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1 Introduction 3
2 General description of the importance of collective farmers' marketing in the country 4
2.1 Historical context in which collective farmers' marketing has developed 4
2.1.1 From the beginning up to the fifties 4
2.1.2 Recent history of collective marketing 5
2.1.3 Recent emergence of new forms of collective initiatives 7
2.2 Present situation and trends: General configuration of collective farmers' marketing 7
2.2.1 Large COFAMI initiatives operating in conventional marketing circuits 7
Traditional co-operatives 7
Producers organisations (POs) 10
Consortia of products with a designation of origin 12
2.2.2 "Alternative" COFAMI initiatives acting in short/local circuits 14
Collective initiatives of territorial marketing 14
Short/local collective marketing circuits 15
2.3 Conclusions of the general importance of collective farmers' marketing 18
3 Characterisation of the main forms of collective farmers' marketing in the country 18
3.1 Individual characterisation of each 'main' form 18
3.1.1 Consortia of products with a designation of origin: 19
The collective organisation at the basis of the preservation and promotion of the Fontina cheese 19
3.1.2 Collective initiatives of territorial marketing : 21
The *Costa degli Etruschi* wine route - 21
3.2 How important are the following broad forms of collective farmers' marketing in the country? 23
3.2.1 'Traditional co-operatives' 23
3.2.2 Territorially embedded COFAMIs 25
3.2.3 COFAMIs with a producer-consumer network as main focus: 28
Organic farmers' markets 28
4 Contextual factors that affect the emergence and performance of COFAMIs 29
4.1 Description of the different contextual factors 29
4.1.1 Political and institutional factors 30
4.1.2 Economic and market factors 33
4.1.3 Technical and knowledge factors 36
4.1.4 Social and cultural factors 38
4.1.5 Geographical / location factors 39
4.2 Reflections on the context factors 42
5 References 43

1 Introduction

In Italy the marketing of agricultural products has always been one of the most intricate problems. There is a wide consensus about the quality and excellency of Italian food products and the high technical capacity of farmers to produce, but when it comes to the sales capacity many weaknesses are to be noticed. The general tendency towards individualism does not favour efforts in the direction of collective marketing.
The necessity to come to cooperative marketing is however very strong considering the highly fragmented farm structure. In history many policies have given incentives to collective marketing and in the present report ample evidence of this will be provided. It is important to make right from the start a distinction between:

1) bottom up initiatives with directly originates from the farmers themselves
2) top down initiatives generated by the different types of policies put in place.

As the bottom up initiatives are concerned these have grown in particular in areas of the country where the culture of collaboration has rooted in a ideological background. Reference is made here to regions like Emilia-Romagna, the central regions Tuscany and Umbria and the Alpine region Trentino Alto Adige and to some extent Veneto. Historically here either socialist or Christian movements are at the basis of this culture of collaboration. The strongest examples of effective collective marketing are to be found in these above mentioned regions.
Top down initiatives have been promoted in the other regions, where public funds have been spent to set up collective marketing projects of agricultural products. Although the objectives of these policies are quite explicit and clear and relating to the economic advantages of cooperation, the new born cooperatives do not become economically viable when farmers themselves do not invest sufficiently in the marketing cooperative. These policy driven initiatives lack the support of bottom up activities and efforts. The consequence is a too weak marketing structure as the main drive for cooperation was the opportunity to catch public funds.

A general remark has to made about the products carrying a PDO or PGI label. It is well known that Italy is the leading country in Europe of these origin labelled products. Often these collective initiatives are bottom up and generated by farmers proud of their local products and region which give them the incentive to collaborate in order to obtain a collective marketing label on their products. At the same time often the collaboration often does not go further than branding the products with this label, without reaching agreements about physically marketing the products collectively and concentrate supply. Within most of the PDO and PGI Consortia each farmer or processing firm acts individually on the market.

Considering the weak farm structure special EU policies have been put in place to aggregate supply through producers' associations. Again the most important drive for collaboration has been public funding. For decades the producers' associations have exerted limited marketing power as obstacles for further development have been created by traditional cooperatives and farmers' unions who were considering these new organisms a threat for their own existence.

Interesting initiatives are to be noticed in the field of direct marketing of agricultural products. Although not necessarily these are collective, many of these have had success when groups of farmers, sustained by RDPs, exploit central points of sale.
The present report describes the diversity of collective marketing initiatives, their strengths and weaknesses and the role of policy in sustaining projects of farmers' groups who have decided to sell collectively. Attention will be dedicated to the factors which have either stimulated or hampered the take off of collective marketing initiatives.

2 General description of the importance of collective farmers' marketing in the country

2.1 Historical context in which collective farmers' marketing has developed

2.1.1 From the beginning up to the fifties

In the last decades of the 19th century the "crisis of agriculture" has acted as a strong impetus for the creation of co-operatives and collective marketing. The dramatic fall of agricultural prices and the gradual extensification of agricultural production created a sharp increase of unemployment in the countryside. Large landowners reacted through a reduction of the already low salaries of farm labourers or through their dismissal. This development has essentially been the main stimulus for the formation of co-operatives. The cooperative movement has found at first its ideological inspiration from the new socialist movement which expanded its influence in the countryside at the end of the 19th century. A second important source of inspiration has been the encyclical letter *Rerum Novarum* of Pope Leo XIII which has created the basis for the christian movement of workers and cooperatives. In Italy essentially two types of cooperatives have to be distinguished in these years of the advent of their story:

1) production cooperatives where farm labourers decide to work together and create new employment in agriculture by means of the production of labour intensive cops and livestock products.
2) processing and marketing cooperatives where farmers decide to pool their products in one processing unit in order create a higher margin by means of the reduction of processing costs and through the collective sales of the final product (cheese, wine, olive oil etc.)

Of importance to note is that most of the cooperatives were created in the North and Centre of the country. The South with its latifundist farm structure and oppression of farm labourers did not express any significant form of cooperation among farmers. Between 1902 and 1914 the number of cooperatives increased from 2,000 to 7,000.

The first period of development of the cooperatives can be delimited from the end of the 19th century up to the beginning of the twenties when fascism started to suppress the cooperative movement, in particular those which have a socialist and communist orientation. It has to be stated that some production cooperatives continued to operate under the fascist regime, although under very difficult conditions (Amadei, 1981; p 100). The ideals and values of the cooperative movement remain during this difficult period vivid, which explains their revival after the second world war.

In the post war period many of the formerly suppressed cooperatives restarted to operate again. The Constitution of 1948 of the new Italian Republic explicitly recognises the social function of cooperatives, their character of mutual assistance without private objectives of mere speculation and provides the legal basis for a specific national policy favouring the formation of cooperatives.

Next to the socialist or communist oriented cooperatives several new christian democrate were founded in the fifties. However, the production cooperatives suffered the rural exodus of farm labourers due to rapid increase of employment in industry and the mechanisation of most of the agricultural practices. In order to continue their cooperative status the production cooperatives introduce as much as possible crops having high labour requirements.

Before describing the more recent history of cooperation and of collective marketing in agriculture some comments on its geographical importance are important here. The area with the strongest tradition of collaboration among farmers and farm labourers in Italy are those regions where the socialist and communist movement have their roots: Emilia-Romagna and the central regions of Tuscany, Umbria and Marche. In these regions small sharecroppers and farm labourers have given proof of a spirit of cooperation based on mutual interests and trust and on the capacity to elaborate common objectives. In the South the latifundist farm structure, the overwhelming predominance of the strong individual family structure and the long history of political usurpation have created a severe mutual mistrust and a lack of cooperation. In stead of cooperation often society is characterised by a high rate of conflicts, which hamper local development and organisation. This general condition does not exclude the presence in the South of some excellent examples of farmers cooperation in marketing collectively agricultural products, which have been the result of significant struggle.

2.1.2 Recent history of collective marketing

Traditional cooperatives

After the second world war the number of agricultural cooperatives increased rapidly. This development is primarily to be attributed to the huge public resources which have been assigned to the constitution of new cooperatives. Policy in these post war decades was heavily sustaining the role of cooperatives, again primarily to reduce the rate of decline of employment in agriculture, which occurred at an even more rapid pace than before the war. It is to cooperate among farmers in these areas. The very strong increase of cooperatives in the South may give the impression that the main goal has been more to absorb public financial resources rather than strengthen the bargaining power of farmers on the market (Giacomini, 1993). In general, it is important to stress that the most rapid increase in the number of cooperatives happened in the South of Italy. Apparently the public financial resources put in place managed to reduce the traditional reluctance and this holds for the North as well, the excess of public funding has dampened the propensity to sustain the collective initiatives with farmers own resources. This has lead to severe problem of undercapitalisation of the traditional cooperatives in Italy.

Consortia of products with a designation of origin

The collective marketing initiatives related to products carrying a label of a protected designation of origin have a long story in Italy. It started with the approval of the national law on the delimitation of the territory of production in 1931, but only in 1963 the first wine has been recognised as a product with a protected designation of origin. Of course, this law and the subsequent national legislation of the fifties on PDO cheeses and processed meat, gives the opportunity and the legal framework for farmers to cooperate. This regulation opened the possibility for a large number of product categories to obtain a PDO or PGI recognition at EU level.

Producers associations

This particular type of farmers' cooperation in marketing has been promoted by EU Regulation 1360 of 1978. In its premises this regulation states that in Italy the supply of agricultural products reflects very severe structural deficiencies, that the market is supplied by a very large number of holdings which are small in size and insufficiently organised and that as a result in the seventies only about 13% of the value of Italy's total agricultural output is marketed by collective marketing organisations.
To improve collective marketing the EU starts to grant financial aid to farmers who decide to create associations which have the clear objective to centralise supply and to market collectively their agricultural products. This policy is however restricted to Italy, to a few products in the South of France and to cereals, live bovine animals and piglets in Belgium. Later on also Greece and Portugal will be included in this policy.
An interesting premise of Regulation 1360/78 is that structural deficiencies in marketing are considered to be an obstacle to the fulfilment of the objectives of Article 39 of the Treaty inasmuch they make it difficult to increase agricultural productivity, to promote technical progress, to ensure optimum use of the factors of production and to stabilize markets. According to the Regulation the grouping of farmers can contribute to alleviate these problems, as they may adapt supply to market requirements. Of course financial aid is granted to associations which represent a minimum volume of production of a certain product. The placing of goods on the market shall cover:

1. the centralisation of supply
2. preparation for sale
3. supply to bulk buyers

It is important to state that the producers associations promoted by Regulation 1360/78 do not belong to sector “fruits and vegetables”, as this sector already is governed by own regulations issued well before the end of the seventies (Reg.1035/72) and updated in 1996 with Regulation 2200/96.

Of relevance is that the unions of producers’ association can stipulate price agreements at national level with the counterpart organisation of the processing industry. This possibility has been foreseen for the determination of a national milk price and a national price for industry tomatoes. In general producers’ associations are created to facilitate vertical contractual agreements with the food industry. A successful policy in this sense is to be noticed in the sector of sugar beet, where strong associations have been able to reach viable and respected price agreements with the sugar industry. A precondition for success certainly has been that the large majority of producers were represented by their associations. Not less important has been the interest of both producers and industry to enjoy financial aid from the EU, where the stipulation of interprofessional agreements was set as a precondition. This has been particularly true in the nineties for products as soyabeans, sunflower and tobacco, where price agreements were attained without long and exhaustive negotiations.
Although many producers’ association have been created in the eighties and nineties, their effective role in controlling supply have been hampered essentially by three factors:

1) the reluctance of the farmers’ unions to assign a role of representing farmers in political processes
2) the resistance of traditional cooperatives against producers association as they essentially were entering their field of competence
3) the unclear legal definition of producers’ associations in Italian legislation

The producers’ associations were completely new in the institutional framework and Italian law did not delimit clearly their field of competence, which created the premises of conflicts, in particular with the traditional cooperatives, which obtained their recognition even in the Constitution of 1948.

In order to increase the importance and the legal market position of producers’ associations in 2001 the general *Law on the reorientation and modernisation of agriculture* (228/2001) has dedicated a series of articles to the producers organisations. They should be either joint stock companies with farmers as shareholders or cooperatives. Moreover, the law prescribes the minimum quantities of product a producers associations has to represent on the market in order to obtain official recognition. This minimum has been fixed at 5% of the volume of the regional production of a certain product. A request for recognition has to be presented to the regional administration, which controls if the minimum requirements are fulfilled. Producer associations effectively have to invest in stocking and product packaging facilities in order to prepare the product to be marketed and they have to be able:
1) to program supply and adjust production to demand in terms of quantity and quality
2) to concentrate supply and commercialize effectively the production of their members
3) to reduce the costs of production and to stabilize prices
4) promote production techniques which respect environment and animal welfare in order to improve the quality and hygiene of products and favour biodiversity

This important legal innovation has had two significant consequences:
a) a clear definition and delimitation of producers associations
b) the necessity of existing producers association to show that they effectively are able to pursue the above mentioned objectives otherwise they will loss financial aid.

2.1.3 Recent emergence of new forms of collective initiatives

Growing issues in policy discourses on "sustainable development" of agro-food sector and rural areas has been mainly interpreted and partly formalised at national level by the National Law on the reorientation and modernisation of agriculture (228/2001). As matter of fact, it has given an strong incentive to farmers to market directly their products, either individually or by means of the grouping of farmers. The most significant legal innovation has been that processing and marketing have been recognised as agricultural activities next to the traditional function of production.

