

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agricultural News for Italy and the EU – July 2010

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Agriculture in the News

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Report Highlights:

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

General Information:

ITALIAN AGRICULTURAL NEWS

Farewell McItaly

McItaly, the McDonald's sandwich launched by the former Minister of Agriculture Zaia, in hopes of promoting Italian food products and raise awareness of Italy, has failed to have lasting power. Despite the quality Italian ingredients and sponsorship from the Italian Ministry of Agriculture, the marriage (or better yet business relationship) between the Italian sandwich and the U.S. company has already come to an end. Just five months after the McItaly promotion, the fast food chain has removed the dish from the menu. The reason is simply economic - customers did not like the burger and therefore, failed to order it. The idea behind the promotion was to use McDonald's as a way to promote locally grown Italian ingredients by developing and expanding supply chains, but the truth is that McDonalds already sources almost 90% of their ingredients locally. NEWSFOOD.com

Italians Unveil Anti-Ageing 'Super Tomato'

Italian farmers have created a square shaped tomato which they claim helps slow the ageing process due to high concentrations of lycopene, a red pigment known to be a powerful antioxidant. The tomato was grown by a group of farmers in the northern regions of Emilia Romagna and Lombardy. Earlier this year scientists from the Naples National Research Center presented another "super tomato" which they claim keeps "cancer at bay", in part because it too has a high concentration of lycopene. The Neapolitan Maxantia tomato was created by crossing the San Marzano and the Black Tomato. LA REPUBBLICA

One Out of Three Italian Households Cut Food Budgets in 2009

In its' annual survey of Italian spending habits, ISTAT (the national statistics bureau) found that Italian families spent an average of €2,442 a month on household expenditures (almost 2% less than in 2008), while overall spending for food was €461 a month (almost 3% less than in 2008). Of the households claiming to have cut back on food, most said they had "reduced quantity but not the quality of food purchased". ANSA

Italian Farmers Only Receive 17% of Food Sale Profits

According to the Italian Farmers Union Coldiretti, for every € euro that Italians spend on food, 60% of it goes to the distribution sector, 23% to the processing sector, while farmers only receive 17% of the sale profits. According to Coldiretti major Italian distributors are forcing farmers to accept reduced profit margins due to high distribution costs. In order to rectify this situation, Coldiretti is advocating direct sales through a network of farmers markets, therefore cutting out the middleman. ANSA

Italian GM Rebel

An Italian corn farmer in the North of Italy has planted six genetically modified seeds in an act of civil disobedience. The farmer, who already grows conventional corn, is part of a farmers group which has asked the Italian government the right to plant genetically modified crops in Italy. The MON810 variety seedlings are now growing in an undisclosed site and their progress is being posted on YouTube. Although MON810 is approved for planting in the EU, it is still unclear whether the plantings are legal, since the Italian Ministry of Agriculture has never authorized the planting but has neither invoked a safeguard clause (directive 2001/18) to enforce a ban. The symbolic harvest is expected for sometime in mid-September and will be displayed on YouTube:

<http://www.youtube.com/watch?v=JS7nEDL3CzE>

NATURE BIOTECHNOLOGY

Second Italian Case of Human 'Mad Cow' Disease

Italy has registered a second case of the human variant of mad cow disease. A 42-year-old woman from Livorno was reported to be in the final stages of the Creutzfeldt-Jakob disease, the human form of the fatal brain-wasting illness. It is still not known how the woman may have contracted the disease. Italy's first case of human mad cow disease was registered in 2002. ANSA

