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THE ITALIAN AGRI-FOOD SYSTEM BETWEEN COMPETITIVENESS AND TERRITORIAL SUSTAINABILITY: THE CASE OF CAMPANIA REGION

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Abstract

Actually the agri-food system is very different than in previous decades for the major change in the competitive environment in which Italian companies must be confronted. In the face of threats to the sustainability of Italian agri-food system, resulting from increased competition, there are considerable opportunities for development especially in relation to the positive perception of agri-food products "made in Italy". In light of these considerations, this paper highlights the strategic role of the territorial sustainability in the development of the agri-food system of Campania region. The work is part of the research project "In.be.sa" conducted by the University of Naples "Parthenope".

Kew-words: Italian agri-food system, competitiveness, territorial sustainability, chains and territorial identity.

The competitiveness of the agri-food system in Italy and Campania region

The Italian agri-food system is a very articulate reality. Based on 2009 data, it was showed that the economic value of the sector is estimated at 246 billion euros that represent 16.2% of GDP. This data is the summary of the results of the individual components of the agri-food system, in detail: agricultural value-added amounted to 25.1 billion, agricultural intermediate consumption 22.4 billion, agribusiness investment 16.6 billion, food industry value-added 25,7 billion, food service value-added 38.9 billion, and value of sales and distribution amounted to 98.8 billion (Inea, 2010a).

Currently, the competitiveness of Italian agri-food system on the international markets show signs of difficulty. Over the last years, the rate of export growth has slowed while the evolution of terms of trade (the price difference between foreign sales and purchases) poses many products in an uncompetitive position. However, there are some competitive sectors: wine, fresh fruit, pasta, olive oil, cheeses, canned vegetables, baked goods, meats and sausages, fruit juices and rice, that over the last decade have demonstrated the ability to maintain their competitive capabilities (Inea, 2010b). Overall, the historical competitors France and Germany have been able to do better than us, while new countries face on world markets. Among the most fearsome competitors set out Spain but also Belgium, as well as China for fruits and vegetables and Australia for alcoholic beverages. 79% of our export of food products is directed toward 12 countries, with Germany in the first place, followed by France, United States and Spain.

The competitiveness of Italian food is influenced by several factors. Among these we must first consider the excessive atomization of farms, which poses considerable difficulties in relation to the downstream sector and in terms of competitiveness of Italian products on the international scene. Relative to the company size it represents a strength: the ability of the system to be able to “suffer” in the adverse conjuncture phases, while it constitutes a point of weakness: the limited economies of scale and the too high operating costs. Another factor affecting the competitiveness is the market volatility that during the last years puts Italian and UE farmers in front of a scenario completely new and more uncertain than in the past, in which the variables to be taken as reference are numerous: the oil price, biofuel, climate change, demographic factors, creation of the food stocks, etc. These uncertainties affect the degree of risk that weighs on Italian companies (National Strategic Plan, 2006).

Among the factors that are able to positively affect the competitiveness of Italian agri-food products there is definitely the positive perception of the “made in Italy”.

It is well known, Italy is a country rich in quality products and this is reflected by the high number of products that have received the EU PDO and PGI recognition. In other terms, it can be said that a key determinant of competitiveness of the Italian agri-food sector is related to the close relationship between agriculture and culture/traditions and, more generally, territorial identity that constitute a distinctive element of the Italian agri-food system.

Within the Italian agri-food system Campania region is of particular interest.

In fact, in 2008, there was a significant increase of Campania region position on foreign markets.

The data of Federalimentare on exports in 2009, recognized Campania region as leader in the production and sales of agri-food excellence products. In difficult times of economic crisis, the products of Campania were unable to find new space on the foreign markets. This is also thanks to the policies for the sector’s internationalization and the growth of very high quality production (such as olive oil). The agri-food sector in Campania region has distinctive elements based on a broad basket of products, many of whom object of protection with national or EU label recognition. Campania region is distinguished from other regions of the South, for the presence of over 28 products including DOC, DOCG and IGT, 6 PDO and 5 PGI, to which must be added more than 300 traditional products of the different territorial realities.

Campania region agri-food sector and territorial sustainability

The search for competitiveness on the international markets is a goal often diverging from the pursuit of a development model that can be considered sustainable for the companies that operate in agri-food sector and the territorial systems suited to this sector.

Territoriality can become a competitive strategy (Belletti *et al.*, 2003) by synergistic valorization of all the endogenous elements that exist in a territorial context. In any territorial system are combined the different dimensions of sustainability: economic, social and environmental[1].

Consequently, the agri-food sector is set up just like one of the sectors that best captures the relationship with the territory and transforms it into an opportunity of development, leveraging on its own specific resources, on the immobile factors, considered as such, not only because incorporated in specific places, but also because "fungible", that it means hardly to find elsewhere with the same characteristics.