Important EU policy driven initiatives are promoted by the Leader + programmes and the actions financed by Axis 3 of the Rural Development Programmes. Most of the initiatives are sustained by the integrated development approach of the Leader policy and especially those denominated: "Valorisation of local products, in particular facilitating the access to markets by means of the collective action of small enterprises". As such these initiatives have a rather short story as the first examples were initiated in the eighties. In the nineties and in the first years of this century their number increased rapidly, in particular because of the availability of EU and national funding. Most of the actions financed may be categorised as initiatives of "territorial marketing".

A common denominator of all the activities is the valorisation of regional quality products, which are often mixed initiatives of local public authorities (municipalities, provinces) together with local producers. Of relevance is that the initiatives not necessarily involve PDO or PGI products. They are essentially including a much broader definition of regional quality products. Many of these marketing initiatives are related to organic or to traditional local food products. Their proliferation is very rapid and often depend on the activity of local rural leaders who convince farmers to market their products under a collective label, to open their farms for visits of tourists or to invest in facilities to receive groups of school classes.

2.2 Present situation and trends: General configuration of collective farmers' marketing

In order to represent a general overview of the Italian COFAMI configurations and dynamics we have distinguished two different typologies:

1. *Large COFAMI initiatives operating in conventional marketing circuits*
2. *"Alternative" COFAMI initiatives acting in short/local circuits*

These broad categories are able to represent the dualistic structure of the Italian co-operation system. On the one hand, the first typology includes all those initiatives which are based on supply concentration (economy of scale) and mainly addressed towards large retailer system in order to reach a high degree of vertical co-ordination. On the other hand, the second typology refers to the emergence of a wide variety of collective initiatives (in some cases, traditional and artisanal networks) - characterised by environmental sound farming, the promotion of regional quality products and short and local marketing circuits. Before proceeding to a more detailed description of the Italian COFAMIs, we have to keep into account that whereas the first category can be analysed quantitatively, there are no systematic surveys or statistics available for detailing the complexity of the alternative cooperation forms.

2.2.1 Large COFAMI initiatives operating in conventional marketing circuits

Traditional co-operatives

Besides a considerable territorial fragmentation, traditional cooperatives still represent a significant share of cooperation in Italy. As already stressed, these long-established collective marketing initiatives are mainly concentrated in those regions where the socialist and communist movements have their roots: Emilia Romagna and the central regions of Italy, where they represent the 6% of all the agri-food enterprises. In the southern regions several problems, such as the traditional latifundist farm structure, the long history of political corruption, have seriously constrained the development of such a co-operative system. Although there has been a recent increase in the number of co-operatives also in these regions, thanks to the significant availability of public funding, their total turnover is rather low.

The sectors in which traditional co-operatives successfully operate are the following:

- Agriculture and services provision
- Forestry and multifunctionality
- Dairy sector
- Horticulture, fruit and flower sector
- Wine
- Livestock

According to INEA data[1], generally co-operatives' members are small farms, and therefore have a high number of members.

Tab. 1 Evolution of the agriculture co-operatives number and members

	2001	2003	2004	Var. % 2004/03
Co-operatives number	6,903	6,416	6,555	2,2
Number of members	852,566	811,303	923,410	13,8

Source: INEA elaboration on FEDAGRI, ANCA, UNCI and AGCI data

According to INEA (2004) in the last three years there has been a phase of growth of the co-operative system. As a matter of fact, in 2004, the average turnover increased by +5,2% and the turnover per co-operative reached to more than 4,7 million EUR (+2,9%), whereas the turnover per member decreased by 7,4% due to the fact that the number of members increased.

Tab. 2 Evolution of the turnover of agriculture co-operatives

Billion of EUR	2001	2003	2004	Var. % 2004/03
Turnover	25.001	29.550	31.076	5,2
Average turnover per co-operative	3.621,8	4.550,7	4.740,8	2,9
Average turnover per member	29,3	36,4	33,7	-7,4

Source: INEA elaboration on FEDAGRI, ANCA, UNCI and AGCI data

FEDAGRI-Confcooperative represents the biggest union in terms of number of participating farmers (3.830, 58,4% of the total number) and turnover (71% of the total). Livestock is the most important sector in term of total turnover (5,6 billion of EUR). The number of co-operatives which belong to this sector is 445, with more than 15.000 members. The bovine and pig co-operatives represent 10% of the national production, and they are located mainly in the northern regions. Growth is particularly marked also in the poultry sector, with 44 co-operatives which represent more than 40% of the total national production.

[1] INEA[1] (2004) published data about the features and evolution of the national co-operatives system provided by the four co-operatives unions - *FEDAGRI-Confcooperative, ANCA-LegaCoop, AGICA-AGCI and UNCI* - which represents the 95% of the total co-operatives in Italy.

Tab. 3 Evolution of the agriculture co-operatives number, member and turnover (2004)

FEDAGRI	Co-operatives			Members			Turnover		
	n	%	% 2004/03	n	%	% 2004/03	billion of EUR	%	% 2004/03
Agriculture and services	1.389	36,3	-0,2	217.435	39,9	2,2	3.797	17,2	0,8
Forestry and multifunctionality	144	3,8	-2,7	3.254	0,6	0	75	0,3	1,4
Dairy sector	793	20,7	-0,5	35.000	6,4	0,2	4.200	19	4,3
Horticulture, fruit and flower sector	609	15,9	-1,9	70.631	12,9	3,5	4.319	19,5	14
Wine sector	430	11,2	-0,5	163.800	30	1,1	2.400	10,9	8,8
Livestock	445	11,6	-1,8	15.676	2,9	0,3	5.602	25,4	6
Consortia	20	0,5	0	39.800	7,3	0	1.700	7,7	0,6
Total	**3.830**	**100**	**-1,086**	**545.596**	**100**		**22.093**	**100**	

Source: INEA elaboration on FEDAGRI data

Within the *ANCA-LegaCoop* union dairy production is the most important sector (with 130 co-operative units and 1228 members). Emilia Romagna, with 262 cooperatives, is the region with the highest concentration of co-operatives belonging to ANCA-Lega group.

Tab. 4 Evolution of the agriculture co-operatives number, member and turnover (2004)

ANCA-LegaCoop	Co-operatives			Members			Turnover		
	n	%	% 2004/03	n	%	% 2004/03	billion of EUR	%	% 2004/03
Agriculture and services provision	742	55,6	2,6	43750	19	n.a.	590,9	9,1	2,2
Horticulture and fruit	121	9,1	2,5	17026	7,4	n.a.	754,7	11,7	2,3
olive oil	67	5	3,1	32205	14	n.a.	70,2	1,1	1,7
dairy sector	130	9,7	2,4	6795	2,9	n.a.	1597	24,7	2,3
wine sector	92	6,9	2,2	38612	16,7	n.a.	869,8	13,5	2,3
livestock	18	1,3		3825	1,7	n.a.	1337		2,3
arable crops	55	4,1	1,9	69862	30,3	n.a.	1047,3	20,7	2,1
other supply chain	109	8,2	2,8	18706	8,1	n.a.	193	16,2	
Total	**1334**	**99,9**		**230781**	**100,1**	**n.a.**	**6459,9**	**3**	

Source: INEA elaboration on ANCA data

Within the *UNCI* union, the horticulture and fruit sectors are the most represented. In this case, the strong relevance of Sicilia, followed by Campania is evident.

Tab. 5 Evolution of the agriculture co-operatives number, member and turnover

UNCI	Co-operatives			Members			Turnover		
	n	%	% 2004/03	n	%	% 2004/03	billion of EUR	%	% 2004/03
Horticulture and fruit	269	28,8	-4,3	31.843	30,5	3	749,9	52,1	-0,1
Livestock (beef and milk)	146	15,6	21,7	16.592	15,9	3,2	209,5	14,5	1,9
Cereals	94	10,1	4,4	19.737	18,9	3,1	194,6	13,5	2,5
Olive oil	33	3,5	13,8	10.465	10	3,1	59,9	4,2	3,3
Wine sector	44	4,7	10	8.009	7,7	2,7	104,6	7,3	3,2
Acquiculture	163	17,5	8,7	4.920	4,7	22,4	20,1	1,4	12,3
Other supply chain	184	19,7	8,9	13.004	12,4	-0,7	101,9	7,1	2

Source: INEA elaboration on UNCI data

Concerning the wine sector, in Italy, a considerable share of wine production is processed by winegrowers' co-operatives (*Cantine sociali).* According to ISMEA[2] (2002), up to the nineties, in Italy the role of the *Cantine sociali* has been mainly addressed to the distillation and the commercialisation of medium to low quality wine. As a matter of fact, up to 1990, the majority of wine co-operatives was concentrated in those regions where the production was mainly addressed to low quality wine, such as Puglia, Sicily, followed by Emilia Romagna and Veneto.
However, starting from '90, the general market wine crisis, together with the reduction of the European subsidies supporting the distillation process, led to a progressive reduction and concentration of the number of winegrowers' co-operatives and to an incentive to their role for processing high quality wine (ISMEA, 2002).
As the fruit and horticulture sector is concerned the number of co-operatives is about 1.300 (INEA, 2001), with a total turnover of 5.000 millions of euros, which represents more then 50% of the value of production of the whole sector.

Economic literature recognises the main constrains which are affecting the development of the traditional cooperatives: limited exports and lack of flexibility in input supply. Most of the Italian cooperatives are in financial distress due to the excessive leverage, which reduces the co-operative's efficiency by adding costs both in terms of higher transaction costs and missed profit opportunities. Therefore, the problem of capital formation and procuring financial resources has always been considered as a crucial factor for the development of the cooperation. Policy has always heavily sustained the cooperatives through the assignment of huge amounts of public resources in order to support their establishment and development. The latest example is given by 2005 financial bill of (law 311/2004), which provides some changes in the co-operative funding, system, by increasing the availability of their financial resources.
More in general we can see that within the overall process of concentration which is involving the entire agro-industrial system, the major difficulties have been encountered by small local cooperatives in adjusting to the changing conditions in market competition, whereas only a rather limited number of big consortium-type enterprises are able to compete with leading private companies and to successfully penetrate in the international markets.

However, in recent years a restructuring process also at legislative level concerning the national co-operative system is underway. Several programmes and legislative initiatives are likely to bring significant changes to the types of economic organisations for agricultural producers and to the relationships between them. Regarding this matter, we can mention the *Programming Document on agriculture, agro-food, food industry and forestry* (DPAF) for the period 2001-2003. This program identifies negotiated plans (territorial pacts, and programme contracts) as support measures for projects concerning economic association and interprofessional coordination. Moreover, the 1999 national regulation regarding "*Dispositions for opening and regulating markets*" sets out several important reforms in order to modify and support interprofessional coordination and forms of supply concentration.

Moreover, the process of promoting and consolidating new cooperatives in less developed areas, particularly in the Southern regions, has been accelerated: existing cooperative groups have merged and new groups have been formed, also thanks to use of the legal provisions for ***Macro Commercial Organisations***.

Producers organisations (POs)

This particular type of farmers' cooperation in marketing has been promoted by EU Regulation 1360 of 1978, with the main purpose to improve collective marketing through financial funding to farmers who decide to create associations with the clear objective to centralise supply and to market collectively their products. As has been stated in par.2.1.2 this Regulation has been set up especially for all agricultural products in Italy and for some products in France and Belgium, with the objective to alleviate the severe structural problems of marketing agricultural products.

[2] Istituto per i Servizi per il Mercato Agricolo Alimentare

Many producers organisations (POs) belong to the “fruit and vegetables” sector, as here these organisations play a key role in improving the collective farmers’ marketing[3], but in the last ten years many producers organisation emerged in the dairy, beef and pork sector as well as in the products of the arable sector (cereals, soybeans ect,)
In 2004 the number of total producers’ associations reached 248, with an average number of members per PO of around 120-130. Regarding the range of marketed products, at the moment, 70-75 % of the producers’ organisations are trading fruit and vegetable in general.

Tab. 6 Evolution of the number of members and marketed production (000 EUR)

Year	POs number	POs members	Production quantity budget marketed by POs (000 EUR)
1996	120	n.a.	n.a.
1997	n.a.	n.a.	n.a.
1998	118	119.345	2.161,59
1999	n.a.	111.298	2.315,31
2000	149	115.000	2.500,00

Source: INEA

The main purpose of the promotion of producers organisations are:

1. to adapt the production and output of individual producers to market requirements and to reduce in this way severe price fluctuations due to over– or undersupply of agricultural products (improvement of market balance)
2. to improve the functioning of the Common Market Organization (CMO) of a series of products where EU subsidies are not paid to individual farmers but are channeled through Producer Organizations (POs)

In the national application of the EU Regulation a third role as been attributed to the producers’ associations: contribute to the policy of programming future volumes of production.

Again the *Law on the reorientation and modernisation of agriculture* (228/2001) has dedicated a series of articles to defining the organisation forms that the producers’ associations should have. In brief the law defines the minimum quantities of product a producers associations must market in order to obtain official recognition. This minimum has been fixed at 5% of the volume of the regional production of a certain product.

The evolution and the importance of the POs are not homogeneous at national level, but are strictly linked to the presence of different production patterns.

- The first pattern, mainly located in Emilia Romagna and Trentino Alto-Adige, is represented by a system of POs well integrated into the market.
- The second pattern, mainly located in the central-southern regions, is characterised by a weak integration into the market. In these regions there is considerable number of farms which interact individually within the market.
- The third pattern, mainly located on the islands, is highly fragmented and characterised by scarcely clear marketing and promotion strategies.