Italian G8 Commitments on International development

What ever happened to the Italian G8 commitments on International development? According to the 2010 G8 accountability report (which compiles information received directly from the G8 member Governments) Italy ranks at the bottom of the list. With regards to official development assistance and GDP ratio, the Italian 0.16% is the lowest level among the G8 members. In the document, Italy explains that such a minimal level is due to the economic crisis but it reaffirms its commitment to reach 0.7% by 2015 and to increase ODA levels when the general budget increases. Unfortunately, between 2008 and 2009, the Italian budget increased by 3.4% but ODA levels shrank by more than 30%. Italy is the only G8 member not supporting the Global Fund in 2009, to halve its' contribution to STOP TB initiative, and to rank last in contributing to the Polio eradication initiative. Last year at the Aquila Summit on emergency initiatives to respond to the global food crisis, of the \$6 billion extraordinary funds, Italy only pledged \$180 million (which is half the contribution of Australia and almost as much as the Netherlands.) ActionAid

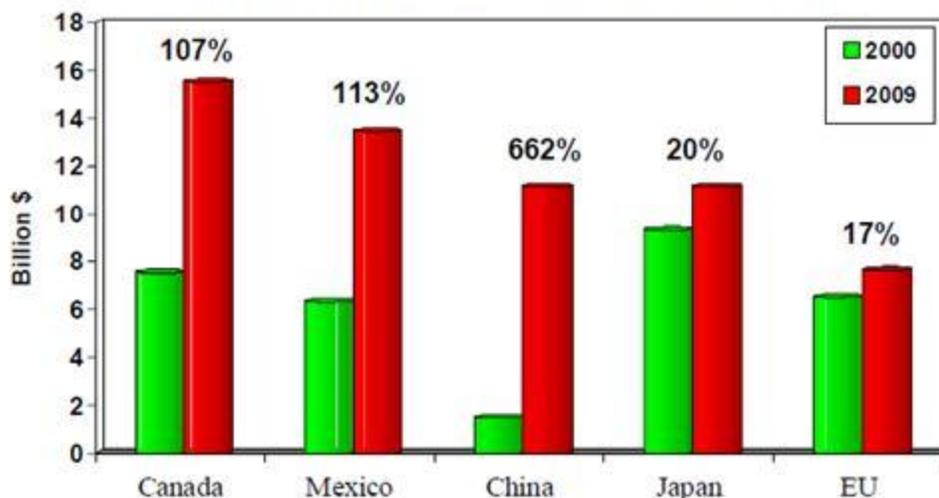
FEATURE STORY

After Years of Stagnation U.S. Exports to the EU Strong in 2010

After several years of slow growth, U.S. agricultural exports to the EU are on the rebound. Shipments have been strong through the first seven months of FY10 and are forecast at \$8.3 billion, up 9% over last year. U.S. agricultural exports to Italy in FY10 already show a 13% increase. However, in FY09 total U.S. agricultural exports to Italy were less than \$1 billion, while total Italian agricultural exports to the U.S. were almost \$3 billion. U.S. exports to the EU over the second half of the year will be influenced by the European financial situation, strength of the dollar, and competitor supplies. Exports of agricultural products to the EU have trailed growth in overall U.S. agricultural exports to the world.

EU Lags Behind Top Markets In Growth

U.S. Exports to Top 5 Markets -FY 2000 to FY 2009 (% increase)



Market share for U.S. agricultural products to the EU has been cut in half over the past decade from 14.6% in 2000 to just 7.3% last year. Almost three quarters of the loss in U.S. market share is due to unfavorable market developments in soybeans, feeds and fodders, tobacco and consumer oriented high value products. During the same period, Brazil and Argentina overtook the United States as top suppliers to the region with their combined market share increasing from 18.6 percent to 22.5 percent. Over the past decade, China and Chile also increased market share in the EU due, in part, to greater fruit and vegetable exports.

