ANALYSIS OF THE EFFECTS IN ITALY OF ALTERNATIVE HYPOTHESES OF REGIONALIZATION OF THE SINGLE PAYMENT SCHEME

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Abstract

The Fischler reform of the CAP deepened the decoupling process of agricultural support started with the 1992 reform, introducing the Single Payment Scheme (SPS). Two models could be used to apply the SPS: in the historic model payments are based on individual reference amounts; in the regional model payments are based on regional reference amounts. Italy chose to apply the historic model, thus "freezing" the distribution of support to farms at the historic reference level.

The recent Proposal on the Health Check of the CAP envisaged Member States being allowed to adjust their model towards a flatter rate of the SPS from 2010, a move that could become compulsory for Member States after 2013.

The paper analyses the effects at territorial and farm level of the application of a flat rate payment in Italy as a replacement for the current payment based on the historic farm reference. The analysis makes it possible to assess and quantify the redistribution effects of alternative hypotheses of "regionalization", highlighting how these effects, at farm and territorial level, are heavily dependent on the land use on the basis of which support was calculated in the reference period, by the criterion utilized to define "region", as well as the percentage of regionalization chosen.

The originality and significance of the work lies in the fact that, to the best of our knowledge, no similar works at farm level are currently available for Italy.

The aim of the territorial analysis is to identify the amount of resources to be redistributed across different areas of Italy according to the definition of "region" adopted (administrative Regions, territorial "macro-regions", Italy as a whole) and the percentage of regionalization adopted (10%, 50%, 100%).

The farm analysis is based on the 2006 Italian sample of FADN (Farm Accountancy Data Network) that contains, roughly, 14,000 farms. For each hypothesis the analysis has considered: the distribution of farms by class of the difference between payments (historic and simulated), to highlight the redistribution of support to farms in the "region" considered; the percentage of farms that gain/lose in excess of a certain amount of support; finally, the redistribution effects are also evaluated in terms of crop land uses. The analysis highlights the fact that the larger the "region" the greater are the redistribution effects. Moreover, as expected, these redistribution effects are more pronounced the wider the diversification of crop land uses, and, therefore, the support received in the historic reference period.

Key Words:CAP, decoupling, FADN, regionalization, Single Payment Scheme

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Introduction

The Fischler reform approved in 2003 represented a turning pointing in the concept of "first pillar" of the CAP. The Single Payment Scheme (SPS), in fact, deepened the decoupling process of the agricultural support that began with the MacSharry reform, removing the link between support received by producers and what they produce and linking instead support to the possession of the land and the to exercising an agricultural activity in the respect of cross compliance.

The SPS can be applied in two ways (EC Regulation n. 1782/2003). The first, *historic*, entails that each farm receives a payment equal to the average support received by the same farm in the historic reference period. In the eleven countries (Belgium, Ireland, Greece, Spain, France, Italy, Netherlands, Austria, Portugal, Scotland and Wales) that opted to apply this model there was, consequently, a "freezing" of the distribution of support among farms. The second model entails a criterion of *regionalized* distribution, on the basis of which *all* farmers receive a flat rate payment per hectare of equal value in each of the "regions" identified, irrespective of whether or not they had, in the past, enjoyed direct CAP payments and, if so, of their amounts. The regionalized model was adopted by England, Germany and Finland, where, in the course of the next few years, it will become progressively enforced. The remaining countries in the EU-15 (Denmark, Luxemburg, Sweden and Northern Ireland) adopted *hybrid* models that contain both regionalized and historic elements[1]. Finally, the twelve new Member States had the option of applying until 2010 - for Romania and Bulgaria until 2011- a simplified regime, at the end of which they have to adopt the Single Regionalized Payments Scheme.

The recent legislative Proposals on the so-called Health Check of the CAP (Commission of the European Communities, 2008b) envisage radical modifications to the Fischler reform with the aim of weakening the link between support received at the present and past level of production (or types of production) in order to move toward a flatter rate payment. Member States are allowed to flatten, either in part or completely, the amount of entitlements by way of two mechanisms: *regionalization* and *approximation*.

Until 2013, therefore, the move towards a more flat rate payment reducing the differences in the support received by farms in the same "region" seems destined to be left to the decision of Member States; after that date, however, the move could become compulsory, also because, at that point, it would be difficult to justify such widely differing systems of support implemented across EU-15.

[1] For a description of the SPS model applied in France, Germany, Ireland, Italy and Great Britain, the reasons on which the choices are made and the expected redistribution effects see Swinbank et al., 2004. An evaluation of the environmental effect of the two models of application of the SPS in England is contained in English Nature, 2003.

As regards the application of the Fischler reform, Italy adopted the historic model of redistribution so as to preserve the historic beneficiaries of the first pillar of the CAP. If this model has enabled, in the short term, the principle of total decoupling to be accepted, it is not sustainable in the longer term, especially in the light of the completion of the Fischler reform that will entail the complete decoupling of the support from *what* is produced and *how*, for all CMOs (Community Market Organizations). In fact, it would become increasingly difficult to justify the fact that farms with the same production profile, the same internal organization and the same production techniques receive different levels of support merely on the basis of what they received, or did not receive, in the past. Although it is not our intention here to discuss the justification of the support allocated through the SPS (payment for the supply of public goods and services? a system of selective support for farms or regions? income support?[2]), it has become increasingly clear today, and it will be even more so in the future, that there will be a need to re-examine the system of allocation of support between areas and farms in order to find a more equitable redistributive model. With reference to this, the regionalized model appears far more equitable than the system based on historic farm reference. In the context of the "region" of reference, this model will bring about a reduction in the differences in support received by farms and consequently (depending of the percentage of regionalization) a more or less skewed distribution of support between farmers. Regionalization, nevertheless, does not resolve the problem of unfair distribution of support between "regions" and Member States determined, once again, by the support each received in the historic reference period (Anania, 2008).

