8% of the total. In 2014, the num-

ber of food industry increased by 1.3% compared to the previous year against +0.9% nationally. The food sector is overall better than the regional manu-

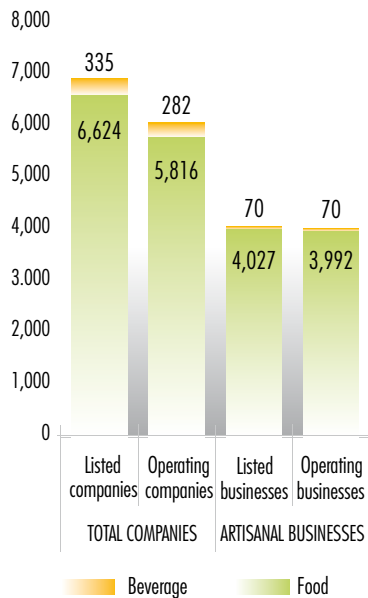
Provincial distribution of food, beverage and manufacturing companies in Lombardy1, 2014

	Food		Artisanal food		Manufacturing	
	Tot.	Inc. %	Tot.	Inc. %	Tot.	Inc. %
Bergamo	685	11.2	536	13.2	11,225	11.2
Brescia	922	15.1	673	16.6	14,747	14.8
Como	305	5.0	233	5.7	6,576	6.6
Cremona	346	5.7	226	5.6	3,067	3.1
Lecco	230	3.8	166	4.1	3,949	4.0
Lodi	123	2.0	77	1.9	1,557	1.6
Monza	353	5.8	239	5.9	9,295	9.3
Milan	1,664	27.3	925	22.8	29,803	29.9
Mantua	441	7.2	281	6.9	4,391	4.4
Pavia	410	6.7	265	6.5	4,569	4.6
Sondrio	206	3.4	138	3.4	1,290	1.3
Varese	413	6.8	303	7.5	9,313	9.3
Total	6,098	100.0	4,062	100.0	99,782	100.0

¹Active firms.

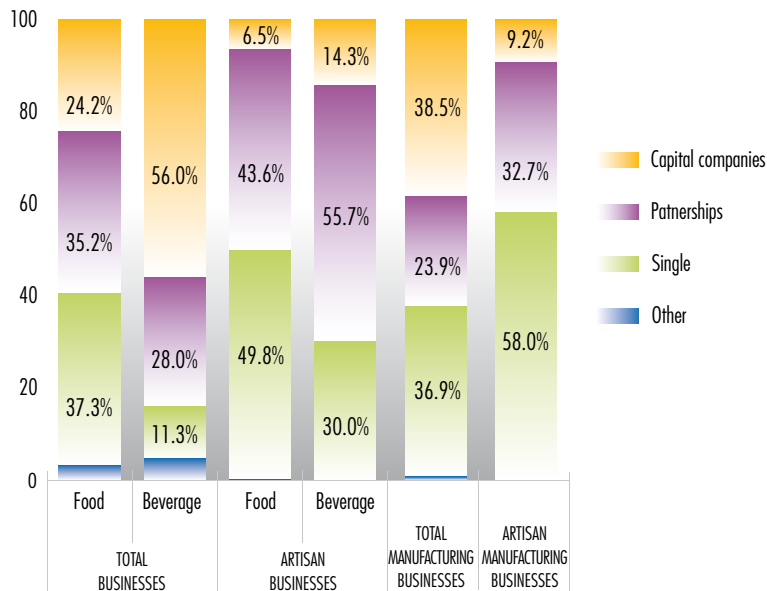
Source: Infocamere.

Food and beverage companies in Lombardy, 2014



Source: Infocamere.

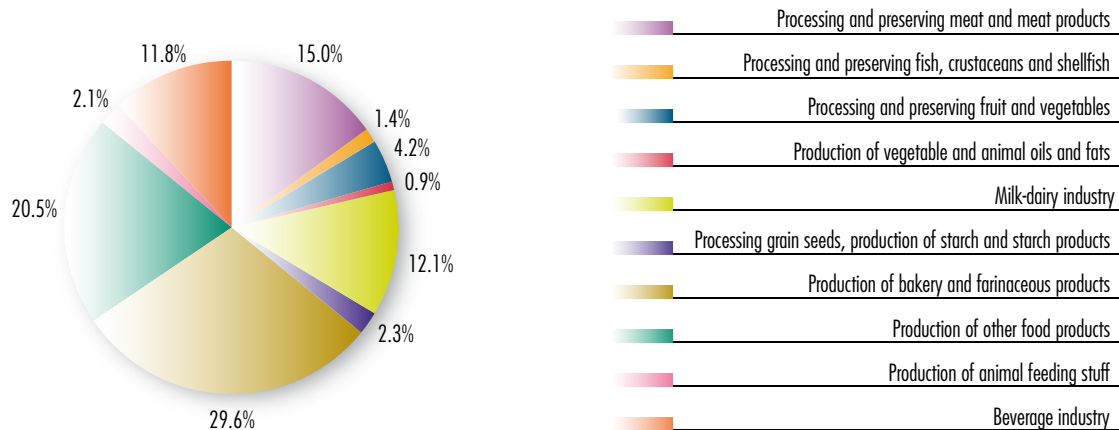
Incidence of legal type of food and beverage and manufacturing companies in Lombardy¹, 2014



¹Operating companies.

Source: Infocamere.

Breakdown of the workers employed in food and beverage industries per production type, Lombardy 2013



Source: ISTAT, Statistical archive of the operating companies (ASIA).

facture sector, where companies decreased year by year by 1.5%.

As to the distribution of companies throughout the provinces, Milan ranks first (27.3%), followed by

Brescia (15.1%) and Bergamo (11.2%). Similarly, craft businesses are better distributed throughout the territory. Annual figures show considerable increases in food companies in Monza

(+3.2%) and Milan (+2.7%)

With respect to companies' legal entities, the most common types of food-only companies are one-person companies and partnerships. Moreover,

capital companies also have a good share (24.2%) and prevail in the beverage sector (56%). Percentages become higher for one-person companies if we consider only craft businesses.

Based on the data collection of ISTAT-Statistical register of companies (ASIA), in 2013 the number of workers in Lombardy's food industry companies is approximately 66,000

units, 27% of whom work in craft businesses. The number of workers in Lombardy's food companies is 16.9% of the national total number. As to the location, in 2013, 32.9% of company workers concentrated in the province of Milan -where big companies are mainly based- followed by Brescia (11.4%) and Mantua (10.2%).

Based on data of the "General Census of Industry and Services 2011", food processing provides employment to approximately 70,000 local work units, which are equal to 16.8% of the national total and 7.4% of the regional manufacturing sector.

In food processing, cooperation plays a major role and involves 280 production companies in the regional territory, equal to 5.6% of the national total (2012 data, Osservatorio della Cooperazione Agricola Italiana). The average economic size of Lombardy's food cooperatives is almost double

Provincial distribution of food industries and related workers in Lombardy, 2013

	Companies			Company's workers		
	Total	Inc. %	% artisan	Total	Inc. %	% artisan
Bergamo	658	11.2	79.2	5,652	8.5	42.0
Brescia	921	15.7	75.5	7,553	11.4	42.3
Como	290	4.9	80.0	2,887	4.3	39.0
Cremona	336	5.7	64.9	6,400	9.6	16.7
Lecco	217	3.7	71.9	2,279	3.4	31.5
Lodi	130	2.2	63.1	1,340	2.0	27.1
Mantua	446	7.6	63.2	6,740	10.2	21.3
Milan	1,579	26.9	55.1	21,811	32.9	16.9
Monza e Brianza	382	6.5	66.0	2,965	4.5	32.7
Pavia	356	6.1	72.5	2,533	3.8	40.0
Sondrio	173	2.9	74.0	2,616	3.9	29.9
Varese	380	6.5	76.3	3,598	5.4	33.7
Lombardy	5,868	100.0	67.9	66,374	100.0	27.0
Italy	54,691		71.3	392,811		40.1
Lombardy/Italy (%)	10.73			16.90		

Source: ISTAT, Statistical archive of operating companies (ASIA).

compared to the national framework: this is the reason why the incidence on the national turnover is above 10% (3.5 billion euro in absolute terms). 4 out of 25 Italian most prominent food companies, in turnover terms, are based in Lombardy: Consorzio

Virgilio, Latteria Saresina, Produttori Suini Pro Sus and Consorzio Casalasco del Pomodoro. Moreover, many big food companies have their own supply market and, in some cases, also their own production plants in Lombardy.

Distribution of agri-food cooperatives in Italy and Lombardy, 2012

	Companies	Turnover (mill. euro)
Lombardy	280	3,531.9
Italy	5,042	34,869.1
Italy - North	2,260	28,777.9
Italy - Centre	709	2,364.8
Italy - South & Islands	2,073	3,726.2
Lombardy/Italy (%)	5.6	10.1
Lombardy/Northern Italy (%)	12.4	12.3

Source: Osservatorio della Cooperazione Agricola Italiana.

DISTRIBUTION

Lombardy plays a leading role in the national and European modern food distribution: the density of modern retail centres (hypermarkets, supermarkets, superettes and discounts) amounted to 297 square metres every 1.000 inhabitants in 2014. In spite of the slight drop (-1.4% annually), this trend is highly significant and comparable to the most densely populated European areas.

There are 2.383 retail centres of modern food distribution throughout the region, with an overall area of nearly 2.9 billion square metres, which have been decreasing for the second consecutive year. As the matter of fact, such area dropped by 1.4% compared to 2013, which is considerably lower than -2.5% at national level.

Such a trend is not uniform over the whole regional territory, as some provinces (Lecco, Como and Milan) show an increase in such areas.

Retail centres of modern food distribution chains in Lombardy, 2014

	N. retail centres	Area	
		sq.m.	% Change 2014/13
Superette	504	140,092	-15.5
Supermarkets	1,022	1,052,852	-2.6
Hypermarkets	238	1,259,112	-0.6
Discount	618	408,427	5.5
Total	2,382	2,860,483	-1.4

Source: SMEA calculations based on data by Nielsen and Osservatorio del Commercio della Regione Lombardia.

Area of retail centres of modern distribution chains per 1000 inhabitants in Lombardy and in Italy (sq.m.), 2014

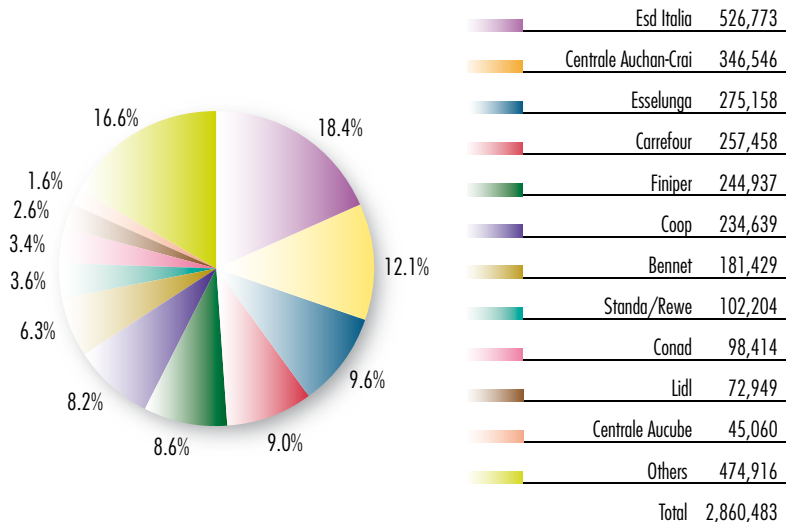
	Superette	Supermarkets	Hypermarkets	Discount	Super+hyper	Total
Bergamo	14.4	107.5	110.3	55.5	217.9	287.8
Brescia	13.3	162.3	140.5	63.5	302.7	379.5
Como	12.9	87.5	139.8	51.0	227.3	291.2
Cremona	6.4	119.1	115.4	40.8	234.5	281.7
Lecco	14.4	94.3	151.6	34.0	245.9	294.4
Lodi	5.7	88.5	222.4	41.3	310.8	357.9
Mantua	13.5	157.9	108.7	72.8	266.6	352.9
Milan	16.1	85.8	125.8	27.3	211.6	255.0
Monza e Brianza	13.1	82.0	145.0	33.3	227.1	273.5
Pavia	14.5	112.4	144.0	50.1	256.4	321.0
Sondrio	54.6	109.9	140.4	45.3	250.2	350.2
Varese	11.1	142.7	113.2	37.6	256.0	304.7
Total Lombardy	14.5	109.2	130.6	42.4	239.8	296.7
Total Italy	29.1	117.6	70.6	48.7	188.2	266.0

Source: SMEA calculations based on data by Nielsen and Osservatorio del Commercio della Regione Lombardia.

All main distribution forms have declined for the second consecutive year (-2.6% as to supermarkets and -0.6% as to hypermarkets), with the only exception of discounts (+5.5%). Especially the decrease in hypermarkets, as two big distribution companies closing suggest, highlights the troubles of the distribution sector, although hypermarkets remain the main tool of Lombardy's distribution chains throughout the territory.

Throughout the region, private large supermarkets chains prevail. Purchasing groups have been changing also in 2014: Centrale Italiana -which grouped Coop, Despar, Sigma and Il Gigante, leader the previous year with almost 15% of the regional sale area- dissolved; therefore, Esd Italia took the leadership and together with Despar and Il Gigante summed up 18.4% of the regional sale areas and it is followed by Centrale Auchan-

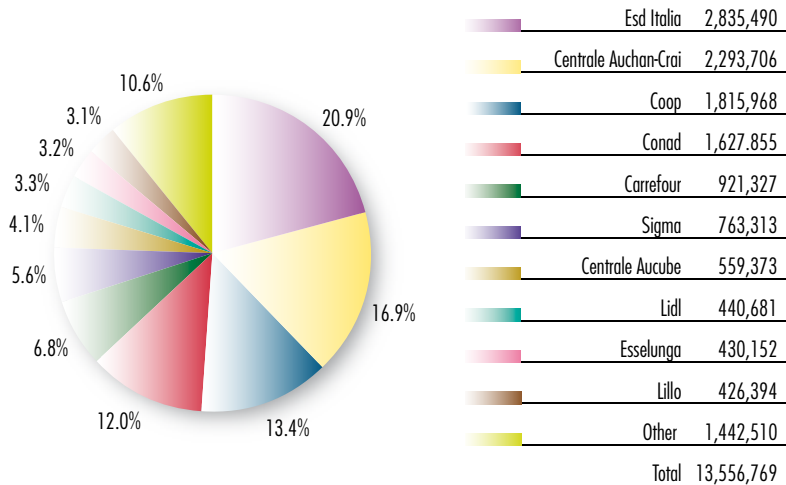
Breakdown of the sale area of modern food distribution chains in Lombardy, 2014



Source: SMEA calculations based on data by Nielsen and Osservatorio del Commercio of Lombardy Region.

Crai (12.1%). Esd Italia and Centrale Auchan-Crai are the two first distribution companies at national level with a share almost equal to 20.9% and 16.9% respectively.

Breakdown of sale area of modern food distribution in Italy, 2014



Source: SMEA calculations based on data by Nielsen and Osservatorio del Commercio of Lombardy Region.

FOREIGN TRADE

In 2014, Lombardy's agri-food deficit amounted to nearly 4 billion euro and is equal to two third of the national deficit. At regional level, the annual growth of exports (+6%) at current values is double compared to imports (+3.1%); on the contrary, the value of Italian exports' increase slightly exceeds imports' value (+2.3%).

In Lombardy, exports growth depends only on quantity (+6.6%), provided that the average prices remain substantially stable (-0.6%); whereas imports growth is modest (+3.1%) as a result of the drop in prices (-9.7%) which is well counterbalanced by the increase in quantity (+14.1%)

Regional agri-food imports represent 8.8% of the value of purchases on foreign markets by Lombardy's companies, whereas exports got stuck at 5.2%; the equivalent figures calculated for Italy are 11.4% and 8.7% respectively. The main foreign sup-

Foreign trade of Lombardy's agri-food products at current prices (mill. euro)

	Import	Export	Balance
1999	5,690	2,425	-3,265
2000	6,120	2,608	-3,512
2001	6,273	2,811	-3,462
2002	6,283	3,025	-3,258
2003	6,542	3,152	-3,390
2004	6,844	3,278	-3,566
2005	7,119	3,559	-3,560
2006	7,902	3,742	-4,160
2007	8,309	4,122	-4,187
2008	8,559	4,571	-3,988
2009	7,929	4,214	-3,715
2010	8,691	4,579	-4,112
2011	9,637	4,856	-4,781
2012	9,186	5,121	-4,065
2013	9,410	5,359	-4,051
2014*	9,697	5,680	-4,017
% change 2014/2013	3.05	5.99	
% change 2014/1999	70.4	134.2	

* provisional data.

Source: SMEA calculations based on ISTAT data.

% share of agri-food products in the trade balance of Lombardy

	Import	Export
1999	7.17	3.84
2000	6.36	3.55
2001	6.36	3.59
2002	6.51	4.00
2003	6.66	4.15
2004	6.47	4.14
2005	6.40	4.17
2006	6.63	4.01
2007	6.24	4.07
2008	7.06	4.41
2009	8.17	5.12
2010	7.49	4.88
2011	7.82	4.66
2012	7.91	4.74
2013	8.47	4.96
2014*	8.82	5.18

* provisional data.

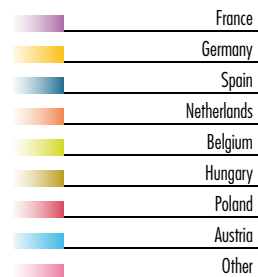
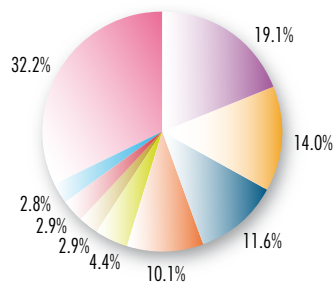
Source: SMEA calculations based on ISTAT data.

ply market for the region is France with a share of 19.1%, followed by Germany (14%), Netherlands (11.6%) and Spain (10.1%). With respect to exports, France and Germany rank first (17.9%) and second (11.5%) respectively, followed by United Kingdom (8.5%) and two non-EU markets: USA (7.7%) and Switzerland (6.8%). However, supply sources are more concentrated than export markets. The main partners of the region are the same as those of Italy with respect to both imports -with the same order but higher shares- and to exports -with a different order.

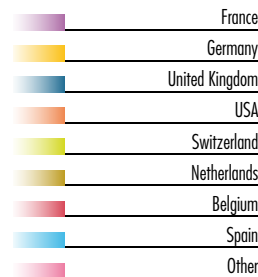
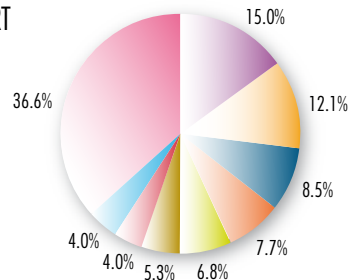
Dairy products are the main exchange goods with respect to imports (14.5%) and exports (19.7%). On the 7th August 2014, Russia issued an embargo against imports of some food products from EU, USA, Canada, Australia e Norway and extended its 2015 termination to the

Main countries of origin and destination countries for agri-food foreign trade in Lombardy, 2014*

IMPORT



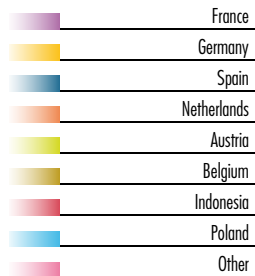
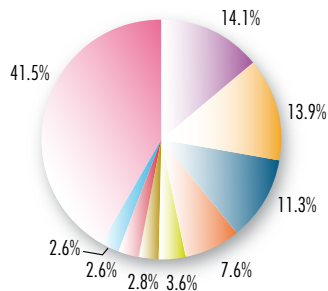
EXPORT



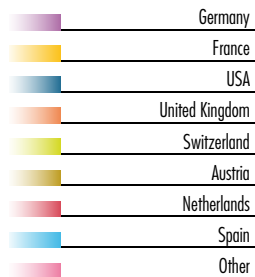
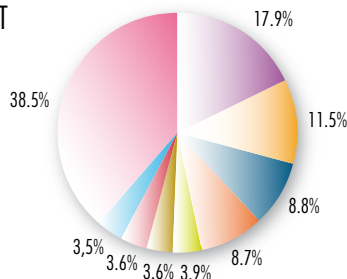
* provisional data.
Source: SMEA calculations based on ISTAT data.

Shares of import and export of agri-food products in Lombardy, 2014*

IMPORT



EXPORT



* provisional data.

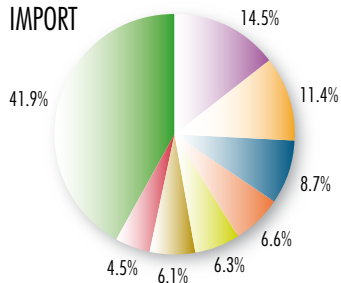
Source: SMEA calculations based on ISTAT data.

5th of August 2016¹. Due to the embargo, over 2014, agri-food exports to Russia clearly decreased for both Italy (-12.7%) and Lombardy (-15%). In particular, such decrease was more significant for those products affected by the embargo (approximately -43% and 30% respectively), less significant for “made in Italy” products, equal to -9.4% and -11.6%, respectively. At the end of 2014, all the main EU partners recorded a more highly significant percentage loss compared to Italian one (Germany -22.8%; Netherlands -20.8%, France -17.2%). However, the agri-food balance with Russia is still

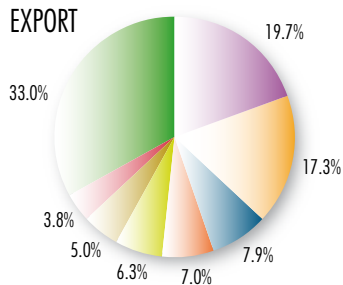
¹ It deals with dairy products, fruits and vegetables, meat, pigmeat and poultry, fish products and other processed agri-food products (excluding alcoholic drinks and beverage, pasta, sweets and bakery products, as well as baby food).

Shares of import and export of agri-food products in Lombardy, 2014*

IMPORT



EXPORT

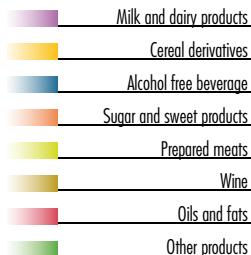
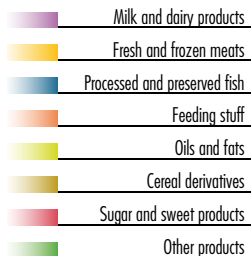
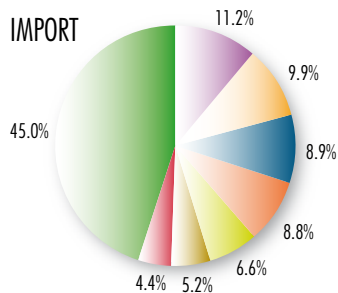


* provisional data.

Source: SMEA calculations based on ISTAT data.

Shares of import of agri-food products in Italy, 2014*

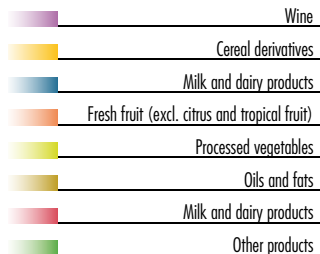
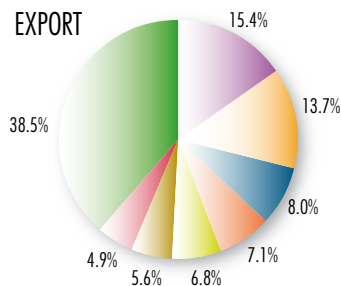
IMPORT



* provisional data.

Source: SMEA calculations based on ISTAT data.

Shares of export of agri-food products in Italy, 2014*



* provisional data.

Source: SMEA calculations based on ISTAT data.

positive, even if it is decreasing (from 40 to 36 million euro) as to Lombardy and still increasing (from 390 to 413 million euro) as to the national framework.

Value of agri-food exports of Lombardy and Italy towards Russia in 2014 *

	Lombardy		Italy	
	mill. euro	% change 2014/13	mill. euro	% change 2014/13
A. Made in Italy of which:	75.4	-11.6	488.9	-9.4
A.1. agricultural	6.0	47.0	43.8	-40.5
A.2. processed	31.4	-32.3	261.1	-13.0
A.3. food industry-related	38.0	9.4	184.0	10.9
B. Other food products	38.8	-21.0	110.6	-24.8
A+B TOTAL	114.2	-15.0	599.5	-12.7

* provisional data.

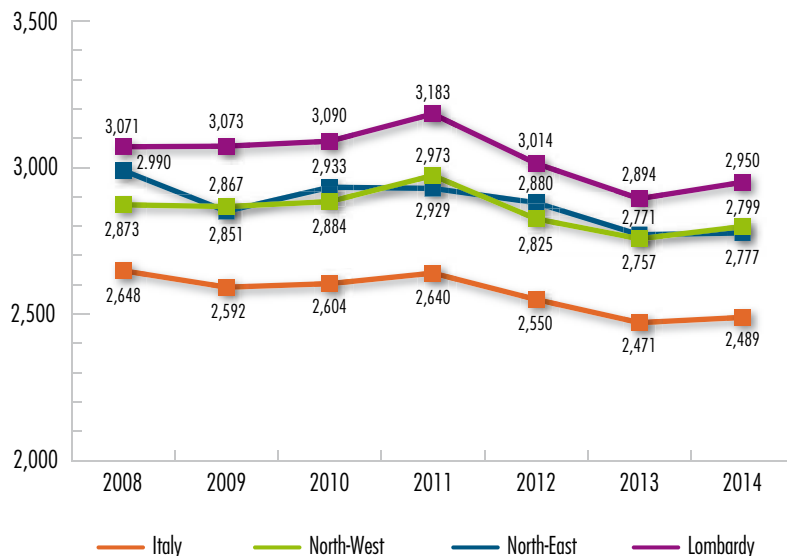
Source: SMEA calculations based on ISTAT data.

FOOD CONSUMPTION

In Italy, after two decreasing years, the average monthly expenditure per household at current values is actually stable and equal to 2,489 euro (+0.7% compared to 2013). The expenditure related to food products and alcohol free beverages as well remains overall stable, with a monthly average of 436 euros. In 2014, the expenditure of meat, oils/fats and alcohol free beverages has been decreasing since 2013 (from 99.6 euro to 97.2 euro, from 15.2 to 13.8 euro, from 20.6 to 19.7 euro, respectively); on the contrary, the expenditure of ready made dishes and other food preparations has increased (from 9.5 to 10.5).

After 3 years of growth, the number of households reducing the quantity or quality of food products has been decreasing (from 62% to 59%), mainly in the Centre-North. The purchase proportion at hard discounts (13%) has not stopped and even increased in the

Monthly average expenditure at current prices per household (euro), 2008-2014



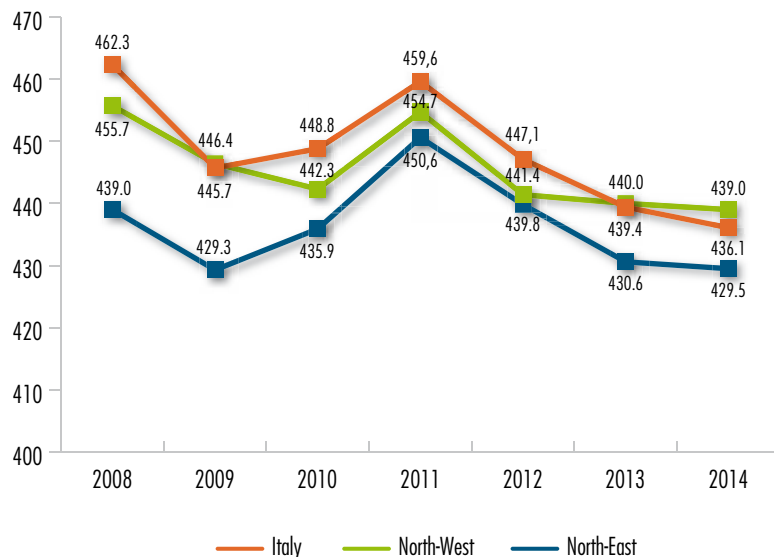
Source: SMEA calculations based on ISTAT data, The expenditure per household consumption, July 2015.

South and Islands (from 12% to 15%)
 With respect to the average expenditure per household, differences between Centre-North and South persist, with the highest values in Trentino-Alto Adige (3,074 euro), Lombardy (2,950) and Emilia Romagna (2,883 euros) and the lowest values in Calabria (1,758 euros) and Sicily (1,779 euros).

12.4% of households purchase at least one organic food product (mainly fruit, vegetables and eggs) with higher values in the Centre-North; in North-East, the value is 17.8%, which is more than doubled compared to South and Islands-related value.

The proportion of food expenditure dropped from 17.8% in 2013 to 17.5% in 2014 but represents over one fifth of the total expenditure in the South, even if it dropped from 22.6% to 21.9%. Such proportion - which did not reach 15% of the total in Lombardy, Trenti-

Monthly average household expenditure for food and alcohol free beverage at current prices (euro), 2008-2014

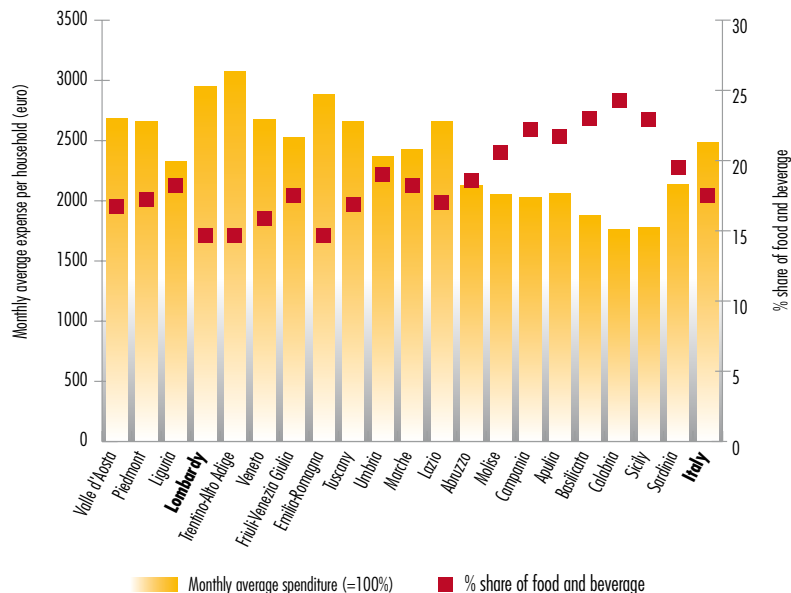


Source: SMEA calculations based on ISTAT data, The expenditure per household consumption, July 2015.

no-Alto Adige, Emilia-Romagna and metropolis in 2014- exceeded 22% in Apulia, Sicily, Basilicata and Calabria, i.e. regions with the highest number of family members per household and a lowest efficient distribution network. The expenditure of food products and beverages does not include the expenditure of outdoor meals and food, which is about 5% in northern regions and dropped to 2.6% in Apulia, Basilicata and Calabria¹.

¹ Figures related to consumption in 2014 are taken from “La spesa per consumi delle famiglie” (ISTAT, July 2015). Estimations throughout this report are based on figures related to the survey on households’ expenditure, which replaces the previous survey on households’ consumption, published until 2014; therefore the figures of both surveys are not comparable.

Monthly average expenditure per household and % share of food and beverage per region in Italy, 2014



Source: SMEA calculations based on ISTAT data, The expenditure per household consumption, July 2015.



AGRICULTURE

Whereas Italy has an overall Mediterranean sub-tropical climate, Lombardy has the typical continental climate features, even if it shows a great variety on territorial scale. The following climate areas can be distinguished: the Alps and Pre-alps area with a continental climate, varying from fresh to cold according to altitude, wide variations in daytime temperatures, heavy rainfall but a significant gradient from West to East; the Padana area with continental climate, severe and humid winters and hot and sultry summers, wide variations in temperature yearly, lower heavy rainfall than in the mountains but with the highest gradient in North-West to the lowest gradient in South-East, as well as frequent wind gusts; the Appenine side with a continental but overall milder climate than in the Alps and Pre-alps area, due to the Mediterranean influence, and a high

rainfall rate in autumn and spring. With respect to the reference average of climate ranges, Lombardy's temperatures are lower of nearly 3 Celsius degrees compared to the national average, as well as an annual rainfall higher than 24%. Particularly, 2014 was characterized by higher rainfall levels –more than 2003– rather than +38% regional average; Lombardy had 1,312 mm rain with subsequent critical problems over the territory and agricultural areas. In winter time, the average temperatures found to be mild; rain- and snow-fall were heavy in mountains and 3-folded higher in plain areas compared to the climate average. Heavy rainfalls brought about water flooding in fields, landslides, crops damages, as well as general difficulties in cereal farming methods. In spring time, various hailstorms affected melon, tomato, watermelon

and kiwi cultivations in the northern area surrounding Mantua; at the end of June, torrential rainfalls over the province of Bergamo required to empty the lakes of Como and Iseo to prevent potential flooding. In spite of the huge rainfalls, the Ministry of Environment and Protection of Territory and Sea ordered to withdraw the water drawn-off from the Lake Maggiore, causing a fall in the available water amount intended for irrigation (particularly for rice, soy, corn and sorghum farming), along with a water shortage in the alpine reservoirs. The summertime witnessed different flood events in a row affecting specific areas of the territory. In Mantua surroundings and the eastern area of the region, during the month of July, a whirlwind damaged pumpkin, corn, soy, tomato and kiwi cultivations, as well as facilities and plants. Different floodings occurred in the southern

area of Brescia and in the province of Varese. Over the month of August, several floodings affected Besana Brianza and highly damaged the flower-growing sector affecting at least 30,000 hectares and 12,000 nurseries. In Mantua's area, a hailstorm hit Sabbioneta, Sernide and Felonica (melon-growing area) and in Berga-

mo's area, the bad weather brought about landslides in the mountain areas, flooded fields and the flooding of the river Cherio and the stream Tadone.