Adjustments under the Common Agricultural Policy (CAP) reform early in the decade further brought down intervention support prices, and subsequently market prices for feed grains. The fall in prices stimulated feed grain use while dampening demand for other feed ingredients, such as corn gluten feed and meal. This reduced demand, coupled with restrictions on U.S. biotech corn products, resulted in a dramatic fall in U.S. feed ingredient exports. In addition to this significant increase in export competition, the United States faced, and continues to face, many import barriers that restrain market share in the region. Restrictions in dairy, meats, grains, oilseeds, and other products have allowed competing exporters to gain a foothold in the region. The detection of unapproved biotech corn events in soybean shipments in 2009 coupled with lower demand in the EU for high value products, due to the economic slowdown, contributed to the fall in U.S. exports by \$3 billion. However, things appear brighter in 2010 as U.S. exports rebound. The current financial situation in Europe will also be a major factor as a deteriorating situation could reduce demand, particularly for high value U.S. products. Furthermore, the strength of the dollar will impact U.S. competitiveness as the dollar has seen gains against the Euro over the past several months. USDA

THE EUROPEAN UNION

EU Provides Food Security Funding

The EU has announced €6.4 billion of funding for scientific research and innovation next year (a 12% increase on this year's allocation.) The program is aimed at creating more than 165,000 jobs and developing "a more competitive and greener Europe", the European Commission says. The focus is on climate change, energy projects, food security, health and Europe's ageing population. Grants will be awarded to about 16,000 research bodies and businesses. EU funded research currently accounts for about 5% of the total public funding for research. The investment includes more than €600 million for health research, €206 million for clinical trials for new drugs, and nanotechnologies will receive €270

million. AGRA News

EU Publishes Recommendations on GMO Coexistence

The EU Commission has published guidelines for the development of national co-existence measures to avoid the unintended presence of GMOs in conventional and organic crops. It is recognized that many of the factors that are important in this context are specific to national, regional and local conditions. Following this approach, the general principles for the development of national co-existence measures will be transparency, cross-border co-operation and stakeholder involvement. The Recommendations establish that the EU Coexistence Bureau will continue to develop with Member States best practices for co-existence as well as technical guidelines on related issues. Also, European consumers should be given a choice between GM food and non-GM food through traceability and a labeling system. EURO ALERT

EU Hails Success of New Food Safety Regime

The recent introduction of tougher border controls on fruit and vegetables and the outlawing of hundreds of pesticides have boosted food safety in EU. Since the new regime was introduced in January, some 13,600 consignments of imported and domestic fruit and vegetables have been checked with 10% of products rejected. Under the new regulation, Member States are responsible for implementing and funding the heightened inspection systems. The new regime provides product analysis for pesticides in fruit and vegetables. AGRA NEWS

EU Votes Against Food From Clones

An overwhelming majority of EU members has voted against food from cloned animals and their offspring. The European Parliament's vote however is in contrast with that of the EU Commission and Council who both are in favor of including clones in the novel foods regulation. The division also threatens the future of the proposal to update the existing novel foods legislation. The Commission had proposed including cloning in the list of production techniques that count as 'novel', meaning that meat, milk or eggs from clones would have to be approved under the regulation. Whereas the Council argues that if they are not included in the novel foods regulation then there would be a legal vacuum that could allow such foods onto the EU market. Health Commissioner Dalli has already weighed in on the issue conceding that he will consider whether the novel foods regulation is the right instrument to deal with this issue as the scope goes well beyond the regulation. AGRA EUROPE

EFSA Data Points to a Decrease in Pesticide Residues

Fresh data on pesticide residues in food published by the European Food Safety Authority (EFSA) suggests that exposure levels are decreasing. 96.5% of the 70,000 fruit, vegetable and cereal samples analyzed in 2008 complied with maximum levels permitted by the EU. Only 3.5% of the products exceeded the legal limits, compared to 4.2% from the previous year. EFSA also reported that high pesticide residues were more common in food from third countries (only 2.4% of EU produced food contained pesticide levels above legal limits compared to 7.6% of non EU imported samples were above the the pesticides limits.)