The aim of the present work is to quantify the redistribution effects, both at territorial and farm level, of alternative hypotheses of regionalization based on the legislative Proposals on the Health Check of the CAP (Commission of the European Communities, 2008b), in order to help the current debate on this issue in Italy. Given the prospect of a possible move to a flat rate payment the results obtained could provide a useful basis to help decision makers and stakeholders work out how to apply "regionalization" in our country. The work, in fact, highlights how, both at territorial and farm level, the redistribution effects of alternative hypotheses on "regionalization" are heavily dependent on the crop land uses on the basis of which support was calculated in the historic reference period, by the criterion used to define "region", as well as by the percentage of regionalization adopted.

The following section describes the proposals of the Health Check regarding regionalization. Section 3 examines the working hypotheses and the methodology employed. The results of the elaborations are contained in Section 4 and the final section draws conclusions from the study undertaken.

[2] For a useful discussion on the economic justification of the SPS at the time of the introduction of the Fischler reform see Sotte, 2005.

Health Check Proposals on regionalization

The legislative Proposals on the Health Check of the CAP (Commission of the European Communities, 2008b) involved a complete rewriting of the EC Regulation on direct payments (no. 1782/2003). With this in mind the Proposal foresees two mechanisms:

regionalization;

approximation.

Regionalization allows Member States that adopt the historic model of the SPS today, if they so wish, to move to the regionalized model from 2010. A Member State may decide to regionalize no more than 50% of the regional ceiling. Consequently, it will become possible to divide up to 50% of the regional ceiling between all the farmers whose holdings are located in the "region" concerned, including those that on the currently applied historic model do not hold payment entitlements (because they were not beneficiaries of direct payments in the reference period), on the basis of the hectares the farmer declares in 2010. The remaining part (at least 50% of the regional ceiling) will be divided to historic beneficiaries only (i.e. those currently held entitlements) – in addition to what they receive on the basis of regionalized distribution – in proportion to the value of their payment entitlements matured over the historic period.

In Member States that decide to move to the regionalized model, the old entitlements will be cancelled and substituted by new ones. The number of entitlements per farmer will be equal to the number of hectares the farmer declares in 2010.

As will be shown in Section 4 of this work, the higher the percentage of regionalization, the greater the redistribution of support within the "region", because the larger will be the share of support to be redistributed on the basis of the *overall* area of *all* farms, regardless of what each farmer receives today.

Moreover, the larger the "region" and the more diversified is likely to be the historic crop land uses (and, thus, the support per hectare received by farms in the reference period on the basis of which the single farm payment was calculated) the greater the redistribution effect. The redistribution between the farms for the part associated to the "regionalized" flat rate payment will very much depend on the hectares declared in 2010. As regards this, it should be noted that the choice to set a future date for the distribution of entitlements between the beneficiaries could have severe repercussions on the transfer and allocation of land, and thereby on the landed property market, in the run up to 2010 since it is to be expected that before that date owners will be reluctant to sell/let land, in the wait for the attribution of entitlements.

Of particular interest is the question of "special entitlements". These are the ones held by livestock farmers, who prior to the Fischler reform received headage payments (for example, slaughtering premiums), to obtain which it was not necessary to declare or possess

any land area. Not being linked to the ownership of land, the beneficiaries of this kind of support did not necessarily have a reference area to attach to their entitlement. For such farmers a derogation is envisaged from the obligation to provide a number of hectares equivalent to a number of entitlements, on the condition that at least 50% of the agricultural activity exercised in the reference period, expressed in Livestock Units is maintained. Consequently, the farmers that hold special entitlements "without land" would be severely damaged by the flat rate redistribution based on the number of hectares declared at a given date. Actually, the treatment of special entitlements in the proposed Regulation is somewhat ambiguous. If the relevant article states explicitly that "*The special entitlements shall not be modified*" (Commission of the European Communities, 2008b, third indent of Article 45 (2)) when one turns to regulation of regionalization (contained in another Chapter of the same Title III) nothing is mentioned about the possible exclusion of special entitlements. On the contrary, and this is the important point, it is explicitly stated that "*Payment entitlements held by farmers before the division referred to in paragraphs 1 and 2* [in historic and regionalized quotas] *shall be cancelled and replaced by the new entitlements referred in paragraph 3* [determined by the number of hectares the farmer declares in 2010]" (Article 48). Consequently, in the case of regionalization the intensive livestock farms are those who risk to lose most, for being "without land", unless the special entitlements are not explicitly excluded from the regionalization process[3].

Approximation allows, on the other hand, to reduce the differences in the value of current entitlements in the "region" of reference. This mechanism operates, therefore, only for currently held entitlements. As the implications of approximation fall outside the scope of this work, we shall concentrate here solely on the mechanism of regionalization.

After the publication of the Commission Communication and the Regulation Proposal on the CAP Health Check the preliminary evaluations began to circulate on the possible effects of regionalization.