[3] This type of co-operation is governed by own regulations issued in 1972 (Reg. 1035/72) and updated in 1996 (Reg. 2200/96). The national decrees 128/98 and 25/99, in compliance to the Reg. (EU) 2200/96, define the criteria for the producers ‘organisation’ recognition.

Tab. 7 Number of POs 1999- by macroregion (><35% of the market production of the region)

Macroregion	1998	1999	2000	2001	2003	2004
North Italy<35%	10	13	13	n.a	n.a	n.a
North Italy>35%	21	24	23	n.a	n.a	n.a
Centre Italy	10	13	17	n.a	n.a	n.a
South Italy	15	24	29	n.a	n.a	n.a
Islands	13	14	20	n.a	n.a	n.a
Without financial statement	4	2	9	n.a	n.a	n.a
Without OPs	45	31	8	n.a	n.a	
Total Italy	**118**	**121**	**119**	**196**	**203**	**248**

Source MIPAF

In 1999 the value of production marketed by POs was only 24% of the total marketed production of the Italian horticulture and fruit sectors. Starting from 2000 there has been a slight increase, due to an alleviation of recognition criteria of POs, in compliance with the national regulation 25/99. In 2000, the value rose to 2,5 million EUR, with a growth of 4% compared to 1999 and of the 45% compared to 1998 (INEA). However, as the statistics show (INEA), the value of the production marketed by the POs is still low.

However, a survey carried out by Confcooperative (2001) shows that most of the Italian producers associations are not ready to be integrated in the system envisaged by the new CMO. In fact, many POs are still facing considerable constraints for further development. As already mentioned, the main obstacle that has hampered their performances is to attributed to the resistance of both farmer's unions and traditional co-operatives in assigning them a field of competence. As a result, many of them have not been able to improve their potential social basis by activating new and relevant aggregation processes. This general situation does not exclude the fact that several POs have started strategies by alliances, mergers and restructuring to be able to enlarge their activity scope and increase their market power.

Consortia of products with a designation of origin

The management of PDO/PGI productions is based on a collective agreement of all actors involved to comply with productive regulations that differentiate the production and processing of high quality territorial based produces. The importance of these consortia in Italy is very significant, as in many areas of the country farmers have had success in designing collectively a product specification for their local product.
It is important to stress that not all products carrying the designation of origin have to be counted as COFAMIs. Two criteria exclude a wide range of these products from the definition of COFAMI:

1 many of the products are either promoted by private companies or processing industries. F.e.. a product as Parma ham is primarily driven by the activities of the ham processing industry and only marginally by pig farmers
2 even if the initiative is driven by farmers, often the tool of marketing is limited only to the collective label for collective advertising which is only one of the four elements of the marketing mix and as such this weakens the strength of these marketing initiatives on the market. Often even the marketed production volumes cannot be governed directly by the farmers (anti-trust regulations) and marketing tools as price fixation and distribution are left either to the free market or are in the hands of other firms.

On the other hand there is greater dynamism as regards production with specific high quality features, and production linked to the territory, in particular for products which have received Community PDO or PGI recognition. Up till now in Italy 150 products have been officially recognised by the EU and with this number Italy is undoubtedly the first in the EU ranking of countries.

Tab. 8 Number of PDO and PGI product recognised by the EU (at July 2005)

Type of product	PDO	PGI	Total
Fresh meats		2	2
Processed meats	20	8	28
Cheese	32		32
Other animal products	1		1
Fats (butter, olive oils etc.	35	1	36
Fruits and vegetables	7	35	42
Other products	7	2	9
Total Italy	**102**	**48**	**150**

The proliferation of initiatives is much more impressive when the products are taken into account which are on the waiting list to be recognised. Their number amounts 272, of which 219 are waiting the dossier approval at the level of the national Ministry and 53 have already passed this first step in the recognition procedure and are attending the decision of the EU. Comparing this figure with the situation at July 2004 when 27 products less were on the list, this means that the requests for recognition travel at a speed of 3 products per month.

Tab. 9 Turnover of PDO and PGI product recognised by the EU (at July 2005)

Type of product	Whole sale level	Retail level	%
Fresh meats	24.213	54.046	0.8
Processed meats	1,473.898	3,096.852	42.7
Cheese	2,650.312	3,948.380	54.4
Fats (butter, olive oils etc.	102.738	123.392	1.7
Fruits and vegetables	14,154	31,478	0.4
Total	**4,265.315**	**7,254.148**	**100.0**

Source: Ismea (2005)

In 2003 the PDO and PGI products (then 134) have produced a total turnover of € 4.3 billion at wholesale level and € 7.3 billion at retail level. Cheese and processed meats represent together 97% of the production value at retailer price. This clearly reveals that the 42 fruits and vegetables and the 36 olive oils really have a very low weight in the total PDO/PGI production value of Italy. These are all tiny products produced in small areas where producers have agreed on a product specification in order to defend the name, quality, production techniques and reputation of the local product on the global market. The concentration of the production of PDO and PGI products is even more striking when an analysis is made by single products. About 65% of this value has to be attributed to the first six products: Parma ham, Parmigiano-Reggiano, Grana Padano, San Daniele ham, Gorgonzola and Mozzarella di Bufala.

Table 10 – Turnover of single PDO products

Type of product	Turnover at retail level	%
Parma ham	1,743.43	24.03
Parmigiano-Reggiano	1,425.65	19.65
Grana Padano	1,118.27	15.42
San Daniele ham	462.59	6.38
Gorgonzola	328.90	4.53
Mozzarella di Bufala	281.94	3.89
Other PDO and PGI products (128)	1,893.64	26.10
Total 134	7,254.42	100.0

Source: Ismea (2006)

As has been stated in paragraph 2.1 not all PDO and PGI products are to be considered to belong to the COFAMIs, as not all are primarily run by farmers. In the case of cheese, processed meats and olive oil the certified firms are those active in processing milk, meat and olives. These firms constitute the members of the Consortia of the various PDO and PGI products. In these chains farmers are more indirectly involved in the decision process, although anyhow they have to follow the strict rules of the production specification. Obviously a strong farmers' involvement is to be noticed where farmers cooperatives are predominating in processing milk or meat (f.e. Parmigiano-Reggiano and to some extent Grana Padano).
For fresh products like meat, fruits and vegetables the producing farms are the prime actors of collective action. Here farmers are those who have taken the initiative to obtain official PDO or PGI recognition. They have set up representative bodies who are in charge of the collective promotion and advertisement campaigns. This premise is important to comment the number of farmers involved in the PDO and PGI chains.

Table 11 – Number of farmers and processing firms adhering to PD/PGI supply chains

Type of product	Farmers	Processing firms
Fresh meats	400	0
Processed meats	5,100	541
Cheese	12,000	1,692
Fats (butter, olive oils etc.	n.a.	1,045
Fruits and vegetables	1,198	0

Source: Ismea (2006)

2.2.2 "Alternative" COFAMI initiatives acting in short/local circuits

Collective initiatives of territorial marketing

Most of the actions financed by the Leader programmes and the actions of the Axis 3 of the Rural Development Programmes may be categorised as initiatives of "territorial marketing". A common denominator of all the collective initiatives of territorial marketing is the valorisation of regional quality products, which are often mixed initiatives of local public authorities (municipalities, provinces) together with local producers. Of relevance is that the initiatives not necessarily involve PDO or PGI products. They are essentially including a much broader definition of regional quality products.
Some funds are destined to finance a public space or shop for the collective marketing of local farm products. Others are directed to set up a local label to brand a group of products coming of a certain defined area.

The driving forces behind this rather heterogeneous group of marketing initiatives are:

- the strong interest of Italian consumers in the discovery of local products and the rich gastronomic culture based on highly differentiated regional cuisines and recipes which interconnect with the availability of local quality products
- the increase of rural tourism composed both of Italians as well as foreigners

Within this framework also national legislation related to the promotion of rural districts have to be mentioned. The national Law on the reorientation and modernisation of agriculture (228/2001) has created the necessary legal framework for this instrument of marketing regional products. At regional level this policy has to be implemented and regions like Piemonte, Tuscany and Marche have given a strong impetus to this policy. Of course not only agricultural products are involved in these efforts of collective marketing. Local artisanal products and tourist services are included too.

At district level, the production process and the institutional circuits linking producers and consumers is the main goal. For instance, the Maremma Toscana district was already recognised in law (227/2001) and it was mainly promoted by the Province of Grosseto, by using the Leader II programme funding. At the moment, other rural districts have to be officially recognised.

Short/local collective marketing circuits

In Italy, collective marketing initiatives of farm products represent a new challenge of cooperation among farmers. This happens in particular for fresh products like fruits and vegetables, in order to reach higher prices by avoiding the dependence on middlemen or on retailers system in general. At the same time, these initiatives are able to answer to the increasing demand for locally grown food, as consumers/citizens are looking for alternatives to large-scale productions.

As previously mentioned, in Italy the legitimisation of these forms of direct collective marketing is recognised within the National *Law on the reorientation and modernisation of agriculture (228/2001).*

In order to obtain the possibility to directly market a farmer or a group of farmers has to present a request to the municipality in which he wants to exert his rights of sale. In practice this is not as easy as the national law intended. Two groups of actors are not always favourable to the direct marketing initiatives of farmers and may create obstacles to its further expansion:

1) some municipalities oblige farmers to invest in special sales points, and sometimes are excessive in asking certain guarantees related to hygiene e food safety
2) organisations of middlemen and merchants do not favour this type of direct marketing and are pressing municipal and regional administrations to either block or hamper these initiatives by means of requiring extra investments.

It is important to mention the latest proposal of 2005 to create a special dedicated space in super- and hypermarkets for the direct sales of farmers products. The AntiTrust Authority has however blocked this proposal before it could be inserted in the *Law on agricultural crises 231/2005.*

The individual and collective marketing of agricultural products is promoted in particular by one of the largest farmers unions, the Coldiretti. Their political pressure has been decisive in inserting these initiatives in the already mentioned National *Law on the reorientation and modernisation of agriculture (228/2001)*.

About 80% of the initiatives is concentrated in seven regions (Lombardia, Emilia-Romagna, Veneto, Piemonte, Toscana, Abruzzo and Sicily). The number of farmers' markets has reached over the 100. The Regional administrations have approved special laws for direct marketing, providing municipalities with common rules of conduct. For instance, recently the municipality of Rome has ensured farmers the 15% of the spaces available in the quarter markets. Other significant experiences of collective direct marketing have been promoted and organised by farmers themselves. One of the most successful example is represented by a farm in Piemonte (La cascina del Cornale) where the direct selling of more then 1400 local products, both fresh and processed was activated. These are produced by 17 organic and very small –sized farms in the neighbourhood.

Farmers' markets are often associated with organic food, although few of them stipulate that the stallholders must hold organic certification. Local organic producers are encouraged to sell their produce through these channels, and for many organic farmers the farmers' markets fit very well with the philosophy of organic food production and environmental protection, even without any official recognitions. In fact, many small organic producers complain of the high costs required by the certification system. In some cases (*Il Mercatale,* Tuscany) producers have developed a sort of *self-certification*, which grants that their productions are locally produced and obtained through organic faming.

Type	Market goods	Number of farmers	Goals	Organisational forms	Geographical level	Factors favouring or disfavouring their development / challenges
Traditional cooperatives	Commodities and organic products	923.410 (tot) and on average 141 per coop	To create a higher margin by means of the reduction of processing costs and by increasing their bargaining power.	1. Production cooperatives in order to work together and to share the use of machineries. (provision services co-operatives. Processing) 2. Marketing cooperatives where farmers decide to pool their products in one processing and/or marketing unit	National Regional	(--) limited exports, lack of flexibility in input supply, financial distress due to the excessive leverage, (problem of capital formation and procuring financial resources) (+) Acceleration on the process of promoting and consolidating new cooperatives in less developed areas, particularly in the Southern regions→ *Macro Commercial Organisations*.
Producers organisations	Fruit and vegetables, dairy, beef, cereals	115.000 (tot) and on average of 770 per PO	1. to adapt the production and output of individual producers to market requirements and to reduce in this way severe price fluctuations 2. to concentrate supply and to increase the bargaining power of farmers	- joint stock companies; - the law defines the minimum quantities of product a producers associations must market in order to obtain official recognition → 5% of the volume of the regional production of a certain product.	National Regional	(-) most of the Italian producers associations are not ready to be integrated in the system envisaged by the new CMO → still facing considerable development constraints; (-) resistance of both farmer's unions and traditional co-operatives in assigning them a field of competence. (+) several POs have started strategies by alliances, mergers and restructuring to be able to enlarge their activity scope and increase their market power, some have stipulated agreements with multiple retailers and comply with special codes of practice.
PDO /PGI Consortia	PDO/PGI products	150 recognised products, more than 20,000 farms involved	1. to promote collectively the PDO/PGI products on the market 2. to protect members against frauds 3. to organise marketing	collective agreement of all actors involved to comply with productive regulations that differentiate the production and processing by high quality territorial based products.	National Regional (Local)	(++) strong incentive given by national an European PDO legislation (+) focus on the direction of the valorisation of these products on the market and (+) Increasing demand (-) resistance of farmers to pool the finall product for collective marketing

