

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agriculture in the News

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 June 2012.

General Information:

REGIONAL NEWS

Sky High Food and Wine Prices in Italy

Farmers at Coldiretti (Italy's largest farmers union) address Euro Stat's latest food, beverage and consumer price report for 2011, noting that Italy's food and wine prices are 6 percent above the EU average. Economic analysts report that Italy's higher prices are closely tied to the cost of fuel and high taxes, combined with rising transportation and food distribution costs.

World Farmers Organization Headquarters coming to Rome

The World Farmers' Organization (WFO) has announced that it will be locating their headquarters in Rome. The mission of the World Farmers' Organization (WFO) is to bring together national agricultural producer organizations and agricultural producer cooperative organizations to create policies and advocate on world farmers' behalf, in order to improve the economic situation and livelihood of producers, their families and rural communities.

Italian Wineries Attract Foreign and American Investors

If Italy could attract capital from abroad like its' wineries do, there would certainly be no lack of foreign investments. Through the years, entrepreneurs, executives, international wine groups, investment funds, music and entertainment stars have brought foreign funds to the vineyards of Italy. At the end of 2011, two Italian wine giants – the Tuscan Ruffino went to the American Constellation Brands and the Piedmont Gancia went to Russian Standard Corporation. However, U.S. foreign investments date back to the late '70s, when the Italian-American family Mariani founded Castello Banfi in Montalcino, the winery that opened world markets to Brunello di Montalcino. In 2000 Richard Parsons, former CEO of Time Warner bought the Palazzone Estate in Montalcino, while in 1995 American businessman Frank Grace invested in Il Mulino di Grace in Chianti, and in 1994 the U.S. Kendal Jackson wine group purchased Villa Arceno in the Chianti Classico area.

DNA Wine Testing

Ever wonder where the wine in your glass comes from? DNA analysis will soon be able to tell us and there is no need to call "CSI." According to Italy's CNR (National Research Centre), wine certification systems based on chemical and genetic data will be used to battle food fraud. Wine certification systems, combined with genetic analysis will reveal what vines and yeasts have been used in making wine, and, by specific chemical analyses, indicate where the vines were cultivated.

GM Fields Destroyed

The Ministries of Environment and Agriculture ordered the destruction of recently discovered GM fields at the University of Tuscia. All plant samples and research was destroyed, causing the outcry by a group of 200 Italian scientists and farmers who recently sent an appeal to President Napolitano, noting that if Italy wants to compete agriculturally worldwide, there needs to be a stop to the anti-GMO policy in Italy. "Without research and innovation in agriculture Italian farming is going to disappear. Italian farms must be able compete in the global market, and without product innovation

this is not possible. Of note is that most of the food that Italy imports contain GMOs and without GM feed the so-called “Made in Italy” food products would not exist.

FEATURE ARTICLE

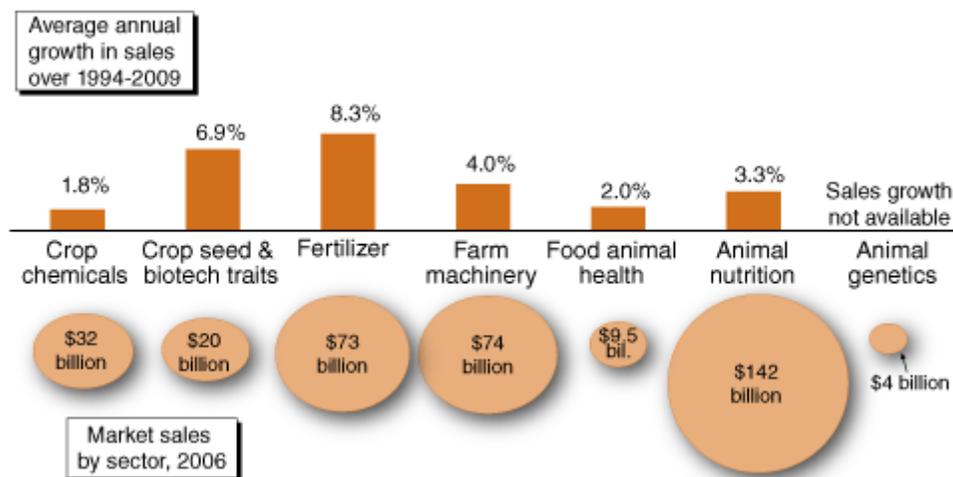
Private Industry Investing Heavily in Research to Improve Agricultural Productivity

Private sector firms are becoming leaders in developing innovations in agriculture.

In 2010, global private-sector investments in research and development (R&D) to improve agricultural inputs reached \$11.0 billion, up from \$5.6 billion in 1994. R&D spending as a share of product sales exceeded 7 percent in the industries supplying crop protection chemicals, crop seed and biotechnology traits, animal health products, and animal breeding and genetic inputs to agriculture.