EU Offers Farm Aid to Developing Countries

The EU has pledged an extra €13.2 million to help efforts to boost agricultural production in developing countries worst hit by high food prices. The aid is part of a €314m package of development projects under the EU's 'food facility' to support the world's poorest farmers. The European Commission will channel the funds through international organizations, including the UN's Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the World Food Program (WFP), and the World Bank. Both the G-8 and G-20 are due to meet to discuss development aid to agriculture and investment in small farmers in poor countries. Over one year ago leaders of the G8 developed nations pledged \$20bn (€14.5bn) for efforts to boost food supplies to the hungry, on the final days of the summit in L'Aquila, Italy. AGRA EUROPE

EU pushes GI recognition in China

Products carrying the EU's Geographical Indications (GIs) are taking center stage as the EU Trade Commissioner recently visited China to promote trade relations. The EU is attempting to secure GI recognition in the Chinese market. The EU and China have already agreed to help develop trade in quality traditional products through mutual recognition of labels such as GIs. Sources report that the efforts to engage China on GIs are intended to arouse Beijing's interest in protecting its own quality regional products, with a potential impact on WTO negotiations.

AGRA EUROPE

Counterfeit Imports Up in 2009

According to the EU's annual report on Intellectual Property Rights protection, the IPR of European products are being increasingly violated by imported products. The report noted that in 2009 there were 43,500 cases of suspected IPR violations. Some 18% of the violations involved suspected trademark infringements for food and beverages, body care articles, medicines, electrical household goods and toys. There were only 27 cases involving counterfeit EU food products, however, due to the large quantities of food consignments, these cases still involved 3 million articles. While the majority of counterfeiting claims involved products from China (64% of total articles), the food-based IPR claims were dominated by imports from Turkey (56%), the U.S. (26%), Uruguay (6%) and China (5%).

AGRA EUROPE

FAS ROME REPORTING

IT1028 – Olive Oil Update

Italy produces 500,000 MT of olive oil, domestically consumes 700,000 MT, and exports 300,000 MT annually. Sixty percent of Italian olive oil production is extra virgin olive oil, the highest quality category of olive oil, while the remainder is lampante. Olive oil trade is vulnerable to fraud based on the quality of the oil or the labeled country of origin. There is an on-going global debate to expand the definition of extra virgin olive oil to account for climatic differences in emerging olive oil producing countries, particularly in North Africa.

IT1030 - Agricultural News for Italy and the EU June 2010

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

IT1033 – Italy Stone Fruit Report 2010

The MY 2010/2011 Italian peach and nectarine crop has been severely damaged by strong hailstorms, particularly in Emilia-Romagna, which produces most of Italy's nectarine crop. Cool and rainy weather prior to harvest also delayed the crop and reduced production. Industry sources estimate an overall 6.6% decline in production, with a significant decrease in the nectarine harvest. MY 2010/11 peach and nectarine exports are forecast to increase, mainly due to Russia and other Eastern European countries re-opening their markets and to a lower harvest in Spain, France, and Greece.

FAS ROME ACTIVITIES

FAS Rome attended the annual Coldiretti (one of the main Italian farmers' organization) meeting.

FAS Rome attended the annual EU-27 livestock consolidated report meeting in Lille (France) with other EU-27 country FAS analysts.

FAS Rome attended a press conference organized by UNAPROL and UNAPOL (the two main Italian olive oil industrial producers' organizations) in which they presented a common project on the promotion of Italian olive oil.

FAS Rome attended the annual presentation by INEA (Italian Institute for Agricultural Studies) on the "State of Italian

Agriculture 2010”.

FAS Rome attended an event on “Biodiversity Conservation”, organized by Bioparco (one of the oldest zoos in Europe) in Rome.

FAS Rome attended a meeting called “The Capitoline Garden” project, organized by Slow Food, the City of Rome and the American Academy of Rome. “The Capitoline Garden project” intends to promote sustainable agriculture and food culture by providing a location which allows people access to local, organic and seasonal foods.

FAS Rome attended a hail and farewell reception organized by the Foreign Agricultural Attaches in Rome, collectively known as the OSCAR Group.

FAS Rome met with members of an Italian think tank, Vedro’, to discuss their pro-biotech event.

FAS Rome supported the Alcohol, Tobacco, Tax and Trade Bureau’s visit to Italy and participated in their out brief.

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