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Approved By:
Jim Dever
Prepared By:
Dana Biasetti

Report Highlights: Report contains agricultural news items of interest for Italy, the EU and the world for the month of December 2011.

General Information:

THE EUROPEAN UNION

Agricultural Policy Key to EU Inflation

While the recent surge in oil prices has affected euro-zone inflation, experts are warning that the agricultural crisis threatens to increase inflation levels even more. Food-price volatility remains central to the G-20 agenda while European governments talk of collective action to avert a worsening economic situation. They are aware that food prices are spiraling as consumer confidence tumbles. Governments need to address the problem with a long-term vision and a united European front. The tension between Germany and Spain over the German e-coli outbreak has not helped matters, and years of disagreement surrounding the Common Agricultural Policy make political and economic unity difficult. Collaboration is vital if European agriculture is to cope with an even-greater threat to its survival: the competition from Latin America and China, whose low labor costs enable them to flood the market with cheap crops. The underlying problem is the requirement for the minimum production of crops that are ill suited to local weather patterns. A typical example is the growing of maize for cattle feed that requires lots of water and is grown in regions with inadequate rainfall.

So what should be done? First, we need to stop growing unnecessary crops. Governments throughout Europe encourage farmers to produce huge amounts of low-value, high-volume crops that end up going to waste. It is an inefficient legacy of an outdated agricultural policy. The CAP is mainly characterized by subsidies to agricultural production, based on price support, with subsidies paid per hectare for specific crops. We should also acknowledge our inability to compete with the likes of Argentina, Brazil, and China in the production of low-value crops. Importing what Europe needs from these countries is a far more efficient approach and would allow European farmers to switch to the production of more lower-volume, high-value yields. If we focus our efforts on growing high quality, high-value organic foods, and the development of renewable biofuels, the funds that until now have been paid as incentives for meeting crop quotas could be re-invested in the transition. The need for renewable sources of energy is only going to increase in coming years, so it makes sense for Europe to give its farmers the chance to compete in this market.
Wall Street Journal

EC's First Scientific Advisor

European Commission President Jose Manuel Barroso has appointed its first Chief Scientific Advisor, Professor Anne Glover. Professor Glover is also expected to provide authoritative guidance on interpretation of scientific evidence in presence of uncertainty. She will advise on novel science, technology and innovation issues arising both in the context of the EU and internationally. Professor Glover was Chief Scientific Advisor for Scotland from August 2006 to December 2011. She holds a Personal Chair of Molecular and Cell Biology at the University of Aberdeen, and has honorary positions at the Rowett and Macaulay Institutes. She is an elected Fellow of the Royal Society of Edinburgh, a member of the Natural Environment Research Council, and a Fellow of the American Academy of Microbiology.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1497

FEATURE ARTICLE

Avoiding a Biotech Trade Wreck

In its latest position paper, "The Economic Impacts of Asynchronous Authorizations and Low Level Presence: An Overview", the International Food & Agricultural Trade Policy Council (IPC) argues that the a-synchronicity in regulatory approvals for biotechnology crops between producing and importing countries could lead to costly trade disruptions. As the biotechnology pipeline has expanded, regulatory approvals of new biotech crops across different countries have become less synchronized, so crops that are approved for use and cultivation in one or more countries may not be authorized in others. Trade disruptions arising from zero thresholds for events that have not been authorized in an importing country have already occurred. With the increasing numbers of biotech crops reaching the marketplace, such disruptions are likely to increase and can have significant economic implications across the supply chain unless countries and companies undertake efforts to address asynchronous approvals and adopt a practical approach when faced with LLP [low level presence] situations. A predictable and effective regulatory environment that minimizes a-synchronicity of regulatory approvals and implements a transparent, trade-facilitating LLP policy is desirable in order to keep trade options open and agricultural commodity prices in check. *The complete report can be viewed at: http://www.agritrade.org/pressroom/documents/LLPBiotechTradeWreck.pdf*

A GLOBAL PERSPECTIVE

"Energy-smart" Agriculture Needed to Escape Fossil Fuel Trap

According to a Food and Agriculture Organization (FAO) Report "Energy-Smart Food for People and Climate," the food sector around the globe has an over dependence on fossil fuels that may limit the sector's ability to meet global food demands. With the high and fluctuating prices of fossil fuels there is a need for new strategies such as the "energy-smart" model. Several recommendations were suggested in every step of food production such as the use of more efficient engines, use of compost and precision fertilizers, irrigation monitoring and targeted water delivery, adoption of no-till farming practices and the use of less-input-dependent crop varieties and animal breeds. The FAO believes however, that transitioning to an energy-smart agricultural sector will be a "huge undertaking" that needs to be started soon. *FAO website*

Preventing hunger: Biotechnology is Key

If African countries cannot plant genetically modified crops to produce more and healthier food, vulnerable populations will be at risk. Calestous Juma, director of the Agricultural Innovation in Africa Project at the Harvard Kennedy School, warns that to survive the droughts, wars and other major causes of famine, Africa must embrace technologies that enable it to produce more and better food with less effort. African nations must be open to new biotechnology tools that allow farmers to grow crops that have even higher yields and a higher nutritional content, and which can withstand biological and physical stresses. At present, only a few African countries are allowed to grow genetically

modified (GM) crops, partly because of restrictive national biosafety policies that impose excessive regulatory barriers to the adoption of agricultural biotechnology. This must change. For starters, African farmers need pest-resistant GM cotton, which is already being cultivated in South Africa and Burkina Faso. These crops do not raise food-safety concerns, but their higher yields bring more disposable income to farmers, who can use that money for food crops. More countries should be planting herbicide-tolerant maize (corn), now in use in South Africa and Egypt, which reduces the need for weeding. Africa would benefit greatly from having disease-resistant crops. Only 29 countries worldwide grow GM crops, and only three of those are African. This is set to change in coming years, according to the non-profit organization International Service for the Acquisition of Agri-biotech Applications. Kenya has already adopted a law that permits the import of GM foods. This has opened the door for approving the cultivation of GM crops. The application of biotechnology has a number of unintended ecological benefits, including limiting the release of greenhouse-gas emissions by reducing the use of pesticides. Solving world hunger will involve more than just producing more food, but excluding technological options that raise productivity will do more harm than good. The international community would be better served by taking a pragmatic approach that accommodates the best available technological options, rather than relying on ideological political positions that will put the world's most vulnerable people at risk.
Agricultural Innovation in Africa Project, Harvard Kennedy School

FAS Italy Regional REPORTING

IT1156 - Italy Agricultural News for the month of November
IT1157 - Italian Citrus Fruit Outlook
IT1159 - Italian Tomato Report
GR1115 - Greece Retail Food Sector 2011
GR1116 - Greece HRI Food Service Sector 2011
GR1117 - Greece Exporter Guide 2011
GR1118 - Greece Food Processing Ingredients Sector 2011
GR1119 - Release of Detained Poplar Wood Shipment in Greece
HR1118 – Update Croatia FAIRS Export Certificate Report
HR1119 - Tihomir Jakovina Appointed Minister of Agriculture,
BK1113 – Update Bosnia FAIRS Export Certificate Report

Reports are available at: http://gain.fas.usda.gov/Pages/Default.aspx