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# At a glance: **ITALY'S** CAP STRATEGIC PLAN



CAP Strategic Plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

The CAP Plans support a wide range of interventions, addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF).

The impacts of both the Russian aggression against Ukraine and the extreme weather conditions caused by climate change, highlight the integral link between food security and the need of transition to sustainable and resilient food systems. In this context, the CAP Strategic Plans offer opportunities: e.g. to reduce dependence on synthetic fertilisers and scale up production of renewable energy without undermining food production; and to transform the sectors' capacity in line with more sustainable production methods.

*Italy submitted its first proposal for a CAP Strategic Plan on 31 December 2021, after consultation with stakeholders. On 15 November 2022, Italy submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 2 December 2022. Italy requested the first amendment of their Plan, which has been approved by the Commission on 23 October 2023. This document presents some of the main features of the CAP Strategic Plan of Italy.*

## 1. DID YOU KNOW?



Italy's agricultural sector and agri-food system are strong contributors to the country's economy, accounting for around 2% and 15% of the GDP respectively. Italian agriculture represents a unique mixture of different climates, soils and topography, resulting in one of the most diversified agricultural outputs in the EU. As such, Italy produces primarily grains, soybeans, meat and dairy products in its northern regions, while the south specialises in fruits, vegetables, olive oil, wine and durum wheat. This makes the country **one of the largest agricultural producers and food processors in the EU**. Italy also has the largest number of agri-food products with Protected Designations of Origin and Protected Geographical Indications recognised by the EU and is currently the main wine producer, in volume, in the world.

- ➔ Italy has around **1.1 million farms**, which cover around 12.5 million hectares of the country's agricultural area. More than 50% of the total area under agricultural use is classified as mountainous or with natural constraints.
- ➔ The majority of **Italian farms are small and family-owned**, with an average size of 11 hectares.
- ➔ **53% of the Italian population lives in rural or intermediate areas**, with the agriculture and forestry sectors being important economic drivers.



## 2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF ITALY

The Italian CAP Plan aims at enhancing the competitiveness and sustainability of the country's diversified agriculture and rural areas. Its strategy addresses a wide scope of needs from the different territories. This includes an adequate income for farmers, protecting them from adverse climatic events, reducing the impact of agriculture on the environment, tackling labour exploitation and improving the quality of life in rural areas. While the former regional Rural Development Programmes have converged into a single national CAP Strategic Plan, the Regions will continue to play a key role in the implementation of rural development interventions.

### 2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

In order to improve the viability of farms, Italy aims to ensure **a more targeted and fairer system of financial support to farmers**. In this regard, Italy will assign EUR 17.61 billion of its budget to stabilise farmers' income and will ensure a better and fairer distribution of aid. It will set a maximum ceiling of EUR 2 000 on the value a farmer may receive per hectare as basic income support, starting in 2023. This novelty shall contribute to redistribute support to those who need it the most, in particular in rural and marginal areas, as well as inland mountainous and hilly areas. At the same time, 10% of the income support will be dedicated to a redistributive payment on the first hectares of farms, reinforcing support to small and medium-sized farms.

The Plan will also focus on **strengthening the competitiveness of farmers and improving their position in the supply chain** through a better integration of the various actors involved and the modernisation of production facilities. For instance, the Plan includes sectoral interventions dedicated to the wine, fruit and vegetables, olive oil, apiculture (beekeeping) and potato sectors, as well as rural development investments and cooperation initiatives aimed at improving relations between the actors of the supply chains at local level.

- ➔ *Certain sectors, such as durum wheat, buffalo milk or industrial tomato, that represent an important production at national level for socio-economic or environmental reasons but face specific challenges, will receive EUR 2.64 billion to improve their competitiveness, quality and sustainability in addition to basic income support.*
- ➔ *Almost EUR 3 billion will be used to help about 800 000 farmers coping with a growing number of climatic adversities and natural disasters by supporting their participation in risk management tools, such as insurances and mutual funds aimed at sharing the costs deriving from catastrophic events (frost, floods and droughts).*

## 2.2 A GREENER CAP

Italy faces environmental and climatic challenges with different degrees of severity in different regions, including water pollution, biodiversity loss and emissions from agricultural activities.



In order to tackle these challenges, the Italian CAP Plan focuses on the green transition of the agricultural, food and forestry sectors. To this end, more than 80% of the agricultural area will comply with **good agricultural and environmental conditions** (GAECs), such as establishing buffer strips along water courses, the maintenance of permanent grassland or providing a minimum soil cover during sensitive periods.

Over **EUR 10 billion of the Plan's budget is earmarked for interventions aimed at the climate and environment**. In this regard, Italy has designed **34 voluntary schemes** that compensate farmers for the additional costs and income loss deriving from the application of more environmental and climate-friendly practices. These include reduced use of fertilisers and pesticides, farming techniques preserving biodiversity, as well as soil conservation practices.



Moreover, Italy will allocate approximately EUR 2 billion to **organic farming**, as it is considered a production technique contributing to the targets of the European Green Deal. Italy aims to increase its area under organic farming to 25% of the agricultural land by 2027.