Type	Market goods	Goals	Organisational forms	Geographical level	Factors favouring or disfavouring their development / challenges
Collective initiatives of territorial marketing	Regional quality food products and rural services	Valorisation of local resources in a rural area Synergies between resources	Often mixed initiatives of local public authorities (→ i.e *Rural Districts*)	Regional Local	• (+) Growing interest showed by consumers (both of Italians and foreigners) in the discovery of rurality • (+) Increasing rural tourism • (+) Supporting National legislation → instruments for the Rural Districts establishment • (+) Supporting Regional legislation → instruments for the Wine Routes establishment
Short/local collective marketing circuits (i.e. farmers' markets)	Local food products (especially, fresh vegetables and fruits, cheese and honey…) Within farmers' markets generally there are sections dedicated to artisanal handmade goods, and fair trade products. Farmers' markets are often associated with organic food, although only some of them stipulate that the stallholders must hold organic certification.	Providing market outlets for some very small-scale production. Reaching value added and keeping it in the region of production	Large variety of organisational forms	Local (Regional)	• (+) Growing interest showed by consumers (both of Italians and foreigners) in the discovery of local specialities • (-) Logistic issues and organisational costs still represent the main constrain especially for very small scale collective initiatives • (-) Little entrepreneurship skill (especially in the management and promotion fields) • (+) Strict and direct connections among all participants members

2.3 Conclusions of the general importance of collective farmers' marketing

A brief overview of the main forms of collective marketing initiatives shows an heterogeneous panorama in terms of nature of organisations, goals, geographical importance and level of farmers' involvement.
The main aim of the traditional cooperatives and of the producers' organisations is to increase the farmers' bargaining power. Unfortunately, in spite of a general positive trend in terms of increasing in number and economic performance, data confirm that the Italian cooperative system is still characterised by small- size and the fragmented structure, as well as there are still deep differences between the regions and regions. It was underlined that the areas characterised by a strong tradition of collaboration among farmers in Italy are those regions where the socialistic and communistic movements have their roots: the northern–centre regions. On the other hand, in the southern regions the spirit of co-operation has been picking up very slowly. In this context, especially in the past years, support from public institutions played a vital role in helping the establishment and development of cooperatives, in particular in the southern regions. At the same time there is the problem of excessive public support and the over-dependence that this has created. The main consequence of such dependency has been the fact that nowadays many cooperatives suffer problems of undercapitalisation.
Some difficulties and constraints to develop have been found also for the producers' associations, mainly aiming at facilitating vertical contractual agreements with the food industry. As a matter of fact, their potential role in controlling supply have been hampered essentially by the resistance of farmers' unions and traditional cooperatives in assigning them a field of competence. Also in the case of the producer's associations, their importance is not homogeneous at national level, but it is strictly linked to the presence of different production patterns. In Emilia Romagna, Trentino Alto-Adige, Veneto and Piemonte are regions where the producers' association system is better integrated into the market. Conversely, in the central-southern regions the system is more fragmented and characterised by scarcely clear marketing and promotion strategies.
A greater dynamism is recorded concerning consortia of products with a designation of origin, collective initiative of territorial marketing and initiatives of collective direct marketing. This trend reflects the increasing interest of both consumers and policy makers towards food quality and sustainable development of rural areas. As the PDO and PGI products are concerned the promotion activities are strong all over Italy and not confined to certain regions of the country.

3 Characterisation of the main forms of collective farmers' marketing in the country

3.1 Individual characterisation of each 'main' form

In this chapter we will show two out-standing cases which well fit the need to characterise the two broad COFAMI categories above described. The first one illustrates the development of a process of preservation and promotion of a very typical cheese, that is moving towards a significant enlargement of the commercial marketing circuits[4]. The second case, focusing on an experience of a wine route, represents more an example of a broad strategies of strengthening local synergies (Brunori and Rossi, 2000[5]) between production and consumption.

[4] De Roest K. Corradini E. (1997) Performance analysis of Fontina Cheese, CRPA, Reggio Emilia
[5] Brunori G., Rossi A., 2000, Synergy and Coherence through Collective Action: Some Insights from Wine Routes in Tuscan, Sociologia Ruralis Volume 40 Page 409 - October 2000

3.1.1 Consortia of products with a designation of origin:

The collective organisation at the basis of the preservation and promotion of the Fontina cheese

- *Organisational form and legal status*

The organisational system centred around the production, processing and marketing of Fontina is considered as one of the most complex and "compact" of any organisational systems for Italian cheese and dairy products.

Among all the organisations directly and in directly concerned with Fontina, the two most directly involved in the cheese production, marketing and promotion are the following:

- The Consortium of Fontina Producers
- The co-operative of Milk and Fontina producers

1. The Consortium of Fontina Producers ("Consorzio di Produttori Fontina"), firstly organised the collection, ripening and the sale of Fontina produced by the cheese dairies in the Valle d'Aosta. It was established in 1952, at that time when local people -politicians, farmers, citizens realised that the cheese was threatened by imitations. Then, after the recognition for Fontina's designation of origin the new purpose of the Consortium became to be the supervisor of the production and the marketing and, finally, after the European recognition of origin also the protection of the PDO brand from imitations has become one of its task.
2. The ripening, marketing and promotion phases are managed on a collective basis by a co-operative, called "cooperative of Milk and Fontina producers ("Co-operative produttori latte e Fontina"). It was set up in 1957 when it became necessary to separate the role of protection and supervision from that of the purely commercial organisation of Fontina in Valle d'Aosta. The main aim of this organisation, which is characterised as a second level co-operative, consists in collecting Fontina production from its member cheese dairies to be kept in its own ripening store-houses. The co-operative takes over the care of the cheese while in its ripening phase using its own direct employers and manages the selling of the product supplied by its members. The member cheese dairies are paid with an amount which is calculated by deducing from the value of the cheese the costs incurred by the co-operative in supervising the ripening process and the marketing. On the receipt of the cheese the cooperative pays an advance on account which is between 70 and 80% of its final value. At the end of the ripening process members are allowed to take back up to 20% of the cheese originally supplied by them in order to directly market it at local level. For this maximum quantity of 20% the sales to supermarkets, wholesalers or large retailers is not allowed; only selling to final consumers is admitted.

- *Main actors involved*

Even if all Fontina producers are entitled to join the organisation, not all such producers in the Val d'Aosta necessarily choose to do so. Currently its membership is made up of 15 cheese dairies in comparison with the total number of cheese dairies which is 25. Among the members, only one has the legal status of a private business, whereas the others are classified as co-operatives with individual farmers as members. In addition, those farmers which supply milk to the nine "turning cheese dairies" are also directly members of the cooperative of Milk and Fontina producers. The number of this type of members is around 180, but it is gradually decreasing.

Among the other significant actors around the cheese production it is important to underline the role played by the local institutions and, more particularly by the Autonomous Region of the Aosta Valley. The central driving force for the preservation and development of Fontina production system has been the Autonomous Region. As a matter of fact, it has been involved at all levels of the Fontina supply chain, by contributing to the funding of the construction of new stables, cheese dairies, roads, etc. It also finances part of the promotion and marketing activities carried out by the

Consortium and by the Co-operative. According to previous studies, the extremely strong support which was given to the Fontina production system by the Autonomous Region of the Aosta Valley was the most significant responsible of its survival, as without these funds probably the production would have ceased, or would have been relegated to a marginal importance. Therefore, all the organisations concerned with Fontina are directly affected by the Autonomous Region decisions and policy strategies.

- *Relationships between farmers and others partners*

All the activities of ripening, promotion and marketing are managed at collective level within the co-operative, in which producers are members, both individually or collectively.

- *Main markets/ product ranges*

Starting from 1984, a new classification recognised two type of marketable cheese:

- Cheese with high quality product on the basis of both the traditional system of dairy cattle farming and the processing the cheese. It is the cheese which has obtained the PDO certification (Fontina)
- "Formaggio Valdostano" corresponding to a lower level of quality

The cheese which is branded as PDO Fontina clearly represents the greatest proportion of the total selling, whereas the second type is mainly marketed at local/regional level. Fontina has a good market throughout Italy and a small percentage is exported.
The co-operative of Milk and Fontina Producers sells the greater part of the production, as it is responsible of the sale of 85% of the production of the members, representing almost 73% of the total Fontina production. The co-operative sells 70% of Fontina, which is addressed to the consumption outside of the region of production, to commercial wholesalers and 30% remaining directly to the large retailers.
In spite of the unattractiveness of the local market (as the consumption trend is decreasing), the tourism development and the strong promotion activities of Fontina contribute to give a very good competitive position to the cheese. For instance, the co-operative manages four outlets to final consumers, which are called "chalet". In addition, Fontina is retailed at local level through the stocks withdrawn by its suppliers cheese dairies (as already mentioned it is limited up to 20% of the cheese originally supplied) and sold directly to final consumers.

- *Scale (local; regional; national; international)*

The Fontina production and ripening phases are managed at regional level.

- *In what period did the initiative emerge? What is their 'stage of development'?*

An historic event is at the origin of the valorisation initiative. In 1951, during the international conference of Stresa, Fontina cheese was put in category B (providing a standard product description without preventing the processing of such cheese anywhere) instead of the category A (protecting the designation of origin and prohibiting the use of the name outside its production area). The reactions of both the local institutions and the local inhabitants of the Aosta Valley were very strong, since the majority of the population was involved in the Fontina production. Many people realized that the cheese was threatened by imitations. This experience led to the mobilisation of all the human resources available in the Aosta Valley (politicians, farmers, citizens). As a result, the Consorzio di Produttori Fontina was established in 1952, with the purpose of managing the production, the ripening, the promotion and the sales on a collective basis. It succeeded in obtained the registration of Fontina in category A in 1957. Then, the Consortium took the role to supervise the production whereas the commercial function was undertaken by the new *Co-operativa Produttori Latte e Fontina* which collects, ripens and sells the Fontina production of its members.
In 1955 the first Code of Practice was drawn up, which created the basis for the national recognition (DOC), but it is only in 1991 that a series of new restrictions have been introduced by the Consortium in view of the European recognition as a PDO cheese.
The experience of the Fontina cheese offers a good example to what extent the PDO registration has improved the competitive position of the cheese by creating added value per unit of production through the differentiation of products. Firstly, it has forced the actors to define their product and its

quality attributes in a code of practice. This has been the outcome of a long process of construction of a local network around a common representation of the products and its linked values. The network building proceeds, a coherence (and an identity) among actors emerges by means of the adhesion to a common set of rules. In other words, the PDO has strengthened the local capacity to self organisation and self governance through a broad participation of local population and the development of new organisational forms. In this process the public institutions played a crucial role of facilitation and orientation, by supporting internally the development of technical and organisational skills and financing the adoption of innovations

3.1.2 Collective initiatives of territorial marketing :

The *Costa degli Etruschi* wine route -

- *Organisational form and legal status*

A high level co-operation between wine growers and other local actors is at basis of the establishment of *Costa degli Etruschi* Consortium, aiming at managing all the promotion activities linked to the wine route. At the beginning, this was only a spontaneous initiative mainly driven by the biggest wine makers of the area and then, it found its officially recognition in 1996 through the implementation of the Regional regulation on this matter (see next chapter).

The Consortium's main task is to officially represent the wine routes members and to establish and enforce the regulations governing the quality standards of products and services. Farmers should adhere to a common set of written and non written rules. Sensitivity to quality productions, awareness of the importance of keeping the landscape and the mutual reciprocity among farmers are examples of important non-written values.
Furthermore, the Consortium has played a crucial role in enhancing the wine production quality level by providing the bottling service to its members. As matter of fact, selling bottled wine was indispensable in order to get the European quality recognition and to get added value. Unlikely, a well-automated bottling machine is very expensive and often many small farmers cannot effort its costs. The Consortium, therefore, decided to buy a mobile bottling machine in order to make this service available for the large number of small producers in the area.

However, progressively the Consortium has extended its scope to all communication and promotion activities linked with the route. For instance, it organises special events, makes possible joint participation in important national and international fairs, works on public relations and recently creates an information centre (which is requested by the Regional regulation). The information centre collects the requests from tourists and organises tours – conducted by specialised employers.

The Consortium is not the only organisation in which farmers are involved within this wine route. Since 1992, though the *Associazione per il Movimento del Turismo del Vino* (Association for the Promotion of Wine Tourism) wine producers are involved in the “open cellars” initiative, during which they can open their farm gates and receive consumers personally. They are progressively becoming willing to entertain tourists with stories about wine and/or other typical produces and make efforts on communication and promotion activities, preparing brochures and maps.
Furthermore, the Associazione Nazionale Città del VIno (National Assiciation of Wine Cities) promotes several other events, aiming at promoting the local wine, and all the other local resources.

- *Main actors involved*

At the moment, there are 84 members in the *Costa degli Etruschi* Consortium, including wine growers, agri-tourist farms, conventional and organic producers of honey, olive oil, home-made salami and traditional jams, wine bars, wine shops, restaurants, camping sites, nature parks and hotels.

At the present, ten members are involved in the Wine route Consortium board. Apart from its chairman, the Marchese Nicolò Incisa Della Rocchetta, the Consortium's administrative board consists of the representative of the local administrations, including the representative of the Chamber of Commerce, six farmers of which there is at least one from each DOC area, a representative of the reception and catering sector, and a representative of gastronomic and consumer association.

- *Relationships between farmers and others partners*

The Costa degli Etruschi wine route took place from the spontaneous initiatives of some wine makers, even before the implementation of the regulation on this matter.
The strong reputation achieved by some high quality wines firstly produced by local noble families (the most outstanding example is the Marchese Nicolò Incisa Della Rocchetta who produced the Sassicaia wine) fostered many other local, even small, producers to make use of their territory based assets and networks, through a formalised initiative at collective level.
They received a significant support by the Livorno provincial administrative office, as it funded the creation and the activities of the Consortium.
Concerning the relationship with the consumption world, each farm can be seen as a point of connection between the flow of tourists and the local community. The links are based on trust and mutual reciprocity. Farmers have the opportunity to come directly into contact with cultural world of tourists and gradually can learn how to communicate with them.