In Italy the first efforts to assess the effects of redistribution at territorial level of the introduction of a flat rate payment per hectare were carried out by Anania (2008) and Frascarelli (2008) following the presentation of the Communication in November 2007 (Commission of the European Communities, 2007). The preliminary analyses were carried out based on the "regions" defined for the attribution of payment entitlements from the

[3] In Germany, for example, where in 2013 the adoption of per hectare flat rate payment on the basis of 100% regionalization will be completed, the headage payments will be gradually integrated in the ceiling to be regionalized without exception. The holders of special entitlements that have not acquired land will suffer a reduction in support (in 2013 with respect to 2005) estimated to be in the region of between €300 and €5,000 per hectare (Swinbank et al., 2004). Also in England, DEFRA (2005) estimated that the move to a decoupled payment calculated on a flat rate basis per hectare will entail problems for large-scale dairy farms, that in 2012 – the year in which the process of regionalization will be completed – they will find their income reduced by 17% compared to the income derived from payments linked to the possession of quotas. Similarly, and for the same reason, losses are predicted for intensive cattle farms. The most recent update of the estimates, based on the results of the first year of application of SPS in England, substantially confirms the results predicted for dairy farms (DEFRA 2007a, 2007b).

national reserve. From both works it becomes clear that there will be a marked redistribution from the lowland areas of Southern, Central and Northern Italy and the hilly areas of Southern Italy in favor of other areas of the country. More recently Anania and Tenuta (2008) quantified the effects of alternative hypotheses of regionalization on the territorial distribution of the single farm payment in Italy using different assumptions with respect to the "regions".

In its evaluation of the impact of the reform Proposal (Commission of the European Communities, 2008a), the European Commission examined the social impact (redistribution effects), the economic impact (effects on land prices and transfer efficiency), the environmental impact and the impact on administrative simplification of four alternative hypotheses of regionalization: EU-wide flat rate per eligible hectare, Simplified Area Payment Scheme for all Member States of the EU, regional flat rates per eligible hectare, and regional flat rate per entitlement. The evaluation highlighted the fact that the first hypothesis would have a considerable redistributive effect across Member States (Italy, for example, would be among the Member States worse off in the case of a flat rate payment calculated for EU-27, estimated to be in the region of 20%). The second hypothesis is not considered desirable because it is conceived as a transitional scheme implemented to help new Member States move towards the SPS; the third and fourth hypothesis, on the other hand, are translated into instruments of *regionalization* and *approximation*, respectively, because they are considered equitable from the point of view of redistribution and have a limited impact on the capitalization of support in terms of land value.

Studies on the impact of the proposal of regionalization contained in the Health Check are limited to Member States that in 2004 chose to use the historic model to apply the SPS.

In France, for example, Chatellier has carried out numerous studies in order to assess the impact of alternative scenarios of redistribution of support on French farms (Chatellier, 2007 and 2008). In particular, the author has analyzed the impact on French farm income of two alternative hypotheses of regionalization: a regional and a national flat rate payment per hectare. The author concluded that in the hypothesis of national flat rate payment there would be a greater redistribution of support from the specialized cereal areas to the areas specialized in cattle and sheep production. The regional flat rate payment, instead, reduces the redistributive effects, limiting redistribution to farms located in the "region". Chatellier draws attention to the fact that, regardless of the size of the "region" considered, a payment per hectare is proportional to the farm area but does not appear in any way linked to employment, income or to the quality of public goods produced (i.e. goods and services produced which have no market value). For this reason the author advocates a change in the support instruments used under the CAP to make them more justifiable from the taxpayer's point of view.

In the other EU Member States there have also been impact assessments of regionalization carried at the time of the Fischler reform in 2003. Among these, one produced in England by DEFRA (2005) estimated the redistribution of resources for type of farm and

for region and the possible amount of per hectare payment in the two "regions" initially identified in order to realize regionalization (SDA-Severely Damaged Area, non-SDA). Then, the disadvantaged area was further subdivided into SDA moorland and SDA non-moorland. Once the reform comes into force (2012), it is estimated the overall redistribution, from those who lose out to those who gain under regionalization, will be around 13% of historic resources. At aggregate level and once reform completely applied, an average loss has been estimated of 9% for diary farms vis-à-vis historic payments (affecting farmers in different ways depending on the size of the farm). For smaller farms, in fact, a gain of slightly under 40% has been calculated, while for larger businesses the loss would be around 17%. In the same manner large-scale cereal farms, mixed farms, medium to large-scale cattle or sheep farms and large-scale pig-breeding and poultry farms would tend to lose out. With regionalization, on the other hand, fruit and vegetables farms of all sizes would gain.

In the analysis carried out in Wales (Welsh Assembly Government, 2004) emerged major redistribution effects of regionalization depending on the various options adopted. A flat rate payment per hectare defined on a national basis would determine over a 60% redistribution of historic resources, mainly from smaller to larger farms. Differentiated payments between disadvantaged and non disadvantaged areas would reduce the negative impact for livestock farmers (cattle and sheep) in disadvantaged areas, but would exacerbate the negative impact for the same kind of farmers on the lowland areas. Redistribution based on 20% regionalization would affect only 13% of the historic amount of resources, thus mitigating the effects estimated on the basis of 100% regionalization. On the basis of the economic impact of redistribution (production, administrative costs, cross compliance, land values) and on net annual farm income of the different options considered, Wales has subsequently decided to apply the historic model.

Hypotheses adopted and methodology used

On the basis of indications contained in the legislative proposal, preliminary hypotheses on how to divide Italy into "regions" have been formulated. Three alternative hypotheses of "regions" have been considered:

a) 20 administrative Regions[4];

b) 4 territorial "macro-regions" (Northern Italy, Central Italy, Southern Italy, the Islands);

c) Italy as a single "region".

[4] The 20 administrative Regions into which Italy is politically divided. Each Region, in turn, is divided in Provinces.

The final hypothesis supplies an extreme scenario that does not constitute a realistic outcome in this intermediate revision of the Fischler reform, but it could, nevertheless, become significant in the long term.