In autumn season, flood and landslide events occurred; a storm and a whirlwind mainly affected Mantua's area with huge damages to building and

cultivations. In Ostiglia, many stables and warehouses were ripped off and various vineyards and orchards were destroyed. In November, the rivers Adda, Oglio and Po flooded the neighbouring fields. The Lake Maggiore flooded as well in several points. Landfill events occurred in Brescia and Pavia surrounding areas .

Climate and weather statistics in Lombardy and Italy, 2010-2014

	Lombardy					Reference climate average	
	2010	2011	2012	2013	2014	2014	Lombardy Italy
Lowest temperature (°C)	4.4	5.7	5.1	5.2	6.1	10.8	5.2 8.7
Average difference	-0.8	0.5	-0.1	0	0.9	2.1	
Highest temperature (°C)	12.1	14.6	13.9	13.2	14.1	18.8	14.1 17.7
Average difference	-2	0.5	-0.2	-0.8	0	1.1	
Rainfall (mm)	982.3	733.6	848.9	1,044.6	1,312.0	964.8	950.7 765.3
Average difference%	3.3	-22.8	-10.7	9.9	38	26.1	
Evapotranspiration (mm)	717.1	826.1	816.1	767.8	680.1	866.2	709 907.5
Average difference (%)	1.1	16.5	15.1	8.3	-4.1	-4.6	

Source: MIPAAF, Osservatorio agroclimatico CRA-CMA.

¹ The information reported are taken from 4 documents "Nota trimestrale nazionale sull'andamento meteorologico e le implicazioni in agricoltura", published in the website www.inea.it.

PRODUCTION LEVELS IN AGRICULTURE

In 2014, the area under cereal crops extended over nearly 380,000 hectares (11.1% of the national total), dropping by 3.2% compared to the previous year. Among cereal crops, grain maize ranks first (192,000 hectares and 24.8% of the national production), which increased by 27% annually in quantitative terms against a fall in areas by 3.8%. Rice ranks second and is

cultivated over 91,000 hectares with a production volume equal to 41.6% compared to the national framework, whose production remained basically stable over the last year even with an increase in lands. The winter-autumn crops, cultivated over 89,000 hectares, underwent 8.8% fall in areas between 2013 and 2014. Contrarily, the area under oily seeds increased (+10%

annually) and covered an overall area of about 40,000 hectares (11.3% of the national total)

Among forage crops, it is worthy to mention herbage, covering 260,000 hectares (182,000 of which waxy maize only) with a 5.1% increase in lands. The production of waxy maize is 48% on national scale, with a 5.1% and 14.4 increase in lands and quanti-

Areas and output of main crops in Lombardy and Italy, 2014

Crops	Lombardy			Italy			Lombardy/Italy	
	Total area (ha)	Yield (t/ha)	Harvested output (000 tons)	Total area (ha)	Yield (t/ha)	Harvested output (000 tons)	% area	% output
Cereals	377,138	9.0	3,393	3,392,568	5.7	19,368	11.1	17.5
- Common wheat	59,528	5.7	341	586,615	5.3	3,106	10.1	11.0
- Barley	17,184	5.2	90	232,625	3.6	846	7.4	10.6
- Rice	91,807	6.3	577	219,532	6.3	1,386	41.8	41.6
- Grain maize	192,185	11.9	2,295	869,947	10.6	9,240	22.1	24.8
Oily seeds	40,683	4.0	162	360,857	3.4	1,225	11.3	13.2
- Rapeseeds	2,710	2.8	8	16,444	2.5	41	16.5	18.7
- Soy	37,096	4.1	151	232,867	4.0	933.1	15.9	16.2
Dried legumes	1,447	3.5	5	67,448	1.8	124	2.1	4.1

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>>>> segue *Areas and output of main crops in Lombardy and Italy, 2014*

Crops	Lombardy			Italy			Lombardy/Italy	
	Total area (ha)	Yield (t/ha)	Harvested output (000 tons)	Total area (ha)	Yield (t/ha)	Harvested output (000 tons)	% area	% output
Tuber plants	865	26.4	23	52,662	26.1	1,372	1.6	1.7
Vegetables in fields	14,672	44.8	658	398,714	14.3	5,707	3.7	11.5
- Watermelon	1,106	45.8	51	11,424	39.7	453	9.7	11.2
- Processing tomato	7,207	64.3	463	77,465	59.6	4,614	9.3	10.0
- Melon	3,090	27.5	85	25,028	22.4	560	12.3	15.2
Vegetables in greenhouses	2,212	43.2	95	37,816	44.0	1,665	5.8	5.7
Temporary forage	344,808	45.3	15,623	2,157,461	25.6	55,133	16.0	28.3
- Herbages	260,019	45.2	11,747	1,122,923	27.0	30,357	23.2	38.7
- Waxy maize	182,235	50.3	9,167	342,738	55.6	19,047	53.2	48.1
- Ryegrass	36,356	37.2	1,352	63,767	31.9	2,031	57.0	66.6
Alternated grassland	84,789	45.7	3,875	1,034,538	23.9	24,776	8.2	15.6
- Alfalfa	60,847	46.7	2,841	699,296	27.7	19,342	8.7	14.7
- Mixed meadows	23,147	44.0	1,008	156,994	18.3	2,880	14.7	35.0
Permanent forage crops	236,534	17.0	3,929	4,387,605	4.7	20,520	5.4	19.1
- Permanent grassland	125,347	28.6	3,587	898,498	13.6	12,215	14.0	29.4
- Meadows	111,187	3.1	343	3,489,107	2.4	8,305	3.2	4.1
Fresh and dried fruit	3,700	21.5	80	379,847	15.6	5,943	1.0	1.3
- Apple tree	1,610	28.3	46	52,505	46.7	2,454	3.1	1.9
- Pear tree	764	18.1	14	30,870	24.6	758	2.5	1.8
Wine grapes	21,359	8.8	188	644,546	9.1	5,857	3.3	3.2
Olive tree	2,318	0.9	2	1,112,024	1.7	1,925	0.2	0.1

Source: ISTAT e Ente Nazionale Risi.

ty respectively, based on the seasonal trend. Temporary grasslands remain stable, among which alfalfa prevails, as it is cultivated over 60,000 hectares and produces in Lombardy 15% of the national output. Within permanent forage crops, grassland and meadows lands slightly decrease, even if they cover an overall area of 236,000 hectares.

Compared to the national frame-

work, the area under permanent and horticultural crops is pretty modest. Among the permanent crops, vine farming prevails with a cultivated area of 21,300 hectares, followed by fruit-farming, i.e. apple, pear and olive trees. Horticulture extends over 14,000 hectares in fields, with respect mainly to processing tomato and melon, and 2,200 hectares in greenhouses.

Livestock and animal rearing is Lom-

bardy's agricultural sector par excellence, so much as to amount to 40% of national pig production and to 37% of milk production. 2014-related economic data show an annual increase by 4.7% in reared livestock; such increase reaches even 5.8% with respect to dairy cows and buffaloes. Pig rearing remains stable but underwent a stalemate related to the number of reared heads, which is slightly above 4 mil-

Number and output of rearing farms in Lombardy, 2014

	Lombardy		Italy		Lombardy /Italy	
	Number of heads	Output (t)	Number of heads	Output (t)	% heads	% output
Cattle- Beef meats	1,425,583	345,742	5,756,072	1,330,309	24.8	26.0
Pigs - Pig meat	4,053,164	823,102	8,676,100	2,049,344	46.7	40.2
Sheep and goats - Sheep and goat meat	225,091	1,158	8,103,049	59,952	2.8	1.9
Poultry	n.d.	290,968	n.d.	1,647,936	n.d.	17.7
Cows and buffaloes - Cow and buffalo milk (000 hl)	485,103	4,239,769	2,069,386	11,453,366	23.4	37.0
Sheep and goats - Sheep and goat milk (000 hl)	165,988	2,781	6,942,647	540,284	2.4	0.5
Eggs (million units)	n.d.	2,285,751	n.d.	12,998,870	n.d.	17.6
Honey (n. hive)	n.d.	917	n.d.	7,482	n.d.	12.3

Source: ISTAT.

lion. In Lombardy, the production rate of beef meat (26%), poultry (17.7%), eggs (17.6%) and honey (12.3%) is really significant. Less significant is the rate of sheep and goats-related production (1.9% as to meat and 0.5% as to milk).

In terms of value, the regional agricultural production calculated at basic prices (BPP), including related services and secondary activities, exceeded 7.5 billion euro in 2014, ranking first on regional scale as to the rate of national agricultural production value (14.1%). With respect to only animal breeding, the incidence on the national framework reaches 26.3%. In the EU framework, Lombardy's agriculture burdens the UE-28 agriculture production BPP for 1.74% - 2.66% if only livestock rearing production is taken into account (based on 2013 EUROSTAT data). Moreover, the figures of forestry (96 million euro, equal to 6.4% of the

national total), fishery and aquaculture sectors (30 million euro, equal to 1.8% of the equivalent national figure) are to be summed up to the agricultural BPP.

The figure of the regional agricultural BPP dropped by 2% compared to 2014, mainly due to a 3% average drop in prices. In the same period, the national agricultural BPP dropped by 5%. Above all vegetables production varieties underwent such a reduction with a 3% annual decrease, due to a drop in prices (-6.9%) which is not counterbalanced by the increase in the amounts being produced (+4.2%); livestock products lose annually 2.3% in value, mainly due to a drop in prices by 1.8%. Contrarily, activities supporting agriculture increased in value (+1.7%), whereas secondary activities remain basically stable.

The make-up of BPP of agricultural goods and services highlights the out-

weighing livestock and animal-related feature of the region: animal rearing contributes to 64% of BPP, followed by vegetables varieties (28.5%) and related services (activities supporting agriculture) and secondary activities. On the contrary, at national level, vegetable BPP prevails over livestock BPP (equal to 53.2% and 33.9%, respectively).

With respect to each sector, meats (35.9%) and especially pig meats (16.6%), beef meats (10.9%), milk (24.7%) and cereals (9.7%) prevail in terms of incidence on BPP of agricultural goods and services. Significant rates are to be mentioned with respect to other meats (8.4%), including above all poultry meat, and to forage crops (7.7%). Horticulture (3.5%), vine-culture (3%) and tree culture (2.1%) play a minor role. The activities supporting agriculture constitute 7.7% in terms of value.

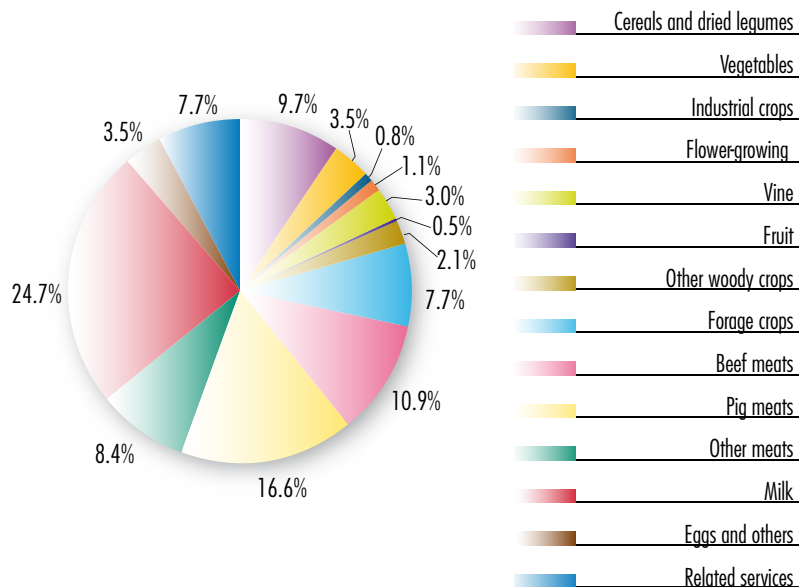
Agricultural output at basic prices, average consumption and value added in Lombardy (million euro), 2014

	Lombardy			Italy			Lombardy/Italy
	mio. euro	% su tot. PPB	% su comparto	mio. euro	% su tot. PPB	% su comparto	%
Crops	1,974	26.2	100.0	26,741	49.9	100.0	7.4
Green	1,055	14.0	53.4	13,958	26.0	52.2	7.6
Forage	535	7.1	27.1	1,637	3.1	6.1	32.7
Tree	384	5.1	19.5	11,145	20.8	41.7	3.4
Rearing farms	4,477	59.3	100.0	17,041	31.8	100.0	26.3
Meat	2,508	33.2	56.0	10,364	19.3	60.8	24.2
Milk	1,727	22.9	38.6	5,230	9.8	30.7	33.0
Other	242	3.2	5.4	1,447	2.7	8.5	16.7
Related services	539	7.1		6,469	12.1		8.3
Total PPB of agricultural goods and services	6,990	92.6		50,250	93.7		13.9
(+) secondary activities*	627	8.3		4,306	8.0		14.6
(-) secondary activities*	67	0.9		942	1.8		7.1
Total PPB of agriculture	7,550	100.0		53,615	100.0		14.1
(-) Average consumption	4,138	54.8		24,309	45.3		17.0
Added value of agriculture	3,412	45.2		29,307	54.7		11.6
Total PPB of forestry	96	100.0		1,492	100.0		6.4
(-) Average consumption	34	23.2		169	13.8		20.0
Value added of forestry	62	76.8		1,323	86.1		4.7
Total PPB of fishing and aquaculture	30	100.0		1,663	100.0		1.8
(-) Average consumption	13	42.5		742	44.6		1.7
Value added of fishing and aquaculture	17	57.5		921	55.4		1.9

* Secondary activities refer both to the agricultural branch -not separable-, i.e. accommodation farms, milk processing, fruit and meat, as marked with the sign (+), and the other economic branches within crops and rearing farms (for instance trade companies) marked with the sign (-).

Source: ISTAT, Added value at basic prices of agriculture per region.

Value of agricultural output at basic prices per main sector in Lombardy, 2014



Source: ISTAT, Added value at basic prices of agriculture per region.

The decrease in vegetable BPP is mainly attributable to woody crops, which significantly decreased by 13.8% in value annually, mainly due to decreased quantities connected with bad weather, together with frequent rainfalls also during spring and summer. In particular, olive-growing (-31.3%), vine and grapes (-20.2%) and fruit products (-25.5%) decreased in terms of value. Within the same trend, but with less significant figures, horticultures (-4.4%), forage crops (-3.1%) and flower-growing (-2.3%) decreased in value as well. On the contrary, industrial crops recovered almost 10% in value compared to 2013 and cereals increased by 3.8%.

Among the single cultures, rice determines the positive variation of cereals-related BPP with a huge increase of 29% in value, only due to the rise in prices. On the contrary, maize and common wheat decreased by 2.4% and

2.8% in value respectively. Within the industrial crops, soy increased in value (+12.2%) due to the combination of

a fall in prices (-16%) and a more than double increase in production (+33%). With respect to tree cultures, vine

highly decreased in terms of prices and produced quantities. The fall of BPP of olive-growing sector is due to

Principali produzioni vegetali in Lombardia, 2014

	PPB ¹ at current prices		PPB ¹ at chained prices 2010	% change 2014/2013		
	Mill. euro	% Lombardy/Italy	Mill. euro	Quantity	Prices	PPB
Common wheat	68.0	11.1	61.1	13.4	-14.3	-2.8
Durum wheat	14.7	1.0	8.9	12.3	8.5	21.9
Barley	15.2	10.4	13.2	4.3	-16.4	-12.8
Rice	150.4	41.9	159.9	0.6	28.3	29.0
Hybrid maize	381.2	24.2	361.7	27.0	-23.2	-2.4
Soy	45.6	15.7	37.0	40.2	-20.0	12.2
Sugarbeet	6.0	4.4	5.6	105.1	-49.8	2.9
Potato	9.7	1.4	8.6	20.6	-23.5	-7.8
Tomato	55.5	4.8	43.9	43.2	-10.6	28.0
Melon	44.3	20.6	38.7	-7.3	-4.0	-11.1
Sold wine grapes	24.8	2.2	18.3	-15.3	1.1	-14.4
Wine	181.5	6.2	143.4	1.7	-22.3	-20.9
Oil	1.3	0.1	1.1	-37.5	9.9	-31.3
Peach	1.5	0.5	1.6	-0.2	-24.1	-24.2
Apple	13.9	1.8	15.4	-1.5	-33.3	-34.3
Pear	7.6	1.8	9.3	0.4	-22.7	-22.5
Kiwi	5.6	1.7	4.8	-0.8	2.7	1.9

¹ Value of production at basic prices.

Source: ISTAT, Added value at basic prices of agriculture per region.

significant quantitative losses. With respect to fruit-culture, the decrease in prices determines the loss of BPP. On the contrary, kiwi plants increased their production value by +1.9% annually. As to processed products, wine-related BPP decreased by 20.9% annually, while oil dropped by 31.3%. Among horticultures, tomato-related BPP increased, whereas melon and

watermelon-related BPP shows negative variations equal to 11-12%. As to livestock and animal rearing, Lombardy ranks first in different sectors at national level: 39.1% production in value of pig meats, 23.3% of beef meat and 36.3% of cow milk compared to the equivalent national values. Moreover, poultry meat, eggs and honey-related percentages are

significant with 17%, 17% and 13.5% respectively.

The decrease in value of livestock and animal productions in 2014 was mainly caused by meats (-3.2%). Poultry meats underwent a higher decrease in BPP (-4%), followed by pig (-3.4%) and beef meats (-3.2%), whereas the decrease in milk-related BPP was less significant (-0.8%). On

Main livestock productions in Lombardy, 2014

	PPB ¹ at current prices		PPB ¹ at chained prices 2010	% change 2014/2013		
	Mill. euro	% Lombardy/Italy	Mill. euro	Quantity	Prices	PPB
Beef meats	758.7	23.3	690.0	-1.9	-1.4	-3.2
Pig meats	1,161.9	39.1	946.7	-1.7	-1.7	-3.4
Sheep and goat meats	2.7	1.5	2.7	0.7	-3.2	-2.5
Poultry meats	489.7	17.0	400.2	0.3	-4.3	-4.0
Eggs	236.0	17.0	188.2	1.8	-5.0	-3.3
Cow milk	1,724.2	36.3	1,453.6	0.3	-1.1	-0.8
Sheep and goat milk	2.7	0.6	2.2	0.0	8.2	8.2
Honey	5.9	13.5	4.0	-26.7	13.8	-16.5

¹ Value of production at basic prices.

Source: ISTAT, value added at basic prices of agriculture per region.

the contrary, the highest decrease affected honey (-16.5%) and eggs (-3.3%) annually.

The annual decrease in agricultural average consumption, equal to 3.4%, higher in absolute terms than the concurrent BPP negative variation, determined 45% increase in incidence of the added value on the value of agricultural production. Between 2013

and 2014, the added value of Lombardy's agriculture dropped by 0.3% against -6.8% at national level.

The distribution of the agricultural BPP over the provinces is not uniform. More than a quarter of the regional agricultural value originated in the province of Brescia (26.7%), Mantua (21%), Cremona (14.8%), Bergamo (9%) and Pavia (8.5%)

With respect to the agricultural BPP percentage make-up, its framework deeply varies. The meat sector is heavily dominant in Brescia (43.7% of BPP) and Mantua (41.5%). Milk prevails in relative terms in Cremona (38.1%), Lodi (35.6%) and Milan (27.5%), even if the province with the greatest production is Brescia. Tree cultivation is relatively dominant in Pavia (30.2%).

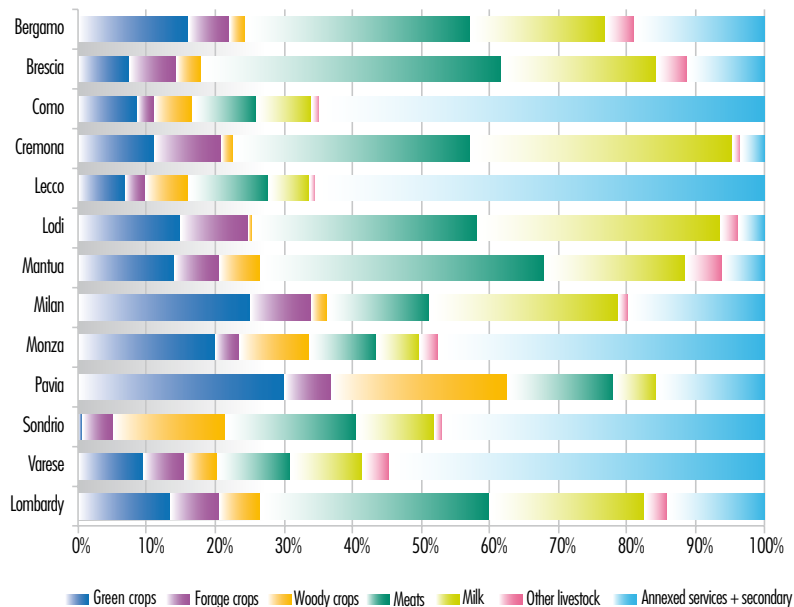
Estimate of PPB at basic prices per province in Lombardy (mill. euro), 2013

	Lombardy	Bergamo	Brescia	Como	Cremona	Lecco	Lodi	Mantua	Milan	Monza	Pavia	Sondrio	Varese
Crops	2,036	170	372	29	260	21	116	427	140	27	409	34	30
Green crops	1,038	111	157	15	126	9	68	226	97	16	198	1	14
Forage	552	43	137	4	112	4	45	109	34	3	44	7	9
Woody	446	16	78	10	22	8	3	92	9	8	167	26	7
Rearing farms	4,584	393	1,459	32	844	24	325	1,088	170	15	144	50	37
Meats	2,592	227	901	16	396	15	150	671	58	8	103	30	16
Milk	1,741	136	467	14	436	8	163	331	106	5	40	18	15
Other livestock	251	30	91	2	12	1	12	86	6	2	1	2	6
Annexed services ± secondary	1,088	131	230	113	40	85	17	101	76	38	102	74	81
Total outcome of agriculture	7,708	694	2,061	174	1,144	132	459	1,616	386	81	656	158	147
(-) Average consumption	4,284	443	1,132	51	776	30	283	801	260	24	379	46	59
Value added at basic prices	3,424	251	930	124	368	101	176	815	126	56	278	111	88

Source: Estimates based on ISTAT data.

In the largely agricultural provinces, huge proportions of BPP are determined by related services, starting from Lecco with 65.5% of provincial agricultural BPP to Como (64.9%), Varese (54.6%), Monza (47.6%) and Sondrio (46.8).

Percentage distribution of PPB in Lombardy's provinces, 2013



Source: Estimates based on ISTAT data.

Fishery and aquaculture sector plays a major role in Lombardy, although Lombardy does not have access to sea. Even if it is only 0.4% of the aggregated agriculture, forestry and fishing, equal to a total of nearly 7.7 billion euro, the sector amounts to nearly 30 million euro (-2.7% compared to 2013) and is equal to 1.8% of the national total, with an added value of 17.1 million euro (ISTAT, 2014). Based on API's data (Associazione Piscicoltori Italiani), aquaculture sector had over 600 workers, included allied industries' workers, in the region. In the same year, there were 69 production plants, mainly for trout farming, with an annual output over 5,800 tons of fish and a gross output on sale for a total of 30 billion euro, arising from 50% trout farming, 30% sturgeon (the value of caviar was not summed up) and 18% eel.

Professional fishing is carried out in

Sites, production and value of aquaculture in Lombardy, 2010

	Production sites (n.)	Production (t)	PLV* (mill. euro)
Trout	42	4.050	14,7
Sturgeon	17	880	9
Eel	4	600	5,6
Other	6	300	1
Total	69	5.830	30,3

* Excluding the value of caviar.

Fonte: Associazione Piscicoltori Italiani.

Professional fishers and amount of fish catch in Lombardy

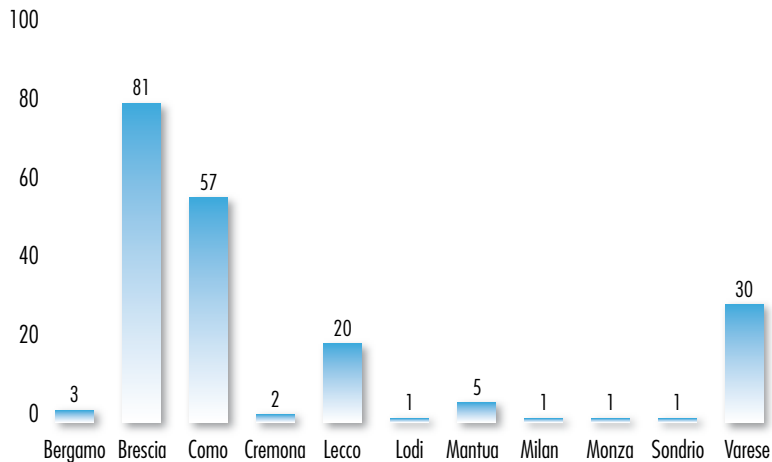
	N. fishers (2014)	Annual fish catch (2010) - ton*
Como Lake	78	206.7
Garda Lake (Lombardy)	44	82.6
Iseo Lake	38	23.1
Maggiore Lake (Lombardy), Lugano, Comabbio and Monate	32	199.9
Idro Lake	2	4.9
Mantua Lakes	5	n.d.
River network	3	n.d.
Total	202	

* Figures of the fish catch in Maggiore and Lugano Lakes Maggiore are related to the whole lake; Varese Lake (2007 figure).

Source: Programme of fishing and aquaculture of Lombardy Region 2012-2014.

ten lakes in Lombardy and concerns approximately 20 commercial species; in 2010 the catch was 400-500 tons. The number of professional fishers, which has significantly decreased over the last decades, can be calculated as 200 units in 2014, mainly concentrated in the provinces of Brescia, Como e Varese. The highest number of fishers can be found at Como Lake (78), Garda Lake (44) and Iseo Lake (38).

Number of professional fishers per province, 2014



Source: DG Agriculture Lombardy Region.

AVERAGE CONSUMPTION

In 2014 the average consumption (AC) of Lombardy's agriculture reached 4.1 billion euro in value, i.e. 17% of the national total, dropping by 3.4% in terms of value compared to 2013. The figures above do not take into account forestry- and fishery and aquaculture-related average con-

sumption (33.7 and 12.6 million euro, respectively).

In 2014, agriculture average consumption affected 54.8% of the overall value of the agricultural production; with respect to 2013 data, the regional value is five percentage points below the EU-28 average and 10 percentage

points above the national average. The decrease in agricultural average consumption is mainly related to 4.5%

% incidence of average consumption on the value of agricultural production, 2013

	%
Lombardy	55.6

Italy	44.3
Italy - North	49.8
Italy - Centre	39.1
Italy - South and Islands	38.4

EU-28	60.0
France	65.3
Germany	63.9
Netherlands	63.9
Poland	60.2
United Kingdom	64.1
Romania	56.9
Spain	47.2

Source: ISTAT, Added value at basic prices of agriculture per region; EUROSTAT.

Average consumption of Lombardy agriculture, 2014

	Values at current prices (mill. euro) 2014	% allocation	% over Italy	% change in value 2014/13	% change in value 2014/13	% change in value 2014/13
Seeds and planting material	160.5	3.9	11.7	-1.4	-0.7	-0.7
Feeding stuff and various items for livestock	1,673.9	40.4	25.5	-5.1	-0.2	-4.9
Fertilizers	239.7	5.8	16.0	-0.4	3.5	-3.8
Agro-chemicals	52.4	1.3	5.9	11.0	8.7	2.1
Traction energy	495.9	12.0	14.9	-5.2	1.5	-6.6
Reuses	641.1	15.5	26.9	-6.4	2.6	-8.8
Other goods and services	874.8	21.1	10.6	1.5	1.9	-0.4
Average consumption of agriculture	4,138.2	100.0	17.0	-3.4	1.1	-4.5
Average consumption of forestry	33.7	100.0	20.0	-3.7	-1.9	-1.9
Average consumption of fishing and aquaculture	12.6	100.0	1.7	-5.8	-8.6	3.1

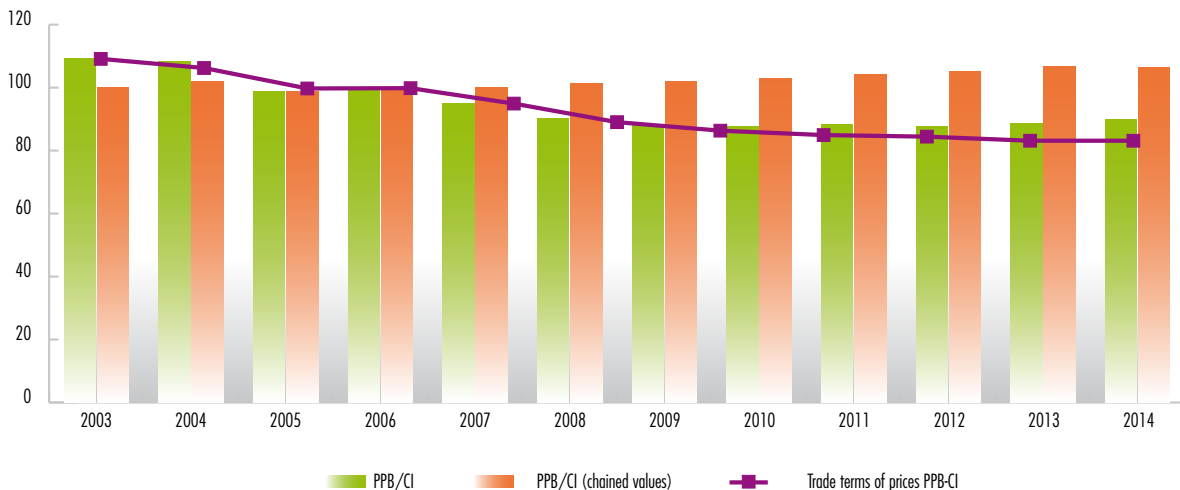
Source: ISTAT.

drop in prices, since the employed quantities increase by 1.1% compared to 2013. Between 2013 and 2014, the

productivity of factors is basically unvaried in quantitative terms, whereas the exchange ratio between produc-

tion prices and factors' costs annually increased by 1.6%, partially adjusting the decade-trend which witnessed a

Terms of trade and productivity of Lombardy agriculture, 2003-2014



Source: ISTAT, value added at basic prices of agriculture per region.

higher increase in prices of production factors compared to agricultural products prices.

Feeding staff is the main category of technical resources, covering 40.4% of the total value of average consumption of Lombardy's agriculture, fol-

lowed by other goods and services (21.1%), re-uses (15.5%) and traction energy (12%).

The main categories of agricultural production factors dropped in value annually, mainly due to 5-6% drop in prices as to feeding staff, energy and

re-uses, with the exception of agrochemicals, whose consumption grew by 11% in value and 8.7% in quantity. Forestry average consumption decreased by 3.7% in value annually; also fishery and aquaculture average consumption decreased (-5.8%).

INVESTMENTS

In 2012, based on the latest ISTAT data, the agricultural gross fixed capital formation (GFCF) amounted to nearly 1.85 billion euro, i.e. decreasing by 7.6% compared to 2011, in alignment with the national trend. Agricultural GFCF are equal to 17.9%

of the national agricultural investments and to 2.8% of Lombardy's overall GFCF. The incidence of such capitals on the regional agricultural value added (VA) is equal to 53.2% at current prices, which shows a significant decrease compared to the previ-

ous year.

The intensity level related to the regional agricultural activity can be understood by analysing the capital types per agricultural working units (WU), which is 3-folded compared to the national index. Opposed to the

Trend of agricultural fixed gross investments in Lombardy*

	Current values (mill. euro)	% over total investments Lombardy ¹	% over total investments Italy ¹	% over agricultural VA Lombardy ¹
2003	1,393.2	2.7	13.0	39.8
2004	1,579.8	2.9	13.7	44.9
2005	1,656.5	2.8	14.1	55.5
2006	1,869.1	3.0	15.5	60.2
2007	1,773.2	2.6	14.9	56.8
2008	1,924.3	2.8	16.3	59.7
2009	1,527.5	2.5	14.8	54.0
2010	2,037.6	3.4	18.4	71.7
2011 ²	2,008.9	2.9	17.9	59.5
2012 ²	1,856.5	2.8	17.9	53.2

* Agriculture, forestry and fishing.

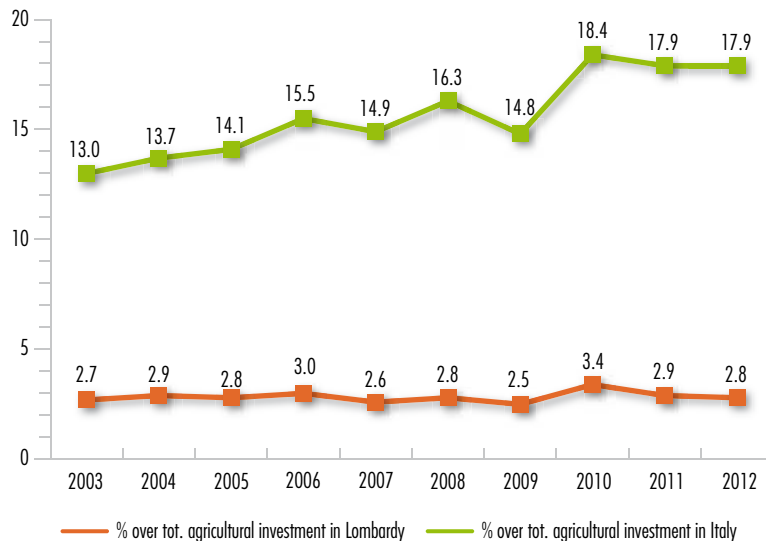
¹ Values at current prices.

² From 2011 a new series (data are not comparable with previous ones).

Source ISTAT, Local financial statements.

national figures, in Lombardy such indicator is higher than investments per capita in industry and services sectors, which in 2014 reached 67% and 91% respectively.