- *Main markets/ product ranges*

The wine production in this rout has an outstanding international position, thanks to a number of high quality wines. It includes three DOC areas: Montescudaio, Bolgheri and Val di Cornia.
As already mentioned, in this case both the production system and the valorisation process drew heavily upon all the local resources and a basket of high quality produces (the honey, the olive oil, the home-made salami and the traditional jams), which give the route a strong specificity and reinforce the visibility of the whole rural area, through developing synergies between direct selling, agri-tourism activities and local fairs, markets and other promotional initiatives, organised by the Consortium.

- *Scale (local; regional; national; international)*

The marketing strategies of the wine route only focus on local scale. The wine route involves flows of tourists coming in this region to enjoy the "wine experience" (the wine, but also the landscape, the cultural and historical attractions, the other traditional productions…).

- *In what period did the initiative emerge? What is their 'stage of development'?*

The story of the wine route in the rural area of the Livorno province is clearly intertwined with the wine production development pathway.
There, wine production is a traditional activity, even if the evolution towards high quality production has been a relatively recent phenomenon. As matter of fact, until the sixties, the selling of unbottled wine was only addressed for local consumption. At that time, farmers were embedded within intense social networks, involving local consumers in close interpersonal relations based on trust and mutual reciprocity. As we have already seen, more recently such relationships have come to form the basis of the re-positioning of the product on high quality wine markets and of the creation of the wine route networks.
This re-valuation process started during the 70s, when some local wine growers became aware that their territory could be highly suitable for high quality wine production and purchased new vineyards where they introduced some international varieties such as Cabernet and Merlot. The most outstanding example is when Marchese Incisa introduced Cabernet vines into the Della Ghelardesca lands and aged this wine in the barrels. The final results was Sassicaia, which became one of the most famous wine in the world. This first experience caught the imagination of many other farmers who started to produce quality wine of high standards.

At that time, the wine production increased of around 200 tons per year. Some entrepreneurs began to bottle their own wine in order to differentiate it from the mass product. In 1974, this wine obtained the European recognition as high quality product. Obviously, this led a strong increase in the wine price from +20% up to +110% compared with the unbottled wine.
Furthermore, following the wine makers example, producers of other products such as olive oil, fresh vegetables and honey started to pay more attention to differentiate their productions on the basis of the high quality attributes and they started to shorten the market circuits through looking for new ways to directly sell to final consumers. In this context, agri-tourist activities began and at the beginning of the 90s they experienced a spectacular growth and diversification.
The growth of direct selling and reception activities fostered changes in labour patterns, by encouraging the development of new skills and new services able to answer the increasing requests from consumers and tourists.
The idea for the Costa degli Etruschi wine route arose in the 1993, during the conference of the Italina Association of Sommelier (AIS). It was set up in May 1994, anticipating the regional regulations on the matter. The Livorno provincial administrative office has played the major role in supporting the initiative, as it actively stimulated the creation of the Consortium that consisted mainly of private members. In this way it was built following the previous experience of the PDO Consortia. In 1996, the Costa degli Etruschi was officially recognised and its network of wine growers, artisans, traders, hotel-owners and other actors began to grow steadily.
According to some actors involved in the route, such as the mayor of one of the village in the area, starting from 2001, the demand for high quality wine has undergone a decreasing tendency and in turn, the Costa degli Etruschi route has been affected by this new negative market setting. In this new context, in a first approximation of analysis, an enhancement of the level of services should be needed.

3.2 How important are the following broad forms of collective farmers' marketing in the country?

In this chapter some relevant forms of collective farmers' marketing initiatives will be shortly presented in a modified way. We have identified the following COFAMIs typologies, as they are the most significant ones in the Italian context. Our analysis will fail to describe initiatives of COFAMIs focusing on non-food product or services as they are not really relevant yet in Italy, although, the emerging of serious environmental concerns and the CAP reform have given a strong incentive for farmers to collaborate in order to produce energy crops and to market "clean" energy.

3.2.1 'Traditional co-operatives' (creating market power by pooling products or resources):

The Macro Trade Organisations (MOC)

The MOCs have been created through the European structural funds for the Objective I regions to strengthen and develop relationships between organized production and modern distribution and to valorise the agriculture production of the southern regions. In particular, the program "extension service assistance for the commercial valorisation of the agricultural productions of the southern regions" has the following objectives:

- The commercial valorisation of horticultural and fruits productions by defining strict quality standards
- The valorisation of floriculture through the implementation of Codes of Practices
- The organisation, preservation and valorisation of the olive oil sector
- The support to the MOC activities in terms of quality monitoring activity

The total planned cost for developing the program was 120.000 ECU

- *Numbers of existing initiatives*

14 Moc have been recognised

- *Estimated economic performance*

Horticulture and floriculture sector - The total turnover of the MOC reaches above 1.000.000 EUR. The total productions involved within the recognised MOC represents 5% of the total gross value of the southern regions, but an increase is expected of up to 9% at the end of the program implementation

Floriculture sector - The total turnover of the MOC reaches above 7.500.000 EUR. The total productions involved within the recognised MOC represents the 3,5% of the total gross value of the southern regions.

Oil olive - The total turnover of the MOC reaches above 26.200.000 EUR. The total productions involved within the recognised MOC represents the 4% of the total gross value of the southern regions, but it is expected an increase up to 8% at the end of the program implementation

According to ISMEA (2001) up till now many MOCs have not reached an adequate financial and managerial dimension, as they are characterised by low turnover, high costs of operations and a low productivity. Unfortunately, the program has suffered in excessive way from the delays endured in the phase of predisposition and performance (report ISMEA 2001).

- *Organisational form and legal status*

The structural funds 1994-99 for the Objective I rural areas (program of participation for the valorisation of the southern agricultural productions) have started the so called Macro commercial Organisation (MOCs). They are interprofessional bodies composed of producers, processors, distributors and service companies. They are managed through multi years commercial agreements which grant the supply stability to their members.
The extension service assistance offered to the MOC members involves the following activities:

- Production planning
- Marketing planning
- Selling and promotion activities,
- Formation activities and information divulgation

- *Main actors involved*

They are made up by the following operators:

- producers’ associations and co-operatives and individual producers,
- processors,
- distributors and service companies
- other interprofessional bodies operating within the supply chain

- *Relationships between farmers and others partners*

“MOCs are proposed as " innovative supply chain instruments", where agricultural producers, transformers, distributors and services companies are represented and are in closely interactions (good vertical supply chain co-ordination).

- *Main markets/ product ranges*

The program has been set up in order to support three strategic agriculture sector of the southern regions:

- horticulture and fruits productions
- floriculture
- olive oil

The main purpose is to facilitate the access of these productions to the national large multiple retailers.

3.2.2 *Territorially embedded COFAMIs (making use of specific territory based assets and networks):*

Wine routes and other eno-gastronomic itineraries

The wine routes are thematic itineraries based on the wine production of well defined areas, aimed at favouring the "discovery" of the local great wines and the environmental and cultural context in which the production takes place (landscape, cultural and historical attractions, other traditional production). "Tourists who follow a wine route enjoy a wide variety of experiences. They get the change to visit a wine farm, to take part in wine traditions and history of the region. Often there is also an opportunity to stay in agri-tourism accommodations, taste the culinary specialities while enjoying the landscape" (Brunori and Rossi, 2000).
More recently, other thematic itineraries, such as those created around the valorisation of typical products (manly oil, cheese and spelt), have been developed. The establishment of such initiatives implies that each participant should develop the capacity to produce some resources or services and assumes a social network by instigating intense interactions between other participants.
After a brief overview of the more recent dynamics related to the eno-gastronomic itinineries, our analysis will focus mainly on the situation in Tuscany, where more then in other regions, these experiences have been initiated and developed.

- *Numbers*

Through a close integration between public and private actors, in the last few years in Italy around 112 "routes" have been established, involving about 6.000 private operators.
Among them, there are:

- 84 routes which have been officially recognised in 10 Regions and in the Province of Trento
- 2 routes waiting for the officially recognition
- 26 routes without any officially recognitions[6]

The region where these initiatives have been mainly developed is Tuscany with 15 officially recognised wine routes, followed by Veneto (13), Emilia Romagna and Calabria (11).
Sardegna is the only region which decided to not adopt any regulations and as a result, it is the only Italian region without any experiences of wine routes.
Being a dynamic process, the creation/reinforcement/enlargement of the networks is still going on, through the improvement or the introduction of common or new activities and tools (information centres, promotion initiatives, joint participation to fairs, new entrepreneurs).
In a larger networking process, the system of the wine routes in Tuscany is also characterised by a high level of interaction with the other thematic itineraries linked to the valorisation of local resources (typical products, natural areas, handicraft and historic-architectural sites) and, in general, with the other promotional initiatives. For instance, in Tuscany in 2004 other four eno-gastronomic routes has been officially recognised (two of them are based on the production of olive oil and the other two are considered as "flavours routes").

- *Estimated economic performance*

At national level, data show that the total number of tourists who follow the wine routes are 4.000.000 and the total spending due to the tourist flows reaches 2.000.000 EUR (National association of Wine Cities). On the other hands, the impacts of the such initiatives on both direct or indirect employment are still very marginal. Overall, there are 15 full time employers (an average of 0,39 employers per route) and 22 part time employers (an average of 0,58 employers per route).
Brunori and Rossi give some evidences on the economic performance from wine routes in Tuscany. The economic performance has been estimated by comparing farms who joint to the wine route and those who not in the same territorial context (Brunori and Rossi, 2000). Results show that the mainly effects of the adhesion to the wine route are ascribable to the increasing

[6] Source: Census carried out by the National Association of Cities, 2004

selling price, by moving from supply wholesalers to direct selling and of opportunities to diversify on farm activities (agri-tourism). In particular, the analysis shows that producers can get a premium price ranging from 30% up to 40% in comparison with the traditional way of selling. On the other hands, also in Tuscany, the employment impact generated by these initiative is still not relevant, confirming the data at national level.
Overall, we can see that wine routes foreseen a general reconfiguration of farms activities, the development of communication and relation skills and new arrangements of work patterns to include an increase amount of administrative, processing and marketing tasks.

- *Organisational form and legal status*

The 1999 national law and the many regional regulations have foreseen the establishment and further development of wine routes.
In 2004, 16 Regional Governments have recognised and/or regulated wine routes, and among them, 10 Regions (Liguria, Lombardia, Provincia Autonoma di Trento, Veneto, Emilia Romagna, Toscana, Umbria, Lazio, Calabria and Sicilia) have fund and set up stricter criteria for their recognition then the national ones.
In Tuscany, wine routes are regulated starting from 1996. The main focus of the regional law 69/96 was on the wine production and on the enhancement of the traditional wine territories. The regulation has been implemented through a new law in 2003 (45/03), which represented the legislative tool to extend the meanings and the values of the wine routes to other thematic itineraries, such as those created around the valorisation of typical products – *the wine, oil, and favours routes - .*
According to the regulation of the Tuscan Regional Government (45/03), a wine route should be characterised by the following aspects:

- at least, one information centre
- a show centre or local museum
- some show and taste floors of the route typical products

Besides of that, the regional regulation establishes the public funding which are available to support the realisation of the following specific activities:

- the realisation of signposts, maps and tourist guides
- the realisation of an information centre and/or a show centre that give to tourists information about the typical product traditions and history of the region
- the realisation of spaces for tasting

Beyond the legal status, we can recognise several models of organisation, management and funding. Often, successful initiatives implies a high level co-operation between wine growers and the other actors, whose formal expression is the establishment of several Consortia and Associations aiming at managing promotion activities. The Consortium’s main task is to officially represent the wine routes members and to establish and enforce the regulations governing the quality and standards of products and services. It can organise special events, makes possible joint participation in important fairs, works on public relations and creates information centre. Farmers should adhere to a common set of written and non written rules. For instance, promoting the “open cellar” initiative during which farmers open their farm gates and receive consumers personally; being willing to entertain tourists with stories about wine and/or other typical produces and make efforts on communication and promotion activities as preparing brochures and maps and join to fairs;
More recently, wine routes are becoming integrated into other thematic itineraries, such as those created around the valorisation of typical products (manly oil, cheese and spelt), nature areas, handicrafts and historical monuments.

- *Main actors involved*

A wine route can be seen as a network established around a agro-food product (the wine and its territory), its nodes including wine producers operating alone or in association, distributors (who, in some cases, coincide with producers) and economic actors who are indirectly related to tourist

activities, such as restaurateurs, rural and agri-tourist entrepreneurs, artisans and representatives of local communities and institutions.
On average, a route involves 14 public actors, such as Municipalities, Mountain Communities, Provincial Administrations etc., and 57 private operators, among them producers, cellars, restaurants and other artisanal makers …Overall, in Italy the wine routes system involves beyond 1.400 public stakeholders and among 6.000 private operators (Source: Census carried out by the national association of wine villages, 2004)

- *Relationships between farmers and others partners (who is steering the initiative)*

In some cases, the national or regional regulations and public funding have foreseen the setting – up of these initiatives whose development trajectory mainly follows a top-down approach. In other cases, the eno-gastronomic routes take place from more spontaneous initiatives, manly driven by producers and tourism agencies, even without any officially recognitions. Each farm can be seen as a point of connection between tourist and the local community. The links are based on trust and reciprocity. Farmers come into contact with cultural world of tourists and gradually learn how to communicate with them.