The analysis was carried out on the assumption that regionalization would take place in 2006, leaving everything else unchanged. Consequently, the reform of the CMOs for wine and fruit and vegetables, which stipulated that relative support would be included in SPS from 2008, was not considered. As a result, as regards the effects of regionalization, the positive redistributive effects in favor of historic wine and fruit and vegetables producers (and areas) and the negative effects on the other producers (and areas) are overestimated. In the same manner, the analysis does not consider the rise in the value of entitlements for beet producers as the relative reform of the sugar CMO comes in force. This leads to an overestimation of the possible gains for beet producers (and areas) and an underestimation of the possible losses for the same producers (and areas). The opposite is true for other producers (and areas). Similarly, no account is taken of the transfer to rural development of 50% resources of tobacco CMO to take place in 2010. Here too, this leads to an overestimation both of the negative effects for tobacco producers (and areas) who will suffer less than expected and the positive effects for other producers (and areas), who will gain less than expected. Finally, in this work no account is taken of the reform contained in the Health Check Proposals with reference to minimum thresholds[5], modulation and inclusion of some direct payments in the SPS[6].

The Regulation Proposal stated that the national ceiling, fixed in Appendix VIII of the same document, is divided into regional ceilings according to objective and non-discriminatory criteria. In order to take in account that part of the national ceiling is utilized for the purposes of support other than support which falls within the SPS[7], it has been considered advisable to proceed with the assignment of regional ceilings starting from a value of the overall entitlements assigned to the beneficiaries, that represents the maximum amount of payable SPS earmarked for Italy[8]. Indeed, in both 2005 and 2006, that is to say in the first two years of application of the Fischler reform in Italy, all the ceiling for SPS was assigned in the form of entitlements, to such an extent that, in both years, an adjustment had to be made in the value of the entitlements to bring the overall amount within the limits imposed by the

[5] In 2006 the minimum threshold was set at €50. In 2007 Italy raised the threshold to €100. This difference is not considered in the work.

[6] The proposal is to include in the SPS the quality premium for durum wheat, support for protein crops, rice and seeds, community aid for nuts, payment for flax and hemp grown for fibre, aid for processing dried fodder, potato starch premium and aid for starch potatoes.

[7] In Italy, for example, to grant additional payment in accordance with Article 69 for arable crops, beef and veal and sheep and goat meat and sugar sectors and for the coupled aids to seeds.

[8] The national ceiling for 2006 for Italy was €3,791,893,000 (Appendix VIII of the EC Regulation n. 1782/2003). The amount regarding the SPS is set annually with a specific Regulation. For 2006 for Italy it was €3,593,132,000 (EC Regulation n. 1156/2006). In the same year the value of entitlements attributed by AGEA was 3,576,422,476. The difference is made up by the national reserve.

ceiling. The value of SPS utilized for 2006 (equal to €3,576,422,476) had already been cut to feed the national reserve but was before the cuts due to the modulation[9].

The next step was the calculation of the flat rate payment in each of the alternative hypotheses of "region", according to three different percentages of support subject to regionalization: 10%, 50% and 100%. The last threshold, similarly to the third hypothesis of Italy as a single "region", is put forward as a reference point for an extreme regionalization scenario, one which has not been considered in the proposal but could, nevertheless, become relevant when decisions are taken further along the road. The calculation of flat rate payment per hectare has been carried out by dividing the part of the regional ceiling subject to regionalization by the UAA (Utilized Agricultural Area) of the "region" considered[10].

Finally, to take into account the ambiguity found in Section 2 on the treatment to be reserved for special entitlements, the calculation of flat rate payments has been carried out in two ways, first taking all entitlements into account including the special entitlements that in some way are included in the regionalization, and secondly excluding these from the ceiling subject to regionalization. In total, therefore, 18 scenarios with different flat rate payments were hypothesized: one for each of the three different definitions of "region", for three different percentages of regionalization, for two different hypotheses regarding special entitlements.

At this point the flat rate payment per hectare for each of the 18 scenarios considered was carried out, and for each Province it was possible to calculate the difference ("losses" or "gains") in absolute and percentage terms of the new amounts of resources deriving from the hypothesis of regionalization considered with respect to the status quo defined by the value of resources attributed in 2006. Moreover, in each administrative Region it was possible to estimate the amount of resources redistributed internally (the amount of support transferred from those Provinces who lose out to those who gain) and the amount of resources that the administrative Region loses or gains with the increase in size of the "region" considered, moving from administrative Region, to territorial macro-region to the third hypothesis, Italy as single "region".

Bearing in mind the fact that regional ceilings are defined on the basis of the value of the entitlements attributed and not by the maximum ceiling for SPS stipulated in EC Regulation n. 1156/2006, we find that single flat rate payment is underestimated by an order of magnitude of 0.5% which corresponds to the existing national reserve in 2006, i.e. the part of the national reserve put aside and not redistributed as entitlements.

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[9] The data were supplied by AGEA, the Agency for allocation of funds for agriculture, to the working party made up by MIPAAF to evaluate the options and the impact on Italian agriculture of the proposals contained in the Health Check (MiPAAF, 2008).

[10] The proposal speaks of eligible hectares. Based on the definition contained in Article 35 (2) this corresponds to the UAA. For further details on the make up of UAA in 2006 see Pupo D'Andrea, 2008.

The analysis at the farm level was conducted considering the farms which are part of the FADN-ITALIA sample in 2006. It was carried out on 14,100 of the 15,379 farms contained in the FADN sample in 2006. In fact, because of the lack of information on single payments received by the farms in Emilia Romagna in the sample, it was necessary to exclude the 1,279 farms from that Region from our calculations.