Incidence of agricultural fixed gross investments in Lombardy on the total of agricultural regional and national investments¹*

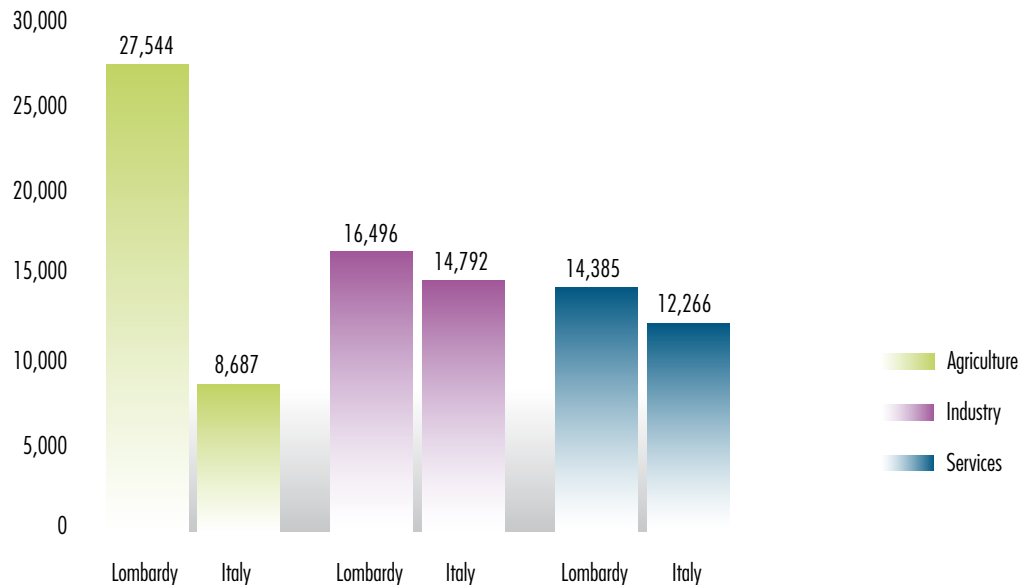


* Agriculture, forestry and fishing.

Values at current prices. From 2011 a new series (data are not comparable with previous ones).

Source ISTAT, Local financial statements.

Gross fixed investments per WU and per sector in Lombardy and Italy, 2012



¹ Values at current prices

Source: ISTAT, Regional financial statements

PRICES

As per crop outputs, price listings of cereals (-7.7%), vegetables (-7.8%), forage crops (-6.6%) and mainly industrial crops (-15.75) decreased. The prices of the flower-growing sector moderately decreased (-2.1%), whereas legumes remained basically stable. As to main crops, the sharpest price decrease affected maize (-17.2%), common wheat (-13.45%) and soy (-16%), whereas rice listings significantly increased (+29.3%).

Sharp price decreases affected fruit products (-23.3% annually). Wine-growing products as well witnessed a significant drop in prices (-5.6%). With respect to woody crops, the prices of olive-growing products were the only exception, as they increased by nearly 10% annually.

With respect to animal breeding, listings of meats and milk slightly decreased (-2.1% and -1.1%, respectively). Among meats, poultry meat

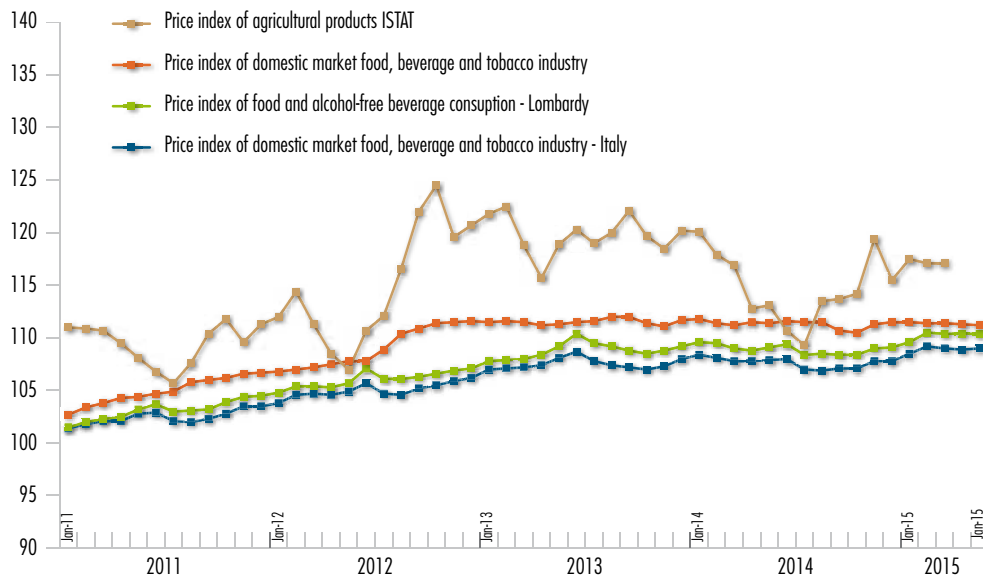
Change in implicit prices of agricultural products in Lombardy and Italy, 2014

Sector	% Change 2014/13 Lombardy	% Change 2014/13 Italy
Crops	-7.8	-5.5
Green crops	-7.7	-4.9
Cereals	0.1	-0.4
Dried legumes	-7.8	-6.1
Potatoes and vegetables	-15.7	-11.8
Industrial plants	-2.1	-0.6
Flowers and potted plants	-6.6	-6.1
Forage crops	-5.1	-6.7
Woody crops	-5.6	-6.1
Wine products	9.8	14.9
Olive-growing products	-23.3	-16.2
Fruit	0.6	0.1
Other woody	-1.8	-1.8
Rearing	-2.1	-2.1
Meats	-1.1	-0.3
Milk	-5.0	-5.0
Eggs	13.8	13.8
Honey	6.0	3.9
Non food livestock products	1.3	1.0
Related services	-3.1	-3.7
Total production of goods and services -agriculture	-2.1	-2.3
(+) secondary activities*	-3.8	-4.9
(-) secondary activities*	-3.1	-3.6
Total production agriculture P.B.	-4.5	-2.2
Average consumption		

*Secondary activities refer both to the agricultural branch -not separable-, i.e. accommodation farms, milk processing, fruit and meat, as marked with the sign (+), and the other economic branches within crops and rearing farms (for instance trade companies) marked with the sign (-)

Source: ISTAT, Added value at basic prices of agriculture per region.

Trend of the price indexes of products from their origin to final consumption (2010=100)



Source: ISTAT.

suffered such decrease in prices (-4.3%) the most. As to eggs, their prices sharply decreased (-5%), whereas the prices of honey and animal non-food products recovered and increased 13.8% and 6% respectively.

With respect to the price indices of agricultural products, the comparison between industrial output and consumer prices, calculated with 2010 as reference year, showed a general harmonizing trend of indus-

trial and consumer prices from 2012 and mid-2013 respectively, due to the decrease in the domestic demand. Since 2014, the price trend of agricultural products has been recovering.

STRUCTURES IN AGRICULTURE

According to ISTAT figures related to 2013, operating farms in Lombardy amounted to 49,169, equal to 3.3% of the national total. The agricultural and forest area (AFA) extends over 1,136,000 hectares, whereas the utilized agricultural area (UAA) is equal to 927,150 hectares, i.e. 7.5% of the national UAA. The farming average UAA reaches 18.9 hectares in Lombardy, figure which is more than double compared to the national average. The direct management by farmer is the most common management type in Lombardy's farms (91% of farms). However, farms managed with workers play a major role, as they are only 8.3% of the total but manage almost 20% of regional UAA. The 58.3% of the UAA is managed in rent against 34.9% in ownership, i.e. with an opposite trend to the national framework, where areas in ownership prevail. It is worthy to note that Lombardy had

Structural features of agriculture in Lombardy and Italy, 2013

	Lombardy	Italy	Lombardy/Italy (%)
Farms (n.)	49,169	1,471,185	3.34
Total rearing farms (n.)	18,070	189,531	9.53
Cattle rearing farms (n.)	11,163	109,417	10.20
- of which milk cows	6,097	40,662	14.99
Agriculture and forestry area (AFA) (ha)	1,136,413	16,678,296	6.81
Utilized agricultural area (UAA) (ha)	927,450	12,425,995	7.46
Livestock units (LU)*	2,739,158	9,957,399	27.51
Workers in farms (n.)	119,823	3,559,081	3.37
- of which relatives (n.)	86,274	2,550,931	3.38
Total working hours (thousands)	17,865	252,788	7.07
- of which relatives (thousands)	13,327	195,732	6.81
WUA*	63,875	958,931	6.66
Average TAA per farm (ha)	23.11	11.34	203.87
Average UAA per farm (ha)	18.86	8.45	223.32
Rearing farms/farms (%)	36.75	12.88	285.27
ALU/UAA (n.)*	2.95	0.80	358.38
ALU/rearing farms (n.)*	151.59	52.54	271.11
Workers per farm (n.)	2.44	2.42	100.73
Working days per farm (n.)	363.3	171.8	211.45
AWU per farm*	1.2	0.6	200.00
Working days/UAA (n.)	19.26	20.34	94.69
Working days of relatives (%)	74.6	77.4	96.34
Standard output (mill. euro)*	7,388	49,460	14.94
Standard output/farm (euro)*	135,979	30,514	445.62

* Data up to 2010

Source: ISTAT.

Features of farm management in Lombardy and Italy

	Lombardy 2013				Italy 2013 % SAU	Lombardy 2000 % SAU	Italy 2000 % SAU
	Farms		UAA				
	n.	%	ettari	%			
Management type							
- direct management by farmer	44,764	91.0	737,397	79.5	80.3	82.1	81.2
- management with employed	4,095	8.3	179,427	19.3	14.8	17.9	18.7
- other type of management	310	0.6	10,625	1.1	4.9	-	0.1
Property right							
- ownership			323,773	34.9	58.6	55.3	76.8
- rent			540,419	58.3	33.3	41.5	19.4
- free of charges			63,258	6.8	8.1	3.3	3.8
TOTAL	49,169	100	927,450	100.0	100.0	100.0	100.0

Source: ISTAT.

Farm per UAA class in Lombardy and Italy, 2013

	Lombardy		Italy		Lombardy		Italy	
	farms	UAA (ha)	farms	UAA (ha)	farms	UAA (ha)	farms	UAA (ha)
< 5 ha	24,574	47,334	1,083,935	1,725,386	50.0	5.1	2.3	2.7
5-10 ha	6,309	45,451	176,403	1,219,593	12.8	4.9	3.6	3.7
10-20 ha	6,741	95,154	115,415	1,582,265	13.7	10.3	5.8	6.0
20-50 ha	6,789	212,658	84,753	2,613,166	13.8	22.9	8.0	8.1
> 50 ha	4,756	526,853	45,372	5,285,585	9.7	56.8	10.5	10.0
Total	49,169	927,450	1,471,185	12,425,995	100.0	100.0	3.3	7.5

Source: ISTAT.

more owner-managed areas in 2000. In 2013, 36.8% of farms in Lombardy, equal to 18.070 units, carried out cattle rearing, against the equivalent national figure of 12.9%. The relevance of Lombardy's cattle rearing within the national framework can be noted not only as to the spreading of rearing farms, but also to the number of livestock heads per farm (2.7-fold the national figure; 2010 figure) and per UAA hectare (3.6-fold; 2010 figure). The animal rearing rate as well, which is 27.5% of the national livestock units (LUs) (2010 figure), distinguishes Lombardy from the rest of the country. With the exception of sheep and goats, most livestock is concentrated in plain farms.

In 2013 there were 3.4% of national agricultural workers in Lombardy, with 7.1% of working days: the latter figure indicates the higher incidence of full time work compared to the

other Italian regions. The number of workers per farm and UAA hectare is in alignment with the Italian equivalent figure, whereas the number of working days per farm and per UAA units is double. 74.6% of working days is carried out by the manager's family member against 77% at national level. The incidence of extra-family workforce amounts to nearly 28% of agricultural workers.

Based on 2010 related census figures, the regional standard output amounted to nearly 7.4 billion euro, i.e. 14.9% of the equivalent national figure. The average standard output per farm is about 135,000 euro, namely more than 4 times and a half the Italian farm average, which is 30,000 euro. In Lombardy, farms with over 50 UAA hectares are only 10% of the total (against 3.1% of the national equivalent figure), but manage over 56% of the areas; on the contrary,

farms with less than 5 hectares make up 50% of the total but sum up only 5% of regional UAA.

Crop investments and livestock number with respect to the utilized agricultural area (UAA), arable crops are the most common type of crops, as they extend over 60.2% the total agricultural area (TAA) against 40.9% at national level. On the contrary, the share of woody crops on the TAA is modest and higher below the national average. Permanent forage crops extend over 18% of TAA, in alignment with the equivalent national figure (20%), whereas forest affects 10.5% of TAA. The incidence of UAA on the TAA is equal to 81.6% (74.5% in Italy). 62% of animal farms carries out livestock rearing, with an average size – expressed in number of heads – more than double compared to the national (127 against 49). Milk-production farms are 6,097, i.e. 15% of the Ital-

Farms and utilized agricultural area in Lombardy and Italy, 2010

	Lombardy		Italy		Average area (ha)		% Lombardy/Italy	
	farms *	ha	farms *	ha	Lombardy	Italy	farms *	ha
Arable crops	35,222	715,263	828,390	7,009,311	20.3	8.5	4.3	10.2
Woody crops	14,660	36,484	1,192,081	2,380,769	2.5	2.0	1.2	1.5
Permanent grassland and meadows	21,822	234,591	274,486	3,434,073	10.8	12.5	8.0	6.8
Total UAA	53,680	986,826	1,615,590	12,856,048	18.4	8.0	3.3	7.7
Tree plantation	2,103	18,796	26,772	101,628	8.9	3.8	7.9	18.5
Forests	16,098	141,675	328,358	2,901,038	8.8	8.8	4.9	4.9
Non utilized area	10,267	35,902	302,940	648,746	3.5	2.1	3.4	5.5
Other area	43,637	46,362	945,829	573,638	1.1	0.6	4.6	8.1
Total TAA	54,189	1,229,561	1,619,228	17,081,099	22.7	10.5	3.3	7.2

*Every farm can cover different crop productions

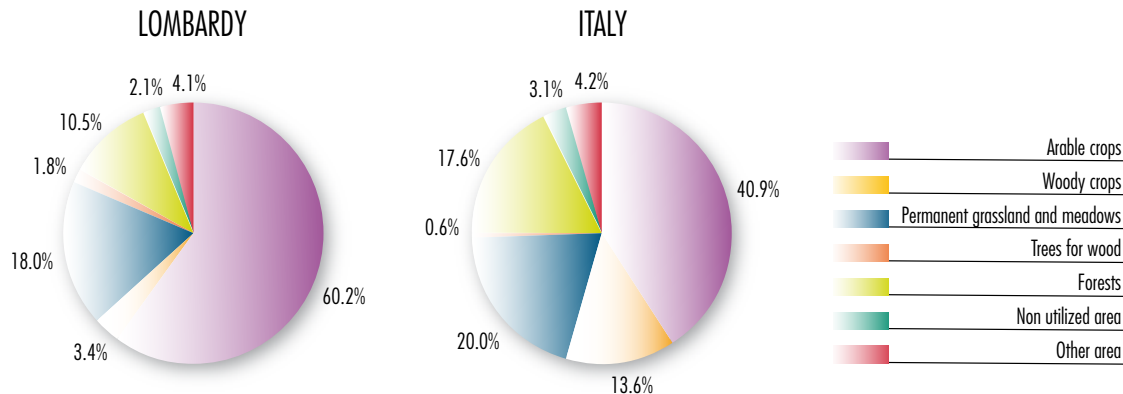
Source: ISTAT - 6th General Census of Agriculture.

ian ones, with a number of livestock heads equal to 36% of those reared in Italy. Pig rearing involves 2,376 farms, equal to 8.9% of the national total, managing alone over 50% of heads reared in Italy. The average number of pig farms in Lombardy is 5.6-fold the national average. On the contrary, the share of sheep and goats rearing is less significant, whereas the

regional poultry rearing has a share of 16% of the total heads reared in Italy. Lombardy's agriculture seems to be profoundly different from the Italian framework with respect to distribution of farms according to their economic size (2010 figures). Small- and very small-size farms, i.e. with a standard output lower than 25,000 euro, are less than 60% over the re-

gion, against 81% at national level. On the contrary, the big-sized companies, with over 500,000 euro, are 5.3% of the total and affect 64.3% of the regional standard output (0.7% of companies and 33.8% of standard output within the national framework). It is worthy to note that medium-big sized companies are 14.6% of the total, with 24.7% of standard output.

% share of TAA in Lombardy and Italy della SAT, 2013



Source: ISTAT.

The economic size is the main parameter to determine the business degree of farms, but it is not the only one. Based on managing types, employment, income level, workforce's age

and income diversification, DEMM (2014) suggested to distinguish agricultural companies into 4 categories based on census figures: self-consumption, unstructured, subsistence

and professional companies. On a regional scale, the agricultural companies actually falling within the professional companies are only 27% of the total, which, however, cover 68.7% of

Structural features of rearing farms in Lombardy and Italy, 2013

	Lombardy		% rearing farms	Italy		% rearing farms	Average number		% Lombardy/Italy	
	rearing farms	heads		rearing farms	heads		Lombardy	Italy	rearing farms	heads
Cattle	11,163	1,418,329	22.7	109,417	5,342,035	7.4	127	49	10.2	26.6
- of which cow milk	6,097	551,405	12.4	40,662	1,520,640	2.8	90	37	15.0	36.3
Sheep	1,518	81,985	3.1	60,328	6,736,445	4.1	54	112	2.5	1.2
Goats	1,951	100,551	4.0	26,849	946,575	1.8	52	35	7.3	10.6
Horses	5,157	29,898	10.5	34,996	187,588	2.4	6	5	14.7	15.9
Pigs	2,376	4,309,738	4.8	26,582	8,607,093	1.8	1,814	324	8.9	50.1
Poultry	1,402	26,380,230	2.9	18,588	165,026,943	1.3	18,816	8,878	7.5	16.0
Total rearing farms			18,070	217,449		189,531			9.5	
% Rearing farms/total farms			36.8	13.4		12.9				

Source: ISTAT.

Farms per economic size class in Lombardy and Italy, 2010

Economic size (ES)	Lombardy			% Lombardy			% Italy			% Lombardy/Italy
	farms	UAA (ha)	Standard output (mill. euro)	farms	UAA (ha)	Standard output (mill. euro)	farms	UAA (ha)	Standard output (mill. euro)	
Very small (<4.000 €)	12,853	16,302	25.1	23.7	1.7	0.3	48.3	8.6	2.6	1.6
Small (4.000 - 25.000 €)	19,574	107,397	227.3	36.0	10.9	3.1	32.9	21.8	11.4	3.7
Medium-small (25.000-50.000 €)	6,254	92,001	223.0	11.5	9.3	3.0	7.9	13.4	9.2	4.9
Medium (50.000-100.000 €)	4,827	125,598	341.7	8.9	12.7	4.6	5.5	16.0	12.6	5.4
Medium-big (100.000-500.000 €)	7,928	378,390	1821.6	14.6	38.3	24.7	4.7	29.3	30.4	10.3
Big (>500.000 €)	2,897	267,137	4,749.5	5.3	27.1	64.3	0.7	10.9	33.8	24.6
Total	54,333	986,826	7,388.1	100.0	100.0	100.0	100.0	100.0	100.0	3.4

Source: ISTAT - 6th General Census of Agriculture.

Distribution of Lombardy farms per farm type in 2010

	Self-consumption	Destructured	Subsistence	Professional	Total
Total farms (n.)	10.367	7.793	21.487	14.686	54.333
Total area (ha)	48.183	208.077	180.873	792.428	1.229.561
Utilized agricultural area (ha)	34.154	141.334	133.687	677.651	986.826
Gross standard output (.000 euro)	57.271	383.751	384.893	6.562.217	7.388.131
Total working days (n.)	231.366	689.886	6.258.641	11.579.361	18.759.254
Total WU	1.019	3.060	23.202	39.257	66.538
Distribution in percentage	Self-consumption	Destructured	Subsistence	Professional	Total
Farms (%)	19.1	14.3	39.5	27.0	100.0
Total area (%)	3.9	16.9	14.7	64.4	100.0
Utilized area (%)	3.5	14.3	13.5	68.7	100.0
Gross standard output (SO) (%)	0.8	5.2	5.2	88.8	100.0
Total working days (%)	1.2	3.7	33.4	61.7	100.0
Average features	Self-consumption	Destructured	Subsistence	Professional	Total
Total area per farm (ha)	4.6	26.7	8.4	54.0	22.6
Utilized area per farm (ha)	3.3	18.1	6.2	46.1	18.2
Working units per farm	0.1	0.4	1.1	2.7	1.2
Working days per hectare (n.)	6.8	4.9	46.8	17.1	19.0
Gross output per farm (euro)	5,524.4	49,243.0	17,912.8	446,834.8	135,978.7
Gross output per hectare (euro)	1,676.9	2,715.2	2,879.1	9,683.8	7,486.8
Gross output per WU (euro)	56,228.2	125,397.0	16,588.8	167,161.7	111,037.0
Gross output per day (euro)	247.5	556.3	61.5	566.7	393.8

Source: DEMM calculations based on ISTAT data - 6th General census of agriculture

Distribution in Lombardy per farm type and agricultural systems, in 2010

Farms	Self-consumption	Destructured	Subsistence	Professional	Total
Rural intensive specialised agricultural areas (%)	22.4	17.7	24.7	35.1	100.0
Intermediate rural areas (%)	14.9	10.5	54.8	19.7	100.0
Rural areas with overall development problems (%)	16.0	9.9	64.1	9.9	100.0
Urban centres (%)	16.6	11.9	46.4	25.1	100.0
Total (%)	19.1	14.3	39.5	27.0	100.0
UAA	Self-consumption	Destructured	Subsistence	Professional	Total
Rural intensive specialised agricultural areas (%)	3.3	13.0	9.5	74.2	100.0
Intermediate rural areas (%)	3.7	15.7	24.5	56.2	100.0
Rural areas with overall development problems (%)	4.0	21.3	22.8	51.9	100.0
Urban centres (%)	3.6	17.4	18.9	60.0	100.0
Total (%)	3.5	14.3	13.5	68.7	100.0

Source: DEMM calculations based on ISTAT data - 6th General census of agriculture.

the regional UAA, 59% of the WUs and over 88.8% of standard output. The distribution of farms per type is not homogenous over the territory: in rural intensive specialized agriculture areas, the professional companies are 35.1% of the total and manage 74.2% of the UAA, whereas such companies

decrease at 9.9% in the areas with overall development problems. With respect to the different production types, 41.8% of farms in Lombardy is specialized in arable crops, whereas 28.1% in grazing livestock rearing. The highest company's average size in economic terms can be

found in specialized pig farms (over 2 million euro), in poultry farms and cow-milk farms. Generally, in almost every Type of Farming (TF) classes, Lombardy's companies have both physical and economic sizes double compared to the national framework. Moreover, with respect to the Italian

specialized standard output, Lombardy possesses 52.3% of pig rearing, 41% of rice and 38.8% of cow-milk (based on 2010 figures).

More than a half of farms in Lombardy are located in plain areas and put together 65% of the TAA and 73% of UAA and have a company average

size equal to 24.4 ha, higher than the regional average (18.4 ha/company). 23.5% of companies are based in mountain and manage 25.7% of TAA

Agricultural farms by technical and economic type of farming in Lombardy and Italy, 2010

	Lombardy			% Lombardy			% Lombardy/Italy		
	farms	UAA	standard output	farms	UAA	standard output	farms	UAA	standard output
Farms specialised in arable crops	22,308	466,511	963.0	41.1	47.3	13.0	5.8	9.5	10.7
- of which rice-specialised farms	1,455	96,229	200.0	2.7	9.8	2.7	42.3	42.1	41.0
Farms specialised in vegetable and flower-growing	2,640	14,875	374.3	4.9	1.5	5.1	7.0	10.0	8.8
Farms specialised in permanent crops	7,662	35,769	338.9	14.1	3.6	4.6	0.9	1.3	2.5
- of which farms specialised in vine-growing	5,426	27,820	289.7	10.0	2.8	3.9	2.7	2.9	3.9
Farms specialised in herbivores	15,265	334,085	2,164.3	28.1	33.9	29.3	11.8	9.8	23.2
- of which farms specialised in cattle - milk	6,969	247,545	1,758.6	12.8	25.1	23.8	20.3	27.1	38.8
- of which cattle-specialised farms - rearing and fattening	2,950	35,394	286.8	5.4	3.6	3.9	8.9	3.9	14.8
Farms specialised in granivorous	1,747	65,534	3,126.3	3.2	6.6	42.3	18.7	36.6	34.8
- of which farms specialised in pigs	1,176	59,718	2,562.7	2.2	6.1	34.7	24.5	45.8	52.3
- of which farms specialised in poultry	511	5,404	554.9	0.9	0.5	7.5	13.8	12.4	14.1
Farms with mixed crops	1,689	16,576	89.0	3.1	1.7	1.2	1.6	2.1	3.9
Farms with mixed rearing	403	12,348	169.2	0.7	1.3	2.3	9.5	15.0	39.4
Mixed farms (crops + rearing)	2,393	40,274	163.1	4.4	4.1	2.2	6.7	7.4	11.4
Non classified farms	226	855	-	0.4	0.1	-	0.9	0.9	-
Total	54,333	986,826	7,388.1	100.0	100.0	100.0	3.4	7.7	14.9

Source: ISTAT - 6th General census of agriculture.

Farms per economic and farming type in Lombardy and Italy, 2010 - business average

	Farm average Lombardy		Farm average Italy	
	UAA (ha)	Standard output (euro)	UAA (ha)	Standard output (euro)
Farms specialised in arable crops	20.9	43,170	12.8	23,431
- of which rice-specialised farms	66.1	137,439	66.5	142,060
Farms specialised in vegetable and flower-growing	5.6	141,796	3.9	112,917
Farms specialised in permanent crops	4.7	44,229	3.0	15,397
- of which farms specialised in vine-growing	5.1	53,390	4.7	36,652
Farms specialised in herbivores	21.9	141,783	26.3	72,137
- of which farms specialised in cattle - milk	35.5	252,350	26.6	132,115
- of which cattle-specialised farms - rearing and fattening	12.0	97,209	27.6	58,710
Farms specialised in granivorous	37.5	1,789,497	19.1	959,536
- of which farms specialised in pigs	50.8	2,179,200	27.2	1,021,630
- of which farms specialised in poultry	10.6	1,085,907	11.8	1,064,456
Farms with mixed crops	9.8	52,667	7.5	21,782
Farms with mixed rearing	30.6	419,925	19.4	101,432
Mixed farms (crops + rearing)	16.8	68,166	15.3	40,146
Non classified farms	3.8	-	4.0	-
Total	18.2	135,979	7.9	30,514

Source: DEMM calculations based on ISTAT data - 6th General census of agriculture.

and 17.6% of UAA and have an average size of 13.8 ha. 85% of Lombardy's agricultural standard output is generated in plain areas (based on 2010

ISTAT figures). As to rural areas, intensive and specialized agricultural areas make up 53% of companies, 71% of UAA, 45% of farms and 84% of the

standard output.

Based on 2010-census figures, Lombardy has a lower number of female company managers compared to

Structural features of farms in Lombardy per rural areas RDP 2014-2020

	Intensive areas with specialized agriculture		Rural areas suffering development problems		Intermediate rural areas		Urban poles		Lombardy
		%		%		%		%	
Total farms (n,)	28,784	53.0	5,930	10.9	17,432	32.1	2,187	4.0	54,333
UAA (ha)	699,702	70.9	92,598	9.4	166,343	16.9	28,182	2.9	986,826
-of which arable crops	639,584	89.4	5,542	0.8	47,457	6.6	22,680	3.2	715,263
-of which woody crops	9,128	25.0	2,505	6.9	24,024	65.8	826	2.3	36,484
-of which permanent forage crops	50,734	21.6	84,487	36.0	94,721	40.4	4,648	2.0	234,591
TAA (ha)	772,704	62.9	154,092	12.5	269,643	21.9	32,768	2.7	1,229,207
Average TAA (ha)	26.8		26.0		15.5		15.0		22.6
Average UAA (ha)	24.3		15.6		9.5		12.9		18.2
Total rearing farms (n,)	10,037	45.5	2,952	13.4	8,290	37.6	785	3.6	22,064
% Rearing farms/farms	34.9		49.8		47.6		35.9		40.6
Cattle (heads)	1,282,316	86.4	29,355	2.0	147,399	9.9	25,921	1.7	1,484,991
- of which milk cows	465,919	85.3	15,502	2.8	56,231	10.3	8,668	1.6	546,320
cattle/rearing	180.2		15.7		27.9		57.2		100.9
Sheep (heads)	29,472	27.9	12,331	11.7	60,554	57.3	3,402	3.2	105,759
cattle/rearing	167.5		22.5		68.4		68.0		63.7
Sheep (heads)	12,290	21.3	18,208	31.6	25,633	44.4	1,574	2.7	57,705
Goats/rearing	42.5		25.9		22.4		21.9		26.1
Pigs (heads)	4,625,057	97.2	2,880	0.1	105,051	2.2	25,975	0.5	4,758,963
Pigs/rearing	2,890.7		12.0		144.9		341.8		1,801.3
Poultry (heads)	19,618,411	74.0	1,013,216	3.8	5,394,182	20.3	487,114	1.8	26,512,923
Poultry/rearing	20,716.4		4,085.5		5,022.5		3,835.5		11,065.5
Standard output (mill, euro)	6,201	83.9	155	2.1	903	12.2	129	1.7	7,388.1
Standard output/farm (euro)	215,416		26,192		51,816		58,992		135,979

Source: ISTAT - 6th General census of agriculture.

the national average (19.8% against 30.7%). Contrarily, the percentage of young company managers is higher (14.5% against 10%). As to workforce, 19% of the agricultural WU in Lombardy is of female gender, against 28.5% at national level. On the contrary, the incidence of youngsters is higher compared to the national framework (27% of WU against 20%).

Management and agricultural workforce in Lombardy and Italy, 2010

	Lombardy		Italy	
	number	%	number	%
Farmer				
- with middle-school diploma	34,853	64.1	1,158,494	71.5
- graduated	3,516	6.5	100,981	6.2
- aged less than 40 years	7,894	14.5	161,716	10.0
- woman	10,761	19.8	497,847	30.7
Non-family labor	39,290	28.6	938,103	24.2
of which - foreign labor	16,527	42.1	233,055	24.8
- non-EU foreigners	9,065	54.8	98,581	42.3
- EU-27 foreigners	7,462	45.2	134,474	57.7
of whom - permanent workers	18,353	46.7	163,145	17.4
- occasional workers	16,494	42.0	695,557	74.1

Source: ISTAT - 6th General census of agriculture.

MECHANISATION

Mechanisation indicators related to agriculture in Lombardy show higher figures than the national average. In terms of degree of mechanisation, the estimated power availability per hectare is nearly 8.9 kw/ha against 6.4Kw/ha of the national average.

The highest degree of mechanisation can be found in the vegetable and

flower growing sector (almost 26 kw/ha) and permanent crops (20.4) with more than double figures compared to the national average. As well as mixed and multiple rearing farms are above the national average (13 and 11 Kw/ha respectively), whereas arable crops-oriented farms and livestock farms use nearly 8 Kw/ha. Farms specialized in

granivores remain below this threshold. The latter cases distinguish among those with the highest engine power in farm, due to their biggest size. In terms of economic size (ES), there is an inverse relationship between sized and mechanisation degree: small-sized companies reach 20 kw/ha, whereas big-sized companies reach 6.4. As

Mechanisation indicators per farming type in Lombardy and Italy, average 2011-2013

	Mechanization degree of soils (Kw/UAA)	Engine power (Kw/farm)	Intensity of mechanization (Kw/TWU)	% Rent and Machinery spending/Current spending
Specialised in granivores	7.4	333.8	112.3	5.1
Specialised in herbivores	8.2	238.4	138.3	11.3
Specialised in arable crops	8.2	215.5	161.2	24.9
Mixed crops and rearing	8.7	223.2	163.4	20.9
Lombardy average	8.9	209.2	135.0	12.9
Mixed with multi-rearing	11.0	229.6	151.9	13.9
Mixed with multi-crops	13.0	138.5	99.5	16.4
Specialised in permanent crops	20.4	120.7	94.6	24.1
Specialised in vegetables and flower-growing	25.9	158.8	78.6	9.9
Italy average	6.4	99.5	82.3	17.0

Source: RICA ITALIA, weighted average data

Mechanisation indicators per economic size in Lombardy and Italy, average 2011-2013

	Mechanization degree of soils (Kw/UAA)	Engine power (Kw/farm)	Intensity of mechanization (Kw/TWU)	% Rent and Machinery spending/Current spending
Big	6.4	530.8	126.7	7.6
Medium-big	6.7	312.7	157.9	15.9
Medium	8.8	210.1	153.0	22.6
Lombardy average	8.9	209.2	135.0	12.9
Medium-small	11.1	151.6	111.2	21.9
Small	19.6	129.0	124.1	23.3
Italian average	6.4	99.5	82.3	17.0

Source: RICA ITALIA, weighted average data.

Mechanisation indicators per altitude in Lombardy and Italy, average 2011-2013

	Mechanization degree of soils (Kw/UAA)	Engine power (Kw/farm)	Intensity of mechanization (Kw/TWU)	% Rent and Machinery spending/Current spending
Mountain	4.5	94.2	65.7	12.2
Lombardy average	8.9	209.2	135.0	12.9
Plain	9.1	241.7	150.6	12.7
Hill	12.3	173.6	121.3	14.5
Italian average	6.4	99.5	82.3	17.0

Source: RICA ITALIA, weighted average data.

to the engine power per company, Lombardy's average is equal to 209 kw, more than double compared to the national average (just under 100 Kw). With respect to the production type (OTE), companies specialized in rearing, as well as in arable crops, are significantly higher than the regional average; 333 kw engine power for granivores, 238 kw for livestock, 229 kw for mixed farms and 223 kw for mixed arable crops-rearing farms. Contrarily, mixed, permanent crops and vegetable-flower growing farms are estimated below such average. In terms of economic size, bigger the size is, more the engine power aver-

age increases, as it ranges from 129 kw per small-sized farms to over 530 kw per big-sized farms. With respect to the distribution per altitude, plain farms show a higher power than the regional average, whereas the equivalent figure in hills and mountains is lower.

The degree of mechanisation intensiveness in Lombardy is significantly above the national figure: 135 kw/TWU against 82.3. In this case, the highest figures can be found in mixed crops and rearing, arable crops and multi-rearing farms. Farms with a medium or medium-big economic sized show the highest values of Kw/

TWU (153 and 157), whereas big sized farms (127), small-medium sized (111) and small sized farms (124) are below the regional figure. As to territory, the highest level of this indicator can be found in plains.