- *Main markets/ product ranges*

Through network development and financial funding synergies between food value capturing activities, direct selling of farm products and agri-tourism activities should be developed and strengthen. As already mentioned, the more recent regulation has foreseen the creation of eno-gastronomic routes which should be based on the valorisation of a basket of typical and traditional agri-food products of an area.

- *Scale (local; regional; national; international)*

The marketing strategies of eno-gastronomic routes focus on local scale. As matter of fact, these initiatives represent new forms of social organisations which link producers and consumers and others actors that comprise an eno-gastronomic route by re-rooting these supply chain into particular and very limited spaces.

- *In what period did the initiative emerge? What is their 'stage of development'?*

During the '90s Italy experienced an intense growth in rural tourism, on the wave of the re-discovery of rurality, in its material and symbolic expressions (landscape, typical products, culture and values). In this context where local initiatives aims at strengthening the link between the territory and its quality products, the setting up of eno-gastronomic itineraries has becoming a topic of growing public interest. Combining the hospitality in the rural areas, the local wine production, short food supply chains the eno-gastronomic itinerary has been set up.
This process also has foreseen an higher level of co-operation between wine growers, whose formal expression is the establishment of several Consortia and Associations aiming at managing promotion activities.
Since 1999, the presence of national and regional regulations which recognize and discipline wine routes, has created a particularly favourable institutional context for their further development.
Being a dynamic process, the creation/reinforcement/enlargement of the eno-gastronomic routes is still going on, through the improvement or the introduction of new activities and tools (information centres, promotion initiatives, joint participation to fairs, new entrepreneurship). For instance, during the years 2001-2003 an increasing number of manifestations and events promoted by wine routes is recorded: from 117 in 2001 (on average of 4,5 per route) up to 258 in 2003 (on average 8,6 per route).

3.2.3 COFAMIs with a producer-consumer network as main focus:

Organic farmers' markets

The farmers markets are to be understood as an example of an alternative food network, aiming at delivering a wide range of economic, social, and environmental benefits. They provide an outlet for small speciality food producers and are founded upon the reconnection of producers and consumers, which has led to a reconfiguration of the relations between them. Local produce, freshness and direct contact between producer and consumer are the core issues of this marketing channel concept.
The personal contact between producer/seller and customer brings to the following impacts:

- Direct customer feedback to producers stimulates product development
- Provides traceability and quality assurance without labelling
- Adds educational, cultural and social dimensions to the product

From a consumer perspective, this has meant that they can have a more direct connection with the produce they are buying, which allows them to make a more personally informed decision as to its quality. From a producer perspective, it has primarily enabled them to retain a higher percentage of the final retail value, and to remain in complete control of their produce until its final point of sale.

- *Numbers of existing initiatives*

Organic farmers' markets are increasingly popular among producers and consumers in Italy. The number of organic farmers' markets has increased from 42 in 1992 to 165 in 2005. These outlets are organized mainly in the Northern regions (69%, in particular in Lombardia and Veneto) and in Centre regions (28%, of which 75% in Tuscany).
More information available on the web site: www.mondobiologicoitaliano.it/mercatini.htlm

- *Estimated economic performance*

There are benefits for the farmers who sell their produce at the farmers' markets. These include being able to retain more of the retail price of their produce which maybe more than prices earned via wholesale channels. For some producers diversification in the marketing of their produce is used as a 'survival strategy'. For the rural community, direct marketing of rural produce ensures a greater percentage of its value remains within the local economy. *(Not available studies which assess the economic performance)*

- *Organisational form and legal status*

The markets are being set up by a variety of organizations and institutions. The success of a farmers' market in terms of the benefits for producers and consumers is clearly dependent upon the way in which these markets are developed and managed. Organic farmers markets in Italy are organised in one of the following ways:

- Markets operated by local authorities: Municipalities, Mountain Communities or in some cases, European Rural Information and Promotion Carrefours take a key role in starting, developing and promoting these markets (i.e. Carrefour Maremma which promoted and fund an organic market). It is very recent the initiatives promoted by the Milan province to organised an urban farmers markets called "campo in città" (Field in the city).
- Markets managed by national associations or organisations: certification body (i.e. AIAB), farmer's unions (i.e. Coldiretti) and environmental associations (Legambiente and Greenpeace Italy). For instance, since 2003 the most important organic certification body –AIAB –together with the national system of purchasing groups (GAS) have promoted a campaign aims at favouring the direct selling which is called GODO (purchasing groups and organised supply). This model is built on the issues of the preservation of rural areas, solidarity towards small – scale producers the promotion of the richness of the culinary patrimony and the biodiversity valorisation.

- Co-operatively run or community based markets which are run mainly by organic producers associations or other cultural or consumers organisations on a not for profit basis. Among them the historical cultural association, - the so called Fierucola del pane - is the most important one: since 1985, it has organised a small organic producers market which is held in Florence on the last Sunday of August. Another remarkable example is offered by Il Pagliaio at Greve in Chianti (small village in the Tuscany countryside) on the fourth Sunday of each month, which is managed by a small farmers' association (ASCI – association of solidarity for the Italian rural areas). This association adopts a internal code that enable the members to self-certify their production, even they don't have any formal certifications

- *Main actors involved*

Producers and their associations, craft men local authorities, farmers' unions, other cultural or environmental and consumers

- *Relationships between farmers and others partners*

In many cases, associations of producers are in charge of the organisation, management and promotion of the farmers' markets. In few cases, when the markets are set up by local institutions, and developed specifically to assist rural producers, marketing private agencies deal with their organisation, the selection of participants and the promotion.

- *Main markets/ product ranges*

Within these markets beyond organic produces, generally there are sections dedicated to artisanal handmade goods, and fair trade products. Farmers' markets are often associated with organic food, although some of them stipulate that the stallholders must hold organic certification.

- *In what period did the initiative emerge? What is their 'stage of development'?*

Farmers' markets are a trend that has taken hold in the United States at the beginning of '90, where the demand for locally grown food has increased and people are looking for an alternative to imported food and large-scale production.[In Italy, organic farmers' markets are beginning to develop and starting to redefine their place in urban food distribution. Up to now, organic farmer's markets are seen just as special occasions, whereas they should become more regular event. For instance, farmers' markets which are held weekly or twice a month are more likely to provide a viable outlet for them. Farmers and growers start to complain about the need to have a more regular local market in order to be able to sell their produce when it is ripe.

4 Contextual factors that affect the emergence and performance of COFAMIs

4.1 Description of the different contextual factors

The analysis of the contextual factors has been done by distinguishing political, economic, social, technological and geographical factors. Then, a grid which summarizes all those factors affecting the emergence and development of COFAMIs has been developed in order to underline those which can be considered as opportunities and those as constraints (we have added some factors emerging from the discussion during the I National COFAMI Forum[7] - in *italic*).

In our opinion, contextual factors may be clustered according to each broad COFAMI category (some factors could be interpreted as an opportunity for those initiatives operating within the large retailer system whereas they can be perceived as constraints for the development of local marketing circuits).

[7] The First National COFAMI Forum was held on the 29th September 2006 at Reggio Emilia.

4.1.1 Political and institutional factors

A broad description of relevant institutions and policies that somehow can affect COFAMIs.

In a context strongly concerned by globalisation processes, localization strategies through intensified interaction and cooperation are perceived as the most viable means of defence. The increasing attention to the links between agriculture and other fields of activity such as environment, health and food quality have progressively broadened the policy network affecting decisions in agricultural policy. This new institutional approach has been facilitated by the introduction of administrative and political devolution, and bottom-up approaches have allowed the involvement of new actors and the growth of their power vis a vis the institutions. As a matter of fact, during the '90s, the growth of the rural development pattern and the process of policy territorialisation made the role of Regional governments and of the local administrative levels more and more important. It has been already stressed that those policies concerning most of the collective initiatives of "territorial marketing" and direct marketing have been mainly implemented at regional and local level. Often, these initiatives foresee the direct involvement of local public institutions (municipalities, provinces) together with local producers.

A new and broader approach of cooperation, according to the new society's needs, can be found within the previously mentioned *National Law on the reorientation and modernisation of agriculture (228/2001).* This regulation - following the steps made by France in 1999 - introduces substantial modifications to the general normative framework of agricultural activities and producers organisations, trying to include all the "multifunctional" dimensions of agricultural activities.

The most significant legal innovations have been :

- changes in the definition of agriculture, widening the typologies of activities that farms are allowed to carry out ("diversification" of farm activities); agri-tourist activity is now fully recognised as an agricultural activity;
- to stress the importance of enhancing quality food (organic foods, traditional and typical foods);
- to pay attention to food safety matters (traceability, information to consumers, GMOs);
- to make an effort to simplify the bureaucratic-administrative procedures;
- to take into account the environmental dimension of agricultural processes;
- to reinforce producers' associations and inter-professional bodies;
- to create new policy tools to increase the autonomy of local public institutions (Quality Agro-Food Districts, Rural Districts, contracts between Local public institutions and farmers).

This regulation has brought significant impacts on the Italian cooperation system. First of all, it focuses on improving and finally clearly identify new collective actors – the producers' associations – by defining their organisational form and role.

On the other hand, the law has given a strong incentive to farmers to market directly their products, either individually or by means of the grouping of farmers.

More in general we can see that this law has set up new space of manoeuvre for cooperation, by defining new policy tools which are able to give new and alternative opportunities to increase collective farmers' initiatives, mainly at local level For instance, the rural district represents a significant example of institutional innovation aiming at promoting a broader concept of co-operation at territorial level. Building institutional circuits able to link producers and consumers is the main goal.

Concerning the role played by different stakeholders, operating within the National arena, it is possible to identify the following subjects as those who most can influence the policy agendas:

- **Farmers' unions**: in Italy, there are three main organisations, which in the past represented very different typologies of farms, interests, social and ideological positions: Coldiretti, until the middle of the '90s narrowly linked to the centre-catholic party and to the big economic-political power of Federconsorzi, and representing the small family farms; Confagricoltura, linked to the Right and representing the large capitalistic farms; Confederazione Italiana Agricoltori, linked to the Left and representing farm labourers and small farms. Nowadays there are not many differences in their ideological positions and policy plans and their requests are often very similar. After the crisis of the '80s-'90s, in the context of the recent changes of the Italian institutional-political system, they assumed again an important role, as main interlocutors of the Government/regional governments in the formulation of the national/regional policies; moreover, they were directly involved in the implementation of the new CAP. Besides those activities, they play a primary role in promoting the values of rurality and the multifunctional role of agriculture (i.e. by fostering a narrower link between producers and consumers around quality or promoting rural tourism through their agritourist enterprises' associations). With respect to the influence on the policy specifically affected COFAMIs initiatives, Coldiretti has shown the higher awareness of the importance to promote such initiatives. Their political pressure has been decisive in inserting these initiatives in the already mentioned National Law on the reorientation and modernisation of agriculture (228/2001).

- **The environmentalist organisations:** there are some big and powerful associations (WWF, Legambiente, Italia Nostra, Lipu), operating on the whole national territory through an articulated organisation. In the '90s, in a scenery of growing awareness of the environmental and health problems related to modern production models, they assumed an increasingly important function of lobbying in the national and regional policies for environment and, more recently, for rural development. More recently, the previous Minister of Agriculture, belonging to the Green Party, created a particularly favourable context in this direction. Besides the participation in the debate and the policy-making process at national level, more locally a significant contribution is made by minor groups interested and actively engaged in the sustainable management of the local environmental-rural resources and generally more integrated in the local governance system. For instance, some new experiences of COFAMIs have been directly promoted by some environmental organisations (Legambiente and Greenpeace Italy) together with Coldiretti. The most significant example is represented by the so called GODO initiatives (purchasing groups and organised supply), which is a sort of direct collective marketing organisation, involving both producers and consumers. This model is built on the issues of the preservation of rural areas, solidarity towards small – scale producers, the promotion of the richness of the culinary patrimony and the biodiversity valorisation.
- **The consumers' organisations**: during the '90s, together with (as a cause but also, at the same time, as an effect) of the development of a regulation system to face the food quality and safety problems determined by the current production model, some consumers' organisations have become important pressure groups, lobbying for the defence of the consumers' concerns, especially in the field of food safety and market transparency. An atypical consumers' association is Slow Food, born in Italy in the middle of the '80s, and then grown very fast up to become an international organisation (Slow Food International was born in Paris in 1989); nowadays it is a referent-point for the promotion of "taste" culture and food quality in Italy. The association helps consumers to get empowerment and awareness avoiding cultural commodisation, and producers to increase self-consciousness and market opportunities by creating new links to connect producers and producers with consumers. More in depth, at local level it affects two different target. first of all, producers (through the constitution of Presidia, a sort of collective brand), which are organised around a typical/local product in order to protect the product from the "extinction" and support its production, marketing and collective promotion, and consumers (through consumers' local associations named Convivia), which are meant as "soldiers" in charge to spread information.

The statutory environment and legislation that is relevant for collective marketing.
In Italy the latest legislation that is relevant for the traditional cooperatives is the *Programming Document on agriculture, agro-food, food industry and forestry* (DPAF), drawn up in compliance with art.2 of law 499/99. It identifies negotiated plans (territorial pacts, and programme contracts) as support measures for projects concerning economic association and interprofessional coordination. The 1999 national regulation regarding "*Dispositions for opening and regulating markets*" sets out several important reforms in order to modify and support interprofessional

coordination and other forms of supply concentration. Concerning the problem of capital formation and procuring financial resources, the 2005 financial bill (law 311/2004) provides changes in the co-operative system of funding, by significantly increasing the availability of their financial resources.
Concerning the producers' organisations, the National Decree n. 228/01, modified by the National Decree. n. 99/04, in application of the Reg (CE) nº 1493/99 art. 40 and art. 41 defines the criteria for the recognition of the producers' organisation and the Interbranch organisations of the whole agricultural sector (except for the fruits sector).
According to the criteria for the recognition, the producers' organisation:

- should be a joint-stock company
- should have a minimum number of members (50)
- should market a minimum level of production (3% of the total regional production).