The amount of support that each farm of the FADN sample would receive on the basis of the UAA and the flat rate payment in each of the considered hypotheses was calculated.

As regards this, it needs to be said that in the farm analysis there are only nine scenarios evaluating the effects of regionalization. Indeed, because of the impossibility of obtaining information on which farms hold special entitlements from the FADN sample, the analysis has been limited to the hypotheses in which special entitlements are included in regionalization. The scenarios, therefore, are those relating to three "regions" and the three percentages of regionalization, taking into consideration special entitlements in the amount to be redistributed.

Moreover, it was considered useful to work with the values of the single payment that had not already been affected by the cut of modulation. This allowed us to take account of the fact that regionalization involves a change in the support received by each farm that could influence the amount of resources drained off by the modulation (by changing the distribution of farms that fall below or above the franchise of 5,000 euro).

In each scenario flat rate payment per hectare has been applied to UAA per each farm. From the comparison between historic support unaffected by the 2006 modulation and the support due to farms on the basis of the regionalization hypotheses considered, we have obtained the redistribution of farm for class of the variation (in percentage and absolute value) of support received according to the alternative hypotheses of "region" and the percentage of regionalization. This enabled us to identify the critical areas of redistribution (how many farms gain, and how many lose out over a certain amount) and the crop land uses (Types of Farming - TF) most affected by the redistribution.

Results of the analysis

Expected effects of regionalization at territorial level

As mentioned before, the analysis of the territorial effects of regionalization took into account 18 different scenarios. The objective is to identify the amount of resources that will be redistributed between different areas of Italy depending on the definition of "region" adopted (administrative Region, territorial macro-regions, Italy as a whole) and the percentage of regionalization chosen (100%, 50%, 10%) under the hypothesis that special entitlements will be treated as ordinary ones and, therefore, subject to regionalization or that the special entitlements will be excluded from the flat rate redistribution.

The redistributive effects of regionalization are directly linked to the crop land uses on the basis of which historic support was calculated. The larger the region and, therefore, presumably wider the diversification of land use in the historic reference period, the greater will be the effects of redistribution (Anania, 2008). In the same way, the greater the percentage of regionalization, the more substantial will be the transfer of resources.

The total amount of the transfer of resources at territorial level, therefore, will be linked to the "distance" between per hectare payment received in the past. In general terms, the effects of regionalization will tend to privilege crop land uses which had little or no support in the past (fruit and vegetables except those for processing, vineyards, large-scale livestock rearing) and penalize crop land uses that in the historic reference period were favored through higher support (milk, olive oil, tobacco, rice but also tomatoes for processing). Consequently, the loss or gain in each administrative Region (and, in this context, in each Province) will depend on the crop land uses and per hectare related support in the reference period used for the calculation of the single payment compared to the average for the "region". The objective of the analysis carried out in the following pages is to quantify these effects.

In the territorial analysis we shall reflect on the hypothesis of 50% regionalization, which is the maximum envisaged in the legislative Proposals. The results will be directly extended to all the other regionalization proposals (10% and 100% but also all the possible intermediate solutions as well as a percentage below 10%). The sign of the variation for each Province remains the same; what does change, in the move from one percentage of regionalization to another, is the scale of the effect. It is evident that the greater the level of regionalization, the greater will be the redistribution of resources within the "region".

The first scenario considered is one in which the "region" is defined as administrative Region. In this first simulation, the net balance for the administrative Region is naturally zero, insofar as the redistribution can only take place within the Region itself and not between one Region and another. One can witness, however, a significant redistribution between different areas (Provinces) inside the Region.

In the scenario of 50% regionalization with special entitlements included, the Regions within which the greater transfer of resources is recorded (i.e. resources transferred from certain Provinces to other Provinces of the same administrative Region) are Apulia and Lombardy followed by Calabria and Veneto[11]. In relative terms, that is in relation to the historic support for each Region, the highest percentage of support redistribution is recorded in Abruzzo, where 50% regionalization would imply a move from one Province to another of 13% of historic regional resources overall (Fig.1). The Regions with the least redistribution

[11] For more detail see the paper presented at the annual Congress of the Italian Society for Agrarian Economics that can be found along with the relevant tables of appendix on: www.inea.it:80/opaue/health _index.cfm (Pupo D'Andrea, 2008).

between Provinces in this case are Basilicata (0.4% of historic resources) and Trentino Alto Adige (1.13%).

Yet, when special entitlements are excluded from regionalization, it appears that the redistribution of resources is higher in some Provinces, on account of the greater heterogeneity of the crop land uses, that gave birth to historic support without special entitlements. A case in point is Trentino Alto Adige, where the amount of resources transferred from one Province to another is roughly 1.4 million euro, as opposed to 300,000 euro when special entitlements are included. This is so because, notwithstanding lower flat rate payment per hectare, Trento currently receives resources (excluding special entitlements) based on historic crop land uses that enjoyed greater support under the CAP than Bolzano. Consequently, the latter obtains more resources in the form of flat rate regionalized payment (detracting them from Trento).