With respect to using external mechanisation, the expenses related to rented machinery have been estimated in the current expenditure; such indicator is lower than the national average, nearly 13% against 17%. Significantly high figures can be found in arable crops, permanent crops and mixed crops-rearing farms. Farms with a smaller economic size show the higher values, i.e. farms located in hills.

FINANCIAL RESULTS OF AGRICULTURAL COMPANIES

Economic and structural information related to farms detected in the FADN network show regional differences from the national framework (2013 figures). Lombardy's ag-

riculture has an estimated standard output (SO) per farm equal to over 200,000 euro, whereas the equivalent national figure is about 60,500 euros; compared to 2012, the esti-

mated farm SO is significantly increasing, with a ten-folded value higher than the national average growth.

The main contribution to the make-

Farm's results by economic size, in Lombardy and Italy, 2013

	% farms	% SO	SO/farms (€)	UAA/farm (ha)	WU/farms	ALU/farms	Kw/ha	GSO/company (€)	GSO/WU (€)	VC/PLV (%)	FC/PLV (%)
ITALY											
Small	62.9	12.7	12,186	7.23	0.80	0.85	8.74	17,438	21,908	55.0	20.3
Medium-small	15.8	9.5	36,358	14.81	1.22	4.25	7.30	40,758	33,527	44.5	17.7
Medium	10.7	12.5	71,011	25.26	1.60	9.64	5.83	74,803	46,817	45.7	16.5
Medium-big	9.4	32.1	206,081	50.73	2.65	34.81	4.81	197,802	74,658	48.5	12.3
Big	1.2	33.2	1,666,815	92.85	5.90	385.50	4.91	928,479	157,399	59.0	9.1
Total	100.0	100.0	60,504	15.48	1.18	10.16	6.52	55,217	46,643	51.0	14.5
LOMBARDY											
Small	44.5	3.2	14,544	6.94	1.07	2.77	21.47	20,490	19,205	61.5	35.7
Medium-small	15.9	2.9	36,641	13.19	1.34	5.18	11.61	44,545	33,204	42.8	21.4
Medium	12.4	4.2	67,914	23.32	1.27	9.45	8.53	73,002	57,307	40.9	17.7
Medium-big	20.5	23.3	229,922	47.36	1.87	65.35	6.70	240,085	128,653	46.9	10.2
Big	6.7	66.4	1,986,875	79.61	4.32	772.75	6.95	1,073,581	248,623	57.7	9.3
Total	100.0	100	201,578	23.13	1.52	68.64	9.40	146,682	96,577	52.6	12.3

Source: FADN ITALIA - weighted average data.

¹ For extra-information, see FADN survey at www.rica.inec.it.

up of the SO belongs to the bigger size companies, which count over 66% in Lombardy, whereas the same figure in Italy needs the contribution of both big and medium-big sized companies (equal to 33% and 32% of the total SO, respectively). Such figure is to be related to the

number of big and medium-big companies, which are 6.7% and 20.5% (jointly with 27.2%) in Lombardy, whereas such companies are 1.2% and 9.4% (jointly with 10.6%) at national level.

Lombardy's companies have an average extension equal to over 23 hec-

tares, against 15 ha of the equivalent Italian average, as well as over 68 LU against 10 Italian. The employed workforce in the region is 1.52 WU in average, whereas the Italian average is 1.18.

As to the impact of prices, variable costs in Lombardy are similar

Average company results of Lombardy and main EU countries (2010-2012)

	% n. farms	% SO EU	%	SO/farm (€)	GP/farm (€)	GP/UL (€)	% Subsidies/GO	RN/ha (€)	NR/FWU (€)
Romania	21.41	3.35	5.77	10,960	13,127	9,748	13.13	603	4,654
Greece	6.62	1.95	1.63	20,600	23,133	19,448	29.42	729	12,481
Poland	14.94	6.07	7.50	28,440	28,918	16,911	19.90	444	7,074
Spain	11.19	10.46	10.18	65,449	48,382	34,958	20.56	397	21,133
Austria	1.91	1.87	1.81	68,360	68,445	48,429	26.65	474	20,549
Italy	16.28	16.52	7.68	71,048	53,055	41,454	11.91	384	23,422
France	6.13	16.51	17.20	188,400	190,318	93,600	16.44	294	31,897
Lombardy	0.78	2.49	2.06	224,677	149,635	95,946	9.53	354	50,304
United Kingdom	1.90	6.14	9.49	226,438	241,605	112,554	17.55	293	43,370
Germany	3.96	13.90	13.28	245,679	236,232	106,250	15.14	200	30,574
Belgium	0.63	2.59	3.16	288,951	245,125	114,903	10.39	251	36,611
Denmark	0.59	2.97	3.54	352,639	425,349	249,715	8.58	117	41,685
Holland	1.07	6.73	5.35	441,112	457,913	165,110	4.49	151	38,532
EU FADN	100.00	100.00	100.00	70,001	66,855	42,495	16.78	325	15,953

Source: FADN, weighted average data worldwide.

to those of the national framework, whereas the impact of fixed costs seems to be slightly lower.

The companies' competitiveness within Lombardy's agricultural system can be found in the companies' average in the period 2010-2012, compared to other EU countries

As the matter of fact, Lombardy's av-

erage standard output is 3-fold higher than the EU average and aligns with that of relevant continental agricultural countries, such as Germany and United Kingdom. Such alignment with continental agricultural systems rather than Mediterranean one can be found as to other indicators, as the average saleable

production, productivity and work profitability. Contrarily, as to profitability per area units, Lombardy's figure gets closer to the EU and national average

In Lombardy, the extent of contributions on output is lower than 10%, in alignment with Belgium and Netherlands, but significantly lower

Specialised cereal grains, average company results in Lombardy and main producing regions in EU (2010-2012)

Country/Region	% n. farms	SO/farms (€)	GP/ha (€)	GP/WU (€)	NR/ha (€)	NR/FWU (€)	Subsidies/ GP	% cereals ha	UAA/ farms (ha)	% cereal GP over GP	% cereal GP over cereal GP in EU
Lombardy	2.18	61,321	2,147	45,439	759	16,949	28.8	89.3	28,50	89.4	2.53
France/Alsace	0.37	97,040	2,180	114,353	822	45,983	17.5	82.9	61,90	86.3	0.90
Sweden/Slatbygdslän	0.83	88,656	1,106	141,836	200	30,446	22.0	69.5	123,66	57.8	1.39
Denmark	1.61	85,480	3,168	241,625	850	102,665	10.3	77.9	79,33	28.3	2.43
Germany/Bayern	0.55	79,533	1,451	86,718	318	19,910	27.5	67.6	69,95	58.8	0.69
Ireland	0.82	71,107	1,394	109,406	585	51,716	28.7	71.3	70,86	69.4	1.19
Hungary/Magyarország	0.44	59,931	664	45,049	251	56,533	37.8	57.9	109,56	59.5	0.41
Spain/Navarra	0.82	43,657	993	62,927	439	30,699	22.9	77.6	54,01	75.1	0.70
Italy	19.79	30,553	1,408	35,984	574	15,912	31.7	74.6	22,92	77.0	10.43
EU FADN	100.00	59,080	1,021	58,486	359	28,946	26.3	65.0	74,44	62.0	100.00

Source: FADN, weighted average data worldwide

than both the Italian (almost 12%) and the EU averages (almost 17%), as well as than some countries with significantly high values, as Greece, Poland, Austria and Spain.

With respect to the main farm crops, the financial results by Lombardy's farms have been compared to those

generated by the Italian farms, as well as by certain relevant European areas.

The sector of cereal crops is highly specialised and has an incidence of almost 90% of cereals on the UAA. The average UAA is over 28 ha (highly below the EU average of 75

hectares). However, good financial results can be found as to work productivity, which is nearly 45,500 euro per unity, against 36,000 at national level and 59,000 at EU level. The level of subsidies allocated to Lombardy's companies is aligned with the EU average.

Specialised arable crops not only in cereals*, average company results in Lombardy and main producing regions in EU (2010-2012)

Country/Region	% n. farms	SO/farms (€)	GP/ha (€)	GP/WU (€)	NR/ha (€)	NR/FWU (€)	Subsidies/ GP	% cereals ha	UAA/ farms (ha)	% cereal GP over GP	% cereal GP over cereal GP in EU
Lombardy	1.09	109,186	3,151	49,545	1,212	23,970	16.1	41.7	20.71	25.9	0.91
Germany/Baden-Württemberg	0.41	175,347	2,726	93,461	694	38,019	16.0	44.1	69.14	21.0	0.80
Denmark	0.64	167,160	2,528	231,539	470	67,423	14.7	54.0	114.81	26.4	2.41
France/Provence - Alps - Côte d'Azur	0.13	158,645	2,248	56,533	597	25,601	17.2	38.6	67.77	15.0	0.15
Belgium/Wallonie	0.36	151,766	2,970	117,296	1,277	52,080	15.7	42.9	54.61	24.8	0.71
Sweden/Slatbygdslan	0.70	127,946	1,663	150,658	224	27,538	18.3	49.3	112.66	31.8	2.04
Spain/Basque country	0.07	125,388	1,558	106,729	505	40,039	22.8	73.4	90.03	54.1	0.25
Portugal/Ribatejo and Oeste	0.63	107,400	3,709	36,533	1,051	14,258	12.2	19.3	18.91	8.3	0.18
Italy	25.13	69,984	2,326	37,543	1,064	22,916	18.4	33.3	20.17	17.4	10.04
RICA EU	100.00	75,638	1,900	49,553	660	24,276	20.3	44.7	39.99	26.8	100.00

* Mixed cereals with other arable crops (industrial, aromatic plants and gardens in the open), other specialised arable crops.

Source: FADN, weighted average data worldwide.

Lombardy's wine-growing sector is currently undergoing an evolution process. In terms of SO/company, a value above 85,000 euro has been expected, in alignment with the EU average, against 65,500 euro national average value. However, in certain specific areas, such as Languedoc

and Austria, higher values can be highlighted. The same applies in terms of productivity, work profitability and incidence of subsidies, whereas Lombardy's companies show better results as per area units. Milk-cow rearing is one of most crucial sector in Lombardy and this

output affects more than half Italian output in terms of SO. Lombardy's farms rank significantly compared to the EU average and other production regions with the highest productivity and profitability rates. Lombardy alone significantly contributes to the European GP (almost 4%, second

Specialised vine-growing sector, average company results per Lombardy and main producing regions in EU (2010-2012)

Country/Region	% n. farms	SO/farm (€)	GP/ha (€)	GP/WU (€)	NR/ha (€)	NR/FWU (€)	Subsidies/ GP	% vine ha	UAA/ farms (ha)	% grapes-wine GP over GP	% grapes-wine GP over GP in EU
Lombardy	0.79	85,815	8,240	41,065	3,404	21,549	6.5	71.3	6.82	86.5	0.63
France/Languedoc-Roussillon	3.53	114,122	3,884	58,728	710	17,965	3.8	76.0	29.69	93.8	6.24
Austria	2.98	95,280	4,112	43,809	1,458	19,299	14.7	31.8	15.09	70.3	2.12
Germany/Bayern	0.19	92,280	12,757	52,600	2,711	15,564	2.9	78.9	7.37	86.7	0.25
Czech Republic	0.27	76,469	5,857	27,282	1,603	12,306	10.6	83.8	9.66	94.7	0.23
Italy	48.07	65,350	5,495	34,961	2,341	20,154	5.6	50.1	7.54	81.5	26.53
Spain/La Rioja	1.24	43,202	2,510	27,091	1,258	17,951	3.8	71.3	13.90	93.2	0.66
Portugal/Alentejo and do Algarve	0.33	24,979	1,305	15,025	861	12,805	20.3	35.4	19.89	90.7	0.13
Greece/Macedonia - Thraki	0.85	23,630	3,710	22,102	1,935	14,774	15.0	41.4	5.78	87.8	0.26
EU FADN	100.00	84,740	5,205	42,364	1,789	22,847	4.7	60.9	13.32	88.3	100.00

Source: FADN, weighted average data worldwide.

compared to Holland). The company average size is small in terms of areas, but with a good percentage of forage crops; the number of cows per farm is high and consequently the high LU rate underscores a process of intensive rearing.

Animal farms of mixed type (milk

and meat) have a small size, mainly in terms of area, but a huge number of livestock, meaning, also in this case, a great orientation to production. Lombardy's farm units are highly specialised, with an incidence of 70% of meat on gross output. Such value is higher than both Italian and

European equivalent and lower than only Aragon. Moreover, the indicators of productivity and profitability highlight the ability of rearing farms to be competitive at European level; for instance, Lombardy witnesses a profitability indicator per worker equal to nearly 37,000 euro, which

Specialised milk cattle, average company results and main producing regions in EU (2010-2012)

Country/Region	% n. companies	SO/farm(€)	GP/ha (€)	GP/WU (€)	NR/ha (€)	NR/FWU (€)	ALU/ha	cows per farm	% forage ha	UAA/ (ha)	% GP of milk and dairy over GP	% GP of milk and dairy GP over GP of milk and dairy in UE
Lombardy	0.97	352,067	9,698	160,419	4,525	97,804	3.49	81.48	77.5	39.61	73.7	3.8
United Kingdom/Northern England	0.43	427,639	3,677	150,781	708	50,525	1.89	130.85	91.5	111.61	77.1	1.9
Holland	3.02	321,720	5,936	172,095	1,188	38,558	2.41	82.25	97.6	49.87	82.7	10.3
Germany/Schleswig-Holstein	0.63	308,567	3,437	160,999	677	43,599	1.73	82.20	82.5	88.38	72.5	1.9
Sweden/Slottbygdslan	0.54	293,189	2,881	146,910	319	21,978	1.04	61.58	67.9	110.63	62.1	1.5
Spain/Navarra	0.04	273,248	7,265	128,103	1,575	37,313	2.92	84.90	84.6	41.45	82.6	0.1
France/Centre	0.10	235,840	2,285	107,979	472	25,531	1.00	65.44	62.6	104.77	68.2	0.2
Belgium/Wallonie	0.57	222,200	4,242	104,065	1,324	32,904	2.27	56.84	84.7	44.32	72.7	1.1
Italy	5.83	166,205	6,715	95,339	2,817	50,855	2.62	47.32	81.8	28.34	71.7	11.1
EU FADN	100.00	103,464	2,744	58,211	714	18,058	1.35	31.15	76.6	37.79	69.0	100.0

Source: FADN, weighted average data worldwide.

is the best performance compared to the equivalent European entities.

As its high specialisation suggests, granivores rearing (pigs and poultry, but also mixed) is a significant sector in Lombardy and its regional output is one of the most relevant at European level. In terms of real

size, Lombardy's farms show an average area (almost 41 hectares) and a number of livestock (22 LU/ha) significantly higher than the European average. In terms of financial results, the productivity per worker is significant and ranks second only after Denmark: the profitability per

worker in Lombardy shows the best result compared to other equivalent entities.

The indicator of competitiveness of Lombardy's system appears to be slightly positive (+0.08) –given that the EU average is the reference point and equal to zero- and is

Livestock for mixed milk, rearing and fattening*, average company results of main producing regions in EU countries (2010-2012)

Country/Region	% n. companies	SO/farm (€)	GP/ha (€)	GP/WU (€)	NR/ha (€)	NR/FWU (€)	ALU/ha	% forage ha	UAA/ farm (ha)	% meat GP/GP	% milk GP/ GP	% meat and milk GP over meat and milk GP in EU
Lombardy	0.91	105,668	7,628	74,594	3,695	36,985	5.5	67.7	10.81	70.0	8.9	1.6
Hollande	1.43	228,208	4,479	93,397	419	12,900	2.9	79.3	37.90	28.2	7.4	2.4
Belgium/Wallonie	1.12	186,280	1,710	71,554	540	22,969	1.7	87.8	73.22	60.7	22.0	3.2
United Kingdom/Scotland	1.04	135,160	840	86,958	189	23,816	1.0	93.5	180.41	72.9	2.9	3.3
France/Loire	1.32	132,683	1,272	85,789	252	18,152	1.4	86.6	106.30	59.9	23.0	4.0
Germany/Nordrhein-Westfalia	0.89	131,120	2,151	81,427	268	10,726	1.4	78.9	48.40	55.3	13.8	1.8
Spain/Aragon	0.55	91,389	960	55,935	407	23,883	0.9	67.7	66.87	77.1	0.0	0.7
Portugal/Alentejo and do Algarve	0.64	91,320	211	25,322	148	23,660	0.4	90.0	167.87	63.3	0.0	0.4
Italy	8.59	79,723	1,966	49,166	882	24,563	1.3	85.7	32.65	52.6	14.0	10.0
EU FADN	100.00	58,900	1,063	38,837	317	12,930	1.0	87.6	50.19	55.4	13.3	100.0

*Excluding specialised in mixed granivorous.

Source: FADN, weighted average data worldwide.

higher than the EU framework and highly above the national average, which shows, instead, a negative performance (-0.22). The regional farm competitiveness is higher compared to several countries, as Spain, and countries which recently joined

EU. Countries with a continental agriculture oriented towards livestock rearing, as Denmark, Holland and United Kingdom, show a highly increased indicator.

Lombardy's farms have a positive performance compared to the EU

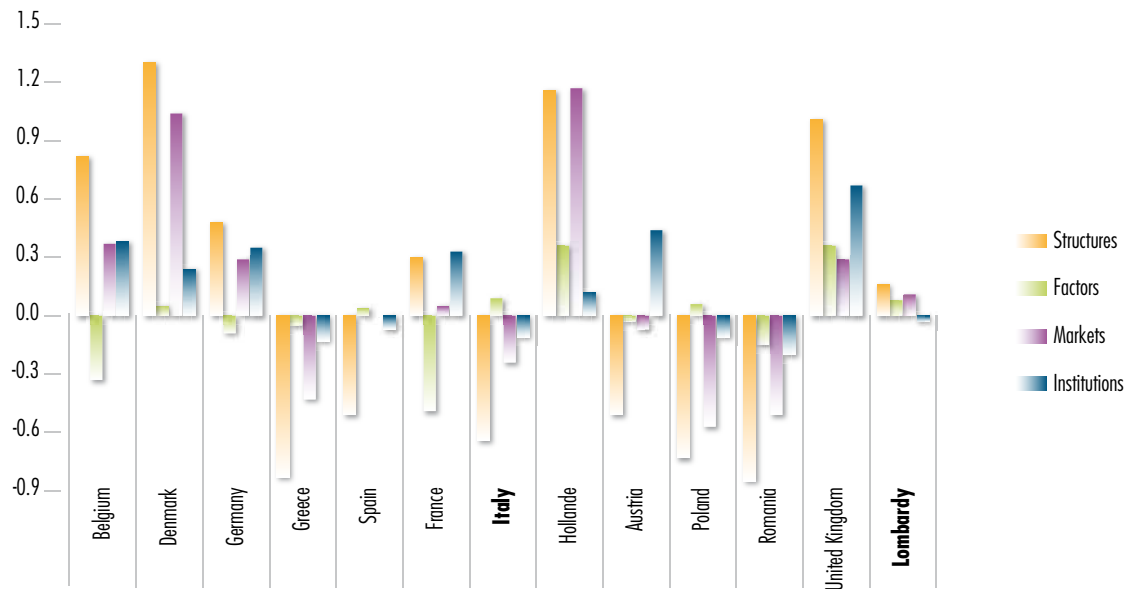
framework, mainly with respect to company structure and relationships with sale markets. The estimate of inputs' condition is significant and positive, however, Lombardy's framework shows weaknesses as to the so-called institu-

Specialised granivorous (pigs and poultry), average company results of main producing regions in EU countries (2010-2012)

Country/Region	% n. farms	SO/farm (€)	GP/ha (€)	GP/WU (€)	NR/ha (€)	NR/FWU (€)	ALU/ha	UAA/ farm (ha)	% pig meat over GP	% meat and eggs and poultry over GP	% over granivorous GP in EU
Lombardy	1.00	2,304,484	17,826	278,612	7,044	152,484	22.20	40.76	77.7	2.9	2.8
Italy	4.70	1,371,702	17,374	164,275	6,284	92,024	21.48	24.30	71.9	20.2	7.1
Denmark	2.04	1,208,022	7,008	358,031	210	33,461	4.9	172.85	77.5	4.8	9.5
United Kingdom/England-East	0.84	1,073,126	15,254	175,715	1,669	86,790	13.16	55.26	84.4	64.2	3.0
Czech Republic	0.23	865,693	45,154	90,824	513	10,863	34.2	21.15	87.4	47.2	1.0
Hollande	3.74	658,875	71,489	420,487	2,668	20,641	55.8	9.65	91.8	31.1	11.8
Spain/Aragon	1.88	633,617	5,819	152,971	1,315	52,778	9.7	51.22	73.0	16.7	2.0
Belgium/Wallonie	2.15	593,287	20,333	307,544	2,630	41,420	18.8	24.25	84.5	21.3	4.5
Germany/Schleswig-Holstein	0.42	502,485	5,033	232,474	572	35,668	4.0	83.02	65.8	1.9	0.6
France/Loire	1.84	492,026	6,527	233,978	743	32,152	6.3	65.60	73.4	45.8	2.9
Sweden/Slatbygdslan	0.38	486,061	4,620	221,749	164	11,122	4.8	94.33	73.5	8.9	0.6
EU FADN	100.00	358,007	7,992	124,833	1,165	28,391	7.47	32.32	77.8	24.2	100.0

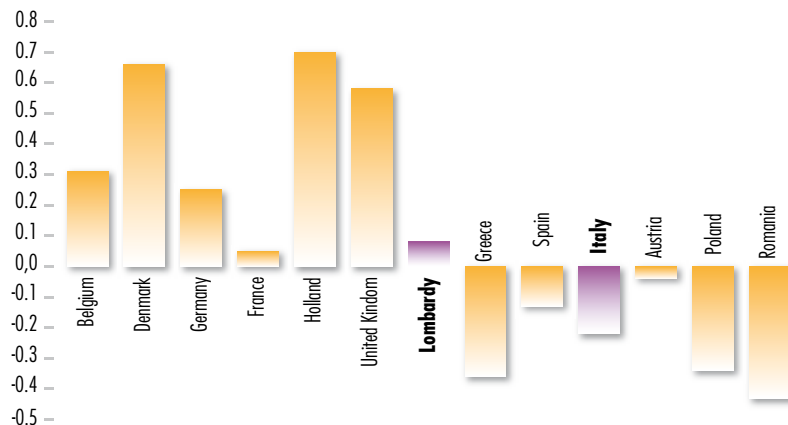
Source: FADN, weighted average data worldwide.

Overall farm competitiveness of Lombardy and main producing EU countries (2010-2012) distinguished per components, 2010-2012



Source: FADN, weighted average data worldwide.

Overall company competitiveness of Lombardy and main EU countries, 2010-2012



Source: FADN, weighted average data worldwide.

tional framework and the ability to use public funds. For example, Belgium, Denmark and Germany show a lower competitiveness compared to Lombardy in the input markets, but they rank better as to the institutional framework.

AGRICULTURAL FUNDS

The overall funds allocated to Lombardy's agriculture amounted to 8.7 billion euro in 2014, i.e. 19.7% of the national funds, equal to 44.4 billion euro: they are 2% and 2.4% of the total funds allocated to the region and the nation, respectively.

The agricultural funds allocated per UAA hectare are 3,447 euro for Italy and 8,876 euro for Lombardy and show a great variability: from 1,632 euro of farms in Sondrio's surrounding area to 13,480 euro in Cremona's area.

Over the last four years, the annual change in the total agricultural funds has fallen: it decreased from +8.2% in 2011 to -0.8% in 2014 in Lombardy and from +7.1% to +0.7% in Italy. It is worthy to note that the modest decrease in total agricultural funds in Lombardy over 2014 differed from the concurrent significant decrease in the total regional funds, equal to -4.2%.

The suffering agricultural funds amounted to 827 million euro and is equal to 9.5% of the regional agricultural funds, a strong annual growth rate, but lower than the national

equivalent figure, where its effect on the overall agricultural funds reaches 11.6%.

The share of agricultural funds with an over 5 years-duration significantly

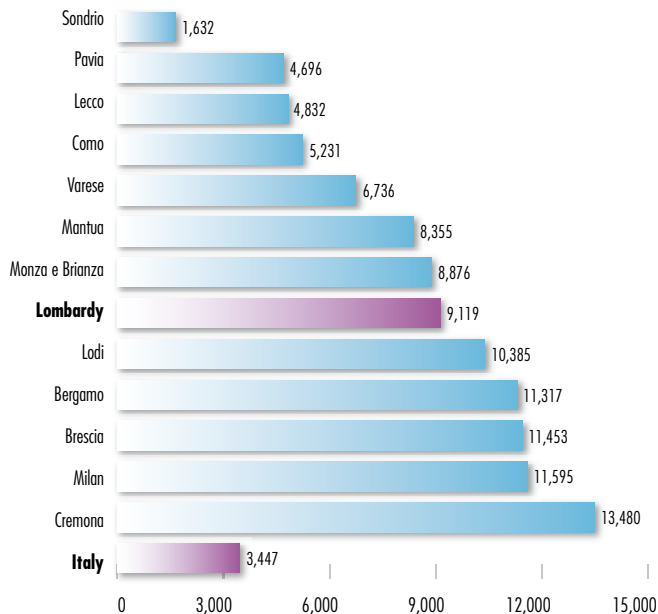
Amount of loans in Lombardy and Italy (mill. euro), 2014

	Total loans	Total non performing loans	Agricultural loans	Agricultural non performing loans
Bergamo	38,080	3,951	821	84
Brescia	53,844	5,204	2,056	305
Como	15,550	1,246	125	13
Cremona	10,909	1,147	1,840	151
Lecco	9,232	1,050	51	2
Lodi	5,767	422	578	22
Mantua	14,557	1,442	1,406	67
Milan	234,507	15,615	733	76
Monza and Brianza	24,112	2,088	90	14
Pavia	11,620	1,404	833	85
Sondrio	4,354	217	122	2
Varese	20,336	1,882	89	6
Lombardy	442,868	35,668	8,742	827
Italy	1,824,436	168,947	44,420	5,136
Lombardy/Italy (%)	24.3	21.1	19.7	16.1
Lombardy (%) non performing loans/total loans		8.1		9.5
Italy (%) non performing loans/total loans		9.3		11.6

Fonte: elaborazioni SMEA su dati Banca d'Italia.

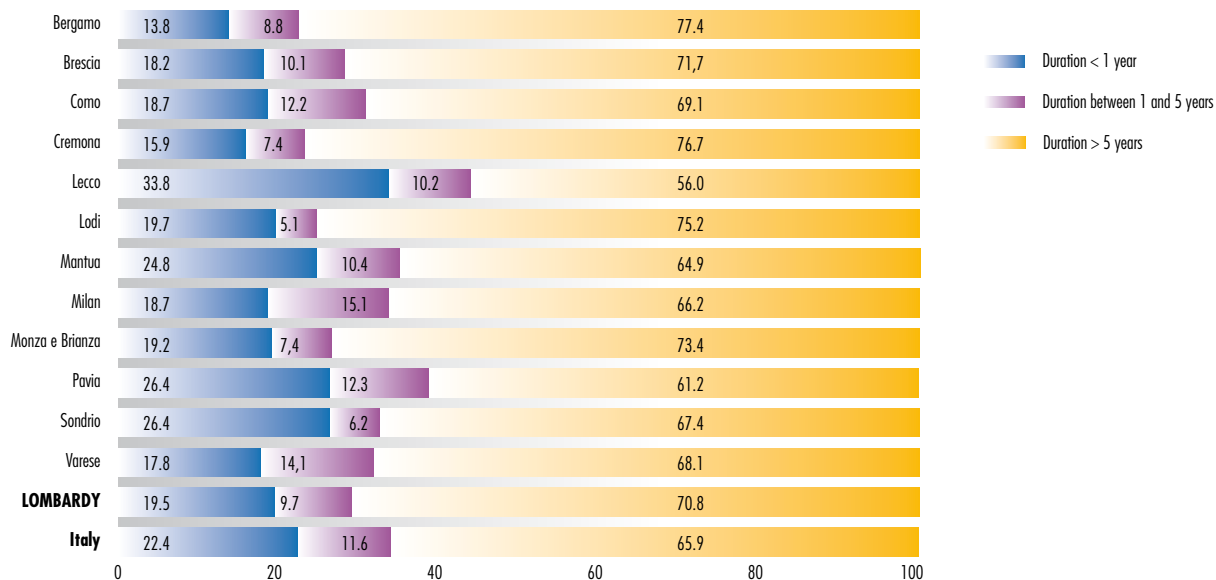
prevails over other 2 types (the shares with less than 1-year-duration and duration between 1 and 5 years); it remains stable at 70.8% in Lombardy, whereas it slightly decreases at national level (from 66.1% to 65.9%). Its distribution on regional scale varies according to the provinces, amounting to above 75% in Lodi, Cremona and Bergamo and below 65% in Lecco, Pavia and Mantua.

Agricultural loans per UAA hectare in Lombardy and Italy (euro), 2014



Source: SMEA calculations based on data of Bank of Italy.

% breakdown per type of agricultural loans in Lombardy and Italy, 2014



Source: SMEA calculations based on data of Bank of Italy.

LAND MARKET

As in the previous year, in 2014, Lombardy's land market witnessed few land purchases. Such purchases mostly concentrated in plain and richest hill areas, whereas there is a kind of stalemate in mountain areas. In particular, the demand in plain areas was frequently represented by medium-big sized and specialized companies; in hill areas, mixed small or medium-sized companies prevailed.

As in the previous years, the market stagnation entailed an objective difficulty to assess agricultural areas: estimations must be frequently based on "market perceptions" rather than real purchase figures.

In plain areas, i.e. the most dynamic areas, land values clearly decreased and aligned with the values related to the previous year. In particular, such trend affected arable crops, even if certain cases – cross-compliance needs and a given capacity to gener-

ate income to be reinvested for companies- show a moderate demand. The delocalisation of some horticultural products of fourth range continues less substantially.

The closing of companies, as well as the sale of soils -due to financial prob-

lems or generational replacements- are common and constitute some of the main reasons why soils are sold. Transactions related to expropriations subsequent to major works ran out, whereas bioenergy crop production is expected to take place.

Average land values in Lombardy (thousand euro ha/UAA), 2014

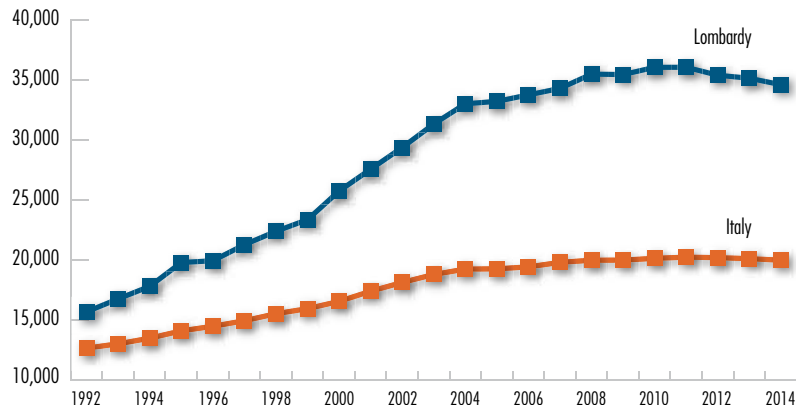
	Altitude areas			Total	% change 2013/2012
	Mountain	Hill	Plain		
Varese	15.5	26.7	40.3	28.4	0.0
Como	5.5	31.2	27.3	16.3	-0.4
Sondrio	7.0	-	-	7.0	0.0
Milan	-	26.3	38.8	38.5	-1.5
Bergamo	13.5	34.7	64.9	43.5	-5.0
Brescia	8.5	54.4	43.5	34.3	-3.7
Pavia	7.0	23.2	32.7	30.7	0.7
Cremona	-	-	35.1	35.1	-1.1
Mantua	-	64.3	45.4	46.9	-0.8
Lecco	8.7	31.2	-	22.0	-0.7
Lodi	-	-	42.0	42.0	0.0
Lombardy	8.4	39.7	40.3	34.6	-1.5
Italy	n.d.	n.d.	n.d.	20.0	-0.6

Source: CREA, Database of land values.

Another caution-factor is the full application of the new CAP; in this field, managers do not seem to fully understand the new scheme of the first pillar and are waiting for the final approval of the new RDP 2014-2020.

However, generally, all these factors have a higher impact on rental market than on land market. For instance, over the last years, dairy farmers willing to maintain or strengthen their company size prefer using rental formulas rather than purchase. The trend of rental costs related to soils intended for biomass and renewable energy crops plants, especially in Cremona surrounding area, continues to undergo a stalemate and related values seem to be more homogenous in the different provinces. The rental market highlights also for 2014 an effect related to renewals, which lead to a slight

Price trend of land in Lombardy and Italy*



* Euro ha/UAA, current prices.

Source: CREA, Database of land values.

increase, partially due to a more frequent contract regulation.

Amounts of rent in Lombardy (euro/ha), 2014

	Min	Max
Contracts for the management of woods and afforestation (VA)	100	150
Derogation contracts for arable crops and grasslands (VA)	140	200
Soils/grounds for flower-growing (CO)	350	600
Verbal contracts for grasslands and arable crops (CO and LC)	190	430
Derogation contracts for fruit gardens in Valtellina (SO)	320	430
Contracts for mountain pastures in Sondrio	44	75
Seasonal contracts for vegetables on the hills of Bergamo	2,100	2,300
Derogation contracts for the irrigated arable crops in the low plains of Bergamo	730	1,040
Contracts for mountain pastures on the mountains of Bergamo	65	160
Derogation contracts for the arable crops in the plains of Brescia	830	1,000
Derogation contracts for the vineyards on the hills of Brescia	1,500	1,800
Derogation contracts for rice paddies (PV)	550	1,100
Derogation contracts for CDO vineyards (oltrepo of Pavia)	500	750
Derogation contracts for arable crops (PV)	550	1,100
Outside-contractors for irrigated arable crops (MI)	570	890
Derogation contracts for irrigated arable crops (MI)	570	890
Derogation contracts for irrigated arable crops (LO)	500	1,200
Contracts to supply biomass to RES plants (CR)	1,100	1,200
Seasonal contracts for tomatoes and vegetables (Casalasco, CR)	700	1,000
Derogation contracts for irrigated arable crops (CR)	650	830
Derogation contracts for nurseries (MN)	1,450	1,900
Seasonal contracts for vegetables and melon (Viadanese, Oltrepo Dx Secchia, Medio Mantovano)	850	1,800
Outside-contractors for arable crops (MN)	580	700

Source: CREA, Survey on the land market.