The winegrowers' co-operatives (Cantine sociali) are adapting to the criteria defined by the national decree, in order to be recognised as producers' organisations.
With regards the fruit and horticulture sector, regulations 2200/96 and Italian regulation n. 128/98 have changed the structural framework of cooperative enterprises in this industry. The national decree 128/98 and 25/99, in compliance to the Reg. (EU) 2200/96, defines the criteria for the producers 'associations' recognition.
Finally, in the previous chapter we have already mentioned all the national and regional regulations which have stimulated the creation of several collectives initiatives such as wine routes or more in general all the eno-gastronomic itineraries and short collective supply chains, which can be considered as the most innovative ways of collective marketing activities.

The relevant regulations and support programmes (e.g. agri-environmental and rural development programmes, LEADER, etc.)
A quick comparative analysis of the Rural Regional Development Plans (RDP) – related to the period 2000-2006 - shows a common framework, based on three strategic axes:

- Axis I: improving competitiveness of farms, where quality is a major objective;
- Axis II: improving the agro-environment, where a big share of the resources is destined to integrated and organic farming and to forestry measures;
- Axis III: improving the quality of life in rural areas, where rural tourism and rural infrastructures are the most common targets.

The measure of the RDP most relating to the improvement of the farmers' collective marketing performance is: " Marketing of high quality produces" (Axis III measure 9.3). According to this measure, subsides are targeted to the creation and implementation of associations and consortia of producers, in order to improve the monitoring activities and valorisation actions related to high quality productions (see the deep description of Consortia of products with a designation of origin).
Each Regional Government has the task of the selection of the requests and of the definitions of the level of subsides which are addressed to this RDP measure. In order to analyse the main impacts of this measure on affecting collective farmers' initiatives, we took as example the cases of Tuscany and Emilia-Romagna. In Tuscany in the last years, more than in others, local collective initiatives have been strongly supported by the Regional administration.
For instance, the Regional Government of Tuscany has defined the following criteria of priority:

- the weight of the certified products on the total processing products (20 points for the PDO and PGI and organic productions and 10 points for low inputs farming and high quality wines)
- the weight of the exported production (12 points)
- the organisational form of the associations

The following table shows the number of projects – related to collective farmers' marketing initiatives - which received funding and the total level of public expenditures in Tuscany:

Tab. 12 Number of projects and level of public funding

Year	Number of accepted requests	Total expenditure	Public expenditure
2001	3	2.398.594	1.284.467
2002	0	0	0
2003	8	866.500	675.380
2004	0	0	0
Total	11	3.265.094	1.959.847

Source: annual report Regional Government of Tuscany

In 2004, the Regional Government of Tuscany planned to increase the level of funding of 245.000 EUR (Regional law n. 387 of 26/04/2004), as a consequence of the growing number of requests. In 2004, the number of projects concerning new collective marketing initiatives which were already settled was 3.
In Emilia-Romagna in the programming period 2000-2005 25 projects of collective marketing have been financed for a total of € 29.082.000. Emphasis in these projects have been put on favouring the creation of new outlets for collective commercialisation and improvement of the marketing circuits.
An analysis of the proposal of the new RDP for the period 2007-2013 (Reg. (UE) N. 1698/05) approved by the Regional Government of Tuscany shows an increasing effort to improve the co-operation within the rural areas. As a matter of fact, one of the priority objective of the new plan is to enhance the competitiveness of the agricultural system of production through improving the co-operation and the synergies among the different stakeholders in order to develop innovative products and to find new and alternative way to valorise the endogenous rural resources. (art. 29).
With respect to the LEADER plus programme, the range of collective initiatives has been very diversified in terms of typologies of intervention and stakeholders involved. Many of them have been promoted within the Axis II which refers to the "Cooperation", in order to improve the socio-economic cohesion of the weaker subjects in the more marginal rural areas.

4.1.2 Economic and market factors

Economic development was very intense in Italy after the second world war and Italy changed very quickly from a rural country to an industrial one. The process was not homogeneous all over Italy. In the Centre North of Italy and in the main plain areas the modernisation process took place, also in agriculture. In the mountainous and in the hilly areas (about 77% of Italian territory) as well as in many southern regions, marginalisation and depopulation were the main effects of these new trends. In the centre of Italy the crisis of the *sharecropping* system, the industrial development in the plain areas and the reduced farms-size were among the main causes of an agricultural structure strongly based on part-time labour.

Tab. 13 The main structural features of Italian agriculture

Year	People employed	Farms	Farm land	Arable land
	(,000) n° LU	(,000) n°	(,000 hectares)	(,000 hectares)
1950	8.610	4.500	27.000	18.900
1960	6.118	4.294	26.572	18.600
1970	3.605	3.607	25.065	17.491
1980	2.760	3.269	23.631	15.843
1990	2.070	3.023	22.702	15.046
1996	1.403	2.800	22.500	15.000
2000	1.359	2.591	19.607	13.212

Source: ISTAT

Tab. 14 The main economic features of Italian agriculture

Year	(prices in current milion €)			(prices in constant 1996 milion €))			
	Gross production	Inputs	Food Con-sumption	Gross production	Inputs	Food con-sumption	Self sufficiency
1951	1,324	0,161	1,771	30,961	3,7783	41,415	74.8%
1960	n/a	n/a	3,177	n/a	n/a	57,750	n/a
1970	3,481	0,775	7,469	43,235	9,6272	92,760	46.6%
1980	16,001	4,548	29,662	53,468	15,198	99,115	53.9%
1990	30,025	8,675	80,758	39,925	11,535	107,385	37.2%
1996	36,117	10,192	105,350	36,117	10,192	105,357	34.3%
2000/01	30,754	14,610	112,000	n/a	n/a	n/a	34.3%

Source: ISTAT

In the last ten years the number of farms fell by some 14.2%. The average size increased only in the northern areas (the number of the farm fell by some 30%), while in the centre and in the south the number of farm and the average size did not change significantly. About 95% of the farms are run directly by the farmers, while 81,3% of the farms do not have access to the labour market. In terms of the age structure, almost 6% of farmers are under 35 years and over 59% over 55.
In 2002, Italian farms earned an average of just over 23,000 EUR from farming, although large variations were observed depending on both the size, the system of farming and the location. For example, in the North the average income per annual working unit is double than in the South. About the same discrepancy can be registered between the plains (30,000 €) and the mountainous areas (20,000€). Intensive farms with pigs and chicken reach the highest value (about 75.000 €), farm specialised in horticulture have incomes of about 25,000 EUR, while those specialised in crop production have the lowest incomes (15,000 euro) (INEA).
The phase of diversification represents the latest important step in the evolution of Italian farming system. In the context of globalisation, the local system reinforces its role together with the role of its actors, whose interaction and innovative form of cooperation become fundamental for defining local development strategies. In this new phase, food is associated to an increasing bundle of concepts: health, culture, environment, quality of life, pleasure. A growing group of consumers loose trust in the food industry and look for authenticity and naturalness. Therefore, consumption trends in quality food open and consolidate new opportunities for those areas that have missed modernisation but that now may offer added value due to the locality values and typical products.

The structure of food supply chains and the degree of consolidation and concentration of processing / retailing

Food supplies chains have undergone a strong process of concentration. The biggest companies hold almost the totality of the market, whereas there are still a multitude of medium and small scale firms. According to a survey carried out by Infocamere, in 2002 there were around 75000 agri-food processing firms operating in Italy, 56% of them were employing fewer than 2 people. Moreover, there are still considerable structural and technological differences among agri-food processing firms. 75% of added value of the Italian food industry is concentrated in the North-Centre (Inea, 2002).
As in the other European countries, also in Italy the retail sector is evolving towards larger units. The increasing importance of large-scale retail enterprises (super- and hyper markets) goes to the detriment of a decreasing role of the small, traditional food outlets (Inea, 2003). Most of them are giving growing importance to the issues of quality (traceability systems, information, private labels) and to the enhancement of typical and traditional characteristics. In 2005, there was a proposal to create a special dedicated space in super and hyper-markets for the direct sales of farmers products. More recently, the Coop retailer chain in Emilia-Romagna has planned to start the sales of local fruits and vegetables within its outlets, by activating a direct sourcing scheme. Generally, those policies and marketing strategies are contributing to increase and consolidate the consumers' knowledge and awareness about food quality issues.
However, in spite of the dominant role of large retailer chains, the new trends in consumers' attitudes and behaviours are opening new room for alternative marketing circuits, aiming at improving the communication between farmers and consumers. Groups of consumers, farmers'

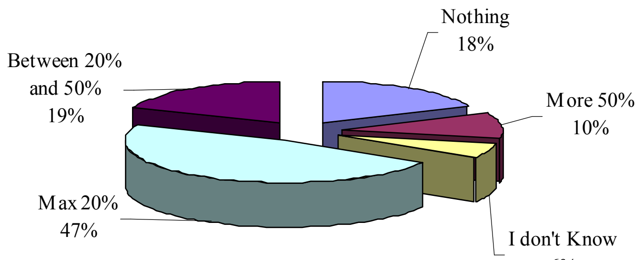
markets, wine routes, gastronomic itineraries provide some outstanding examples. Several types of actors are involved into the construction of these circuits, in which producers play a key role, together with other institutions, such as consumers' associations, environmental associations, municipalities, local tourist offices, etc. In some cases, these new circuits are built on old models of interaction (urban people combining a tour in the countryside to buy food from producers).

The field of quality standards / labelling
Italy is one of the most important producers of "typical products" in the UE. The importance of the consortia, which are in charge of management the production and the marketing strategies of typical produces, is very significant. In fact, in many rural areas farmers have had success in collective promoting and marketing such productions.
However, it is important to stress that not all products carrying the designation of origin are promoted and managed directly by farmers. For instance, many of the products are either managed and promoted by private companies or processing industries. Furthermore, as previously mentioned, large retailers have continually taken up new strategies orientations, based on regional marketing.

For collective marketing initiatives set up by farmers the creation of a strong label which identifies the product is of extreme importance. The difficulty of many newly set up marketing organisations of farmers is *to communicate the contents of the collective label to the consumers*. Some representatives of COFAMIs feel the necessity to re-educate the consumer and to inform them of the intrinsic quality of the products. Small alternative Cofamis operating at local level are able to exploit the local budgets for rural development for this purpose and they can connect with other public initiatives of local administrations, but large scale Cofamis operating on national or international scale need huge resources for communication in order to be visible in a context of strong multiple retailer groups.
As food safety is concerned producers operating at small scale are obliged to comply with stricter standards, which are required from both the public institutions and the large retailers. Often, this means that many small producers are forced to make strong efforts and adaptations of the structure and functioning of whole farms, including the productive methods. This has been for many Cofamis an incentive for collaboration This fact has already stimulated the activation of many joint initiatives involving producers and local administrations to preserve and to further promote local products. Also LEADER programs have contributed to introduce new opportunities and institutional arrangements in many rural areas.
From the consumers' point of view, high quality regional foods and their close linked with local system of production became a topic of interest in Italy. Many Italian consumers show a strong interest in regional food, perceived as belonging to their cultural heritage and to their rural roots. In fact, in the consumers' eyes, the origin of production represents a strong signifier of quality, whereas, the presence of imported raw material generates anxiety and uncertainty and lack of indication of origin raises suspicion. According to Nomisma data[8] (2000) consumers who are willing to recognise a higher price for products with guaranteed origin represent up to 65-70% of the total consumers. The following graph shows the distribution of a sample of consumers in relation to the willingness to pay a price differential for typical products in comparison with the conventional ones.

[8] Nomisma, VIII Report on Italian Agriculture

Fig. 1 The "sustainable" differential of price for typical products



Source: Nomisma, Survey on Typical products 2000

Concerning local collective marketing initiatives, another issue that is important to underline is that very often most of the small producers attending farmers' markets do not have any official certification, even if they produce according to the organic methods of farming. The problem is that they are not able to cover the high certification costs. Recently, efforts are made in order to develop a sort of self-certification, which ensure a guarantee for consumers of their produces.

4.1.3 Technical and knowledge factors

The role of public institutions in giving technological support or support in form of knowledge transfer for COFAMIs organised

During the 90's, the introduction of mechanisms of administrative and political devolution and the progressive introduction of bottom-up approaches in the policy-making processes contribute to increase the role of actors at local level taking part in the decision process and in promoting the knowledge transfer among them. In this context, the previous decisional network based on the strong link between the public administration and the syndicates of economic actors looses its central role; both the consumers and the other social organisations (environmental associations, ethic groups, etc.) become important or at least gain access to knowledge.

The regional governments have competencies on education and professional training. They play a central role in the negotiation with the representatives of economic and social actors.

In some cases, an adequate extension service offered by *farmers' unions* together with the co-operatives has fostered the implementation of strategies addressed towards regional quality productions. Moreover, the awareness of the strong potentialities covered by energy crops emerged from those networks characterised by intense relations with the farmers' unions.