The second scenario is that of "region" defined as territorial macro-regions. In this case, there is redistribution both between administrative Regions and between Provinces within each macro-region. Within the macro-region Northern Italy witnesses a redistribution of resources from Lombardy and Veneto towards other Regions, in particular Trentino Alto Adige and Emilia Romagna (Tab.1). The Provinces within the latter Regions, together with those of Liguria, *all* show a net gain from regionalization (Fig. 2). On the subject of Northern Italy as "region" we should point out that the exclusion of special entitlements from regionalization involves only minor variations in the final values of losses and gains, apart from in Friuli which should gain if the special entitlements are included in regionalization and lose otherwise. As regards Central Italy as macro-region, the Regions penalized by regionalization are in order: the Marche, Lazio and Umbria. The Regions to benefit are Abruzzo and Tuscany. The latter is the only Region in Central Italy whose Provinces are *all* better off with regionalization. *All* the Provinces in the Marche, on the contrary, lose resources in favor of other parts of the macro-region. In Southern Italy, Calabria and Apulia are penalized by regionalization, while Campania, Molise and especially Basilicata gain net resources. In the two latter Regions - Molise and Basilicata - *all* the Provinces gain from regionalization. Finally as regards the Islands, there is a transfer of resources from Sicily to Sardinia. It is worth remembering that the overall data for administrative Regions and for Provinces conceals internal trends which can vary widely. There will be areas and farms that gain, or lose more or less than the average and areas and farms that lose, or gain more or less than the average. The major transfer of resources takes place between the Provinces of the Northern Italy "region", where 11% of historic resources of the macro-region in question will change hands. Another part of Italy where there is a marked transfer of resources between Provinces is the Southern Italy macro-region, in which 10% of the historic resources of the same "region" will be transferred. Less significant, on the other hand, is the transfer of resources between Provinces in the other two macro-regions (7% in Central Italy and 6% in the Islands).

Finally, in the case of Italy as a whole, one finds a much more significant redistribution of resources. Overall Southern and Northern Italy suffer a negative effect from regionalization (Fig. 3). In fact, the first loses 11% of historic resources and the second 5%. From a glance at Table 1 one can see that the administrative Regions most penalized are: Lombardy that in the case of 50% regionalization including special entitlements loses 93 million euros, followed by Apulia (83 million), Veneto (69 million euro) and Calabria (59 million euro). The macro-regions that gain most are the Islands (+27%) and Central Italy (+16%). The administrative Regions that come out best are Sardinia (70 million euro), Trentino Alto Adige (47 million euro), Tuscany (42 million euro) and Sicily (roughly 38 million euro).

Overall, 50% regionalization with national flat rate payment entails a redistribution of resources of 368 million euros, that is to say 10.3% of total support.

With the increase in the size of the ”region” comes an increase in the resources transferred between areas. In the case of a “region” as an administrative Region the resources transferred between Provinces are equal to 212 million euro; this figure rises to 337 million euros in the case of a “region” defined as macro-regions and 368 million euro in the case of Italy as a single “region”.

From the analysis just carried out it emerges that, regardless of whether one opts for a “region” defined in terms of macro-region, or Italy as a single “region”, and regardless of whether special entitlements are included or not, there are administrative Regions that, with regionalization, are better off in every case (Piedmont, Valle d’Aosta, Trentino Alto Adige, Liguria, Emilia Romagna, Abruzzo, Molise, Basilicata and Sardinia) and others that lose out in every case (Lombardy, Veneto, Apulia and Calabria). For Calabria and Apulia, for example, this happens because the average flat rate payment in the two hypotheses of regionalization is lower that average per hectare payment matured over the historic period, determined to a large extent by high payments per hectare for olive oil. This is equally the case for Veneto, where historic support is mainly determined by high payments for arable crops, especially maize, and for Lombardy, where a high level of historic support, beside arable crops, is generated by high milk premiums included in the SPS from 2006.

In other cases the position regarding the administrative Region is not so clear: Umbria, the Marche, Lazio and Sicily gain if the “region” is defined as the Italy as a whole (with or without special entitlements), whereas they lose out if “region” is defined as macro-region. On the contrary, Campania has everything to gain if “region” is defined as macro-region, while it is worse off if flat rate support is determined on the basis of Italy as a single ”region”. Yet, Friuli Venezia Giulia loses out with regionalization no matter which hypothesis is used, except in the case in which “region” is defined at the level of macro-region and special entitlements are included. The Marche benefits if the “region” chosen is Italy, with or without special entitlements, and loses if support is calculated on the basis of macro-region, with or without special entitlements.

Expected effects of regionalization at farm level

The analysis at farm level was carried out taking into account the hypotheses on the three "regions" in only the scenario in which special entitlements are included in the regionalization. This is because, as mentioned in Section 3, it is not possible from the information available on the FADN-ITALIA data to trace the farms which held special entitlements. The simulation, therefore, concerned the three percentages for the adoption of regionalization (100%, 50%, 10%); the aim was to find out how the distribution of support affected farms, depending on the percentage of regionalization adopted.

The analysis on farms takes into consideration inputs of single flat rate payment determined in the previous territorial analysis for the nine different hypotheses in this study, and the value of support received in 2006 by the farms in the FADN sample, without the modulation.

The effects on farms are evaluated at aggregate level for Italy as a whole[12] – what happens to the total of FADN farms in the different regionalization hypotheses – but clearly it is possible to aggregate the results of these analyses to level of the administrative Region.

