SINAB – Italian organics

Organic numbers 2015

Introduction

This report includes the analysis of data related to Italian organic agriculture at 31 December 2014. All data are provided to the Ministry of Agriculture, Food and Forestry Policies by Control Bodies operating in Italy and by regional administrations; they were processed by SINAB - the Italian Information System on Organic Agriculture (www.sinab.it)

SINAB is an Italian Ministry of Agriculture (MiPAAF) project managed by ISMEA-Istituto di Servizi per il Mercato Alimentare and CIHEAM-Mediterranean Agronomic Institute of Bari. Among its objectives, it promotes the dissemination of data and information on the Italian organic sector. The project has now been active for more than 15-years. At www.sinab.it users can find continuously updated information related to European, Italian and Regional legislation, to statistics, events, addresses and useful references of certification bodies, regional administrations and representatives of the main Italian organic associations . Also available is a list of Italian organic farms, through direct accessing to the SIAN (National Agriculture Information System) database, as well as technical information and documents related to research activities on organic agriculture.

The report is divided into different chapters:

- Operators, surfaces and organic crops at regional level
- Organic farms: expectations and confidence indicator
- Market, prices and consumption
- Imports from third countries
- The experience of "Bio-districts"
- Organic innovation: research and experimentation

This English document provides a summary of the different chapters. The tables indicated are included in the Italian version of the document.

Operators, surfaces and crops - Organic at Italian regional level

At December 2014, Italian agricultural holdings included in the organic farming certification system were 55,433, out of which 42,546 were exclusive producers; 6,524 exclusive processors (including companies engaged in retail activities); 6,104 carried out both production activities and processing; 259 operators were exclusively importers. Compared with 2013 data, in 2014 there was an overall increase in the number of operators: +5.8% (*Table 1 and 2*), while the overall surface under organic farming in Italy reached 1,387,913 hectares, with an increase, over the previous year, of + 5.8% (*Table 3 and 5*).

The extent of organic agriculture reached 11.2% of the Italian UAA-Utilized Agricultural Area (+1%, on 2013, *Table 7*). The Italian Regions with the largest number of organic operators were Sicily (9,660), Calabria (8,787) and Apulia (6,599) (*Table 1*). These regions accounted

for more than 45% of the total Italian organic operators. The largest extension of organic surfaces was also located in these three regions, respectively with 303,066 hectares in Sicily, 176,998 hectares in Apulia and 160,164 hectares in Calabria (*Table 5 and 6*). The organic surface of these three regions accounted for 46% of the national organic surface. The regions with a higher percentage of organic farmland on total cultivated surfaces were: Calabria, where the organic surfaces accounted for about 30% of the total areas; followed by Sicily, with 22%, and Lazio, with 19% (*Table 7*).

In 2014, the main organic productions in Italy were fodder, pastures and cereals, followed by surfaces under olive growing (*table 3*). Even for livestock production, distinguished on the basis of the main farmed species, the data show a substantial increase on 2013, in particular for pigs (+ 15.2%) and poultry (+ 13.9%); slight drop only for cattle and horses (*Table 8*). The performance of holdings engaged in organic aquaculture sector also was quite good: in 2014 they grew up to 41. The regional breakdown of organic aquaculture holdings saw a greater concentration in Veneto and Emilia Romagna (*Table 9*).

Organic farms: expectations and confidence indicator

This chapter presents the results of qualitative studies carried out either on the basis of an ISMEA Panel (ISMEA is the "Institute of Services for the Agricultural and Food Market"), either through three Focus Groups involving organic holdings of different Italian regions. The monitoring of the confidence indicator of a sample of organic holdings was undertaken through a Panel survey, while Focus Groups were used to explore the main expectations of the operators.

During the analysis period (from the second quarter of 2014 to the third quarter of 2015) organic farming holdings as a overall proved to be more optimistic than agricultural holdings considered as a whole. Their bigger optimism stemmed from their greater degree of satisfaction on the progress of current affairs of their holdings, as well as from their best medium-term (2-3 years) expectations on the future of their activity. This optimism does not seem to derive only from economic or financial evaluations, but also from considerations more inherent to the concept of "organic". The good market response also stemmed from the consumer's perception of a real environmentally friendly agriculture, with obvious consequences on the wellbeing of present and future generations.

As for the Focus Groups, the interviews were focused on the problems of the organic farming sector. They examined:

- The economic, production and commercial situation
- Future expectations for productions and marketing of products
- Expectations regarding future legislation and policies
- Expectations about the role of public administration in the development of the sector.

The operators participating to the Focus Group belonged to different organic primary production sectors (fruit and vegetables, dairy cattle and beef cattle breeding, cereals, grapes/wine, olive oil, etc.). They in some cases had parallel processing activities, were certified since at least three years and presented a good level of knowledge of policies and legislation evolution in the sector. Some participants were biodynamic operators.

Many participants stressed that the demand for organic products is boosting in every productive sector and in every part of Italy. In particular export in northern European countries is still increasing . The fruit and vegetable sector looks the most promising, while the meat sector seems to be slightly decreasing, following the new eating habits of organic product consumers.

Some were of the opinion that the organic sector growth mainly favors large holdings, following the agro-industrial model, reducing the space for an organic farming characterized as "agriculture of the peasants."

As for the commercial channels, many claimed that the value chain is heavily compromised, rewarding especially the phases of distribution and trade. Many felt the need to organize themselves better to face the market: a well organized chain would help to plan crops in a joint way among farmers, processors and distributors.