In addition to large-scale productions, Italian agri-food system and especially Campania region agri-food system has always been able to maintain the so-called quality food products, products obtained with traditional production processes or strongly connected to the identity of the territory. In particular, the typical products are intended as components of the territory identity, the result of its productive, natural and cultural resources, capable of evoking a sense of belonging to the land. The territory becomes a fundamental element of typicity attributing to the product a value of differentiation linked to organoleptic qualities, to delimited geographical origin or traditional processing techniques (Annunziata, 2006). The identity of a territory and the set of all intan-

1 The economic dimension of sustainability of territorial development can be defined as the ability to generate revenue, profit and employment in a template that is able to produce and maintain locally added value, to enhances and increases the resources of the territory, and also to do not produce a depletion in terms of quality and quantity of itself. The social dimension of sustainability of territorial development can be defined as the ability to ensure well-being and growth opportunities equitably distributed in society, in a template that is able to enhance the culture and to provide adequate tools for the social requalification of the territory regarding problems like marginalization, social disadvantage and education. The environmental dimension of sustainability of territorial development can be defined as the ability to enhance the environment as a "distinctive element", ensuring the protection and the renewal of natural resources and heritage (Scarpato, 2010).

gible elements that it transfers to local production, especially the agri-food one, are configured, then, as central elements of a territorial competitive strategy.

In light of the above considerations, numerous ideas for reflection emerge concerning the role that the preservation of territorial identity can play in developing sustainable competitive strategies of the Campania region, representing precisely the strategic leverage on which to focus. The recognition and affirmation of the role of quality products allow us to see, in fact, still unexpressed potentiality that could be valued as part of promotional policies of the territory and rural tourism, in cooperation with local authorities, representing a further factor of development and success for companies of the sector and the entire regional territory.

The main agri-food chains in Campania region and the territorial identity

Campania is recognized as a region with a strong commitment for agri-food sector; there are numerous, in fact, the production divisions representative of regional agriculture. All this led to the creation of a world-renowned food and wine heritage. In light of these considerations, in this paper were considered some of the chains that have a strong relationship with the territory, highlighting its structural characteristics, market trends and potentialities for future development.

A very important chain for the regional economy and the agri-food system of Campania region is the dairy sector.

In fact, in 2009 the turnover of the dairy sector has represented the 30% of the total regional agri-food turnover. This important result is related, principally, with the sales of cheeses that have obtained the recognition of protected origin, and in particular, it depends on the sales of “Mozzarella di Bufala Campana”. The deep-rooted presence of breeding and transformation systems represents a key element for the success of the dairy sector in this region. In Campania region, in fact, operate more than 13.000 zootechnic farms and they have at least 5 head. Currently, the dairies, that operate in Campania region, regularly registered at the Chamber of Commerce, are about 934.

“Mozzarella di Bufala Campana” PDO is a leading product at national level for quantity produced and sales: in fact, considering the Italian PDO cheeses, it represents the fourth product for volume production and, with € 500 million, the third product for consumer sales (Qualivita, 2010).

The annual production of “Mozzarella di Bufala Campana” PDO is about of 33.000 tonnes, with an average increase that has been consistent over the last decade. The sales are in total around EUR 500 million, with an annual increase of 5% in exports. The percentage of “mozzarella” sold abroad represents 18% of the total Italian cheese. The consumption has a positive trend with an annual increase of approximately 10%.

Another sector in which the Campania region, over recent years, has aimed to enhance its specificity, is the wine production chain. In this area, Campania region can boast origins since Roman times; the culture of the vine has spread throughout the region and is localized in very different environmental contexts concerning the soil and climate characteristics and the varieties cultivated (Boccia, 2007).

The Campania area planted to wine grapes, as results from the inventory of 2010, amounted to 29,836 hectares, of which declared to produce DOCG/DOC about 5,800 hectares; the remaining area is for table and geographical indication wines. On this surface there were produced almost 1.9 million hectoliters of wine with a positive growth of 2% over the previous year (Baccaglio, 2011). The quality regional production can count on 30 registered denominations, consisting of 17 DOC, 3 DOCG, 9 IGT and 1 regional Campania IGT. Compared to the total wine production, DOC/DOCG are 16% and IGT only 11,1%. The remaining percent is table wine. In general, the Istat data 2010 shows that the wine economy of Campania region has decreased by 2% for viticulture and by 5% for wine production in value. Wine production represents a key element to achieve the development of the territory, in fact, it is considered as a catalyst for local development, encouraging the development of economic activities relating to transformation, tourism and provision of public goods like landscape.

A chain that has importance, not so much for economy, but for presidium and protection of the territory, is the olive chain. In fact, 90% of that olive cultivated areas in Campania are hilly, often those at highest risk of landslides.

Campania region boasts over 80,000 companies and 73,392 hectares of olive cultivated areas and, with an incidence of 5.9% of the national quota, it is placed at 6th rank of regions that devote agricultural land to this type of activity, with a decrease of one percentage point over the past decade (Campania Region Data - 2010). Olive chain of Campania region has very different characteristics depending on the cultivated areas, providing a very rich and diverse heritage. In all the main olive cultivated areas, in fact, there are native varieties of high quality and strong typicity, which, if properly exploited, can contribute to the achievement of quality olive cultivation. The olive productions of region Campania are very high quality productions; in fact, there have been recognized 5 DOP; although, in the last years, following the blockage of public subsidies for certification, many companies have preferred to continue to follow the directions of the specification, but without making the certification, because the certification fails to offer a relevant premium price, so the companies recognize it only as an expense and not as a qualification of the production.

Over recent years, the economic results were not very positive but, given the specificity of olive cultivation, there is not predicted a high risk of dropping out of activities, but rather it is suggested that these companies will continue to produce, at least for their own consumption, because of the strong desire to preserve family traditions, environment and local identities.

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