MULTI-FUNCTIONALITY

The major role of the livestock sector of the Lombardy agriculture and the need of disposing animal waste, along with funding to the agro-energy supply chain, have led to an increase in biogas plants over the last years. According to the ISTAT data, in Lombardy, there are over 40% of the biogas plants.

In July 2015, the number of the plants operating in the region amounted to 388, increasing by 2% compared to the same period in 2014, mostly based in the provinces of Cremona (144), Brescia (65), Lodi (54), Mantua (53) and Pavia (38).

The plants based in the region have an installed electric power of about 300 MWe, with an average power per plant of 758 KWe. Cremona, Lodi, Brescia and Mantua possess over 80% of the electric energy from biogas produced in Lombardy. The province with the highest average size of plant is Milan,

whereas the one with the smallest-size plants in average is Bergamo. Based on the estimates of the project “Eco-Biogas” 2013, the most common type of plants is comprised between 0.75 MWe and 1 MWe, which involves about 57% of plants; this size allows entrepreneurs to take the maximum advantage from the all-inclusive rate, valid for plants up to 1MW, i.e. a limit that in the past was the maximum

threshold to obtain a public co-financing for the investment.

Only 4.4% of plants exceed this size, although this category includes 16.7% of the electric energy produced. Based on the same source, biogas plants in Lombardy burn annually 2.5 million tons of corn silage, 0.8 million tons of autumn-winter cereal silage and about 5 million tons of livestock animal waste, as well as minor quantities

Operating biogas plants in Lombardy

	Plants (n.)	Installed electric power (MWe) ¹	Average power (kWe) ¹
Bergamo	20	9.4	470.0
Brescia	65	43.7	672.8
Cremona	144	104.9	728.2
Lodi	54	47.5	879.6
Mantua	53	42.8	807.5
Milan	11	10.5	950.9
Pavia	38	33.5	881.6
Sondrio	3	1.8	600.0
Lombardy	388	294.05	757.9

¹ Power of electric energy

Source: DG Agricoltura Lombardy Region, data up to July 2015.

of grass, flour products, glycerine, vegetable oils and urban waste of organic nature.

According to data of Gestore dei servizi energetici, 2,458 GWh energy were produced from biogas plants in Lombardy in 2014, i.e. 33% of bio-energies and 14.5% renewable energies produced in the region.

The bio-energy production is not only restricted to the livestock areas, but it found a new development path in mountain areas through the start-up of a wood-energy supply chain, which allows to value the forestry resources aimed at producing heat and electric energy. In particular, in 2011, there are in Lombardy 12 heating networks for public use, fueled or co-fueled with wood biomasses, mainly based in the provinces of Brescia and Sondrio, and a series of plants for private use currently under census. The sector related to the production of bio-fuels

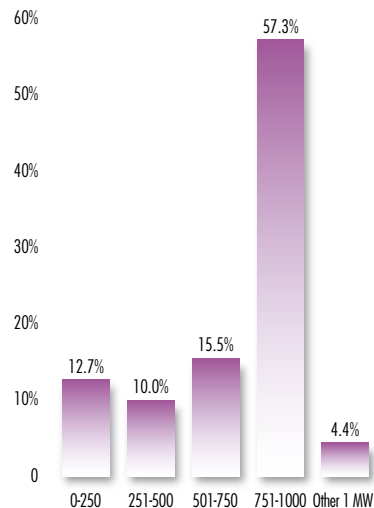
(bio-ethanol and bio-diesel) uses 5 processing plants in the region, whose production capacity is, nonetheless, free from the use of local raw materi-

Distribution of biogas plants in Lombardy, 2013*



**Survey related to the provinces of BG, BS, CR, LO, MN, MI and PV.
Source: calculations based on data of the research project Eco-Biogas financed by Lombardy Region.*

Biogas plants per power class in Lombardy, 2013*



**Survey related to the provinces of BG, BS, CR, LO, MN, MI and PV.
Source: calculations based on data of the research project Eco-Biogas financed by Lombardy Region.*

als. With respect to the photovoltaic sector, based on 2013 GSE data, the area of ground plants in Lombardy –most of which in agricultural areas– amounts to nearly 400 hectares, with an energy production of 248 MWe, equal to 12.8% of the photovoltaic energy produced in the region.

Tele-heating plants using agro-forestry bio-mass in Lombardy

Location of the plant	Plant type	Beginning year
Sedrina (BG)	Cogenerazione energia elettrica e termica	2009
Brescia (BS)	Sistema multicomcombustibile, cogenerazione energia elettrica e termica	2005
Edolo (BS)	Produzione calore	2004
Sellero (BS)	Cogenerazione energia elettrica e termica	2004
Collio (BS)	Cogenerazione energia elettrica e termica	2007
Temù - Ponte di Legno (BS)	Produzione calore	2005
Villaguardia (CO)	Cogenerazione energia elettrica e termica	2010
Tirano (SO)	Cogenerazione energia elettrica e termica	2000
Sondalo (SO)	Produzione calore	2000
Madesimo (SO)	Produzione calore	2006
Valfurva (SO)	Produzione calore	2007
Marchirolo (VA)	Produzione calore	2008

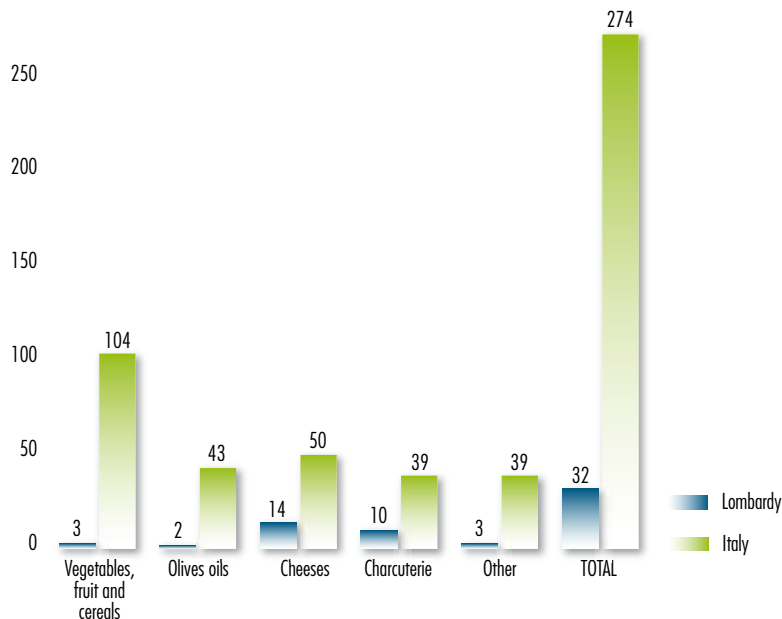
Source: based on SIRENA fires - Lombardy Region, 2011.

PRODUCTS OF DESIGNATED ORIGIN AND TRADITIONAL PRODUCTS

Lombardy offers a wide range of products of designated origin -recognized under the (EU) Regulation n. 1151/2012- of which Italy is leader at the European level. Out of 264 PDO and PGI products in Italy, 32 are produced in Lombardy, a figure which leads the region to rank first at national level.

Since the regional farming is typically related to livestock rearing, this leads to a high prevalence of cheeses and cured meats among PDO and PGI products, with respectively 14 and 10 designations, although there are products of designated origin also in olive oil, fruit and vegetable and honey sectors, as well as in aquaculture. Furthermore, over the regional area, there are 15 consortia, whose goal is the protection of PDO and PGI products. Over the last two years, Lombardy was awarded with the recognition of 5 products of designated origin: PDO Strachitunt

*Amount of PDO and PGI products in Lombardy and Italy**



**Situation up to 29th September 2015.*

Source: MIPAAF.

List of PDO and PGI products in Lombardy*

Category	Product	Designation	Territory
Cheeses	Bitto	PDO	SO, municipalities of province BG
	Formaggella del Luinese PDO	PDO	municipalities of province VA
	Formai de Mut dell'Alta Valle Brembana	PDO	municipalities of province BG
	Gorgonzola	PDO	BG, BS, CO, CR, LC, LO, MI, PV, VA
	Grana Padano	PDO	BG, BS, CO, CR, LC, LO, MN (left Po), MI, PV, SO, VA
	Nostrano Valle Trompia	PDO	municipalities of province BS
	Parmigiano Reggiano	PDO	MN (right Po)
	Provolone Valpadana	PDO	CR, BS, municipalities of provinces BG, MN, LO
	Quartirol Lombardo	PDO	BG, BS, CO, CR, LC, LO, MI, PV, VA
	Taleggio	PDO	BG, BS, CO, CR, LC, LO, MI, PV
	Salva cremasco	PDO	BG, BS, CR, LC, LO, MI
	Silber	PDO	BS
	Strachitunt	PDO	municipalities of province BG
	Valtellina Casera	PDO	SO
Charcuterie	Air-cured of Valtellina	PGI	SO
	Coppa di Parma	PGI	MN, PV, municipalities of provinces CR, LO, MI
	Cotechino Modena	PGI	BG, BS, CO, CR, LC, LO, MN, MI, PV, VA
	Mortadella Bologna	PGI	Whole regional territory
	Salame Brianza	PDO	municipalities of provinces CO, LC, MI
	Salame Cremona	PGI	Whole regional territory
	Salame d'oca di Mortara	PGI	municipalities of province PV
	Salame di Varzi	PDO	municipalities of province PV
	Salamini italiani alla cacciatora	PDO	Whole regional territory
	Zampone Modena	PGI	BG, BS, CO, CR, LC, LO, MN, MI, PV, VA
Olive oils	Extra-virgin olive oil Garda	PDO	municipalities of province BS

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Category	Product	Designation	Territory
Olive oils	Extra-virgin olive oil Garda	PDO	municipalities of province BS
	Extra-virgin olive oil Lombardy lakes	PDO	municipalities of provinces BG, BS, CO, LC
Vegetables and fruit	Apple from Valtellina	PGI	municipalities of province SO
	Melon from Mantua	PGI	MN, CR
	Pear from Mantua	PGI	municipalities of province MN
Other	Honey from Varese	PDO	VA
	Salmerino del Trentino	PGI	BS
	Trout from Trentino	PGI	BS

**Situation up to 29th September 2015.*

Source: DG Agriculture Lombardy Region.

and Silter chesees, PDO acacia honey from Varese, PGI melon from Mantua and PGI trout from Trentino.

There are, furthermore, many other products, which started the labelling process to obtain the PDO designation, among which the cheese Silter, the “Salame Bergamasco”, the “Salame Mantovano” and “Miele di Valtellina”; the same applies to the “Asparago di Cantello” and the “Pizzoccheri della

Valtellina” and the “Grappa di Lombardia”, which, instead, started the labelling process to obtain the PGI designation.

According to the 2012 ISMEA data, the turnover of PDO and PGI productions amounts to 1.78 billion euro, i.e. one fourth of the national turnover; a figure which places the region at the second place in Italy after Emilia-Romagna. According to the 2013 ISTAT data, the

farms involved in the production of PDO cheeses are 4,201, meaning over 5,000 rearing farms (17.5% of the national total). The incidence of the live-stock reared for the production of PDO cheeses is equal to 45% on the national total (2011 figure). Furthermore, there are 370 operating processing farms, of which 292 are dairy farms, with a share slightly higher than 20% of the national total. The number of farms

producing milk for the PDO cheeses in Lombardy sharply decreased over 2012 (-14.3%).

Lombardy significantly contributes to meat preparations sector with PDO and PGI meats, with as much as 1,453 producers and 1,947 farms, mostly pig rearing farms, with a share of 42% of the national total. Cured meat processors are also significant in the region, equal to 15.8% of the Italian total, and reach up to 28% if considering only meat processors. Also in the case of rearing farms operating in the production of PDO and PGI meat-based food, the annual decrease is very remarkable (-19.1%).

Compared to the Italian framework, PDO and PGI fruit and vegetable productions, PGI meats, and PDO and PGI extra-virgin olive oils play a minor role. In the wine-growing sector, Lombardy has a range of 5 GCD, 22 CDO and TGI 15 wines. However, it should be

Turnover of PDO and PGI turnover per region (mill. euro), 2010-2012

Regions	2010	2011	2012	% change 2012/11	% weight 2012
Emilia Romagna	2,615.9	2,897.0	2,894.9	-0.1	42.2
Lombardy	1,586.2	1,827.3	1,775.8	-2.8	25.9
Trentino Alto Adige	423.7	455.4	528.8	16.1	7.7
Veneto	361.2	417.4	454.3	8.8	6.6
Friuli Venezia Giulia	335.0	331.6	312.6	-5.7	4.6
Campania	283.3	287.3	286.8	-0.2	4.2
Piedmont	181.1	199.9	201.1	0.6	2.9
Sardinia	162.0	110.4	137.0	24.0	2.0
Tuscany	92.9	98.1	94.8	-3.4	1.4
Lazio	45.3	41.7	51.1	22.5	0.7
Apulia	22.1	33.8	34.5	2.2	0.5
Umbria	35.0	13.9	20.2	45.1	0.3
Sicily	24.2	17.5	16.8	-3.6	0.2
Calabria	11.2	9.1	13.6	49.6	0.2
Marche	15.8	11.4	11.9	5.0	0.2
Liguria	5.2	5.2	4.6	-11.5	0.1
Valle d'Aosta	26.7	25.4	24.0	-5.4	0.3
Basilicata	1.6	1.8	2.1	17.9	0.0
Abruzzo	3.0	2.6	1.9	-29.5	0.0
Molise	1.4	1.1	0.8	-27.8	0.0

Source: Ismea calculations based on data by Organisations of Control and Protection Consortia.

pointed out that the EU legislation sets out the attribution of the PDO designation to CDO and GCDO wines, and PGI to TGI, although such designations can be currently found to the traditional Italian designations.

Based on the assessments related to grape-harvesting in 2013, the vineyard area with designation in Lombardy amounts to about 17,237 hectares, compared to a total regional vineyard area of 23,252 ha, which, in turn, decreased by 3.7% compared to the previous year. In particular, the vineyard area recorded in the lists of the CDO and GCDO vineyards, according to the 2014 data issued by the DG Agriculture of Lombardy Region, amounts to 11,381 ha, decreased by 6.6% over 2013, while the TGI wine areas reach 5,856 hectares, i.e. +2.6% compared to the previous year. The production of GCDO, CDO and TGI grapes exceeded 1.8 million hundred kg in 2014 (-8.1%

compared to 2013), with a wine-growing output of CDO and GCDO 728,000 hectolitres and TGI 526,000 hectolitres wine.

About 40% of wine grapes cultivated in Lombardy are turned into wine on-site the farm itself, whereas 20% are processed by cooperatives; the share of

Operators¹ in the sector of PDO and PGI products in Lombardy and Italy, 2013

		Lombardy	Italy	% Lombardy/Italy
PDO cheeses	Producers - farms	4,201	27,190	15.5
	Producers - rearing farms	5,124	29,357	17.5
	Cattle reared	n,d,	n,d,	n,d,
	Processors	370	1,691	21.9
	Processors - of which dairy	292	1,383	21.1
PDO and PGI meat preparations	Producers - farms	1,453	3,562	40.8
	Producers - rearing farms	1,947	4,614	42.2
	Processors	117	741	15.8
	Processors - of which slaughterers	55	197	27.9
PDO and PGI vegetables and fruit	Producers - farms	466	17,076	2.7
	Processors	16	1,165	1.4
PDO and PGI extra-virgin oils	Producers - farms	172	19,083	0.9
	Processors	53	1,863	2.8
	Processors - of which millers	19	1,038	1.8
PGI meats	Processors	15	873	1.7

¹ Processors' data refer to companies and to plants.

Source: ISTAT.

Areas enrolled in the DOC/DOCG vineyard registries and lists of IGT vineyards in Lombardy for 2014 harvest

Name of DOC/DOCG register	Covered area (ha)	Grapes production (q)
DOC - Bonarda dell'Oltrepo Pavese	2,572	258,691
DOCG - Franciacorta	2,456	212,434
DOC - Oltrepo Pavese	2,452	216,051
DOC - Lugana	1,058	126,703
DOC - Garda	560	44,431
DOC - Lambrusco Mantovano	378	51,916
DOCG - Valtellina Superiore	336	15,572
DOC - Sangue di Giuda dell'Oltrepo Pavese	285	27,402
DOC - Curtefranca	200	19,424
DOCG - Oltrepo Pavese Metodo Classico	153	12,638
DOC - Valcalepio	131	9,639
DOC - Valtènesi	115	8,992
DOC - Valtellina Rosso o Rosso di Valtellina	112	4,534
DOC - Pinot Nero dell'Oltrepo Pavese	98	8,433
DOC - Riviera del Garda Bresciano	78	6,708
DOC - Oltrepo Pavese Pinot Grigio	72	8,435
DOC - Buttafuoco dell'Oltrepo Pavese	61	5,120
DOC - Capriano del Colle	58	4,731
DOC - San Colombano al Lambro	56	3,814
DOCG - Sforzato di Valtellina o Sfursat	50	2,392
DOC - Garda Colli Mantovani	34	3679,61
DOC - Botticino	22	945
DOC - Colleoni o Terre del Colleoni	11	1,002
DOC - San Martino della Battaglia	11	549
DOC - Cellatica	8	661
DOC - Casteggio	7	181
DOCG - Scaanzo o Moscato di Scaanzo	4	208

Name of DOC/DOCG register	Covered area (ha)	Grapes production (q)
IGT - Provincia di Pavia o Pavia	4,974	665,360
IGT - Provincia di Mantova o Mantova	322	57,078
IGT - Bergamasca	118	8,917
IGT - Collina Del Milanese	83	8,060
IGT - Alto Minio	72	7,610
IGT - Terrazze Retiche di Sondrio	69	3,070
IGT - Benaco Bresciano	53	3,836
IGT - Quistello	52	9,329
IGT - Montenetto di Brescia	27	1,840
IGT - Sebino	26	2,847
IGT - Terre Lariane	21	931
IGT - Valcomonica	20	781
IGT - Ronchi di Brescia	12	787
IGT - Ronchi Varesini	5	294
IGT - Sabbioneta	3	207
TOTAL DOC and DOCG	11,381	1,055,286
TOTAL IGT	5,856	770,944
Total land enrolled in DOC/DOCG registries and IGT lists	17,237	1,826,230

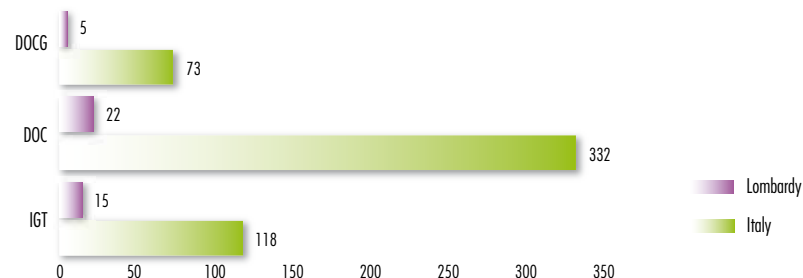
Source: DG Agriculture Lombardy Region.

cooperation reaches up to 27%, with respect to PGI wines (2013 figure).

Among the main designations in terms of area, the Pavia area besides the Po river decreased by 16.3% compared to 2014, as well as to Bonarda (-4.6%). Franciacorta as well decreased (-3.2%), whereas the areas listed for Lugana increased by 6.1% annually.

To complete the overview of the products with designation, it is worthy to mention the traditional agri-food products, whose list is updated to July 2015. Lombardy stands at the 9th place among the Italian regions, with a basket of 247 products (equal to 5.1% of the national total). Among the regional specialties, bakery products and delicatessen (72), meat (68) and milk derivatives (66) prevail. Quite remarkable is also the share of the fruit and vegetables, with 29 traditional products recognized.

*PDO and PGI wines in Lombardy and Italy**



* Situation up to 13th March 2015.

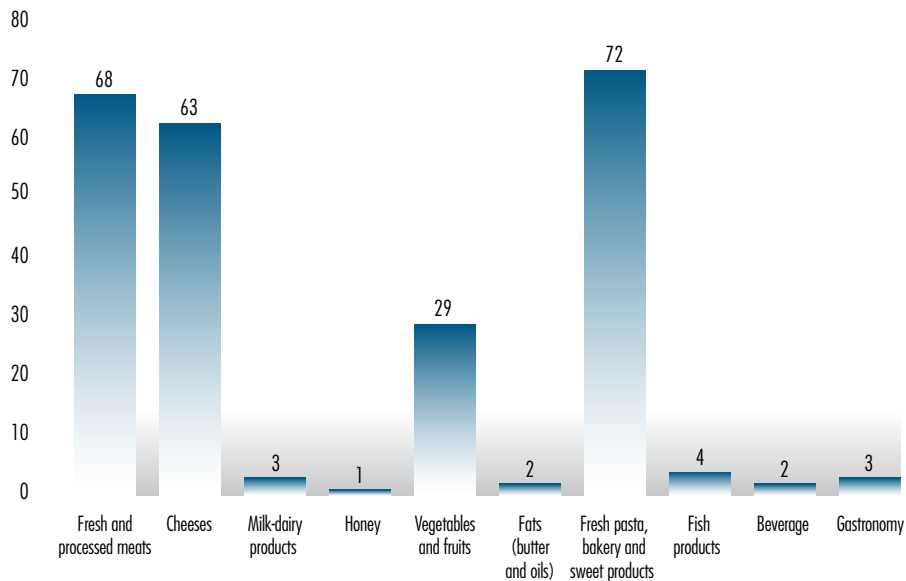
Source: MIPAAF.

Production and positioning of the table grapes by channel of processing, 2013

	Total production of grapes (q)	% wine produced at the farm	% production to cooperatives	% production to other farms
PDO	1,160,835	43.6	17.5	39.0
PGI	828,996	29.0	27.5	43.6
COMMON WINE	192,301	59.3	11.6	29.1
TOTAL	2,182,132	39.3	20.8	39.9

Source: DG Agriculture Lombardy Region.

Traditional agri-food products per sector in Lombardy



Source: MIPAAF national list of traditional agri-food products, 15th revision (July 2015).

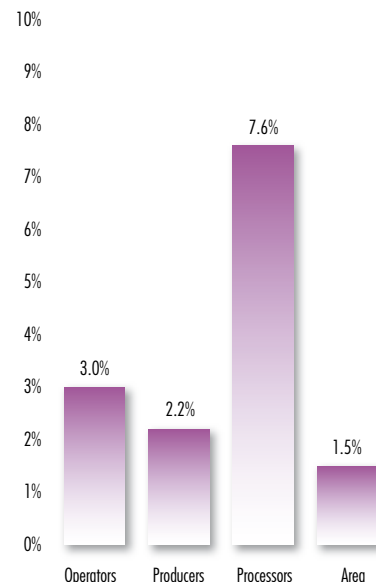
ORGANIC FARMING

Lombardy's organic farming is really modest compared to other regions. In 2014, organic farmers in Lombardy were 3% of the national total. With respect to the producers only, their incidence dropped to 2.2%, whereas

the share of processors is higher (7.6%). The overall share of organic area is modest as well, compared to the national total, equal to 1.5% (2015 SINAB figures).

Based on figures provided by DG Ag-

Incidence of the regional organic sector on the national total, 2014



Source: SINAB.

Operators¹ in the organic sector in Lombardy, 2014

	Farms		Producers		Processors	
	number	%	number	%	number	%
Bergamo	194	11.7	103	10.8	124	13.0
Brescia	318	19.2	227	23.7	165	17.2
Como	61	3.7	37	3.9	32	3.3
Cremona	74	4.5	40	4.2	46	4.8
Lecco	47	2.8	22	2.3	34	3.6
Lodi	27	1.6	10	1.0	38	4.0
Mantua	159	9.6	100	10.5	75	7.8
Milan	288	17.4	65	6.8	239	25.0
Monza and Brianza	41	2.5	10	1.0	34	3.6
Pavia	312	18.9	268	28.0	92	9.6
Sondrio	60	3.6	37	3.9	36	3.8
Varese	71	4.3	37	3.9	42	4.4
Lombardy	1.652	100	956	100	957	100.0

¹ Figures are related to the province of the registered office and do not include importers.

Source: DG Agriculture Lombardy Regions.

ricoltura, in 2014 the number of organic farmers amounted to 1,652, 57.9% of which carried out production activities; a similar percentage included farmers carrying out prepa-

ration activities, including producers employed in the same task. The trend of farmers in Lombardy witnessed a significant increase by 8%, with an increase in processors and producers by 13.8% and 7.1% respectively, com-

pared to 2013.

With respect to the distribution of companies over the provinces, Brescia (19.2) ranks first, followed by Pavia (18.9%), Milan (17.4%) and Bergamo (11.7%). With respect to the produc-

Organic producers in Lombardy, 2014

Provinces	Vegetables*		Livestock*	
	number	%	number	%
Bergamo	98	10.7	18	10.2
Brescia	222	24.3	35	19.9
Como	31	3.4	13	7.4
Cremona	37	4.1	14	8.0
Lecco	20	2.2	11	6.3
Lodi	10	1.1	1	0.6
Mantua	99	10.8	18	10.2
Milan	58	6.4	13	7.4
Monza and Brianza	9	1.0	2	1.1
Pavia	263	28.8	29	16.5
Sondrio	32	3.5	12	6.8
Varese	34	3.7	10	5.7
Lombardy	913	100.0	176	100.0

*Exclusive and not exclusive producers.

Source: DG Agriculture Lombardy Region.

*Area intended for organic agriculture in Lombardy (ha)**

	Organic area	Converting area	Total area	% share
Bergamo	671	137	808	3.4
Brescia	1,358	839	2,197	9.4
Como	274	3	277	1.2
Cremona	535	64	600	2.6
Lecco	106	14	120	0.5
Lodi	749	75	824	3.5
Mantua	1,506	60	1,565	6.7
Milan	1,025	114	1,139	4.9
Monza and Brianza	289	11	300	1.3
Pavia	13,020	1,833	14,853	63.3
Sondrio	240	74	314	1.3
Varese	400	60	459	2.0
Lombardy	20,173	3,284	23,457	100.0

* Main uses of the land used: arable, agricultural woody crops, permanent meadow and pasture.

Source: DG Agriculture Lombardy Region, figures up to July 2014.

ers only, the province of Pavia reaches 28%, followed by Brescia (23.7%) and Bergamo (10.8%). Milan ranks first in organic preparations with 25%, followed by Brescia (17.2%)

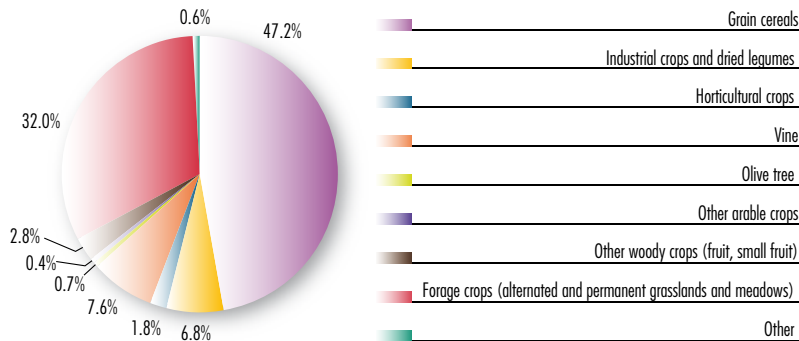
95.5% of the organic producers, in Lombardy, has obtained the certification for vegetable crops (among them also producers of the livestock sector); the organic livestock sector involves, instead, 16.1% of producers. Pavia is the leading province as to organic vegetable producers (28.8%), whereas the province of Brescia ranks first as to organic livestock producers (19.9%). Vegetable producers annually increase by 5.8%, whereas the annual change of livestock producers is the most significant (+14.3%).

In Lombardy, the area under crops cultivated with overall organic methods is about 2% of the regional UAA. 63.3% of the overall organic area, i.e. 23,457 hectares, falls within the

province of Pavia, followed by Brescia (9.4%) which is highly increasing, Mantua (6.7%) and Milan (4.9%). About 3,200 hectares, equal to 14% of the total, are currently converting

to organic farming, mainly based in Pavia and Brescia; in the latter province, the organic-converting areas are almost 40% of the total organic areas, as the recent positive trend shows,

Breakdown of the organic UAA per crop, 2014*



* Included converting area.

Source: DG Agriculture, Lombardy Region.

mainly due to the increase in wine-growing areas.

The breakdown of the organic UAA shows that 46.5% of the organic area is under grain cereals, where rice (63.4%) and grain maize (20.3%) hold the prevailing share; they are then followed by forage crops, both alternated and

permanent, with 32%, grapevine with 6.1%, industrial crops (dried legumes included) with 6.8%, and other kinds of crops, for example fruit and small fruits with 2.8% and horticulture with 1.8%.

In spite of the remarkable incidence of the livestock sector in the Lombardy agriculture, the share of the organic

within the sector is sharply reduced and lower than vegetable productions. In particular, the livestock heads, based on 2012 figures, are slightly above 100,000 units, whereas pig and sheep/goat heads are 4,565 and 1,698. Poultry units exceed, instead, 107,000 units.

Number of heads reared with organic methods in Lombardy, 2012

	Cattle	Pigs	Sheep and goats	Poultry
Bergamo	232	93	68	16
Brescia	305	203	172	1,736
Como	254	-	107	6,299
Cremona	733	37	759	10,100
Lecco	4	3	208	-
Lodi	1,242	1,930	-	-
Mantua	112	2,158	77	87,256
Milan	1,110	100	5	1,400
Monza and Brianza	207	-	27	-
Pavia	5,610	41	70	706
Sondrio	126	-	-	-
Varese	79	-	205	-
Lombardy	10,014	4,565	1,698	107,513

Source: DG Agriculture Lombardy Region.

INTEGRATED PRODUCTION

As statistical data are lacking, the spread of methods of the integrated production was calculated based on the data related to the compliance with the action 214.B “Integrated agricultural productions”, within the measure 214 “Agro-environmental measures” of the RDP 2007-2013 of Lombardy region. Such action aims at promoting the productions with a low environmental impact, through the adoption of specific guidelines of integrated production, approved at the regional level, related to vegetable and fruit cultivations, wine growing, rice and maize.

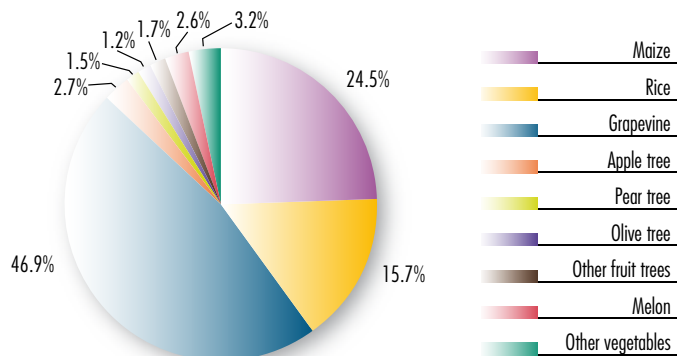
According to the 2012 data, the area eligible to receive funds, pursuant to the action 214.B, amounted to about 30,100 hectares, of which 54% is represented by tree crops and 40% by arable crops. In terms of single crops, about 47% of the area affected wine-growing, 24.5% for maize, mainly in

combination with the action 214.A “Balanced fertilization and rotation”, and 15.7% for rice. Among the integrated vegetable productions, melon prevails.

In relative terms, the crop type mainly

involved in the practice of the integrated production is grapevine, with about 70% of the total regional area falling within the implementation of the action. High values can be found in apple-tree, pear-tree and melon plant,

Breakdown of the required surface area by crop, measure 214.B (Integrated agricultural production), 2012



Fonte: DG Agricoltura Regione Lombardia.

whereas the incidence of the integrated production within the arable crops is actually modest.

The areas involved in the implementation of the action B of the measure 2014 should be summed up to the areas involved in the implementation of the

Area admitted to payment -measure 214.B (Integrated agricultural production) of the RDP Lombardy Region, 2012

Action	Admitted area (ha)	%
B.01 - Horticultural crops	1,684.8	5.6
B.02 - Small fruits	7.4	0.0
B.03 - Trees	16,377.6	54.3
B.05 - Maize without adhesion 214.A*	895.8	3.0
B.06 - Maize with adhesion 214.A*	6,412.1	21.3
B.07 - Rice without adhesion 214.A*	4,100.3	13.6
B.08 - Rice with adhesion 214.A*	656.7	2.2
Total integrated agricultural productions	30,134.8	100.0

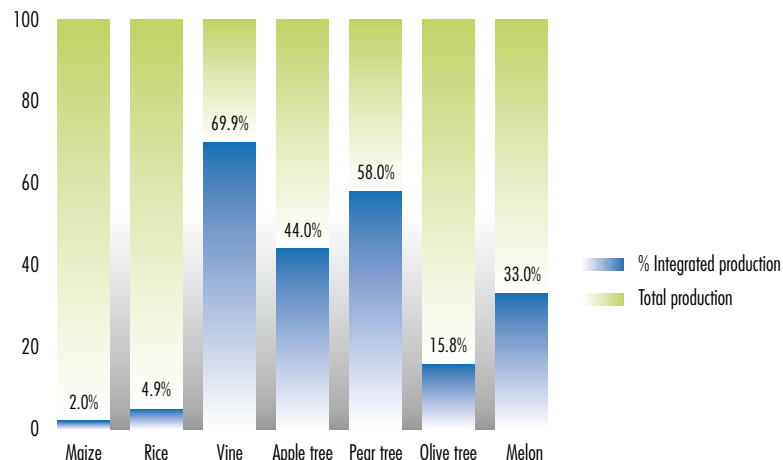
*214.A Balanced fertilization and alternation.

Source: DG Agriculture Lombardy Region.

action for the integrated production, within the CMO for fruit and vegetable, which in Lombardy involves about

3,000 hectares of industrial tomatoes, equal to over 50% of the overall surface of the cultivation in the region.