The role of big food-processing firms and retailers assumes importance for their action of lobbying or direct activity to favour the adoption of new technical and organisational standards in food production and distribution, with particular regard to management of food quality and safety. As already stressed, more recently, some chains (i.e. Coop) have definitely adopted a guide role in dealing with the quality issues.

At local level *other local organisations* can take part in facilitating the transfer of knowledge by interacting with public administrations. They are institutional or informal organisations variously engaged in various initiatives of territorial promotion (i.e. Leader LAG, associations/consortia aimed at valorising specific local resources).

The development of technologies relevant for COFAMIs

One of the most relevant challenges for the future development of collective marketing farmers' initiatives is the implementation of traceability systems, which have been required by law starting from 2005. By adopting a traceability system, co-operatives are able to guarantee a winning reply to the growing demands for supply chain transparency. Product traceability also represents an important processing chain marketing incentive which can be used by farmers to counterbalance the strong power of the large scale distribution. Unfortunately, traceability applied to the food sector is a particularly complex technique, as it represents the cross-roads of two important categories of knowledge. The first one concerns the need to adopt technical, economic and organisational innovations in the productive, processing and marketing fields. The other one is linked to the need to develop new information technology and new skills in order to manage the information flows between different companies along the supply chain. Very often the adoption of a traceability system is not economically feasible. In fact, a single farm would have great difficulties in adopting such a system, without the technical and organisational support of a co-operative. The introduction of this control system requires, in fact, a suitable level of organisation within the company involved, which must also be big enough to bear the required investment costs (Green, 2001). Some co-operatives, above all in the fruit and beef sectors have already implemented these traceability system, which allowed them to reach some relevant benefits. For example, some fruit co-operatives have succeeded in penetrating in big chains such as Carrefour which always requires the complete traceability from their suppliers.

A very interesting example of an electronic labelling and traceability system has been launched and implemented by the association of beef producers in the region Marche, the Bovinmarche, already activated in 1996 well before the EU Regulation 1760/00 on traceability in the cattle sector. When the calf or cow is slaughtered the name of the farm, the number of the animal, the number of the slaughterhouse and of the butcher is impressed on a smart card containing a microprocessor which memorises the received information. Each carcass is accompanied by such a card. The butcher shop disposes of a smart card reader and at consumers' purchase of meat the quantity sold is scaled down from the card delivering a label containing the complete information about the origin of the meat. When the whole carcass is sold the smart card does not emit labels anymore and may be used for a new memorisation in the slaughterhouse. This experience has created a strong visibility and a enhanced credibility of the locally produced beef enlarging its segment on the market.

Another technology that can be considered important for the development of collective marketing initiatives are mobile abattoirs within the livestock sector. As a matter of fact, over the last decade, the implementation of new safety standards has led to the closure of many small plants, and to the consolidation of large processing facilities. In this context, livestock farmers operating in a small scale, are faced with big problems when it comes time to slaughter their animals, thus adding to their difficulties in surviving. This has stimulated some producers associations to adopt mobile abattoirs, already successfully operating in the mountainous areas of the North East regions (Trentino Alto Adige). These initiatives also meet the community's demand for high-quality and locally produced meat. The biggest obstacle to a wider implementation of such innovative plant may be the cost of the mobile unit. Of course only a group of farmers could effort this investment. The relevance covered by the adoption of mobile abattoirs in certain contexts could be well explained by an experience in the northern areas of Tuscany (Zeri village). There extensive sheep breeding and on-farm slaughtering of lamb are traditional activities and still commonly practiced. In recent years the new food safety standards required by European regulations has stimulated a collective initiative of legitimating and revalorising the autochthonous lamb meat. One of their main purpose of the initiative was to build a mobile abattoirs as there were not any other slaughterhouses in the territory. Therefore, a mobile abattoir could represent a great opportunity to integrate producer/consumer demand by opening a niche market of added value meat product.

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strong visibility and a enhanced credibility of the locally produced beef enlarging its segment on the market.

4.1.4 Social and cultural factors

It is largely recognised that one of the most basic fundament for the Cofami genesis and development could be found in a cultural background, which could be favourable or not to cooperation spirit. A cultural approach could well explain why co-operatives spread rapidly throughout Northern Italy in the late nineteenth century, but never gained a similar popularity in the Southern regions. Still nowadays, although not so remarkable as in the past, Southern Italy is characterised by individualistic societies (social closure as well as narrow and self-interested behaviour), where civic spirit is weak and trust and cooperation are limited. Several economists have recognised that high social capital is understood as a sustained group level co-operative behaviour. Southern Italy suffered from low social capital, a tendency to defect from co-operative engagements, as they never overcame the reciprocal mistrust in order to produce networks of mutual commitment. Therefore, the question can be considered still open can be defined as follows: how is it possible to extend social capital and to forge social trust in southern Italy starting from existing levels of socio-cultural and political particularism?

In general for all collective marketing initiatives an important factor and condition for success is the active participation of the members in the decision process. Those who constitute the association or organisation need to know and trust each other. Face-to-face relationships create a strong spirit of cooperation. This is essential at the start of the initiative, but continues to be so in its further development. The objectives of the initiatives have to be shared fully by the members of the associations to avoid free rider behaviour. During the process of the formation of the group of farmers inevitably a process of selection will take place based on the necessity to reach the highest possible degree of cohesion. Only then a real collective strategy can be developed and commonly shared.

The evolution of the role of agriculture and rural areas together with the increasing importance of integrated development strategies have contributed to start important changes in the social context. As a matter of fact, the variety of interests related to agriculture and to rural areas favoured the emergence of new stakeholders (consumers of products and services, new residents, environmentalists, new groups concerned in ethic consumption, tourists, enterprises and agencies involved in the local development) and the development of new networks (between farmers , between farmers and institutions, and between farmers and consumers), modifying the pre-existent relationships among the actors, both at local and national level.
The modernisation process has introduced new factors of interrelation between local and extra-local system (i.e.: technological innovations, market outlets, CAP), which favoured the consolidation of hierarchical networks (*filieres* gradually), This led to a gradual shift of the negotiation and decisional power to extra-local arenas and has weakened the link between the territory and its actors.
Diversification and alternative farming and marketing strategies have played a key role in strengthening the fabric of social networks. In the context of globalisation, the local system reinforces its role together with the role of its actors, whose interaction and cooperation become fundamental for defining local development strategies. This process of reinforcement of the local identity and of the social and institutional thickness takes place within the local arena but also through the local-extralocal relationships. In this new phase, food is associated to an increasing bundle of concepts: health, culture, environment, quality of life, pleasure. Consumption trends in quality food open and consolidate new opportunities for those areas that have missed modernisation but that now may offer added value thanks to the codification and communication of locality values. Local networks of farmers, consumers' associations and public bodies are actively working and debating on it, and good results are already obtained..

Marginal areas, farms and activities start to reconstruct their endogenous resources - history, environment, typical food - as elements of development strategies. The concept of rural development, for a long time abandoned and equated to agricultural modernisation, gives new strength to new actors: women, young people, municipalities, local associations, who actively construct new connections between agriculture and its environment.

4.1.5 Geographical / location factors

In order to describe the differences between types of rural areas, we take as example the three main macro-regions of Italy: the North, the Centre and the South Italy.
In the North Italy it is possible to distinguish three main territorial systems:

- The mountainous and less favoured areas
- The professional agricultural areas
- The peri-urban areas

The mountainous and less favoured areas are characterised by a marginal role of agricultural productions in terms of very low level of farms income. This weak economy system is mainly due to the difficult productive conditions, the progressive process of abandonment of the agricultural work, which is linked with a significant emigration phenomenon towards urban areas.
The system of the professional agriculture is characterised by the survival of a strong rural fabric. This rural system is mainly located in the flat areas and it represents the most developed agricultural system in Italy, especially for the livestock and cereals sectors.
The peri-urban areas are characterised by a very high population density (2/3 of the total population in the North Italy), and a high rate of generation turnover. Furthermore, the existence of a good level of facilities and road infrastructures has foreseen the development of high specialised agricultural system of production, such as the horticultural and nursery plants sector, agri-tourism activities and other niche markets for quality produces.

The regions of Centre-Italy are generally characterised by large socio-economic disparities between very developed and specialised rural areas, where agricultural production is strongly competitive, and marginalised areas (internal and mountainous areas).
Generally speaking, in these regions we can recognise numerous successful small businesses, quality and diversity of agricultural productions (in particular olive oil and wine) and a richness in environmental, scenic and cultural heritage. The main weaknesses of these rural areas are the vulnerability of natural resources to agricultural and tourist activities (erosion, salinisation of ground waters), the fragmentation of holdings, population ageing and certain shortcomings in infrastructure and business services.

The rural areas of the southern regions are generally faced with various difficulties, more then in other Italian regions: inadequate economic development and strong depopulation of many rural areas (a still ongoing exodus toward urban areas); an ageing farming population combined with an increase in unemployment (particularly for women and young people); the small average size of holdings; deficiencies in infrastructures (particularly water for irrigation); low added value of processed products; poor network integration; lack of product and income diversification; inadequate soil protection; salinisation of ground water and environmental risks in areas of intensive agriculture, and the frequency of fires. However, some areas are characterised by a high specialisation in quality products; particularly fruit and vegetables; olive oil and wine. Furthermore, the attractions of the natural environment and climate favour the development of tourism and agri-tourism, and the possibility to develop environmentally sound agriculture (organic production in particular) and activities related to agriculture.

Synoptic synthesis of opportunities and constraints for Cofamis in Italy

	Opportunities	Constraints
Political and institutional factors	• Decentralisation of policies • Rural development fund ("marketing of high quality produces") • National legal framework supporting a broader approach of co-operation (National Law 228/01) • Positive influence of farmers' unions	• Still strong influence of conventional co-operatives lobby • Still a lack of awareness and public support in some regions (especially in the South*)* • Too strong concentration of supply encounters resistance form Anti-Trust Authority
Economic and market factors	• (+/-) Several marketing initiatives aiming at promoting "local" food carried out by large retailers • Labelling policy (mainly PDO/PGI) • Increasing demand for high quality produces, although there is still a lack of "social responsibility" of consumers • Recently, efforts to find alternative way to guarantee the product quality within short/local marketing circuits • "Price transparency" (how the price is composed should be communicate to consumers) • New opportunities for Cofamis for public school mensa	• Growing dominance of international agri-food companies and large retailers chains (increasing dependence of producers) • Difficulty to communicate contents of collective label to consumer • Difficulties for small producers to comply with "standards" • Difficulty to reduce differences in product quality between members of Cofamis
Technical and knowledge factors	• Adoption of electronic traceability systems by producers' associations new technologies supporting small scale production (i.e., mobile abattoirs) • Extension services offered by public institutions	• In some marginal areas, lack of adequate extension services and assistance to producers • Scarce technological transfer from research centres towards production world • Logistics still represents the main constrain especially for small scale collective initiatives • Costs of marketing and distribution are often

		underestimated and are higher than expected
Social and cultural factors	• Strong tradition of co-operation in some regions (i.e. Emilia Romagna) • Long tradition of high quality food productions • New rural actors • Active participation of Cofami members in decision process, face-to-face relationships	• Many Italian regions (especially the southern regions) are characterised by individualistic societies (self-interested behaviours and weak trust and co-operation) • Often small size farms located in marginal rural areas show individualistic behaviours
Geographical and location factors	• Proximity to urban areas gives opportunities to fulfil new demand • Richness in environmental and cultural heritage	• General fragmentation of the agro-food system • Lack of infrastructures especially in the rural marginal areas

4.2 “ Reflections on the context factors

An overall analysis of the context factors allows us to better identify the main opportunities and/or constraints which can affect the COFAMIs development in Italy.
From the analysis of the Italian setting, it clearly emerges the strong potentialities, linked with “local” high quality food productions. Of course, the existence of such patrimony represents a high potential for all the Italian food economy, as it could be at the basis for sustainable rural development patterns.
Unlike the globalisation and concentration processes, Italian food supply chains are still characterised by many weak producers, operating at very small scale level. Often the survival of these traditional systems of production is threatened by many factors. Among them the increasing negotiation power of large retailers and the implementation of new hygienic and safety food quality standards represent the big challenges for the future Italian farming. The retailer sector still adopts an ambiguous position. On one hand large retailers circuits are showing a particular interest towards quality local produces as their marketing strategic orientations can confirm. On the other hand, it is necessary to be aware of the risk of appropriation of values and the economic benefits associated with alternative food productions by these powerful actors. This would lead to further weakening of the bargaining power of producers. From the consumers point of view, data confirm the willingness to recognise a higher price for products with guaranteed the territorial origin. The consumption of typical product is narrowly linked to tourism, in particular to the eno-gastronomic tourism circuit, (wine/olive oil/cheese routes), and to the more general re-discovery of the values of rurality, within a typical urban, middle-class trend.
In this context, the spirit of cooperation among farmers require to adopt new meanings and innovative organisational forms, in front of the quite stagnant condition characterising traditional cooperatives. As a matter of fact, for a long time the development of the traditional cooperatives has been hampered by chronic problems of undercapitalisation, manly due to an excessive dependency on public financial support.
The national legislation has stressed the strong relevance for the Italian farming system of keeping and enhancing the cooperation among farmers and between farmers and other rural actors. For instance the 228/01 National Law *on the reorientation and modernisation of agriculture (228/2001)* has created new policy tools to enhance the Italian cooperation system, giving opportunities for developing new collective initiatives.
Keeping in mind the extraordinary diversification of the Italian territory, the most suitable, even the not only one, development trajectories of rural areas should be based on emphasizing diversification strategies at collective/territorial level.

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