- ➔ *The Plan allocates EUR 557 million for promoting integrated farming systems on almost 403 000 hectares (3.2% of the country's agricultural area), allowing to reduce pollution of water, soil and air and to develop circular economy within the farms.*
- ➔ *More than EUR 37 million will be aimed at improving the methods of distribution of fertilisers and manure in the soil to significantly reduce water and air pollution. These practices should be applied on around 63 000 hectares (around 0.5% of the country's agricultural area).*



## 2.3 SOCIALLY SUSTAINABLE CAP

Italy's rural areas face important challenges in terms of depopulation, basic services, infrastructure and quality of life. The abandonment of agricultural activities also undermines the socio-economic **vitality of rural areas**.

In synergy with other EU and national funds, the Plan proposes a package of interventions aimed at offering tools to support entrepreneurship and start-ups not only in agriculture but also in other sectors of the rural economy. Moreover, it supports initiatives to enable access to essential services for workers, in particular seasonal ones, ensuring safety at work, also with a view to **combating labour exploitation**. Italy will be among the first Member States to implement the new 'social conditionality', a system which intends to improve working conditions in European agriculture, as early as 2023.

The Plan also envisages strengthening policies in favour of **young farmers**, who are often more receptive to innovation and digitalisation. In this regard, the Plan will mobilise a total of EUR 1.03 billion to help them face new challenges and to also attract new farmers to the sector.

Furthermore, the Plan will pay particular attention to **animal welfare**, as the restructuring of the Italian animal husbandry and its competitiveness inevitably go through a transition to sustainability. With this objective, a significant share of the resources for eco-schemes and rural development interventions, over EUR 2 billion, will be dedicated to animal welfare (by increasing the space for animals and the time they spend outside the stables) and the reduction in the use of antimicrobials.

- *The Plan earmarks EUR 735 million for the creation of over 4 280 new entrepreneurial opportunities in agriculture targeting the younger generation, women and the long-term unemployed.*
- *The Plan will foster local development strategies reaching 56% of the rural population through local action groups, as well as by developing food districts, bio-districts and smart villages.*



### 3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

The fragmentation of the Agricultural Knowledge and Innovation System (AKIS) and the relatively low level of digital education in agriculture in Italy are tackled by several interventions in the Plan aimed at **modernising agriculture and rural areas**.

In order to achieve these ambitious objectives, the Plan dedicates around **EUR 437 million to the promotion and sharing of knowledge and innovation**. The initiatives supported include, among others, advice to farmers (such as on digital tools and mechanisation), consultancy services on strategic topics (such as animal welfare, environmental sustainability and risk management) and professional training of entrepreneurs and workers.

Furthermore, a fundamental role will also be played by the National CAP Network, which will dedicate a specific budget to **networking for innovation**, favouring the exchange of the operational groups of the European Innovation Partnership (EIP) and the dialogue between the actors of the regional AKIS.

- *Almost 432 000 persons will benefit from advice, trainings, knowledge exchange sessions, or from participating in EIP operational groups, supported by the CAP in order to enhance economic, social and environmental sustainability, climate performance and resource efficiency.*
- *Almost 70 000 hours of trainings for consultants will be organised, with the aim of improving business consulting services through the sharing of information and training skills as well as exchange activities between AKIS actors.*





## 4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	17 607 504 607	n/a	17 607 504 607
Sectoral support	3 199 799 225	58 646 374	3 258 445 599
Rural development	7 260 148 043	8 487 329 628	15 747 477 671
<b>Total</b>	<b>28 067 451 875</b>	<b>8 545 976 002</b>	<b>36 613 427 877</b>

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct Payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural Development reflects possible transfers between pillars and includes technical assistance.

EU FUNDING RESERVED FOR	In EUR	%
Environmental and climate objectives under rural development	<b>2 864 280 185</b>	<b>39%<sup>1</sup></b>
Eco-schemes under direct payments	<b>4 401 876 153</b>	<b>25%<sup>2</sup></b>
LEADER	<b>417 797 004</b>	<b>6%<sup>1</sup></b>
Complementary redistributive income support	<b>1 760 750 461</b>	<b>10%<sup>2</sup></b>
Young farmers (generational renewal)	<b>656 321 847</b>	<b>n/a<sup>3</sup></b>

The minimum financial allocations for support for young farmers can be reserved either under Direct Payments and/or Rural Development. Eco-schemes under Direct Payments may be lower than 25% if the possibility to use the rebate mechanism from Rural Development is used, in line with Article 97 of Regulation (EU) 2021/2115. The Complementary redistributive income support under Direct Payments may be lower than 10%, in line with Article 29 of Regulation (EU) 2021/2115.

<sup>1</sup> as compared to the rural development allocations set out in Annex XI of Regulation (EU) 2021/2115

<sup>2</sup> as compared to the direct payments allocations set out in Annex IX of Regulation (EU) 2021/2115

<sup>3</sup> not applicable as the minimum contribution to young farmers is set as absolute amounts in Annex XII of Regulation (EU) 2021/2115

More financial information can be found in section 6 and in Annex V of Italy's CAP Strategic Plan.