Over the past several decades, private-sector firms have become major players in developing innovations for agriculture worldwide. The emergence of biotechnology and other scientific developments, the strengthening of intellectual property rights (IPR) over agricultural innovations, the global expansion of markets for agricultural inputs, and changing government regulations are some of the factors driving private companies to invest in agricultural research. A recently completed ERS study provides, for the first time, detailed information on global R&D spending in seven agricultural input sectors—crop seed and biotechnology, crop protection chemicals, synthetic fertilizers, farm machinery, animal health, animal breeding and genetics, and animal nutrition, focusing on the 1994-2010 period. Findings show that private sector R&D expenditures in input industries increased by more than 40 percent in real (inflation-adjusted) dollars over the period.

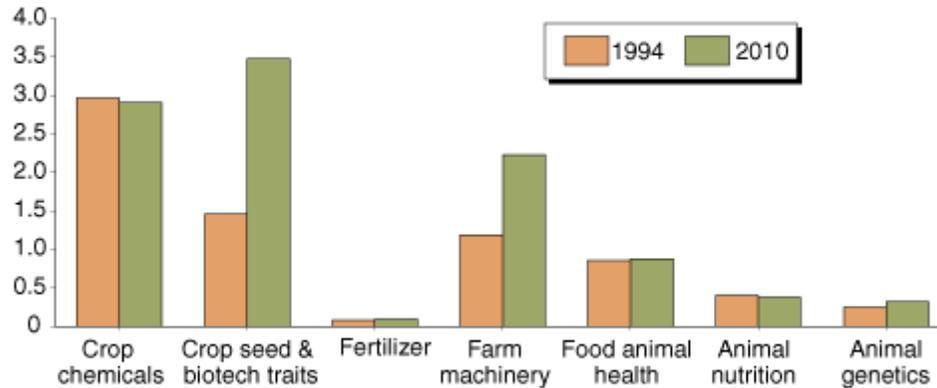
Global markets for agricultural inputs vary in size and rate of growth



Source: USDA, Economic Research Service.

Most growth in private agricultural research spending has occurred in the crop seed/biotechnology and farm machinery sectors

Bil. constant 2006 U.S. dollars



Source: USDA, Economic Research Service.

THE EUROPEAN UNION

Study findings challenge consumer attitudes on GM

Shoppers are more likely to purchase GM food than they claim according to a new research by the European Commission. "Social expectancy" may lead people to make different choices in a survey situation than they would make in a real-life consumer situation. Researchers set up street-side fruit stalls in Belgium, France, Germany, Sweden, and the UK to see if consumer behavior would be reflected in real life. The stalls sold strawberries, grapes and cherries under the three labels 'organic, Biogrow certified', 'low residue, local designation' and '100% spray-free, genetically modified,' with all three in fact being produced under local, low-spray non-GM conditions. GM-labeled fruit was most popular at the stalls. While the study does not provide conclusive evidence, the Commission says that the findings claim GM foods will be more accepted by consumers as long as they are cheaper and that "advantages, such as lower price and lack of pesticide residues, are clearly labeled or explained."

New War of Words over Food and Drink "Geographical Indicators"

A long-standing divergence of views between the EU and the U.S. over the ability to protect foods and beverages, like feta cheese and champagne, using geographical indications (i.e. reserving the use of the term to producers from that region) is bubbling up into a war of words. The European Commission issued a statement, on 15 June, protesting what it says are false claims being made by the new U.S.-based Consortium for Common Food Names, made up of U.S. farmers, producers, consumers, and retailers. The consortium has recently launched a campaign in which it complains that the EU is being unreasonably liberal in its use of this form of protection. The Commission accused the consortium of "free riding on the reputation of European culinary heritage foods," adding "would American consumers like to buy for example Vermont cheddar cheese made in Germany." Should the dispute escalate, it will surely not bode well for the launch of EU-U.S. FTA negotiations, something many in the business community have been calling for to provide a boost to the flagging transatlantic economy. The Commission and USTR are due to give their initial assessment at the end of June of whether to launch such talks.

A GLOBAL PERSPECTIVE

World Trade Protectionism “Continuing Apace”

Some 3% of global imports are being affected by an increasing number of trade and investment restrictions imposed by the world's major economies, the WTO has warned. The number of protectionist measures put in place by G20 countries has increased since last October and now impact nearly 4% of trade among the group's members, despite G20 leaders pledge to "roll back any new protectionist measures that may have risen" including export restrictions in order to stimulate exports. Weak recovery of the global economy and persistent high levels of unemployment are continuing to test the political resolve of G20 governments to resist trade protectionism. There is no sign that efforts are being made to remove restrictions introduced since the start of the global crisis. The EU last week decided to challenge Argentina's "illegal" demands on importers and "unfair" trade policy, while the U.S. recently asked a WTO dispute settlement panel to assess the legality of Indian restrictions put on imports of U.S. poultry meat and chicken eggs.

FAS Italy Regional REPORTING

IT1218	Overview of Italian Farmers Unions
IT1219	Agricultural News for the Month of May
IT1220	Regional 2012 Country Strategy Statement Italy, Greece, Bosnia, and Croatia
GR1208	Greece Exporter Guide 2012
GR1209	Greece Retail Foods 2012
GR1210	Greece Food Service - Hotel Restaurant Institutional 2012
GR1211	Greece Food Processing Ingredients 2012
RB1206	Export Accomplishments - U.S. Choice90 Bovine Semen Enters Serbian Market
HR1207	Croatia Agricultural Biotech Annual

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