The number of the farms in the sample that see an increase in support of over 100% grows with the increase in the percentage of regionalization (passing from 10% to 50% to 100%) and the increase in size of the reference "region" (moving from administrative Region, to macro-region, to Italy as a single "region") (Tab. 2). The farms that more than double their support vary from 26% in the case of a "region" equal to an administrative Region and regionalization at 10%, to 45% in the case of Italy as a whole and regionalization at 100%. This quota includes the new beneficiary farms, i.e. those that did not benefit from the historic support under the CAP direct payments scheme and now, thanks to regionalization, fall within the ambit of the SPS. This is confirmed by the fact that the farms that more than double their historic support, in all the scenarios, are mainly vineyards especially for the production of quality wine, fruit and citrus fruits and horticulture (flowers and market gardens), in other words farms with a crop land use that had not enjoyed support in the past. It is worth underlining the fact that, as regards farms that more than double their support, the average gain per farm does not exceed €6,550. Let us now turn to the farms that find themselves worse off with regionalization: between 9% and 11% of the farms in the sample, depending on the "region" considered, with a percentage of 100% regionalization lose over 50% of the historic support. This group includes mostly cattle farms (dairying and rearing) and olives farms. In this case the average loss varies between €26,500 and €33,700. Another group of farms, between 9% and 12%, loses between 25% and 50%.

In the case of 50% regionalization between 9% and 11% of farms in the sample, depending on the "region" considered, lose over 25% of the historic support. The maximum

[12] Remember that the total for Italy does not include Emilia Romagna.

percentage of farms that are worse off is recorded in the class in which support is reduced to between 25% and 10% (Fig. 4). Also in this case losses are concentrated among dairy farms (especially in the scenario in which the "region" is defined as administrative Region), olive farms (especially in the scenarios where Italy is a single "region" and where "region" is defined as macro-region), cattle farmers, who produce for the meat market, cereal farms, oilseed and protein crops and rice production.

In the case of 10% regionalization the farms that suffer are obviously concentrated in the single class considered (up to 10% less).

Overall, a little over 30% of the farms in the sample transfer resources in favour of the remaining 70% of farms, with varying differences depending on the size of the "region" considered. In fact, in the case of "region" defined as administrative Region the farms that suffer with regionalization make up 36% of the total, which declines to 31% both in the case where region" is defined as macro-region and where Italy is defined as a single "region".

Now let us look at the distribution of farms per classes of variation of support (the difference between regionalized and historic support), in absolute values, (Tab. 3); in the case of 100% regionalization in the three hypotheses of "region", it appears that the farms that are worse off are equally distributed in the class of losses below €10,000, with a hike in the class of a loss of between €2,000 and €5,000. At the other end of the scale, the gains are more equally distributed in the classes of between €500 and €5,000, with a hike in the classes of between €2,000 and €5,000.

With 50% regionalization, it appears that the farms that are worse off, in the three hypotheses of "region", are equally distributed in classes of losses below €5,000 and up to €500. At the opposite end, most of the better off farms are concentrated in the class with gains of between €500 and €1,000.

Finally, in the case of regionalization at 10%, slightly over a quarter of the farms in the sample gain between €1 and €100. The farms that lose are concentrated in the class of losses of up to €100 (10% of all farms).

From the analysis carried out so far, it emerges that the distribution of farms in the sample in classes of gains and losses vis-à-vis historic support expressed in percentages terms does not significantly change with an increase in the size of the "region" considered. The picture changes considerably, on the other hand, when we consider the distribution of farms in the move from one percentage of regionalization to another. In particular, in the hypothesis of 100% regionalization the farms that lose out are more equally distributed over the four classes of loss considered. Those that gain are concentrated in the last class, i.e. the class with an increase in historic support of over 100%. The same thing happens when the hypothesis is 50% regionalization, although the classes of loss are reduced in this case to three. Finally, in the case of 10% regionalization, all the farms that lose out are concentrated in the one class

considered (up to -10%), while those who gain are concentrated in the first class, which records a gain of between 1% and 10% and the last class with gains of over 100%.

As the percentage of regionalization declines - from 100% to 50% to 10% - the distribution of farms with respect to the percent of variation of support deriving from regionalization tends to concentrate around the centre. An example of this is found in Figure 5 where in only the scenario based on “region” as administrative Region is reported in which it is clear that, on the assumption of 10% regionalization, the gains and losses tend to be concentrated in the classes with extremes in variation.

Yet, if we consider farms from the point of view of the type of farming (TF) (Tab. 4) the analysis highlights the fact that specialist horticulture (TF 20), vineyards (TF 31) and fruit and citrus fruit (TF 32) farms in the sample all record a clear gain from regionalization (in over 90% of cases, no matter which”region” is chosen or percentage of regionalization is adopted). Specialized goat farms (TF 4430) and granivore farms (TF 50) both gain: the former in over 70% of cases, a figure that rises to 90% in the hypothesis of “region” as macro-region, the latter in slightly over 60% of cases. Most sheep farms (TF 4410) gain, if support is set at macro-region level or if Italy is treated as a single “region”, but the results are more balanced if support is fixed at administrative Region level.

In a similar way, the analysis shows that over 90% of tobacco farms (TF 1441) and nearly all rice growers (TF 1320) are penalized by the regionalization of support. Moreover, in roughly 60% of cases, olives farms (TF 30) and dairy farms (TF 41) lose resources with regionalization. For specialist cattle-rearing and fattening farms (TF 42) the outcome varies depending on the scenario; nevertheless, we can say there is a certain balance between those that gain and those that lose out.