Share of the area under main crops falling within the measure 214.B (Integrated Agricultural Productions), 2012



Source: DEMM estimates based on DG Agriculture Lombardy Region and ISTAT.

AGRITOURISM (FARM STAYS)

Lombardy is the third Italian region in terms of farm stays, with 7.3% of the national facilities, thus ranking only after Tuscany and Trentino Alto-Adige. Such percentage has increased over the last years and is supposed to further increase, given that more farm stays are expected to be started up compared to other Italian regions. With respect to the in-farm restaurants only, the region ranks second with an incidence of 10.1% on the national total; such a percentage reaches up to 21.8%, calculating only farms licenced with restaurant facilities. Even if farm accommodation is not so common in the region, Lombardy's farm accommodation sector offers 4.7% of the facilities and 5.4% of the national beds (ISTAT, 2013).

In 2014, Lombardy witnessed its growth trend as to farm stays (+3%), which reached 1,566 units. The change in percentage shows a slightly higher

Farm stays active in Lombardy

	2013*	2014**	% change 2014/13	% breakdown per area (2014)
Bergamo	145	153	5.5	9.8
Brescia	328	331	0.9	21.1
Como	116	124	6.9	7.9
Cremona	75	76	1.3	4.9
Lecco	78	80	2.6	5.1
Lodi	33	32	-3.0	2.0
Mantua	223	230	3.1	14.7
Milan	108	111	2.8	7.1
Monza and Brianza	12	15	25.0	1.0
Pavia	217	228	5.1	14.6
Sondrio	107	113	5.6	7.2
Varese	79	73	-7.6	4.7
Altitude areas				
Mountain	452	462	2.2	29.5
Hill	478	492	2.9	31.4
Plain	591	612	3.6	39.1
Rural areas				
Intensive and specialised agricultural areas		563		36.0
Rural areas with overall development problems		213		13.6
Intermediate rural areas		724		46.2
Urban centres		66		4.2
Total Lombardy	1.521	1.566	3.0	100.0
Total Italy	20.897	n.d	n.d	
Lombardy/Italy (%)	7.28	n.d	n.d	

Source: *ISTAT and **DG Agriculture Lombardy Region (provisional data)

trend in plain (+3.6%) and mountain areas. With respect to the single provinces, Monza, Como, Sondrio, Bergamo and Pavia show higher annual percentage increase. On the contrary, Lodi and above all Varese undergo the sharpest decrease (7.6%).

The areas with the greatest number of farm stays are the Garda Lake, the Morainic hills of Mantua and the area over Po in the nearby of Pavia, together with the pre-Alpine belt and the foothill areas. In absolute terms, most of the farm stays are located in the provinces of Brescia (21.1%), Mantua (14.7%) and Pavia (14.6%), regularly distributed by altitude areas. With respect to the rural areas within the Rural Development Programme (RDP) 2014-2020 of Lombardy Region, most of farm stays are based in the intermediate rural areas, as well as in intensive specialised agricultural areas.

The number of farm facilities licenced

with accommodation increased by 4.4% compared to 2013. 53.6% of farm facilities offer accommodation in Lombardy, meaning 12,584 beds (+3.2%

over 2013). 76% of farm stays have rooms, whereas 37.6% have independent cottages. Moreover, there are 457 areas for outdoor stay. 50.8% of stays

Distribution of farm stays sites in Lombardy, 2014



Source: DG Agriculture Lombardy Region.

Type of farm stays sites in Lombardy, 2014

	% farms licensed for lodgings	N. beds	N. outdoor rest stops	% farms licensed licensed for catering	N. seating capacity	% farms licensed for tastings	% farms licensed for other activities
Bergamo	37.9	744	9	87.6	8,988	3.3	37.3
Brescia	59.8	4,102	129	75.8	17,718	10.9	42.3
Como	50.0	702	32	71.0	4,569	12.1	33.9
Cremona	63.2	709	7	73.7	4,123	17.1	75.0
Lecco	41.3	388	34	75.0	3,510	7.5	32.5
Lodi	43.8	253	0	40.6	760	12.5	65.6
Mantua	66.5	2,066	122	61.7	6,517	9.1	61.7
Milan	36.0	686	30	50.5	5,406	2.7	63.1
Monza and Brianza	46.7	148	0	66.7	937	0.0	66.7
Pavia	57.0	1,669	24	50.9	6,324	8.3	39.5
Sondrio	61.9	827	76	77.9	5,475	11.5	32.7
Varese	37.0	290	12	76.7	4,074	20.5	69.9
Altitude areas							
Mountain	56.9	3,268	227	75.1	19,350	9.3	34.8
Hill	62.0	5,444	129	67.3	23,348	13.0	40.4
Plain	44.4	3,872	119	64.1	25,703	7.0	62.6
Rural areas RDP 2014-2020							
Intensive and specialised agricultural areas	45.1	3,500	118	65.9	24,110	6.9	61.6
Rural areas with overall development problems	65.3	1,633	104	69.5	8,243	10.8	28.6
Intermediate rural areas	57.9	6,904	252	71.7	33,821	11.3	39.9
Urban centres	42.4	547	1	48.5	2,227	9.1	69.7
Total Lombardy	53.6	12,584	475	68.3	68,401	9.6	47.4

Source: DG Agriculture Lombardy Region (provisional data).

farms provide the all-inclusive package, whereas 28.9% of them offer only accommodation. The practise of accommodation can be found more in mountain and hill areas than in plain. The province mostly oriented towards accommodation is Mantua (66.5% of facilities), as opposed to Milan (36%). Lombardy's farms stays with restaurant facilities increased by 1.2 compared to 2013 and to other regions, as the farms stays licenced with restaurant facilities amount to 68.3%. 87.6% of such farms are based in the province of Bergamo, followed by Sondrio, Varese, Brescia and Lecco. On the contrary, in-farm restaurants facilities can be found only in half of farms stays in the province of Pavia and Milan and

in 40% in Lodi's area. In-farm restaurants can be mainly found in mountain areas, with 75% of the licenced farms stays. The official daily meals in 2014 reached 70,000 units, i.e. 63 meals in average per farm. 9.6% of farms stays offers the tasting on-site, especially in hill areas, involving 13% of farms. Apart from restaurant facilities and accommodation, the variety of services offered by farm stays in Lombardy also includes sports, recreational and cultural activities, which are mainly offered by farms based in cities and plain areas. Among these activities, horse-riding and courses are carried out in 13% and 12% of farms, whereas sports and hiking in 6.4% and 3.6% respectively.

About 36% of farm stays is managed by a woman, a figure higher than 1% compared to the national average, with an incidence higher than 40% in the provinces of Varese, Lecco, Como and Monza. The managers' average age is 50 years, with a maximum peak of 56 years in Milan and a minimum peak of 45 in Sondrio. 76% of farm stays in Lombardy are always open all year-long. Among the regional accommodation farms, three farms are licenced and therefore listed in the regional register of social farms; about forty farms, including accommodation and non-accommodation farms, have carried out social farming for long time, but they have not completed their enrolment process yet.

DIRECT SALES

Based on the 6th Agricultural Census data, direct sale to the consumer is carried out by over 12,000 farms in Lombardy, equal to 27.8% of the regional total, compared to 26.1% of the national equivalent figure.

In the provinces of Como, Lecce and Varese, direct sales are carried out by over 70% of the selling farms, whereas Lodi, Cremona and Mantua reach 10%. The population density, and consequently the market size, allow to calculate the spreading of direct sale; in municipalities falling within the main cities, such activity is carried out by 50% of farms, except for the province of Milan (27.2%).

A development similar to that of cities can be found in hill and mountain areas, which are mainly affected by tourism.

Direct selling outside farms involves 31% of farms, with peaks of over 40% in the provinces of Cremona, Pavia

Farms with direct sale to consumers in Lombardy, 2010

	Farms with direct sale	% Farms with direct sale to the total selling farms
Bergamo	1,847	44.5
Brescia	2,896	28.4
Como	1,173	72.6
Cremona	369	8.8
Lecco	782	75.6
Lodi	129	10.0
Mantua	894	10.7
Milan	558	27.2
Monza and Brianza	316	49.0
Pavia	1,399	21.8
Sondrio	952	35.7
Varese	871	74.7
Altitude areas		
Mountain	4,240	59.9
Hill	3,988	45.4
Plain	3,958	14.2
Rural areas		
Intensive and specialised agricultural areas	1,055	35.8
Rural areas with overall development problems	4,176	55.7
Intermediate rural areas	3,711	13.9
Urban centres	3,244	49.4
Total Lombardy	12,186	27.8
Total Italy	270,579	26.1

Source: ISTAT - 6th General census of agriculture.

Types of farms with direct sale to consumers in Lombardy, 2010

	% with direct sale on-site	% with direct sale out-site	% with direct sale of vegetable products	% with direct sale of animal products	% with direct sale of processed products
Bergamo	86.2	26.7	31.8	46.2	36.1
Brescia	88.3	23.4	35.0	31.0	48.0
Como	82.0	34.5	41.9	48.4	23.2
Cremona	72.1	46.9	67.5	22.5	15.2
Lecco	88.2	24.3	38.7	53.1	24.7
Lodi	78.3	31.0	46.5	30.2	29.5
Mantua	78.9	36.2	70.4	18.2	19.5
Milan	80.5	38.0	56.6	34.4	19.9
Monza and Brianza	75.0	45.3	70.9	23.4	13.0
Pavia	84.2	43.4	41.7	9.9	54.2
Sondrio	88.9	23.3	25.9	41.6	46.3
Varese	86.2	32.3	50.2	41.6	19.3
Altitude areas					
Mountain	90.5	21.2	23.8	49.8	44.6
Hill	85.0	34.8	44.1	23.4	42.0
Plain	78.4	37.5	60.1	28.8	18.7
Rural areas					
Rural areas with overall development problems	88.1	24.5	29.6	38.5	43.3
Intermediate rural areas	89.8	26.5	24.8	41.8	50.7
Rural intensive and specialised agricultural areas	80.9	33.7	53.8	25.2	28.5
Urban centres	81.8	35.5	55.4	33.8	20.8
Lombardy	84.8	30.9	42.2	34.3	35.4

Source: ISTAT - 6th General census of agriculture.

and Monza and a higher incidence in plain and city areas. With respect to the type of products sold to consumers, farms directly selling vegetable products prevail (42.2%), followed by farms selling processed products (35.4%) and animal-derivatives.

E-commerce of products involves 4.4% of farms directly selling to consumers in Lombardy, with an incidence comparable to the equivalent figures of North and in the Centre of Italy, but higher than the national average (2.4%), suffering its scarce use in the South (0.9%) and Islands (1.6%).

In plain areas intensively farmed and cities, direct selling mainly concern vegetable products, whereas in mountain areas, direct selling mostly concern processed products and animal derivatives. Pavia is the province with the highest incidence of sale of processed products, driven by wine sector, whereas in the provinces of Mon-

Farms with direct sale to final consumers and using e-commerce, 2010

	Farms with direct sale to final consumers		E-commerce to sell farm's goods and services (%)	E-commerce/direct sale (%)
Italy	270,579	100.0	100.0	2.4
North-West	31,924	11.8	19.8	4.1
Lombardy	12,186	4.5	8.0	4.4
North-East	28,220	10.4	21.1	5.0
Centre	45,539	16.8	31.1	4.5
South	120,767	44.6	17.1	0.9
Islands	44,129	16.3	10.9	1.6

Source: ISTAT - 6th General census of agriculture.

za and Mantua there is a prevalence of vegetable products, provided by over 70% of farms.

Census data allow to calculate the number of regional workers directly selling their products to consumers; the highest number belongs to flower sellers, approximately 2,000, followed by wine cellars (1,511), and producers of dairy, meat and cured meats. The direct sale of vegetable plants is

performed by over 1,000 farms.

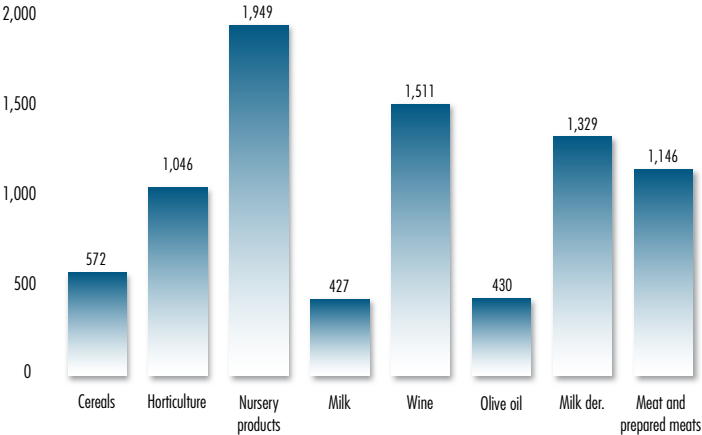
Over Lombardy's territory, along with the official list of farmers' markets based on communications between Municipalities and Region, there are many similar initiatives mainly managed by professional farming organizations. Based on an estimate arising from the matching between municipal licences and the list of markets falling within the campaign "Campagna Am-

ica-Coldiretti” and the markets listed in “Consorzio Agrituristico Mantovano”, there are 142 farming markets over the region, mainly concentrated

in the provinces of Milan and Mantua. Given the major role of livestock sector in Lombardy, the distribution of raw milk to the final consumers by means

of automatic suppliers constitutes a relevant form of short supply chain, which slightly increased annually (0.8% over 2014). In contrast to the

Number of farms with direct sale to consumers per product in Lombardy, 2010



Source: ISTAT - 6th General census of agriculture.

Distribution of farmers’ markets in Lombardy



Source: DG Agriculture Lombardy Region and Coldiretti - Campagna Amica, July 2012.

Distributors of raw milk in Lombardy*

Provinces	Distributors of raw milk	% Breakdown per geographical area	% change 2015/2014
Bergamo	74	19.8	4.2
Brescia	35	9.4	-10.3
Como	41	11.0	7.9
Cremona	2	0.5	100.0
Lecco	43	11.5	7.5
Lodi	5	1.3	25.0
Mantua	11	2.9	-8.3
Milan	71	19.0	2.9
Monza and Brianza	24	6.4	-11.1
Pavia	5	1.3	-16.7
Sondrio	15	4.0	66.7
Varese	48	12.8	-12.7
Altitude area		0.0	0.0
Mountain	62	16.6	12.7
Hill	131	35.0	0.0
Plain	181	48.4	-2.2
Rural areas		0.0	0.0
Intensive and specialised agricultural areas	143	38.2	5.1
Rural areas with overall development problems	17	4.5	54.5
Intermediate rural areas	153	40.9	0.0
Urban centres	61	16.3	-14.1
Total Lombardy	374	100.0	0.8


*Situation up to June 2015.

Source: DG Healthcare Lombardy Region.

Distributors of raw milk in Lombardy



Source: DG Healthcare Lombardy Region, June 2015.



previous years, distributors increased in mountain areas and decreased in plain areas, where there are half of the plants, and in cities.

Although their number cannot be easily calculated, ethical purchasing

groups play a major role over the region and their incidence on the national total was estimated to nearly 25%.

EDUCATIONAL FARMS

Since 2002, educational farms have been widely spreading in Lombardy, as a list of educational farms, as well as a Paper of quality requirements were set up. The latter was reviewed for the first time in 2014 and points out the requirements for farms recognition.

Up to July 2015, 209 operating educational farms have been calculated, meaning an increase by 3% compared to the same period of the previous year.

Educational farms are mainly based in plain areas (49.3%) and cities, where there is the most of potential customers, i.e. school groups, although they are spread the most in farms based in hill areas. Over the last year, mountain areas witnessed a huge increase (+14.6%), whereas plain areas suffered a slight decrease.

Among provinces, Bergamo ranks first as to the number of educational

Educational farms in Lombardy

Provinces	Educational farms	% change
Bergamo	57	7.5
Brescia	31	6.9
Como	11	22.2
Cremona	13	0.0
Lecco	8	0.0
Lodi	10	-9.1
Mantua	14	-22.2
Milan	19	18.8
Monza and Brianza	6	0.0
Pavia	22	-4.3
Sondrio	7	16.7
Varese	11	0.0
Altitude		
Mountain	47	14.6
Hill	59	3.5
Plain	103	-1.9
Rural areas		
Intensive and specialised agricultural areas	92	
Rural areas with overall development problems	15	
Intermediate rural areas	86	
Urban centres	16	
Total Lombardy	209	3.0

Source: DG Agriculture Lombardy Region.

farms, with 27% of regional facilities, followed by the provinces of Brescia, Pavia and Milan.

Distribution of educational farms in Lombardy



Source: DG Agriculture Lombardy Region, July 2015.



AGRICULTURE AND ENVIRONMENT

PROTECTED AREAS

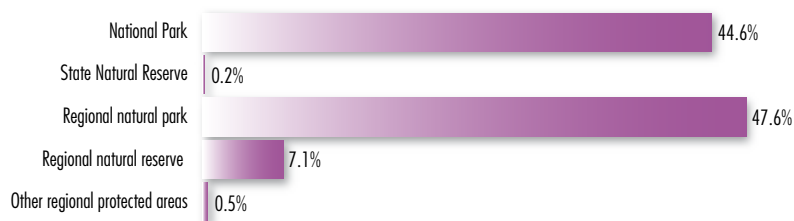
The sixth official list of protected areas (EUAP) has recorded 105 sites in Lombardy over an area of nearly 134,000 hectares, equal to 4.5% of the protected land area at national level and to 5.5% of the regional land area. As to the overall protected area, 44.6% are based in the Stelvio National Park, 47.6% in 13 regional natural parks, and 7.1% in 62 regional natural reserves. The two state's natural reserves (Bosco Fontana and Bosco Siro Negri) cover 0.2% of the total, whereas the remaining 27 protected areas (natural monuments, oasis, natural areas of local interest) cover 0.5%.

The classification of the official list is aligned with the system of protected areas in Lombardy, as laid down in the Regional Law 86/1983, which extends over 615,953 hectares (i.e. 25.8% of the regional surface) and includes other kinds of protected areas. Among these, a total of 24 regional parks are

classified according to their different nature, i.e. river, mountain, metropolitan city belt, agricultural and forestry areas; 14 of such areas fall within the EUAP list, namely the parks with the highest levels of nature and intended to be protected, pursuant to the national legislation. Worthy to be mentioned are the 92 local parks with a further interest beyond the city (PLIS) which are, with an overall area of just

below 80,000 hectares, a connecting link with the regional protected areas. The system of the protected areas in Lombardy aims at not only protecting and safeguarding biodiversity, but also recovering traditional agricultural, forestry and breeding methods proper to the rural territory. 62.3% of the regional park area are covered by forest, whereas 36% is agricultural land and involves approximately 9,000

Breakdown of surfaces of protected natural areas in Lombardy



Source: MATTM - Direction of Nature preservation, EUAP Official list of the protected natural areas, 6th updating of the 27th of April 2010.

Regional parks in Lombardy

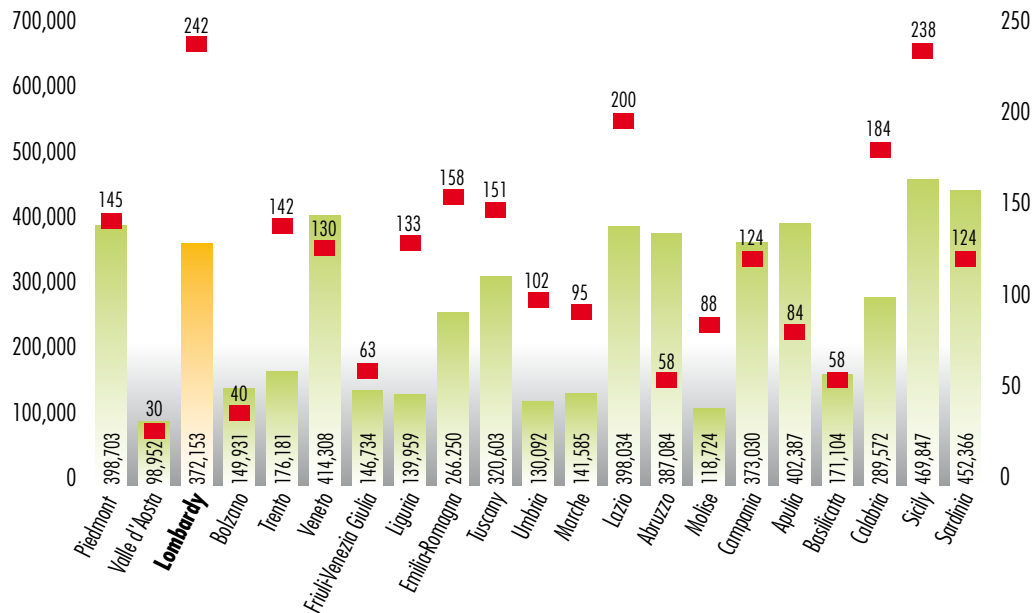
	Park (ha)	Natural area in park (%)
Parco Adamello (*)	50,935	43
Parco Adda Nord (*)	6,900	28
Parco Adda Sud	24,343	0
Parco Agricolo Sud Milano	47,055	0
Parco Alto Garda Bresciano (*)	37,452	15
Parco Campo dei Fiori (*)	6,337	24
Parco Colli di Bergamo (*)	4,683	21
Parco Grigna Settentrionale	5,541	0
Parco Groane	3,696	35
Parco Lombardo della Valle del Ticino (*)	91,618	22
Parco Mincio	15,859	0
Parco Monte Barro (*)	645	64
Parco Monte Netto	1,470	0
Parco Montevecchia e Valle del Curone (*)	2,746	74
Parco Nord Milano (*)	641	13
Parco Oglio Nord	15,173	0
Parco Oglio Sud	12,745	0
Parco Orobic Bergamasche	69,860	0
Parco Orobic Valtellinesi	44,094	0
Parco Pineta di Appiano Gentile e Tradate (*)	4,833	76
Parco Serio	7,514	0
Parco Spina Verde (*)	967	88
Parco Bosco delle Querce (*)	44	100
Parco Valle del Lambro (*)	8,179	52
TOTAL	463,329	14

(*) Regional parks within the EUAP 2010.

Source: Lombardy Region.

farms (2012 data); 47% of the latter are mainly related to livestock rearing (poultry, cattle, buffalo, pigs, sheep and goats, horse, burrowing animals). The regional protected area includes also other kinds of protected areas: wetlands and areas falling within the network Natura 2000, made up of Sites of Community's Importance (SCI), and of Special Protection Areas (SPAs). The SCI amount to 175 and cover 204,430 hectares (8.6% of the regional area), whereas the SPAs amount to 49 and extend over 277,656 hectares (11.6% of the territory). If we take into account the 18 overlapping SCI with the SPAs (sites "C"), which amount to 18 over an area of 19,769 hectares (0.8% of the territory), the network Natura 2000 overall includes 242 sites over 372,154 hectares (equal to 15.6% of the regional area). 46 sites extending over 108,773 hectares (4.6% of the territory), have been des-

Extension and number of sites Natura 2000 per Region (ha)*



*The number and the extension of sites Natura 2000 per Region was calculated by excluding the overlaps between SCI and SPA.

Source: MATTM, October 2014.

ignated as special areas of conservation (SCAs).

Specifically, about 39.6% of the areas within Natura 2000 are only involved in the SPA, 26.8% are SCI-type, whereas 32% are involved in 2 of the overall 3 types (SCI, SPA, SCI/ZPS). In bio-geographical terms, the Alps cover most of the SCI and SPA areas (84.4% and 75.5% respectively), whereas the rest of sites is based in the continental area; in particular, the SCI of such bio-geographical areas include lakes, swamplands, moorlands, home to more than 100 species of community interest. Within the network Natura

2000, there are 57 habitats, 12 of which are classified as priority, namely deemed as in jeopardy.

The management plans of the sites within “Natura 2000”, which are over the regional territory and have been approved, are 141, of which: 101 belong to managing organizations of the SCI areas, 28 are SPAs areas, 12 are SCI/SPAs areas (data issued by DG Environment Lombardy, 2015). Farms, which are based, to a different extent, in part of these areas are about 4,400 (2012 data), equal to 8% of the total farms over the region. Among these, 54.4% are livestock farms, equal to 8%

of the regional livestock farms. Moreover, since the areas within Natura 2000 and protected areas can overlap, there are about 2,500 farms based in park areas.

In order to protect the natural heritage and its biodiversity, the regional ecological network (RER) has been set up, along with the system of protected areas and the network Natura 2000, to ensure the proper eco-system-related structural and functional connections in favour of the overall system functioning. The area of RER is made up of 40% of utilized agricultural area (UAA) and 37% of forest areas; moreover,

Surface and number of protected natural land areas per class

Protected land areas (n.)	National Park	State natural reserve	Regional natural park	Regional natural reserve	Other regional protected areas	Total	% total surface of protected land areas	% surface of protected area over the territory surface
Italy	22	146	105	335	144	752	100	9,7
Lombardy	1	2	13	62	27	105	4,5	5,5

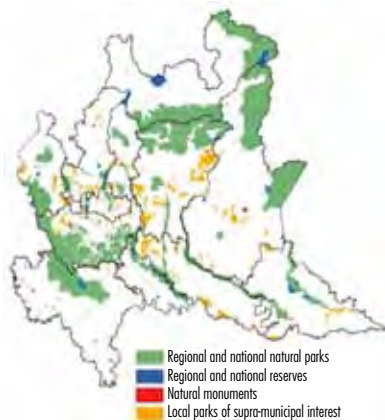
Source: MATTM - Direction of Nature preservation, EUAP Official list of the protected natural areas, 6th updating of the 27th of April 2010.

32% of hedges and rows in Lombardy's UAA are included in the RER areas. In order to promote the conservation and the protection of the habitat within Natura 2000, the region set up

the measure 12 – indemnity Natura 2000, within the framework of the programming period of rural development 2014-2020, to support farmers, by means of payment per hectare,

due to the production disadvantages arising from the compliance with the conservation measures set up for the single sites within the management plans.

Protected areas in Lombardy

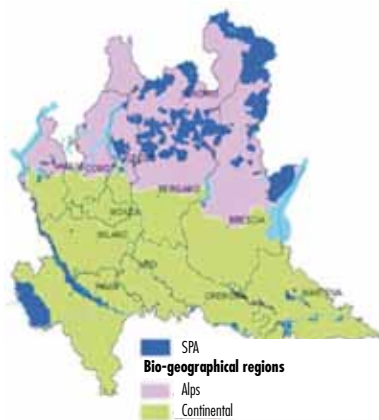


Source: Geoportal Lombardy Region.

SCI and SPA over Lombardy territory per bio-geographical region



Source: Geoportal Lombardy Region.



FOREST

Lombardy had an estimated area under forest of 622,811 hectares in 2013, equal to 26.1% of the regional area, i.e.

a share per capita (per inhabitant) of 635 square metres. The forest area is mainly based in the mountain areas

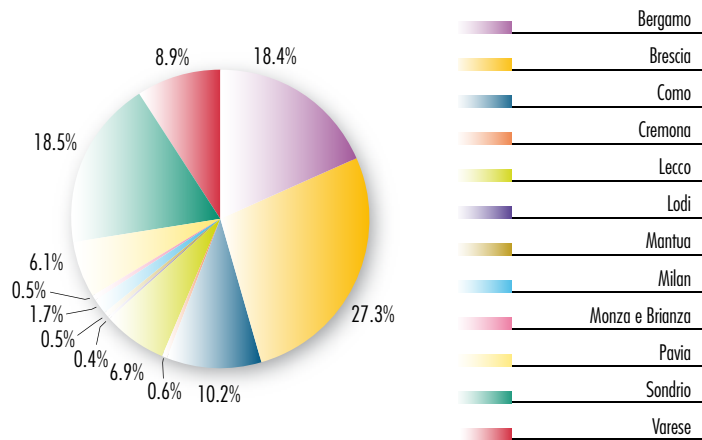
(approximately 80%) and at a lower extent in plains and hills. At provincial level, 27.3% of forests are located in Brescia, followed by Sondrio (18.5%) and Bergamo (18.4%).

The incidence of forest over the territory is higher in the mountain areas (51%), whereas it is very low in plains (4.1%). Among the provinces, Lecco ranks first as to the rate of forest cover (52.5%), followed by Como (49.3%), Varese (45.6%) and Bergamo (42.1%). Conversely, Mantua ranks last with 1.4% of the forest area, followed by Cremona (2.1%) and Lodi (3.4%).

The wooded areas increased by 1,430 hectares (+0.20%), compared to 2013, due to the natural afforestation in one-year period, where forest plantations (176 ha) and human transformation (-179 ha) are actually equivalent. The forest areas increased over all the provinces and at all altitude levels.

In 2014, the demands in wood cutting

Breakdown of wooded area per province in Lombardy, 2013



Source ERSAP, Report on the status of forests in Lombardy.

and the areas required for wood cutting annually decreased by 11.8% and 8.1% respectively. The reduction in

masses for cutting is lower and equal to -6.9% over 2013. The trends of the year differed for coppice –sharply de-

creasing- and groves –which slightly increased in terms of demand in cutting- areas and masses. Over 546,000 cubic metres demanded for cutting, 68.5% is made up of coppices, whose masses annually decreased by 11.9%. 74.6% of the cut wood is used for energy production purposes.

The overall wood production arising from forest cutting should also take into account extra-forest productions of riparian poplar and grove poplar, e.g. total 581,000 cubic metres, 18% of which for energy production purposes.

Based on the INEMAR (Inventory air emissions) estimates, the forest area of CO₂ allegedly pumps 87.9 million tons, with annual increases of 4.4 million tons.

As to forestry planning in Lombardy, there are 34 forestry plans adopted or entered in force, and 142 current forest management plans which af-

Incidence of wooded area on the territory in Lombardy, 2013

Bergamo	Territory (ha)	of which wooded area (ha)	% wooded area/territory area
Brescia	272,286	114,544	42.1
Como	478,436	170,133	35.6
Cremona	128,807	63,566	49.3
Lecco	177,057	3,639	2.1
Lodi	81,617	42,872	52.5
Mantua	78,236	2,703	3.5
Milan	233,884	3,232	1.4
Monza and Brianza	157,659	10,984	7.0
Pavia	40,549	3,418	8.4
Sondrio	296,470	38,128	12.9
Varese	321,190	114,954	35.8
Altitude area	119,871	54,639	45.6
Plain			
Hill	1,122,637	46,859	4.2
Mountain	296,362	81,999	27.7
Lombardy	967,281	493,953	51.1

Source: ERSAP, Report on the status of forests in Lombardy.

Reported cut wood and related productions in Lombardy

	2013	2014	% change 2014/13
Cut requests (n.)	23,870	21,055	-11.8
- of which groves	2,235	2,317	3.7
- of which coppices or mixed	21,635	18,738	-13.4
- of which plain	2,432	2,198	-9.6
- of which hill	5,881	5,258	-10.6
- of which mountain	15,557	13,599	-12.6
Cut area (n.)	9,847	9,051	-8.1
- of which groves	2,654	2,713	2.2
- of which coppices or mixed	7,194	6,337	-11.9
- of which plain	1,285	963	-25.1
- of which hill	1,984	1,931	-2.7
- of which mountain	6,578	6,157	-6.4
Mass for cutting (mc)	586,299	546,007	-6.9
- of which groves	156,819	172,225	9.8
- of which coppices or mixed	429,480	373,782	-13.0
- of which plain	47,969	37,663	-21.5
- of which hill	130,045	123,336	-5.2
- of which mountain	408,285	385,008	-5.7
- of which lumber	109,291	138,935	27.1
- of which for energy production	477,008	407,072	-14.7
Poplars			
Cut area	2,709	2,645	-2.3
Mass for cutting	595,670	581,929	-2.3
- of which lumber	488,517	477,289	-2.3
- of which for energy production	107,153	104,640	-2.3

Source: DG Agriculture Lombardy Region.

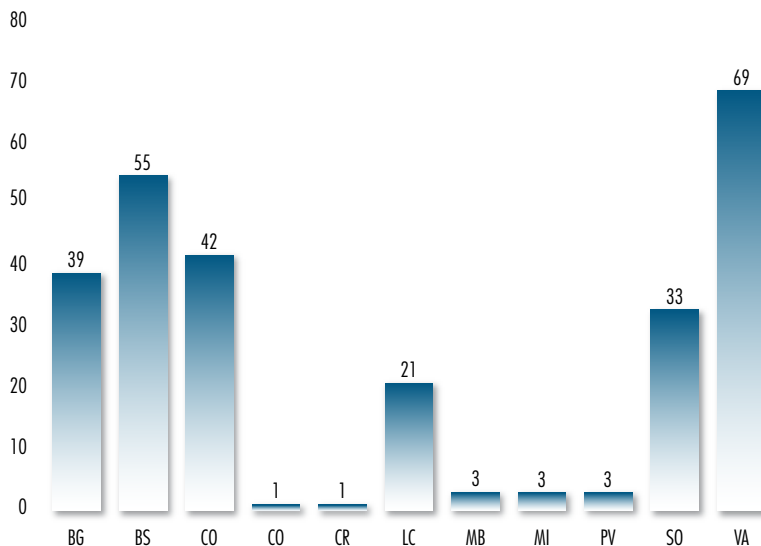
fect 49.2% and 21.8% of the regional wooded area, respectively. 20% of the forest areas in Lombardy fall within the areas of the network Natura 2000. 4,322 roads make up the regional farming-forestry-rearing network in mountain areas and reach a total length of nearly 6,000 km.

The management and the economic exploitation of forestry resources in Lombardy are carried out by 25 forestry consortia and by 270 forestry companies included in the regional list, which should be summed up to ERSAF (Regional Organization for the services related to agriculture and forests) and the forestry organizations (provinces, mountain communities, parks and reserves). In 2013, the forestry consortia managed 108,000 hectares of farming-forest-rearing areas, of which 67,500 are wooded lands, through the support of 300 workers; it has been estimated that the number

of the employees and co-workers in the forestry farms amounted to nearly 1,000 units. In 2014, the forestry-related production was equal to 96 million euro, with an added value of 62 million euro.

The regional policies in the forestry sector set out the joint action of different measures of the Rural Development Programme (RDP). Among these measures, there is the measure 221, which sets out the financing of permanent wood plants, with a medium-long cycle for the high quality wood, with a short cycle for biomass and poplar woods (806 hectares of new plants admitted for financing in 2013).

