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## **Italy**

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### **Agricultural News for Italy and the EU - February 2010**

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

Report contains Italian and EU agricultural news items of interest for the month of February 2010.

## **General Information:**

### **FAS Rome Italy** **Italian Ag News JANUARY 2010**

#### **ITALY**

##### **Food to Replace "Junk Food" in school Vending Machines**

Education Minister Mariastella Gelmini has announced that fresh fruit and vegetables are to replace snacks in school vending machines. Italian school kids are among the plumpest in Europe and the Ministry aims to form good eating habits while also supporting local farmers. Despite its fame as the cradle of the widely recommended Mediterranean diet, Italy is facing a rising child obesity problem. Italy's Barilla Food Group has just launched a special health & food initiative called GIOCAMPUS which is similar to First Lady Michele Obama's "Let's Move" campaign targeted at obese youth.

##### **Minister "Horried" by Artificial Meat**

Italian Agriculture Minister Zaia expressed his horror at recent experiments by Dutch scientists to grow meat in laboratories. Researchers from Eindhoven meat could resolve ethical issues surrounding the treatment of animals and even cut down on the greenhouse gases produced by raising them. Zaia however is not convinced. "This supposedly 'hi-tech meat' boils down to an aberrant mixture of chemicals totally alien to an animal's natural life cycle," he said. University announced they have grown something resembling a pork chop from cells immersed in a soup of fetal matter. Proponents say an artificial alternative to real "I've got nothing against science, but farmers are right to be alarmed by these useless and potentially dangerous experiments." One possible application would be interplanetary space flights.

##### **Loss of Farmland a Danger to Environment**

According to the Farmer's Union Coldiretti, the 27 percent reduction in farmland over the past 40 years has placed Italy at risk of natural disasters, including landslides and flooding. In a report presented by Coldiretti, farmland lost was used for industrial and residential uses as well as for infrastructure projects, and was being abandoned by farmers because it was no longer profitable. As a result, 70 percent of Italy's municipalities are now at risk of floods and landslides.

##### **14,400 bottles of Fake Prosecco Seized En-route to the UK**

The Ministry of Agriculture Food and Forestry's department for food frauds, ICQ (Central Inspectorate for quality protection and fraud prevention) seized 14,400 bottles of fake Prosecco wine labeled "Rosecco - sparkling wine Brut - Rosé" produced and bottled by a Treviso company and destined to be sold by Mark & Spencer in the UK.

### **Food Fraud on the Rise, 1.1 billion-euro Business**

According to the latest report issued by CENSIS (Italian socio-economic research group) food fraud is on the rise in Italy. Last year European customs police seized

2.4 million counterfeit food products, while Italian customs police and health inspectors seized counterfeit food products for an estimated value of over €159 million.

### **Enology, Here Come the Chianti Classico 007 Special Agents**

The Chianti Classico Wine Consortium is preparing to unleash their 007 secret agents licensed with "wine" superpowers. These special agents will visit supermarkets and wine shops throughout Italy to monitor Chianti Classico wine labeling and production compliance. The Consortium will be in charge of enforcing product compliance while also conducting supervisory actions for the preservation of the Chianti Classico name. These monitoring activities will be separate from those performed by the Ministry of Agriculture's ICQ (Central Inspectorate for quality protection and fraud prevention).

### **Not a Single Cent after G8 Food Summit**

According to the United Nations Food and Agriculture Organization FAO, countries that pledged \$20 billion to combat world hunger at the Food Summit in Italy last July have yet to produce a single cent of that money. Six months after the summit, FAO is still waiting for the money to materialize. The FAO has also lamented that the summit did not produce any firm commitment from the international community to devolve the resources necessary to stem world hunger, while global recession continues to take a toll on the world's poor, raising the number of people affected by hunger to more than one billion. FAO forecasts that the world will face a widespread famine in 40 years time unless it boosts food production by 70 percent.