Many operators also emphasized the need for a more stringent legislation, especially regarding contaminations between organic and conventional productions, while others pointed out that often rules on organic farming seem to respond too much to the needs of the Nordic countries' productions (eg.: the Regulation on organic wine), and that too often the construction of regulations does not adequately take into account the process of consultation with operators.

But the problem above all stressed by participants to the Focus Group was that of bureaucracy: most of the times it was defined as stiffly and stressful. For too many, obligations are considered a useless waste of time and energy, with too often unnecessary activities affecting the price of the products and limiting the capacity of holding investments. Quite often the excess of bureaucracy is perceived as one of the causes of exit from the organic system. In particular, the problem is felt by small farmers, afraid of errors, uncertainty and possible sanctions.

Regarding controls, all operators asked for a control and certification system more related to field activities and less built on documents. The documentary checks can often give a very different interpretation of the true reality of a holding, without providing real guarantees to consumers.

Finally, operators of the Focus Group emphasized the need of providing further information and training on the topics of organic to consumers, to market operators but also somehow to institutions, to emphasize the social and environmental values of organic, which is not only related to the product but especially to the application of the method. The organic sector reputation is very fragile and can easily be undermined: scandals in the sector are a high risk for serious producers, because they undermine the credibility of the whole sector. Maintaining high consumer confidence in the organic sector was indicated as an unavoidable premise for the sector's success.

Market prices and consumption

According to Ismea estimates, the domestic market (off-trade) of organic products in Italy showed a value of more than 2.1 billion euros. The estimate does not include the turnover linked to the on-trade channel, related to sales undertaken by catering, bars and food services. Modern Distribution (hypermarkets, supermarkets, discount stores) and specialized stores, including small, medium and large surfaces, moved a total of more than 75% of the turnover of this segment. Always according to Ismea estimates, Modern Trade, in particular, presented a retail sales value of over 855 million euro, with about 40% share. Specialized store sales reached a volume of about 761 million euro, equivalent to 35.5% of the entire value of the organic retail market. The remaining channels are accredited by ISMEA estimates of an overall incidence of almost 25%, represented for 10% by small farmer markets, direct sales, purchasing groups and e-commerce, for 8.9% by traditional shops and for 5.1% from pharmacies. An almost negligible 0.6% was the overall share of health food stores and drugstores.

Imports from third countries

SINAB elaborated the tables included in the report from the data collected on the basis of the communications compulsory submitted by importers at the end of each year to the Italian Ministry of Agriculture, as required by Reg. (EC) No. 834/07. As of 31 December 2014, the holdings registered in the national list of organic product importers from third countries were 259. The data on the product volumes reported by these holdings were classified into six different product categories: cereals, industrial crops, natural extracts/spices and aromatic herbs, fresh and dried fruits, vegetables, processed products.

The analysis of data on organic product imports from third countries confirm also for 2014 an increase of the total quantities: + 47,30% compared to 2013. The cereal sector (mainly durum wheat) strongly influences this positive trend, with an increase of 545,68%. Other product categories showing positive changes compared to 2013 are natural extracts / spices (+ 176,64%), vegetables (+42,74), fruit (+ 34,16%) and processed products (+ 7,54%). Industrial crops showed instead a sharp decline in import volumes, a decrease of 62,79% compared to 2013. With regard to the latter category, it is interesting to note that the sharp

decrease in imports was mainly due to the sharp decline in soybean supplies and soya meal from China and India. As for the supply markets, the overall situation in 2014 sees a strong preeminence of supplies from non-EU European countries (36,10% in volume), with an increase of 303% compared to 2013.

The "Bio-districts" experience

The Report includes an interesting, detailed analysis on the Italian "Bio-districts": in recent years they started to develop in many Italian regions. The "Bio-districts", born thanks to the initiative of organic producers' associations, farmers and a few Regional Authorities, are characterized by productive systems where organic productive chains have been adopted by all the farmers of the area. So: 1) Certified quality products (organic products are certified), as for the quality food districts; 2) productions characterized by a strong link with the territory and with a high content of typical and local culture, as foreseen for the rural districts.

The most active Italian Regions on the issue are Campania, Calabria, Lazio, Liguria, Lombardia, Marche, Toscana Piemonte and Trentino.

The bio-district model represents an innovation that can be successfully applied everywhere, involving and motivating all local stakeholders in initiatives with a strong value of integrated social, economic and environmental development, reflected in the activities and principles of organic agriculture. The development of such a model requires a strong capacity of involvement of different "players", representing the production and governance structure.

Organic farming innovation: research and experimentation

An Italian Finance Act edited in the year 2000 (L. 12/23/1999 no. 488) established a fund for research on organic and quality agriculture. The fund was aimed at financing every year national and regional research programs in the field of organic farming, as well as on the theme of safety and healthiness of food. The fund, fed by a 2% contribution based on the previous year's turnover of companies' sales of pesticides and synthetic fertilizers, is managed by the Italian Ministry of Agriculture. It finances a number of research activities among which the European program CORE Organic (Coordination of European Transnational Research in Organic Food and Farming Systems). The CORE ORGANIC program is part of the ERA-NET activities, which are coordinating and supporting activities part of the EU Research Framework Programme (http://www.coreorganic.org/). The Sinab Report includes a list of research and experimentation projects launched as part of this fund, for 2013 and 2014.