Companies enrolled in the regional register of forestry companies per province, 2015



Source: DG Agriculture Lombardy Region, updating of February 2015.

WATER RESOURCE MANAGEMENT

In 2013, Lombardy's irrigated area amounted to about 578,000 hectares, equal to 62.4% of the utilized agricultural area (UAA), a figure which sharply exceeds the national average (18.7%) and the average of the northern Italian regions. The potentially irrigable area reaches almost 678,000 hectares (73% of the UAA). The share of the area being actually irrigated over the irrigable area is approximate-

ly 85%. The regional incidence on the national irrigable UAA is 16.7%, a figure which can be up to 24% if considering the irrigated UAA only. However, the percentage of water volume being used is rather higher, equal to 42.3% of the national total, i.e. 4.7 billion cubic metres per year compared to 11.1 billion used in Italy (ISTAT data, 2010).

Only 3.8% out of the 31,000 irriga-

ble farms uses irrigation services, for an area equal to 5.5% of the irrigable area.

With respect to the different irrigation systems, run-off and lateral infiltration are the most used irrigation systems in Lombardy (57.6% of the irrigated area against 30.9% at national level), followed by the sprinkling system (25.8% below the national average), and by the submersion (14.6% above

Farms and related irrigated area - Incidence on total farms and cultivated area, 2013

	Farms with irrigated area	Irrigated area (ha)	Farms with irrigable area	Irrigated area (ha)	% farms with irrigated area out of total farms ¹	% irrigated area over UAA ¹	% irrigable area over UAA ¹
Lombardy	33,907	(ha)	37,175	678,745	69.0	62.4	73.2
Italy	720,335	2,917,649	783,647	4,074,750	49.0	23.5	32.8
Italy-North	265,035	1,963,507	286,480	2,565,736	74.0	44.5	58.2
Italy-Centre	116,533	186,308	123,416	348,386	51.9	9.1	17.0
Italy-South and Islands	338,767	767,834	373,751	1,160,628	38.1	12.9	19.5

¹ Irrigated areas include UAA and wood trees areas

Source: ISTAT

Irrigated area per irrigation system, 2010

	Irrigation system (%)				
	Surface flow and lateral infiltration	Submersion	Sprinkler	Micro-irrigation	Other system
Lombardy	57.6	14.6	25.8	1.4	0.6
Italy	30.9	9.1	39.6	17.5	2.8
Italy-North	40.8	13.4	36.4	7.7	1.7
Italy-Centre	10.1	0.5	61.8	22.0	5.5
Italy-South and Islands	12.4	1.1	42.5	39.3	4.8

Source: ISTAT - 6th General census of agriculture.

the national average). Conversely, the incidence percentage of the drip irrigation is sharply modest (1.4%).

76.8% of the regional irrigated area is supplied via aqueducts, by land reclamation and irrigation consortia or other irrigation organizations; three quarters of this area are supplied with delivery on turn-basis, the remaining part with delivery on request. 13.6% of the irrigated surface intakes from

Irrigated area per supply source of irrigation water, 2010

	Supply source					
	Ground waters in or near the farm	Surface waters in the farm (natural or artificial basins)	Surface waters out of the farm (lakes, rivers or streams)	Aqueduct, irrigation and reclamation consortium or other irrigation organization with rotating delivery	Aqueduct, irrigation and reclamation consortium or other irrigation organization with delivery on demand	Other source
Lombardy	7.4	2.3	11.3	59.1	17.7	2.3
Italy	25.5	5.1	10.0	33.2	22.5	3.7
Italy-North	15.6	3.7	11.9	42.9	23.1	2.8
Italy-Centre	47.2	14.1	15.5	6.6	12.0	4.6
Italy-South and Islands	44.0	6.4	4.3	16.2	23.5	5.7

Source: ISTAT - 6th General census of agriculture.

surface waters, while 7.4% from underground water resources.

According to the survey SIGRIAN 2009 (Information system for the management of water resources in agriculture at national level), the overall length of the network managed by irrigation organizations is about 4,500 km, calculating the main irrigation network only and putting aside the private network. Focusing on the features of the irrigation network, it can be noted that 58% of the latter has a double function of both land reclamation and irrigation. Almost all ducts are open (89.6%), while intake devices are characterized by uptake from groundwater (35%), or intake from the river (30%), from the water source (16.7%), and from the canal (14.3%).

The system of Navigli and canals constitutes one of the typical features and an element proper to Lombardy's identity. A typical aspect of the hy-

drogeological system in the regions crossed by Po river is the spring line located along the line between high and low plain; the first with permeable subsoil and the latter with water-resistant soil composition. Water from

springs flowing up to surface has a good quality and a constant temperature.

Lombardy has recently approved in its regulation the contents of the agreement between State-Regions of

Areas of irrigation and land reclamation organisations in Lombardy, 2012

Reclamation areas	Reclamation consortia	Areas ¹ (ha)	Farms*	UAA** (ha)
Est Ticino Villoresi	Est Ticino Villoresi	278,258	4,451	116,044
Muzza	Muzza - Bassa Lodigiana	72,690	1,200	51,774
Media Pianura Bergamasca	Media Pianura Bergamasca	76,000	3,198	37,326
Adda - Oglio	Dugali, Naviglio, Adda Serio	167,740	3,899	128,315
Oglio - Mella	Oglio - Mella	99,074	4,681	69,842
Mella e Chiese	Mella e Chiese	94,043	4,289	60,260
Destra Mincio	Garda - Chiese	75,565	3,335	57,599
Laghi di Mantova	Territorio del Mincio	75,455	2,228	51,994
Navarolo	Navarolo	47,792	1,983	33,676
Terre dei Gonzaga in Destra Po	Terre dei Gonzaga in Destra Po	41,219	1,688	28,518
Burana	Consorzio della bonifica Burana	17,830	606	12,333
Totale Lombardia		1,211,625	34,606	759,677

¹ Data related only to Lombardy territory. *Data up to 2010.

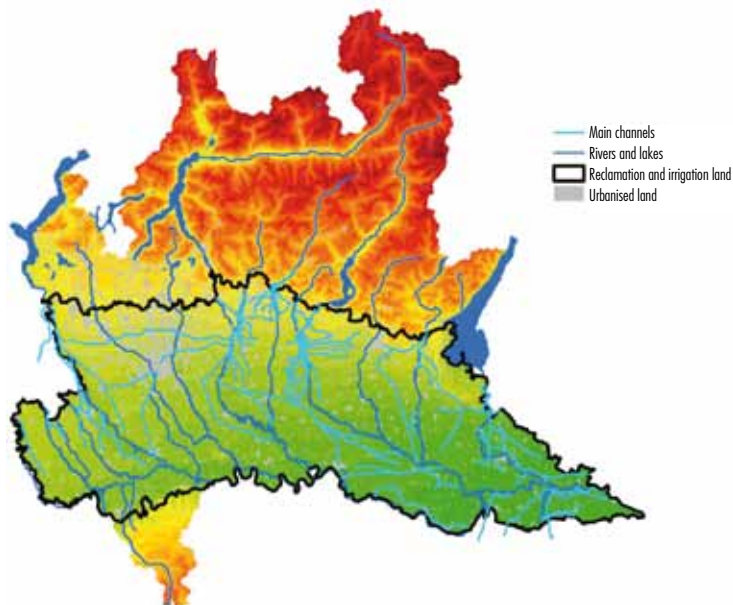
* Data 2010

** UAA included in the area, 2010 data.

Source: DG Territory, Urban planning and Defense of soil Lombardy Region

18th September 2008 which, inter alia, sets out re-bordering of the land reclamation sites, thus introducing the principle according to which in each site, there can be only one operating reclamation consortium. The legislation has led to the melting of different entities, as well as to the settlement of 12 further sites of land reclamation and irrigation, 4 of which at cross-regional level.

Boundaries of the territory within reclamation and irrigation



Source: Water resources and agriculture in Lombardy, Department of Agricultural and Environmental Sciences - Production, Territory, Agroenergy - University of Milan, February 2014.

AGRICULTURAL PRACTICES

The data taken from 6th Agricultural Census allow to highlight some of the aspects of the complex system of relationships between agriculture and en-

vironment. Within the analysed factors of agro-environmental interest, there is the management of the system soil-crop connected with crop ro-

tations, tillage and covering methods. With respect to arable lands, it is possible to highlight the incidence of different kinds of alternation systems on

Prevention practices of soil over arable lands

	Winter coverage*				Rotation*		
	% winter crops	% covering crops	% crop residuals	% no-one	% mono-culture	% free rotation	% rotation plan
Bergamo	35.2	6.8	32.6	25.3	36.6	44.2	19.2
Brescia	28.4	8.0	36.1	27.5	42.2	36.6	21.2
Como	24.7	5.1	31.3	38.9	10.0	26.1	63.9
Cremona	19.0	5.4	30.8	44.9	28.3	50.0	21.7
Lecco	21.1	1.6	60.9	16.4	7.9	66.2	26.0
Lodi	23.5	2.8	44.5	29.2	28.9	47.1	24.0
Mantua	36.4	3.9	12.1	47.6	9.0	53.6	37.4
Milan	26.7	4.1	53.0	16.2	44.2	33.6	22.2
Monza and Brianza	34.5	2.7	47.1	15.7	10.6	62.7	26.7
Pavia	11.1	3.3	63.6	22.0	39.6	33.4	27.0
Sondrio	21.8	5.3	10.4	62.4	46.0	19.5	34.4
Varese	50.6	3.5	27.9	18.0	16.9	60.2	22.9
Lombardy	24.6	4.8	37.6	33.1	30.5	42.5	26.9
Italy	50.1	3.0	14.3	32.7	13.9	45.2	40.9

* Percentages calculated on the arable lands of farms answering the survey, year 2010.

Source: ISTAT - 6th General Census of Agriculture.

the utilized agricultural area (UAA). The mono-alternation of the crops involves 30.5% of the arable UAA, a percentage which is hugely higher than the Italian average (13.9%); conversely, the percentage of rotation is quite lower compared to the national framework.

The winter soil covering is carried out in 24.6% of arable lands, with an incidence equal to the half Italian equivalent figure. 33.1% of the arable land is not affected by any form of winter soil covering, which is in alignment with the national equivalent figure.

With respect to the tillage methods, the conventional method is the most common practice, as it is adopted by 93% of arable lands in Lombardy. The minimum processing is carried out only over 3.6% of the arable land, whereas no processing method is used over 3.4% of the arable land.

In order to promote tillage methods

with a low environmental impact, Lombardy started a specific action, within the farming-environmental measures of the RDP 2007-2013, related to the application of the con-

servative agriculture methods in areas under arable crops (minimum processing and no-till seeding). Based on 2012 data, the action 214.M "Introduction and conservative agricultural

Tillage on arable crops

	Tillage*		
	% conventional	% preservation	% no-one
Bergamo	94,9	2,5	2,6
Brescia	96,5	1,9	1,6
Como	90,6	6,6	2,8
Cremona	94,2	4,2	1,6
Lecco	95,7	2,8	1,4
Lodi	92,4	6,1	1,5
Mantua	88,7	3,1	8,2
Milan	92,7	5,8	1,5
Monza and Brianza	90,6	7,0	2,4
Pavia	93,4	3,6	3,0
Sondrio	96,2	2,3	1,5
Varese	96,2	0,9	2,9
Lombardy	93,0	3,6	3,4
Italy	89,9	5,2	4,9

* Percentages calculated on the arable lands of farms answering the survey, year 2010.

Source: ISTAT - 6th General Census of Agriculture.

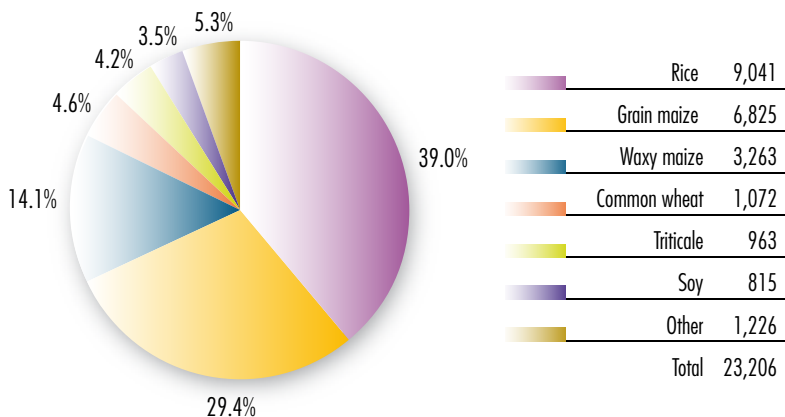
methods) is applied over about 22,500 hectares, 641 of which are under no-till seeding. The crops mainly affected by the application of such a measure are maize and rice, both with almost 40% of area, followed by common wheat, triticum (a hybrid cereal) and soy. In relative terms, the implementation of the Measure 214.M concerns about 9% of the regional area sown with rice and 3% of that one sown with maize.

Admitted surface, measure 214, action M (preservative agriculture) of the RDP of Lombardy Region, 2012

Action	Admitted surface (ha)
M.01 - Seeding without intermediate winter crop and direct injection	170.6
M.02 - Seeding with intermediate winter crop	279.6
M.03 - Seeding with direct injection	67.9
M.04 - Seeding with intermediate winter crop and direct injection	122.9
Total seeding	641.0
M.05 - Minimum tillage without intermediate winter crop and no landfill of effluents	8,207.7
M.06 - Minimum tillage with intermediate winter crop	7,763.2
M.07 - Minimum tillage with landfill of effluents	3,133.8
M.08 - Minimum tillage with intermediate winter crop and landfill of effluents	3,406.4
Total minimum tillage	22,511.0

Source: DG Agriculture Lombardy Region.

Breakdown of the requested surface per crop, measure 214, action M (pre-servative agriculture), 2012



Source: DG Agriculture Lombardy Region.



AGRICULTURAL POLICY

The regional law regulating the agricultural sector is the **regional law n. 31 of the 5th December 2008, i.e. the law of regional acts regulating agriculture, forestry, fishing and rural development (BURL) n. 50, 1st ordinary supplement of the 10th December 2008**, made up of the following sections:

SECTION I – Subject of the law.

SECTION II – Actions in the rural, forestry-breeding, agri-food and fishing sectors.

SECTION III – Breakdown of competences.

SECTION IV – Provisions concerning forestry-related areas and economy

SECTION V – Regional organization providing services to agriculture and forests (ERSAF).

SECTION VI – Phytosanitary surveillance.

SECTION VII – Provisions concerning land reclamation and irrigation.

SECTION VIII – Provisions concerning the picking, farming and sale of under- and

above-ground mushrooms (truffles).

SECTION VIII (b) – Penalty provisions in the application of EU regulations concerning the common agricultural market, especially the wine-growing market.

SECTION VIII (c) – Provisions concerning the control over the potential of wine production.

SECTION VIII (d) – Provisions concerning the nitrogen-fertilizers in the agricultural sector, including livestock manure, vegetable waters from oil mills and wastewater resulting from farms and small-size agri-food enterprises.

SECTION IX – Provisions concerning the increase and the protection of fish stocks and the fishing practice in the regional waters.

SECTION X – Regional regulation of farm accommodation.

SECTION XI – Provisions concerning public use.

SECTION XII – Final provisions.

The recent amendments to the aforementioned law are the following:

- **regional law n. 20 of the 8th July 2015** – Simplification law 2015 – Institutional and economic fields;
- **regional law n. 19 of the 8th July 2015** – Reform of the system of regional competences and provisions concerning the recognition of the specific features of mountain areas implementing the law n. 56 of the 7th of April 2015 (Provisions concerning metropolitan cities, provinces and joint municipalities);
- **regional law n. 16 of the 25th of May 2015** – Amendments and supplements to Section VIII, 1st paragraph, of the regional law n. 31 of the 5th December 2008 (Law of the regional acts regulating agriculture, forestry, fishing and rural development) concerning the picking of aboveground mushrooms;
- **regional law n. 30 of the 26th of November 2014** – Supplements to the regional law n. 31 of the 5th of

December 2008 (Law of regional acts regulating agriculture, forestry, fishing and rural development). Establishment of the following bank: Banca della Terra Lombarda.

- **regional law n. 19 of the 8th of July 2014** – Provisions concerning the rationalization of the regional measures within the institutional, economic, healthcare and territorial areas;
- **regional law n. 14 of the 3rd of April 2014** – Amendments to the regional law n. 17 of the 21st of November 2011 (Participation of Lombardy Region to the shaping and the implementation of the European Union's legislation). EU regional law 2014 (European regional law 2014) – Provisions concerning the fulfilment of obligations of Lombardy deriving from the Italian belonging to the European Union: implementation of the directives 2005/36/

EC, 2006/126/EC, 2011/92/EU, 2009/147/EC, 2011/36/EU and 2011/93/EU;

- **regional law n. 13 of the 25th of February 2014** – Amendments to the regional law n. 31 of the 5th of December 2008, (Law of regional acts regulating agriculture, forestry, fishing and rural development) regulating agricultural cooperation.

RECENT REGULATIONS

- **Regional regulation n. 4 of the 12th of May 2015** – Amendment to the article 14 of the regional regulation n. 3 of the 8th of February 2010 – Regulation of hydraulic cleaning, pursuant to the article 85, 5th paragraph, of the regional law n. 31 of 5th of December 2008 – “Law of regional acts regulating agriculture, forestry, fishing and rural development”;
- **Regional regulation n. 5 of the 9th**

of December 2013 – Regulation governing the protection of fish and fishery activities in the Garda Lake;

- **Regional regulation n. 1 of the 8th of June 2012, n. 1** – Regulation of the selection procedure of land reclamation consortia, pursuant to the article 82 of the regional law 31/2008 and to the article 2 of the regional law 25/2011;
- **Regional regulation n. 1 of the 14th of February 2011** – Amendments to the regional regulation n. 5 of the 20th of July 2007 “Regional forestry rules implementing the articles 50, 4th paragraph, of the regional law n.31 of the 5th December 2008 (Law of regional acts regulating agriculture, forestry, fishing and rural development)”;
- **Regional regulation n. 7 of the 19th of December 2011** – Amendments to regional regulation n. 4 of the 6th of May 2008 “Implementing rules of

the section X of the regional law n. 31 of the 5th December 2008 (Law of regional acts regulating agriculture, forestry, fishing and rural development)”;

- **Regional regulation n. 1 of the 19th of January 2010** – Amendments to the regional regulation n. 5 of the 20th of July 2007 “Forestry rules implementing the article 11 of the regional law n. 27 of the 28th of October 2004 (Protection and enhancement of the areas, landscape and forestry economy)”;
- **Regional regulation n. 3 of the 8th of February 2010** – Regulation of hydraulic cleaning pursuant to the article 85, 5th paragraph, of the regional law n. 31 of the 5th of December 2008 “Law of the regional acts

regulating agriculture, forestry, fishing and development”;

- **Regional regulation n. 4 of the 8th of February 2010** – Amendments to the regional regulation n. 9 of the 22nd of May 2003 “Implementation of the regional law n. 12 of the 30th of July 2001 “Rules of the increase and protection of fish and fishing practice in the waters within Lombardy Region”;
- **Regional regulation n. 8 of the 27th of September 2010** – Regulation implementing the article 54, 9th paragraph, of the regional law n. 31 of the 5th of December 2008 (Law of the regional acts regulating agriculture, forestry, fishing and development), identifying mere maintenance works related to forests: even

if they do not change the natural context, they are not actually comparable to plants or building works, falling within the range of rules concerning public works and price ceilings’ specification;

- **Regional regulation n. 7 of the 28th of December 2009** – Amendments to the regional regulation n. 4 of the 6th of May 2008 “Implementation of the regional law n. 10 of the 8th of June 2007, (Regional regulation of farm accommodation)”
- **Regional regulation n. 4 of the 6th of May 2008** – Implementing rules of the section X of the regional law n. 31 of the 5th December of 2008 (Law of the regional acts regulating agriculture, forestry, fishery and rural development).

The texts above can be found at the following website link:

<http://normelombardia.consiglio.regione.lombardia.it/NormeLombardia/Accessibile/main.aspx>

REGIONAL AGRICULTURAL SPENDING

Over the period 2009-2012, the overall amount of public funds to the regional agricultural sector was 1,463 million euro in average, 75.8% of which (equal to 1,109 million euro)

was made up of funds from agricultural policies and the remaining 24.2% from social security contributions and tax benefits (353 million euro). The main actors enacting the re-

gional policies related to agriculture are the Region – whose budget contributes to more than 20%, AGEA (OPR - Organismo pagatore regionale della Lombardia) (51.4%) and MIPAF

Consolidation of support of agricultural sector in Lombardy (mill. euro)

	2009	%	2010	%	2011	%	2012	%	2009-12 Average	%
Agea/OPR Lombardia	846	53,8	617	46,0	786	50,4	762	55,3	753	51.4
MIPAAF	71	4,5	63	4,7	58	3,7	50	3,6	61	4.1
Ministry of productive activities	0	0,0	0	0,0	0	0,0	0	0,0	0	0.0
Sviluppo Italia - ISMEA	0	0,0	0	0,0	0	0,0	0	0,0	0	0.0
Lombardy Region*	316	20,1	330	24,7	310	19,9	228	16,6	296	20.3
Total Transfers	1,233	78,4	1,010	75,4	1,154	74,0	1,040	75,5	1,109	75.8
Tax credit	0	0,0	0	0,0	0	0,0	0	0,0	0	0.0
VAT	38	2,4	43	3,2	53	3,4	52	3,8	47	3.2
Fuel subsidies	144	9,1	137	10,2	154	9,9	128	9,3	141	9.6
Reductions in income tax	41	2,6	39	2,9	68	4,4	52	3,8	50	3.4
Reduction in the local property tax	9	0,5	9	0,7	9	0,6	0	0,0	7	0.5
Benefits in regional business tax	24	1,5	25	1,9	28	1,8	23	1,7	25	1.7
Benefits of social and security contributions	85	5,4	77	5,7	94	6,0	83	6,0	85	5.8
Total benefits	341	21,6	329	24,6	406	26,0	338	24,5	353	24.2
Overall Total	1,573	100,0	1,340	100,0	1,560	100,0	1,378	100,0	1,463	100.0

*Overall payments after taxes of the regional co-financing share within RDP, listed as OPR Lombardy

Source: CREA, Database of public expenditure in agriculture.

(4.1%). Funds from agricultural policies slightly increased compared to the previous 2 years, amounting to 75.5% in 2012.

As for the previous years, also in 2012, the economic and financial crisis influenced the regulatory and financial measures both nationally and regionally and negatively affected the autonomous financial- and decision-

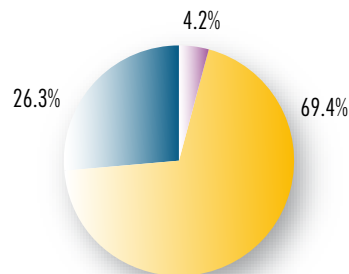
making, as well as subsequent decreases in expenses in different production sectors, including agriculture. As the matter of fact, the agricultural expenditure in Lombardy tends to decrease as to the percentage on the added value, from 9.5% in 2011 to 7.2% in 2012; such decrease can be found also at national level even if at a lower extent. In particular, in 2012,

Payments to the agricultural sector and % incidence on the regional agricultural added value (mill. euro)

	2009	%	2010	%	2011	%	2012	%
Lombardy	317.9	10.8	339.5	11.4	322.4	9.5	252.4	7.2
North-West	579.0	11.1	528.5	10.1	501.7	8.6	423.5	7.1
North-East	543.4	7.8	534.5	7.5	560.6	7.1	477.3	5.9
Centre	251.5	5.4	251.0	5.4	188.6	3.8	254.2	5.0
South	1,057.6	15.2	813.1	11.5	740.2	9.3	700.2	8.7
Islands	657.4	15.2	971.2	22.7	1,286.1	30.2	716.1	16.0
Italy	3,089.0	11.0	3,098.3	10.9	3,277.3	10.6	2,571.3	8.1

Source: CREA, Database of the public expenditure in agriculture.

Balance of agriculture in Lombardy per type of resources, 2012



Eu funds	15,161.6
Public funds	248,870.6
Regional funds	94,450.8
Total funds	358,483.0
(000 €)	

Source: CREA, Database of the public expenditure in agriculture.

the overall payments for the agricultural sector in Lombardy generated a total funding equal to just above 252 million euro, compared to approximately 322 million euro in 2011.

Given the origin of funds to the primary sector in Lombardy, as to its own regional budget only, 69.4% of which are public funds, whereas

26.3% are regional funds and 4.2% from EU funds.

In 2012, the item outweighing the most in the regional expenditure (total payments) related to agricultural policies measures is “business management” (31.5%), i.e. aids for the management of farms/income aids, followed by payments to items as

“Technical assistance and research” (20.7%), “Investments in forestry activities”, (12%) and “business investments” (7%).

Compared to 2011, it can be noted that the Breakdown of the subsidies remained quite unchanged, except for the percentage of some items; as the matter of fact, the share of investments to be allocated to “business management” remained quite stable (from 31.6% in 2011 to 31.5% in 2012, just above 101 million euro), whereas the share of payments allocated to technical assistance and research decreased by 10% with about 67 million euro compared to 99 million euro in 2011, with a percentage equal to 30.7% in 2011 and 20.8% in 2012.

With respect to the indicators of the efficient spending, in 2012 it can be noted a good efficiency of administration, above all as to the ability of Lombardy to cope with allocations

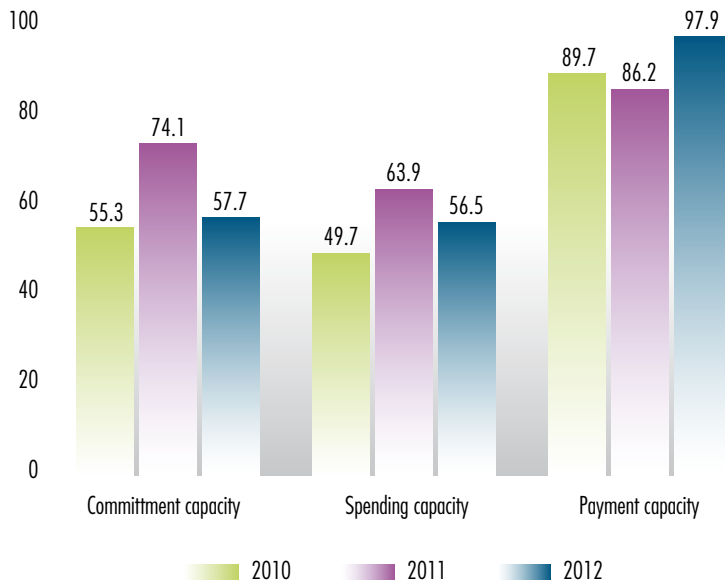
Breakdown of total payments per functional economic allocation, 2011-2012

Functional economic allocation	2011		2012	
	Total payments	%	Total payments	%
Business management	101.84	31.59	101.62	40.27
Technical assistance and research	99.07	30.73	66.92	26.52
Forestry activities	47.11	14.61	38.68	15.33
Business investments	33.38	10.35	22.37	8.86
Other	31.95	9.91	18.36	7.28
Infrastructures	7.63	2.37	2.58	1.02
Promotion and marketing	1.37	0.42	1.81	0.72
Hydrogeologic safeguarding	0.04	0.01	0.01	0.00
	322.39	100	322.39	100

Source: CREA, Database of the public expenditure in agriculture.

and commitments planned in the budget compared to the actual payments, which reached almost 98% in 2012.

Efficiency indicators of expenditure in Lombardy (%)



Source: CREA, Database of the public expenditure in agriculture.

With respect to the allocations for proper farmers within the direct payments of the First Pillar of the CAP 2014, Lombardy allocated less than 495 million euro. Compared to 2013, the allocated funds slightly increased (+0.5%) against 3% drop in beneficiary farms. In average, each farm was allocated over 14,700 euro, a sum which increased compared to the previous year (+3.4%).

Over the overall EAGF spending for direct payments allocated by Italy in 2014, the overall funds to Lombardy represent 12.7%, meaning a slight increase compared to 2013 (12.4%).

With respect to the distribution of farms over the territory, the province of Brescia ranks first, where there are 25.6% of beneficiaries, followed by the province of Mantua, with 21.25%. In terms of financial resources, the most prominent province is Pavia with 20.2% of the sum allocated to the

region, followed by Mantua (19.1%) and Brescia (18.9%). Consequently, the average allocation per farm as well as highly varies according to provinces, ranging from minimum 3,089 euro – average in the province of Sondrio – to maximum 28,274 euro – average in the province of Lodi. Allocations much higher than the national average can be found in the provinces of Pavia (24,408 euro), Cremona (23,328 euro) and Milan (19,951 euro). Payments much lower than the national average can be found in the provinces of Lecco (4,547 euro), Como (5,018 euro) and Varese (5,363 euro).

As to the sum allocated in 2014, 463 million euro of which, equal to 93.65% of the total, are the value of single payment entitlements (SPS). The remaining part is related to the specific allocations envisaged by the article 68 of the regulation (EC) n. 73/2009. Only the provinces of Sondrio and Pa-

via differ from such framework: in the first province, the single payment represents 85.8%, while payments related to insurance (6.7%) and the improvement of milk quality outweigh within the article 68; in the latter, the single payment reaches 97%.

With respect to payments according to the measures listed in the article 68, it should be worthy recalling that a new aid for potato entered in force in 2014, which is not significant in the region and reaches 0.7% of payments within the article 68 and just 0.04% of the total direct payments to be allocated. Among the most outstanding measures of the article 68, it can be noted the payment to milk, which scored 59.5% of the spending according the regional article 68 (increasing by over 10% compared to 2013), equal to 18-million-euro expenditure. An amount of 3.7 million tons of milk was considered eligible for aid, equal to

46.1% of the amounts entitled for aid at national level. The provinces less eligible for aid are Brescia and Cre-

mona, which scored together 52.6% of the regional spending due to their size, followed by the provinces of

Mantua (17.7%) and Lodi (9.6%). There are then the allocations for insurance premiums, which, in spite of

Payments allocated in 2014 in Lombardy (net modulation) - euro

	N. farms	RPU titles	Reg. article 68 (EC) n. 73/2009				Total direct payments
			Total Article 68	of which contribution to insurances*	of which aids to milk quality	of which aids to beef meats quality	
Bergamo	3,017	24,930,780	2,011,361	165,407	1,374,875	335,416	26,937,561
Brescia	8,592	86,822,523	6,795,759	573,951	4,672,217	1,368,637	93,755,073
Como	890	4,184,592	279,802	19,100	144,773	80,223	4,466,285
Cremona	3,622	78,132,801	6,116,554	930,527	4,801,017	119,642	84,498,627
Lecco	460	1,922,726	165,814	10,859	93,278	42,731	2,091,654
Lodi	1,097	28,762,000	2,212,429	305,232	1,730,678	127,804	31,016,584
Mantua	7,111	87,041,148	7,070,900	1,481,743	3,195,669	1,329,593	94,472,751
Milan	2,085	38,666,338	1,943,267	572,498	1,174,247	164,077	40,764,430
Monza and Brianza	426	3,470,659	113,658	31,914	55,676	23,501	3,590,181
Pavia	4,103	97,105,439	2,496,305	1,657,566	372,215	328,937	100,144,681
Sondrio	1,379	3,654,544	513,356	283,311	182,711	6,817	4,260,014
Varese	518	2,583,825	193,225	10,286	157,573	21,579	2,777,791
Total Lombardy	33,300	457,277,374	29,912,429	6,042,395	17,954,930	3,948,958	488,775,631
Outside Region	283	5,684,198	325,226	229,126	50,352	27,060	6,083,139
Total	33,583	462,961,572	30,237,655	6,271,520	18,005,282	3,976,018	494,858,770

* Including national funds and national co-financing quota.

Source: calculations based on DG Agriculture data Lombardy Region.

the halving financial resources compared to the previous year (amounting to about 6.3 million euro), represent just below 21% of the regional spending within the article 68. Pavia (26.4%) and Mantua (23.6%) are the major beneficiaries.

Pursuant to the article 68, 13% of resources fall within the measure related to the improving of beef meat quality. The paying agency Lombardy had 97.134 heads eligible for premium (11.6% of the national total), 96% of which are intended for slaughtering of livestock reared in compliance with an optional labelling specification approved by the Ministry of Agriculture, Food and Forestry policies (MIPAAF) (equal to 15% of

the national total). In terms of financial resources, the share of slaughtering decreased to 89% of the regional total within the article 68 as to cattle, whereas the premium for calves born in multiple-deliveries and from dairy/meat cows reaches 9% (2.1% in terms of heads), thanks to the higher unit value of such premium. The allocations for beef-meat quality are more concentrated over the territory compared to other kinds of aid; as the matter of fact, the main beneficiary provinces (Brescia and Mantua) scored almost 68% of the total, followed, on the extreme opposite, by Pavia and Bergamo, which together sum up almost 17% of the total.

Other payments of the article 68 (ol-

ive oil, sugar, sheep and goats, potatoes and alternation measure) reach just below 2 million euro. Within the system of milk quotas in the campaign 2014/2015, the national output exceeded the reference national amount, reaching 11 million tons. Lombardy ranks first as to milk production with 41.9% of the total. As to the aid to wine-growing sector, which is another outstanding sector, Lombardy was entitled to receive 10.5 million euro, equal to 3.9% of financial resources allocated to regions (270.8 million euro). 52% of such amount is intended for vineyard restructuring and conversion, followed by the promotion on third-country markets (29%) and investments (19%).

RURAL DEVELOPMENT PROGRAMME (CAP - SECOND PILLAR)

The total financial endowment of the public spending for the implementation of the rural development programme (RDP) 2007-2013 amounted to 1,026,027,304 euro; 46%, equal to 471,110,000 euro, represents the

EAFRD quota, whereas the remaining share is the national quota of the public and regional resources. The progress of the public spending up to the 31st of December 2014 amounted to over 932 million euro, which

is about 78% of the planned amount. Lombardy exceeds the average of regions (82.3%) which belong to the competitiveness area, thus ranking second in the progress list after the independent province of Bolzano.