## **THE EUROPEAN UNION**

### **EU Proposes Ban on Commercial Blue Fin Tuna Fishing**

The European Commission is proposing a ban on commercial blue fin tuna fishing, to protect the fish much prized by Japanese sushi lovers, to come into force next year. Governments across the European Union must now approve the commission's proposal, ahead of a meeting in March in Qatar of the United Nations body that decides whether species are listed as endangered. Marine wildlife experts say that, despite fishing quotas, blue fin tuna stocks have plunged by 80 percent in recent decades in the Western Atlantic and Mediterranean, threatening the predator species with extinction. France, the biggest producer of blue fin tuna for consumption, has spoken in favor of a ban, but for a limited duration and not for another 18 months. Italy has voluntarily acted to keep its trawlers in port, using existing European Union funding to cushion the blow, while Spain, Greece, Cyprus and Malta have opposed such a ban.

### **EU Fails to Approve Three GMO products**

An EU scientific committee has failed to deliver a decisive opinion either for or against three genetically modified (GMO) feed imports in a series of crucial votes.

Food and feed made from GMOs can only be allowed on the EU market once they have received authorization. However, without a qualified majority for or against the

three GMO maize crops, the approval process will be further dragged out. Newly assigned Farm Commissioner Dacian Cioloș has spoken about re-nationalizing GMO cultivation policy, but stipulated that in such a system it would be crucial to ensure that the approvals process remains based on science.

### **European Parliament - A paradise for Lobbyists**

As lobbyists seek to influence the unfolding debate over Europe's agriculture policy, they will be knocking on a new door: that of the European parliament. Long derided as the weak sibling among Brussels institutions, it has gained clout since the Lisbon treaty came into effect in December. MEPs now have equal say with counterparts in the Commission, the European Union's executive arm, and in the Council, which represents member states, on policy areas such as trade and agriculture. Mariann Fischer Boel, outgoing agriculture commissioner, recently called parliament "a lobbyist's paradise". One advantage is that its workings are less opaque than those of the Council and Commission. Also, lobbyists need not register; they hold 5,000 security passes allowing them to wander the corridors of power unaccompanied and unimpeded. Unlike in Washington, campaign contributions are not the currency that buys access to legislators. Lobbyists say MEPs, who tend to have a small number of staff, are often desperate to draw on their knowledge of policy. "We are the parliament's expertise," one chuckles.

### **Animal Diseases Could Take Hold in Europe**

Animal diseases, like African swine fever and goat plague, are jeopardizing the livelihoods of millions in poor nations and could take hold in Europe unless the fight against them is stepped up, scientists report. Researchers from the Britain's Biotechnology and Biological Sciences Research Council (BBSRC) said deadly and debilitating animal diseases are rampant in many parts of the developing world, threatening the lives of farmers and their families and stifling prospects for global trade and economic growth. Just one animal can meet a whole family's needs and offer a way out of poverty, but often such animals and their potential are wiped out by waves of animal diseases like foot and mouth, swine fever and goat plague and liver fluke.

## **FEATURE ARTICLE**

### **A Field to Level**

For many continental farmers, the most threatening occurrence last year was not drought, frost or depressed prices but a draft proposal for the future of the European Union budget. Insider sources report that the European Commission is considering cutting back on EU agriculture subsidies in order to fund other priorities. What is driving Cap reform is the process now under way of setting the EU's 2014-20 budget. The exercise is raising questions about whether Europeans want to subsidize farmers when they could be spending on electric cars, "smart" energy grids and other forward-looking projects. The Cap accounts for nearly half the EU budget - some €55 billion in 2009. As well as its sheer size, it is also renowned for its complexity and the internal contradictions that have sprung up over the years.

