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**Impact of European Agricultural Policies on farms and firms structural
changes:
the Italian case**

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The beginning and the first decade of the new millennium were marked of the paradigm shifts and acceptance of several international agreements, affected the development of the Common Agricultural Policy (CAP) of the European Union (EU).

Agricultural policy of the XXI century was based on the different principles and a new financial framework for agricultural enterprises. Certainly, new priorities and new approaches of the European agricultural policy affected the spatial distribution of farms and firms and structural changes of agri-food sector. In turn, structure has impacted on the agricultural competitiveness and its changes not only adjust the agricultural sector to the changing conditions (Kirchweiger, Kantelhard 2015), but raise questions about the distribution of wealth and income among farm operators (Brown et al. 1994).

Every country of EU variously applies the CAP at the regional and local levels. As the result, adapted policies differently affect structural changes and competitiveness of agricultural sector. Consequently, effectiveness of the CAP in the different contexts strongly varies, it complicates unambiguous estimation of the policy's effect.

OECD offers a comprehensive evaluation of the EU agricultural policy reforms in different modelling frameworks (Moreddu 2011). For instance, current Policy Evaluation Model of the OECD uses Producer Support Estimate and related indicators as the principal tools to monitor and evaluate agricultural policy and monetary transfers, however there is no single indicator to estimate policy impact (Portugal 2002).

Although this paper is focused on the examination the general impact of the agricultural policy on the agricultural structure and its changes during first decade of XXI century. In other words, the paper is based on the comparative analysis of indicators, characterised agriculture and its structural changes (number of enterprises, added value of agriculture and number of units classified on utilised area), occurred over the period 2000 - 2010, and on the analysis of the European agricultural policies of appropriate terms: the MacSharry Reform and the CAP 2007-2013. As the example of the country for this paper was selected Italy, due to continuous transformation of Italian agriculture (Gurrieri et al. 2014) and its contribution to a greater extent to the development of the national value added (INEA 2014).

The MacSharry Reform offered direct payments as the main measure, while the CAP 2007-2013 included cross-compliance and set of measures based on the Triple Bottom Line. As the result of the new policy, agricultural structure was changed in the next way: increases number of huge enterprises and decreases number of small and medium enterprises, and in the same time, reduces indicator of utilised agricultural area. Furthermore, indicators of 2010 demonstrate that decreased general number of agricultural units about 38% has led to reducing added value of agriculture by 5%.

Thus, the CAP 2007-2013 did not consider interests and needs of small enterprises. This was improved in the CAP 2014-2020, which includes specific and simplified support for small farmers. However, contemporary policy measures need to be tailored to meet farmer's interests on the national and regional levels for improving agricultural competitiveness.

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