Financial execution of the RDP of Lombardy Region (euro)

Axis/measures	Payments 2014		Progressing status up to 31/12/14		% progress up to 31/12/14 (EAFRD)
	Public expenditure	of which EAFRD	Public expenditure	of which EAFRD	
Axis 1					
Meas. 111 - Training, information and raising awareness	1,737,671.17	776,739.01	5,836,247.33	2,596,284.58	66.26
Meas. 112 - Start-up of young farmers	253,721.83	65,790.97	25,934,048.81	11,457,979.30	98.59
Meas. 113 - Early pensions	-	0.00	32,762.09	14,022.14	100.00
Meas. 114 - Advisory services	-	0.00	13,699.96	6,123.88	100.00
Meas. 115 - Setting up management, aid and consulting services	-	0.00	187,593.26	82,240.70	100.00
Meas. 121 - Modernising on farms	19,431,160.35	8,928,889.17	200,914,618.95	95,105,851.26	92.92
Meas. 122 - Making better economic use of forests	1,741,477.11	778,440.27	8,333,084.88	3,727,844.46	95.28
Meas. 123 - Increasing value added of farm products	8,606,614.57	3,847,156.72	49,307,596.66	21,974,292.50	79.02
Meas. 124 - Cooperation	1,845,648.15	825,004.72	3,430,759.23	1,533,611.66	62.10
Meas. 125 - Improvement and development of infrastructures	14,513,802.96	7,103,606.82	52,432,312.28	25,561,074.81	78.49
Meas. 126 - Restoring potential of farm output	-	0.00	13,221.00	5,658.77	100.00
Meas. 132 - Support for farmers participating in quality systems	917,168.92	408,799.46	2,038,622.10	909,342.87	90.18
Meas. 133 - Information and promotion of quality products	-	0.00	2,186,639.37	978,166.51	100.00
TOTAL AXIS 1	49,047,265.06	22,734,427.14	350,661,205.92	163,952,493.44	87.80

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»»»» segue *Financial execution of the RDP of Lombardy Region (euro)*

Axis/measures	Payments 2014		Progressing status up to 31/12/14		% progress up to 31/12/14 (EAFRD)
	Public expenditure	of which EAFRD	Public expenditure	of which EAFRD	
Axis 2					
Meas. 211 - Indemnity favouring farmers in mountain areas	5,712,941.30	2,376,350.85	74,293,560.02	32,551,824.43	104.01
Meas. 214 - Agri-environmental payments	31,725,214.66	14,821,121.05	261,363,970.36	119,752,259.61	94.30
Meas. 216 - Non-productive investments	1,520,811.98	669,157.27	18,286,728.94	8,046,160.71	82.59
Meas. 221 - Forestation of farm land	10,409,346.09	4,558,212.11	76,856,165.22	33,791,156.37	105.09
Meas. 223 - Forestation of non-agricultural land	50,480.58	22,211.46	351,864.02	154,820.17	57.01
Meas. 226 - Reconstitution of forest potential	4,847,413.22	2,132,861.82	21,279,444.70	9,362,955.62	84.25
TOTAL AXIS 2	54,266,207.83	24,579,914.56	452,431,733.26	203,659,176.91	96.26
Axis 3					
Meas. 311 - Diversification into non-agricultural activities	4,221,780.89	1,818,421.22	47,343,355.07	21,098,112.94	82.99
Meas. 312 - Support to start up and develop micro-businesses	148,728.02	66,511.17	2,465,978.99	1,102,806.90	102.84
Meas. 313 - Incentives for tourist activities	309,019.99	138,193.73	4,436,060.28	1,983,945.83	75.22
Meas. 321 - Essential services to economy and rural population	538,091.03	240,634.31	10,466,702.60	5,287,849.92	73.12
Meas. 323 - Protection and requalification of rural heritage	3,624,681.17	1,620,957.42	19,789,001.06	8,850,030.43	86.47
Meas. 331 - Training and information	337,216.30	150,803.13	1,092,875.56	488,733.97	67.94
TOTAL AXIS 3	9,179,517.40	4,035,520.98	85,593,973.56	38,811,479.99	82.02
TOTAL AXIS 4	14,393,142.74	6,332,982.80	34,044,925.20	14,979,767	73.23
Technical assistance	2,817,509.90	1,239,704.35	9,681,827.60	4,246,865.40	84.64
TOTAL	129,703,642.93	58,922,549.83	932,413,665.52	425,649,782.79	90.83

Source: calculations based on DG Agriculture data Lombardy Region.

The Axis 2, whose goal is the promotion of sustainable agriculture- and forestry- development, along with the protection of biodiversity, the enhancement of landscape and the development of renewable energy sources, has a financial execution exceeding 96%, followed by the measures of the Axis 1 with 87.8%. The measures of the further 2 axes, Axis 3 and Axis 4, underwent a clear increase in spending in 2014, amounting to 82% and 73.2% compared to 74.1% and 42.3% in the previous year. In 2014 the public expenditure amounted to about 130 million euro and the allocation of most resources concerned the measure 214 “Agro-environmental payments” (over 31 million euro), followed by the measure 121 “Modernizing farms” (about 20 million euro). As over the previous years, in 2014 the Axis 3 was recovering as to the allocated public

Progressing state of RDP payments in the Italian Regions (euro)

Area	Programme	RDP payments*	RDP payments planned in 2007-2013	Progressing status (%)*
Competitiveness	Abruzzo	319,110,356.22	426,327,617.00	74.85
	Bolzano	311,135,991.79	330,192,026.00	94.23
	Emilia Romagna	941,992,921.90	1,158,267,188.00	81.33
	Friuli Venezia Giulia	218,769,076.31	265,683,479.00	82.34
	Lazio	554,549,017.04	700,623,682.00	79.15
	Liguria	245,417,610.84	288,171,302.00	85.16
	Lombardy	932,413,665.52	1,026,568,657.00	90.83
	Marche	381,795,105.54	482,282,568.00	79.16
	Malise	166,437,183.99	206,585,015.00	80.57
	Piedmont	787,843,022.73	974,087,993.00	80.88
	Sardinia	1,022,543,859.28	1,284,746,988.00	79.59
	Tuscany	711,991,274.63	870,527,329.00	81.79
	Trento	240,079,117.39	278,764,791.00	86.12
	Umbria	609,948,570.74	786,904,257.00	77.51
	Valle d'Aosta	101,960,423.35	123,666,100.00	82.45
	Veneto	883,244,467.30	1,042,158,575.00	84.75
Convergence	Total	8,429,231,664.59	10,245,557,567.00	82.27
	Basilicata	496,180,624.46	656,000,886.00	75.64
	Calabria	868,127,784.05	1,087,508,918.00	79.83
	Campania	1,408,958,189.08	1,812,017,280.00	77.76
	Apulia	1,286,780,240.61	1,595,085,909.00	80.67
	Sicily	1,716,964,641.87	2,172,173,960.00	79.04
	Total	5,777,011,480.07	7,322,786,953.00	78.89
	National Rural Network	65,936,873.04	82,919,766.00	79.52
TOTAL ITALY		14,272,180,017.70	17,651,264,286.00	80.86

* Situation up to 31st December 2014.

Source: calculations based on data by National Rural Network.

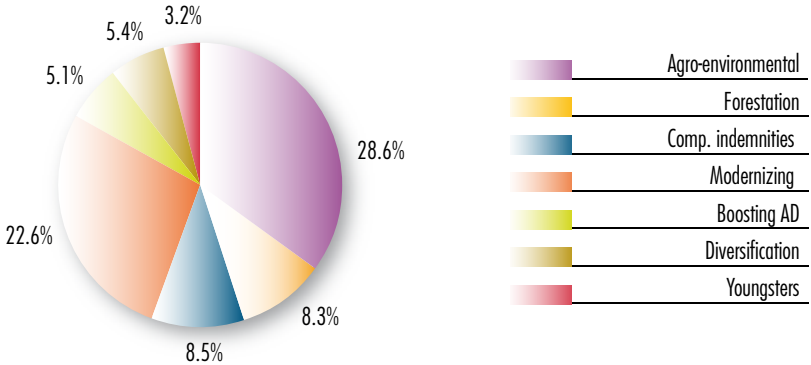
spending, amounting to over 9 million euro.

The validated spending over 2014 mainly refer to ordinary measures, since the commitments related to the previous programming basically ran

out, except for the 20-year commitments of the measure 221 and some commitments of the measure 214. The state of progress of payments does not imply for Lombardy the risk of de-commitment based on the rule

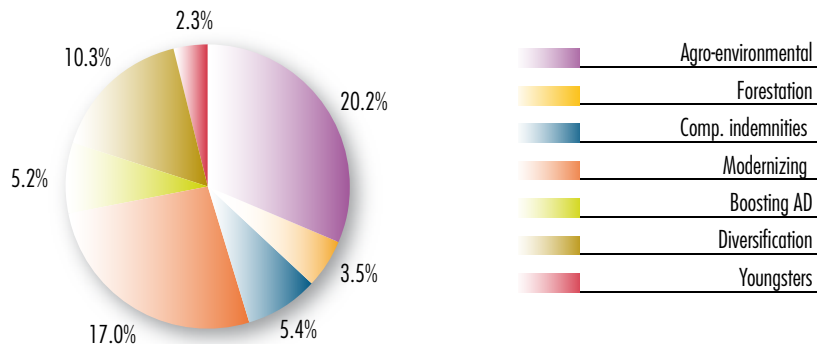
n+2. The new Rural Development Programme (RDP) overall provides 1,157 billion euro for the 7-year period 2014-2020, exceeding 133 million euro compared to the previous programming.

Percentage breakdown of public expenditure of RDP allocated per measure, 2007-2013



Source: calculations based on DG Agriculture data Lombardy Region.

Percentage breakdown of public expenditure of RDP allocated per measure, 2014



Source: calculations based on DG Agriculture data Lombardy Region.



GLOSSARY

Aggregated index of competitiveness

It is an index involving many different aspects of the firm competitiveness, due to groups of factors. The first group of factors includes the structural features, as the economic size, the physical size or the firm's herd; the second group takes into account the conditions of the productive factors, such as the availability of work, land and capital; in the third group are included the factors of relationship with the market, both in terms of hesitation of the firm's products (output), and in terms of finding the factors of production (input); in the last group it is included the public aid earmarked to the farms and the level of taxation. In order to establish an aggregated index of competitiveness, the various variables have undergone a standardization procedure, that is, they have been led back to common field of variation, and then aggregated

by groups, these latest connected to the final index.

Agritourism (farm stays)

The most common multifunctional activity for Italian farms. In addition to lodgings and hospitality services, agritourism includes, in accordance with Law 96/06, recreational, cultural and educational activities, sports, hiking, horseback riding, and the tasting of farm products, including wine. Meals and drinks are to consist mainly of farms' own products and products of farms in the area, with preference for typical, quality (PDO and PGI) and traditional products.

All-inclusive tariff

Disbursement of a monetary benefit, differentiated by source, paid per net kWh of electricity fed into the network. Unlike the tariff for photovoltaic energy and Green Certificates, which

provide incentives for all energy produced (including own-consumption), the tariff is only paid for electricity actually sold to the grid, net of internal consumption. The producer who benefits from the all-inclusive tariff does not have the right to sell the energy produced, and thus waives any further economic consideration, as opposed to the economic benefit of Green Certificates, which is added to the proceeds from the sale of electricity.

AWU – Annual Work Unit

The AWU is equivalent to the contribution of at least 2,200 hours/year for a family worker and 1,800 hours/year for a wage-earner.

Bio-geographical regions

The European Union is divided into the following nine bio-geographical regions, or geographical areas with homogeneous ecological character-

istics: Atlantic, Continental, Alpine, Mediterranean, Boreal, Macaronesian, Pannonian, Steppic and the Black Sea region. Italian territory is affected by Alpine, Continental and Mediterranean regions. The effectiveness of the Natura 2000 network for the conservation of habitats and species is assessed at the bio-geographical level, independently from political and administrative borders.

CAP – Common Agricultural Policy

Constitutes one of the most important policies of the European Union and aims to increase the productivity of agriculture, ensure a fair standard of living for the agricultural community, stabilise markets, guarantee the safety of supplies and ensure reasonable prices for consumers. Includes measures of market support, direct aid to producers and support measures for the development of rural areas.

CAP – FIRST PILLAR

Is the part of the CAP that funds via the EAGF the payments for farmers and the management measures of farmers' markets implemented within the COM.

CAP – SECOND PILLAR

Is the part of the CAP that funds the rural development measures via the EAFRD.

Capacity for commitment

Index expressing the ratio between commitments and allocations.

Capacity for payment

Index expressing the ratio between payments and commitments.

Chain indexes

The chain index is the system of evaluating production and prices in real terms. The chain index consid-

ers changes in price or volume, not only in the values of the variables in the current and base years, but also with respect to the overall trend in the whole time interval examined.

CMO - Common Market Organisation

Designed to achieve the objectives of the CAP, a set of measures to manage the market of a given agricultural product (production and trade), based on respect for principles of uniqueness of agricultural markets, financial solidarity and Community preference. Reg (EC) No. 1234/2007 on organising the so-called Single CMO has integrated the twenty-one previous CMOs.

Degree of mechanization of fields (KW/SAU)

It indicates the degree of farm's mechanization in terms of power, expressed in KW, which is available per hectare of used agricultural area. A relatively

high value of this index compared to the average datum of similar firms can highlight, in many cases, an excessive mechanization.

Department store

Retail business that has a sales area of over 400 sq. m. and a minimum of 5 distinct departments (as well as any adjoining food department), each for the sale of items belonging to different product sectors and mostly for broad consumption.

Depreciation and amortisation

Through amortisation, the long-term cost of assets and breeding are spread over several years in terms of their economic lifetime. Calculated according to the criterion of replacement value for plantations (including forestry plantations), buildings, fixed plants, land improvements, machines and tools.

Direct sales

Sale to the final consumer on the farm, with stands – or allowing the gathering of produce from trees and gardens (“pick your own”) – and at outside points or through innovative forms, such as: mail order (by catalogue); e-commerce (selling via Internet); delivery to individuals or organised groups of consumers, such as collective buyer groups; sale through public spaces provided by local government, so-called farmers’ markets; vending machines in urban areas selling raw milk, fresh orange juice, portions of fresh fruits and vegetables.

Discount

Point of sale that contains a limited assortment of foodstuffs and household items at very affordable prices. Size varies between 300 and 1,000 square metres and the basic layout offers minimum service.

DOC – Controlled Designation of Origin

Awarded to wines produced in limited areas (small and medium-size), which carry their geographical name.

DOCG – Controlled and Guaranteed Designation of Origin

Awarded to wines of special quality, nationally and internationally known, produced in areas of limited size (few municipalities).

EAFRD – European Agricultural Fund for Rural Development

Replaced the EAGGF along with FEAGA; it supports European policy on rural development, by funding programs of the Member States and regions of the European Union.

EAGF – European Agricultural Guarantee Fund.

Operating since 2007, it replaced the

“guarantee” section of the former European Agricultural Fund (EAGGF), and co-finances, among other things, measures to regularise agricultural markets and direct payments to farmers.

EBITDA – Earnings before interest, taxes, depreciation and amortisation
Indicator of profitability of a farm based on its type of management, ie before interest (financial management), taxes (fiscal management), depreciation of assets and amortisation.

Educational farms

Farms with an agritourism certificate, dedicated to educating consumers and in particular young children about aware consumption and respect the environment, offering opportunities to learn about farming activities and food cycle, animal and plant life, trades and also about the social role of

farmers and the territory.

Intermediate rural areas

make up the Area c) within the classification of areas under the RDP of Lombardy Region: they are different areas, which show sometimes particular situations contrasting their development, and include relatively rural municipalities based in hill and mountain (with rural population between 15% and 50% of the total population) and urbanised rural municipalities based in hill and mountain (see Rural areas).

Engine power (KW)

The power of the firm's machineries, no matter what the possession title, is expressed in terms of KW, and it is referred to the agricultural movers, to the self-propelled machines and to the vehicles used for the internal and external firm's activities (active

subcontracting). The vehicles for the services of the passive subcontracting are not included in the calculation of the engine power.

ES – Economic size

From 2010 with the new type system for classifying the farms, the ESU (Economic size unit) was replaced by a new distribution of economic size in euro; the FADN Italia adopts 8 types of economic size in order to classify its farms, using the classes proposed by the FADN EC. In the brochure the data are represented in the following economic size types in order to make reading easier: Small (from 4,000 to under 25,000 euro) Small Medium (from 25,000 to under 50,000 euro); Medium (From 50,000 to under 100,000 euro); Medium large (from 100,000 to under 500,000 euro); Large (equal to or above 500,000 euro).

External and State factors

This item represents the costs incurred by the farm for salaries and social security, rents, passive interest expense and taxes and VAT (both on current operations and on investments).

FADN (Farm Accountancy Data Network)

A tool for evaluating the income of the European farms, and the impacts of the common agricultural policy ("RICA" in Italy).

FADN-REA

Survey conducted jointly by ISTAT and INEA in collaboration with the Regions and Autonomous Provinces. It surveys, at the level of each individual farm, the economic results for the year of reference: costs, stocks and surpluses, purchases and sales of fixed capital, redeployments, rev-

enues, own consumption, farm subsidies, labour costs and incomes of farm households.

Family labour

Persons aged 15 and over, members of the holder's family who perform agricultural work on the farm.

Farmers' markets

Public spaces provided by regions and municipalities to provide farmers with direct sales of local and organic produce, in accordance with Ministerial Decree of 20 November 2007.

FC – Fixed costs

Includes costs incurred for the use of inputs (depreciation, salaries, social security contributions, quotas for severance allowances - TFR, land rents, interest on capital loans, tariffs and taxes, other overheads and land expenses, withheld VAT taxes) that are

used for more than one year in the production process, as well as wind-fall losses (arising from loans, portfolio, debt).

Firm's overall competitiveness

It is the result of numerous combined factors: the physical capital and the human one, the economic and organizational structure of the firm, the overall factors of the so-called environment external to the firm. In general, for measuring the firm's competitiveness it is mainly used a ranking of factors related to some sizes: structural features of the firms, conditions of the producer factors, economic-institutional environment, relationships between the firms and the markets. To this purpose it has been used an overall proxy variable of these features, by resorting to the available information of the FADN database, and by taking into account the EU average as refer-

ence point; in some cases have been directly used the FADN variables, in some other cases it has been decided to create specific indices.

FS – Farm size

Since 2010, with the new system of farm classification, the ESU (European Size Unit) acquired a new distribution of economic size in euro; FADN (RICA) Italy adopts 8 economic size classes to identify farms, adding to the classes proposed by FADN EC.

FT – Farm type

The classification of farms by FT is based on the determination of the economic importance of different productions on the farm and combinations thereof. To this end, using the SGM of the area where the farm is located, the number of hectares or animals raised is multiplied by the corresponding SGM. The combination

obtained is compared with a typological scheme that is used to identify the FT according to criteria established at the Community level and valid for all official statistics. A farm is called specialised when the SGM of one or more productive activities exceeds 2/3 of the farm's total SGM. Since 2001, the typology used comes from reg. (EC) n.1555/01.

FWU – Family Work Unit

Persons working on the farm who do not receive wages or salary but are paid through the income remaining in the household derived from agricultural activity.

GD – Large-scale retail

The total of companies with stores operating in the form of supermarkets, hypermarkets, discounts, department stores, and other large-size specialised companies.

GDP – Gross Domestic Product

The GDP is the total value of goods and services produced within a country during a given period of time (usually a calendar year). Does not include the value of intermediate goods and services.

GP – Gross Production

Production value of crops and livestock and other farm products. Includes: sales, redeployments, own consumption, changes in stocks and storage, and farm products. To this value is added the amount of public subsidies received by each farm; the variable thus obtained therefore measures the actual amount received by the farmer for his products according to the criterion of “basic price” indicated in the ESA95 methodology.

Health Check of the CAP

Assessment by the European Commission of the implementation of the

CAP reform of 2007, which focussed on new challenges for European agriculture (climate change, renewable energy, water resource management, biodiversity, restructuring of the dairy sector, broadband for rural areas). This has led, among other things, to the inclusion in the RDP of specific support for innovative operations for agriculture in rural areas related to the new challenges.

Holder

Legal and economic director of the farm. This can be a physical person, company or public body. In the event of a share-cropping (metayage), the holder of a farm is considered the share farmer. In the case of agistment, the farm holder is considered the agister.

Hypermarket

Retail business with area of over 2,500

square meters, divided into sections (food and non-food), each of which has the characteristics of a supermarket and a department store.

IGT - Typical Geographical Indication

Assigned to wines whose production areas are generally large, accompanied by mentions (vine, oenological type, etc.).

Implicit prices (price indexes)

The ratio between the value of an economic aggregate at current prices and the corresponding aggregate at constant prices.

CREA database on public spending in agriculture

Examines public spending in agriculture on the basis of budgets and final accounts of the regions through a methodology that explores the trend and amount of regional spending,

quantifying and qualifying the items that directly or indirectly make up public support in the sector. Through the construction of “consolidated public expenditure for agriculture”, the database provides an estimate of total public support to the primary sector, which benefits regional and central governments.

Intensive and specialised agricultural areas

make up the Area b) within the classification of areas under the RDP of Lombardy Region: they include the relatively rural municipalities in plains (with a rural population between 15% and 50% of total population), as well as urbanised rural municipalities in plains (see Rural areas)

Intermediate consumption

Aggregate of current expenses of farms (seeds, fertilisers, pesticides, feed, en-

ergy, irrigation water and various services). Redeployments are included.

Intermediate rural areas

make up the Area c) within the classification of areas under the RDP of Lombardy Region: they are different areas, which show sometimes particular situations contrasting their development, and include relatively rural municipalities based in hill and mountain (with rural population between 15% and 50% of the total population) and urbanised rural municipalities based in hill and mountain (see Rural areas).

LSU – Live Stock Unit

Unit of measure of the size of a herd which, as the ratio to UAA, is used to determine herd density.

Mechanization's intensity (KW/TWU)

This index measures the level of

mechanization's intensity in terms of power, expressed in KW, available for TWU. A relatively high value of this index, compared to the average datum of similar firms, can express, in many cases, an excessive mechanization.

Multi-functionality

The term multi-functionality is used to indicate a new role of agriculture – partly supported by the CAP – which is no longer limited to producing food, but which performs other important functions such as the protection of the environment, land conservation, maintenance of rural areas, safeguarding of typical products and the preservation of customs and traditions of rural life.

Network Natura 2000

It is a network of sites extending over all the 28 EU countries of the EU with the aim of halting the decline of biodi-

versità through the long-term protection of the most threatened species and habitats, consistent with the needs of human activities in the territory. Natura 2000 network includes Sites of Community Importance (SCI), set up by Directive 92/43/EC (“Habitats Directive”) for the conservation of natural habitats and of wild flora and fauna, selected for each bio-geographical region, and Special Protection Areas (SPAs) established through Directive 79/409/EEC (“Birds Directive”) on the conservation of wild birds.

NB – Normalized Balance

The ratio between the simple balance (exports - imports) and the volume of trade (exports + imports); varies between -100 (no exports) and +100 (no imports) and is used to compare the trade performance of aggregates of different products and with different absolute value.

NI - Net family income

Calculated as GP - (intermediate consumption + depreciation + external and State factors). Represents the remuneration of fixed factors of production made by the entrepreneur and his family (land, family labour and capital) and business risk.

Non-family labour

Long-term workers, special categories, employees, managers, workers on temporary contracts and sharecroppers.

Organic Farming

Sustainable management system of agriculture to obtain high-quality products and food, with respect for the environment and human, plant and animal health, under Reg. (EC) no. 834/2007. It does not involve the use of plant protection products and synthetic fertilisers, herbicides, phyto regulators, genetically modified

organisms, or the use of livestock antibiotics for prophylaxis and hormones.

PBP – Production at basic prices

The SEC 95 included reuses and exchanges between farms, as well as services connected with agriculture. The enhancement of production is carried out at basic prices, namely at the price received by the producer per product unit, after deducting the product taxes and including all contributions linked to the product itself. The contributions not linked to products are excluded. In 2014, ISTAT made available the result of the review of national accounts based on the accountability rules: the passage to SEC 2010 adopted via the regulation (EU) n. 549/2013. On this occasion, there was the introduction of new features related to new measurement methods, as well as the contribution of new

statistical sources mainly affecting the following items: “quality of the wine-growing production”, “multi-functionality” and “review of average consumption”

PDO – Protected Designation of Origin

Assigned to an agricultural product or a foodstuff originating in a region, a specific place or, in exceptional cases, a country, in accordance with Regulation (EC) n. 1151/2012, when “quality or properties are significantly or exclusively determined by the geographical environment, including natural and human factors, and whose production, processing and preparation take place within the determined geographical area”.

PGI – Protected Geographical Indication

Assigned to an agricultural product

or a foodstuff originating in a region, a specific place or, in exceptional cases, a country, in accordance with Regulation (EC) n. 1151/2012, when “a given quality, reputation or other characteristics can be attributed to that geographical origin and whose production, processing and preparation take place within the determined geographical area”.

Intermediate rural areas

make up the Area c) within the classification of areas under the RDP of Lombardy Region: they are different areas, which show sometimes particular situations contrasting their development, and include relatively rural municipalities based in hill and mountain (with rural population between 15% and 50% of the total population) and urbanised rural municipalities based in hill and mountain (see Rural areas).

Production subsidies

With the CAP reform of 2005 and the introduction of the single farm payment, the classification was recise for aid that previously flowed into the base price. Aid is now classified as: product subsidies, other subsidies on production, and subsidies to other economic activities. Only the first category, product subsidies, is part of the valuation of the base price.

Range IV

Fruits and vegetables (fresh), washed, dried, cut, packed in trays or in plastic sacks ready for consumption. The service involves value added that transforms the agricultural product into an industrial product in all respects, with a higher price than that of a vegetable sold as such.

Risk of poverty or social exclusion

Condition characterising individuals

of the population share with income lower than 60% of the national average.

RDP – Rural development programme

Programme to be implemented on a regional level for each member state. This is the main planning instrument of the rural sector and it defines the strategies, objectives and interventions for the agricultural, agri-industrial and forestry sectors for rural development.

Redeployments

ESA 95 distinguishes between those reused within the same farm and those exchanged between farms with economic compensation. The new evaluation excludes from the calculation the following productions: grapes for the production of wine by the farm, because the relative value is included in the transformation of the

wine; olives for oil production directly by farms; the milk to feed calves on the same farm; permanent fodder crops not bought and sold between farms; by-products without economic value; and seed re-used on the same farm. Included in the calculation of redeployments: seeds which have economic value and are sold to other farms; products also used for animal feed; directly marketable fodder output (hay, corn silage, etc.).

Related services

Exercise for third parties and rental of vehicles and agricultural machinery with operators; preparation (excluding processing), preservation of agricultural products and other service activities related to agriculture on behalf of third parties; maintenance of parks, gardens and flower beds; service activities associated with livestock, except veterinary services.

RES – Renewable energy sources

Sources of which the speed of use is below the speed of regeneration. The traditional RES are hydroelectric Energy and solid biomass energy (remnants of biological origin coming from agriculture including vegetable and animal substances, forestry and from connected industries including fishing and aquaculture), from industrial and urban waste and biogas (produced by the bacterial fermentation of organic and animal and vegetable leftovers, livestock manure, sewage sludge, agro-industry scraps). While the most innovative RES are wind power, solar panel energy, geothermic energy and sea energy (tidal and wave energy).

Rule n+2

The EAFRD assigned a pre-allocation to every approved 2007-2013 RDP, by which the enacting subject (Region) started to pay for expenses arising from

the multi-annual commitments related to previous programming periods. The EU budgetary commitments for the following years have been planned per annual parts and allocated as intermediate payments and balance; thus, on the 31st of December of every year, the enacting subject (Region) shall report at least the expenses equal to the amount of planned resources up to the two previous years (rule n+2). The sum of the planned resources up to the 2 previous years is the spending goal to be achieved each year. In the programming 2014-2020, the rule is n+3.

Rural areas

This type includes the reference areas within the Italian RDPs, using the municipality level as reference, by means of the population density and the incidence of agro-forestry area. In Lombardy, four macro-types of areas have been distinguished – Area a) Urban

centres; Area b) Rural intensive agricultural areas; Area c) Intermediate rural areas; Area d) Rural areas with overall development problems – which include the urban municipalities (defined according to a population density higher than 150 pop/sq.km) and the rural municipalities defined according to a density lower than 150 pop./sq.km or a rural area over two third of the total territorial area.

Rural areas with overall development problems

make up the Area d) within the classification of areas under the RDP of Lombardy Region; they are rural areas with overall development problems and include municipalities in mountain with a rural population higher than 20% of the total population (see Rural areas).

Secondary activities

Activities carried out in the agricul-

tural sector (farm stays, processing of milk, fruit and meat, aquaculture, direct sales) and those performed by other branches of production (trade and processing) but on agricultural goods and products.

SFP – Single Farm Payment

Payment that farms receive under the SPS.

SGM – Standard gross margin

A parameter determined for defined production activities as the difference between saleable production and the amount of certain specific costs (seeds, fertilisers, pesticides, feed, fodder, etc.) not including labour and machinery. Gross income thus determined is defined as “standard”, in that saleable output and costs are calculated on a three-year average and with reference to specific geographical areas (the regions and autonomous prov-

inces). The SGMs are esprime in euro and updated by INEA during structural surveys and censuses conducted by ISTAT. The amount of SGM corresponding to farm production divided by 1,200 equals the farm’s economic size and is expressed in ESU.

SO – Standard Output

Standard Output of each agricultural production activity is determined by multiplying its farm size by the standard production unit typical for the territory (region or autonomous province) where the farm is located. The sum of standard outputs of all activities carried out by the same farm in a given accounting period (or crop year) is the Standard Output for the farm.

Social farms

Have been recognised pursuant to the regional law n. 31 of the 5th of

December 2008 “Law of the regional acts concerning agriculture, forests, fishing and rural development” (article 8, 2nd paragraph). The regional council approved the Guidelines for the recognition of social farms through the regional decision n. 3387, 10th of April 2015, and issued technical-administrative provisions by means of the decree n. 4168 of the 22nd of May 2015. Social farms are defined as either farm accommodation business providing services within the social agriculture, by promoting public activities, along with therapy and rehabilitation programmes, or farms using agricultural activities to foster social inclusion and work for disadvantaged people or at risk of social exclusion.

Spending power

Index expressing the ratio between payments and allocations.

SPS – Single Payment Scheme

Introduced by the Fischler reform, it includes and disciplines most of the direct sector aid provided through CMOs of the CAP. Each farmer who accesses the SPS is the owner of a payment entitlement per hectare in accordance with the rules on cross-compliance (criteria of obligatory management and good agronomic and environmental conditions).

Subcontracting

Supply of machinery from compagnie and/or firms specialising in farm production activities (ploughing, sowing, harvesting, etc.).

Subsidies

Meaning subsidies on current operations related to production (not to investments). Payments for cessation of agricultural activities, therefore, are not included. Subsidies are considered on

the basis of ownership and not on the actual receipt of a payment, in order to obtain consistent results (production/costs/subsidies) for a given fiscal year.

Superette

Retail business selling widely consumed products, especially food products, with an area comprised between 200 and 400 sq.m., although such criterion can slightly vary according to the retail type.

Supermarket

Retail business with self-service and payment at the exit, with a surface area greater than 400 square meters and a vast assortment of consumer food goods, mostly pre-packaged, as well as non-food items for everyday household use.

TAA – Total Agricultural Area

The total area of land on a farm in-

tended for growing herbaceous and/or tree crops, including forests and non-used agricultural area, as well as area occupied by parks and ornamental gardens, buildings, ponds and canals, located within the perimeter of the land constituting the farm.

Taxes

Mandatory charges levied by government. They are of two kinds: direct taxes, which are levied periodically on income and capital; indirect taxes, which operate on production and imports of goods and services, labour force, ownership and use of land, buildings or other assets used in production.

TO – Total output

Value of farm products sold, those intended for own consumption, compensation of employees, and docking up of capital; takes into account

the changes of stocks of warehoused product. For livestock farms, total output, as well as sales and purchases, takes into account the increase in value of animals intended for fattening and breeding as they change category. Total output also includes contingent assets (arising from loans, portfolio, debt) and other farm revenues including those resulting from agritourism, rental income and the rental of farm machinery (if occasional), as well as government grants received by the farm for disasters, charges, rented land and VAT payments.

Traditional products

Food products whose methods of processing, preservation and ageing have been inextricably linked to the customs and traditions of the territory for at least 25 years. They are identified by the regions and listed on the national register established by the

Ministry of Agriculture, Forestry and Food Policies (MIPAAF), updated by annual decrees.

Turnover

The amount of all invoices issued during the reference period for sales on domestic and foreign markets. The value of turnover is net of VAT invoiced to customers, rebates and discounts, and gross of expenses (transport, packaging, etc.) and expenses charged to customers (eg. processing tax). Turnover also includes the selling of products not processed by the business and invoices for services and work performed for third parties on raw materials supplied by them; it excludes sales of fixed capital.

UAA – Utilised Agricultural Area

Surface of all arable crops, permanent grassland and pastures, tree crops, family garden plots and chestnut

stands.

Urban centres

make up the Area a) within the classification of areas pursuant to the RDP of Lombardy Region: they include the provinces and mainly urban municipalities (see Rural areas).

VA – Value added

The balance between output and intermediate consumption, in which output is valued at basic prices, net of taxes on products and inclusive of subsidies on products. Output valued at basic prices

differs from that measured at factor cost: the latter is net of all taxes (both on products and other taxes on production) and gross of all contributions (both the contributions commensurate with the value of the goods produced, and other subsidies on production).

VC – Variable costs

Includes all expenses incurred, including the redeployment of farm products, inputs used up in the course of the year (seeds, fertilisers, feed, energy, etc.), as well as for the use of occasional labour.

Workforce

Including employed persons and those job hunting (unemployment, searching for their first job and other persons in search of employment).

WU – Work unit

The unit of analysis that uniformly quantifies the volume of work performed by persons who work in a farm and do not receive a salary or wage but are remunerated through the income remaining in the family household that is derived from agricultural activities.

“Lombard agriculture in figures - 2015” is also available in English.
The publication can be consulted in Italian and English at the website of the Lombardy Region
(<http://www.agricoltura.regione.lombardia.it>) and at the website www.crea.gov.it.

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