The reforms did not change the amount of money paid to farmers, only the way in which it was

handed out. This time, pressure is building both to reduce the total size of the pie and to redistribute its pieces, which will prove far more contentious. Several things have changed since 2003 that will make it more challenging for anyone to tinker with the Cap, let alone push through wholesale reform. For one, the EU has added 12 member states, mostly in central and Eastern Europe. On accession, farmers there settled for a comparatively small share of agriculture subsidies; now they are demanding equality. Second, the European Parliament - once a mere observer of agriculture policy - will now have a full say, thanks to expanded powers conferred on it by the new Lisbon treaty. At minimum, that will add to the bureaucratic complexity of forging any agreement. Some observers are already fretting that a handful of regional and highly politicized MEPs could sabotage reform, as legislators do in the US Congress. Finally, there is the economy. Back in 2003 it was buoyant and open markets and free trade were in vogue. Today policy-makers are operating as Europe struggles to emerge from the worst recession since the 1930s. European farmers have been particularly hard hit. Thanks to depressed milk and pork prices, their 2009 income is estimated to have fallen by 12 per cent, according to Copa-Cogeca, a group that represents European farmers.

Across the Continent, governments are turning away from the free market to rescue carmakers, banks, and other national champions. The CAP itself was born in a very different economic and political environment. With fears of supply shortages following the Second World War, stable and generous prices were guaranteed to farmers to prevent an exodus to the cities, as happened after the First World War. It worked so well that by the 1980s Europe was storing lakes of surplus wine, and mountains of butter and wheat bought from farmers. Generous EU rebates helped exporters dump high-priced products on international markets, which did not sit well with developing nations. By the late 1980s, 80 per cent of the CAP budget was devoted to market interventions, storage, and export subsidies.

The slow process of leading farmers towards the free market began in 1992. The EU curtailed its price supports and instead began to pay farmers a direct subsidy. In the late 1990s, with the CAP under fire from the World Trade Organization, Mr. Fischler picked up the baton. His Agenda 2000 program broke the link between subsidies and production, giving farmers more freedom to decide what - and how much - to produce for the market. To win political support, the former Austrian agriculture minister left the overall Cap budget intact. But he shifted some of the money from the "first pillar" of spending - direct subsidies - into a new "second pillar" that rewarded farmers for public goods, such as maintaining the rural landscape, improving standards, animal welfare and other objectives prized by policymakers.

Pressure to clean up the Cap has only grown as greater transparency has allowed citizens to scrutinize the messier parts of the system. New disclosure laws have revealed, for example, that it is large landowners such as Britain's Duke of Westminster and Nestlé, the Swiss food giant - and not artisanal cheese-makers - that have reaped millions of Euros in payments.

The man at the centre of the unfolding debate will be Dacian Cioloș, the incoming agriculture

commissioner from Romanian. He promises to defend the CAP budget against cuts; however, much will depend on José Manuel Barroso, too. The European Commission president has repeatedly called for Europe to become a leader in emerging fields of "green" energy, such as wind and solar, in order to meet its climate goals and create jobs. But, a Commission proposal last year to increase research budgets by €50bn in the next decade to meet such goals lacked any plans to pay for it. A further source of contention is how much money will be shifted from the first pillar of direct subsidy payments to the second of public goods. Conservationists and environmental groups, for example, have latched on to the threat of climate change to argue for a larger second pillar which, they claim, is the only way to encourage smaller scale, more sustainable methods of farming. Against that, Europe's cattle and grain barons are raising the specter of food security. In a world of limited farm land and growing population, they argue, the EU must feed itself without risking dependency on unreliable trading partners.

## **A GLOBAL PERSPECTIVE**

### **China Signals Major Shift into GM Crops**

China wants to push forward with the large-scale planting of genetically modified (GM) crops. Pest-resistant Bt cotton is already grown on an industrial scale in China, while Bt rice and phytase maize (which eliminates the need to feed extra phosphate to poultry and pigs) is expected to follow suit within 3-5 years. The development of new GM crops is one of the 16 major projects listed in China's plan for scientific and technological development until 2020. The government's plans include the development of pest- and disease-resistant GM rice, rapeseed, maize and soy, with research focusing on yield, quality, nutritional value and drought tolerance.

### **BASF Gets Brazilian Nod for First GMO Product**

The German company BASF, the world's largest chemicals group has won approval for the cultivation of a genetically modified (GM) soy variety in Brazil. BASF aims to win 10-20 percent of the soy acreage in Brazil, being the second-largest soy producer after the United States. Brazil, which is expecting a record 65 million tons soy harvest this year, obtains 60 percent of its soy from genetically modified seeds sold mainly by Monsanto and DuPont's Pioneer.

## **FAS ROME REPORTING**

### **IT1006 - The Widespread Use of Biotechnology in Italy**

The average Italian regularly uses products such as insulin and cosmetics that are manufactured using biotechnology. Italy has a large and profitable biotech industry operating in the medical, industrial, and agricultural sectors. Italians generally support the medical and industrial applications of biotechnology more than agricultural biotechnology, and this inconsistency of support across sectors is problematic. Italy is losing an important opportunity to modernize its agricultural production.

### **IT 1007 - Production and Exports of Italian Food and Drink 2009**

Italian food and drink production declined 2.1 percent in 2009. Production increased for oils, alcohol, crackers, preserved pastries, ready meals, and wine, but production decreased for a variety of other sectors, particularly ice cream, dried fruit, condiments and spices. Production fell in response to lower demand both domestically and abroad. Italian food and drink exports declined 4 percent in 2009 particularly to the United States, Canada, and major European markets. Exports increased the most for processed vegetables, whereas sugar exports declined the most.

### **IT1008 - Italy One Step Closer to Biotech Cultivation**

The Council of State ordered Italy's Ministry of Agriculture to publish procedures that would allow Italian farmers to grow biotech crops. This order is a necessary first step to open the way for biotech cultivation in Italy. The Ministry of Agriculture, however, is expected to continue to block any progress on the introduction of much needed modern agricultural production technology in Italy.

### **IT1009 -Implementation of the Health Check – One Year On**

Discussions in Italy during the first half of 2009 focused on the final implementation of the Health Check, especially measures connected to Article 68. Most farmers' groups and organizations pressed the Ministry of Agriculture to obtain the highest possible benefit allowed by the EU legislation. The implementation of provisions connected to both Modulation and Cross Compliance, on the other hand, has been relatively simpler. Other specific rules of high interest for the Italian agricultural sector were those regarding the further, final decoupling of all support that remains "coupled".

### **IT1011 - The Financial Cost to Corn Growers of Italy's Ban on Biotechnology**

Italian conventional corn growers lose an estimated €175 to €400 per hectare because they are not allowed to grow *Bt* corn, resulting in total annual losses of €150 million to €350 million. Since 1998 the total loss to Italian farmers due to the prohibition on *Bt* corn alone is estimated at €2.4 and €5.1 billion. Farmers of conventional crops have lower profits because of higher pesticide costs and lower yields due to pest damage.

### **IT1012 - Italy's Ministry of Agriculture and the McItaly Controversy**

Minister of Agriculture Zaia's featured participation in McDonald's promotion of a new McItaly menu has created a controversy in Italy. One reason for the controversy is the promotion was launched at McDonald's flagship Italian location which opened in 1986 near the Spanish Steps. The Slow Food Movement, which among other things promotes local and traditional foods, was developed in reaction to the opening of this McDonald's restaurant. Given this significance, critics believe Zaia has 'sold out' to the multinationals.

## **ITALIAN BUYER RECRUITMENT**

FAS Rome, Italy assisted the American Organic Trade Association in identifying Italian Buyers for selection to attend the 2010 International Buyers Mission in Anaheim, California March 10-15, 2010. We are pleased to announce that Organic Oils S.p.A., located in Perugia, a leading company in Italy and Europe specialized in the production and manufacturing of olive oil, grape

seed oil, vegetable oil, palm oil, dressings, seasonings, condiments, sauces and vinegars will be attending the Buyers Mission with a select group of European Organic Buyers.

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