In the evaluation of the results obtained it is necessary, however, to keep in mind certain implications of the assumptions on which they are based:

- the analysis is carried out with reference to 2006, on the basis, therefore, of the decisions taken under the CAP at that time. Consequently, the historic date 2006 (from both AGEA and FADN sources) does not include the modifications stemming from the CMOs reform for fruit and vegetables and wine that came into force in 2008. This should lead to an overestimation of the positive redistribution effects of regionalization for “historic” producers of these products (in other words, the beneficiaries of new payments for these products, insofar as the historic support on the basis of which we have evaluated the effects of regionalization is higher that the one actually hypothesized) and the areas that specialize in these products, and the negative effects for other producers and areas (that will benefit from an increase in the redistribution of resources through regionalization, as was the case with the introduction of support for wine and fruit and vegetables);

- the historic date 2006 does not include the cut in the ceiling for tobacco that will take place in 2010. This could lead to an overestimation of the negative effects for tobacco growers and areas, and of the positive effects for other producers and areas;

- the historic date 2006 does not include the increase in the value of entitlements which beet producers will enjoy until 2010 for the progressive entry in force of the sugar CMO reform;

- the hypotheses of regionalization are carried out without taking into account other proposals contained in the Health Check, that could influence the distribution of support, for example the increase in the minimum threshold at €250 and the inclusion in the SPS of certain other direct payments;

- the impact of different scenarios is assessed with respect to the support (both historic and regionalized) before the application of the modulation. This means that the evaluations are neutral with respect to the decisions to be taken on the cut to be applied in order to transfer resources to rural development;

- the calculation of the amount of resources distributed following regionalization is based on the historic data for 2006, which had already suffered a cut in order to support the national reserve. This could lead to a slight underestimation of flat rate payment (0.5%) that corresponds to the part of the national reserve put aside and not distributed in the form of entitlements up till 2006;

- the results of the analysis at farm level for the Northern Italy macro-region and for Italy as a whole are affected by the lack of information in the FADN data on support received in 2006 for the farms in Emilia Romagna, that consequently were excluded from the simulations. This distorts, in the farm analysis, the redistributive effects in the ambit of these two “regions” whose sign is difficult to foresee;

- the results of the analysis at farm level suffer from the fact that they are based on a sample of farms (taken from the FADN data) that excludes the smallest producers (those under 4 ESU - Economic Size Unit). The extent to which the crop land uses of the smallest farms in the historic period were different from the larger one will be reflected in a distortion of the redistribution effects calculated in this work.

Conclusions

The analysis carried out here has allowed us to quantify the redistribution effects at territorial and farm level of alternative hypotheses of regionalization in Italy.

The territorial analysis has shown that also when the “regions” are defined as administrative Regions, the redistribution of resources within may be quite high, and this is a

function of the different systems of land crop use on which support was calculated in the historic reference period.

In the case of “region” defined as macro-region, redistribution will be at the expense of Lombardy, Veneto, Apulia and Calabria in particular. These Regions, with land crop use which were highly subsidised in the past, can see resources today directed to their farms being re-diverted towards farms of other administrative Regions in the same macro-region.

In the case of Italy as a single “region” the Southern Regions and, to a lesser extent, those of Northern Italy are the ones that will experience the adverse effects of distribution stemming from regionalization as the resources go to other parts of the country.

As the size of the “region” increases, and hence with the move from “region” defined as administrative Region to that defined as macro-region, and then to Italy as a single “region”, the overall amount of resources to be redistributed between farms and areas grows. The loss or gain in each administrative Region, and the Provinces within the Region, will depend on the “distance” between per hectare payment received in the past, in turn related to the crop land uses in the reference period used for the calculation of the single payment.

At a parity of “region”, the exclusion of special entitlements from regionalization does not generally lead to a significant added redistribution of resources within the “region”.

The increase in the size of the “region”, moving from administrative Region, to macro-region leads to a redistribution across administrative Regions and a different distribution between the Provinces within them, with slight variations in absolute values of gains and losses depending on whether special entitlements are included or not. Yet in some cases the exclusion of special entitlements leads to a change in the net balance.

The analysis at farm level was only considered regionalization on the assumption that special entitlements were included in the redistribution. The analysis has shown that the increase in size of the “region” considered increases the percentage of farms in the sample that gain compared to historic support; this percentage is well over 60% in all the cases considered.

Among the farms that gain more than 100% are those specialized vineyards especially for the production of quality wine, fruit and citrus fruits farms, horticulture (flower and market gardens) (apart from fruit and vegetables for processing) that, in the past, had never benefited from direct support under the CAP. At the opposite extreme, the farms most damaged by regionalization are cattle farms especially dairy farms (above all, in the scenario where “region” is defined as administrative Region) and olive farms (especially in scenarios where “region” is defined as macro-region or as Italy as a whole), i.e. productions that benefited most in the past.

The analysis has shown how, for farms whose crop land uses were heavily subsidised under the CAP in the past (olive and rice growers, and cattle farms), the losses increase with

the increase in the size of the reference “region”, because the internal crop land use become increasingly less uniform. The effect of redistribution, therefore, is greater the more diverse the crop land uses in the “region” considered in the past and hence the variability of per hectare support currently received by farms.

To sum up, we can state that the effects of redistribution on farms stemming from regionalization are considerable and directly depend on the crop land use and the average per hectare support received in the reference period for the calculation of the historic single farm payment. The effects of redistribution are also closely linked with how “region” is defined: the larger the “region”, the greater may be the diversification of crop land use in the historic reference period (and, thus, the per hectare support received today), and the more the redistribution effects will be felt. Finally, the higher the percentage of regionalization adopted, the greater will be the redistribution of resources between farms (and areas).

The analysis has shown that the direction and intensity of redistribution change significantly depending on the choice of “region” and on the percentage of regionalization chosen. The decisions on whether to apply the regionalization and how it should be applied heavily depend on the objectives of agricultural policy in Italy, on the perception that the current system of distribution is unfair and on decision makers’ ability to find the more equitable and acceptable solution. In conclusion, this study has analysed the effects of redistribution on the basis of alternative hypotheses of regionalization, in an attempt to provide valuable information on which to base the choices, that will have to be made in the near future.

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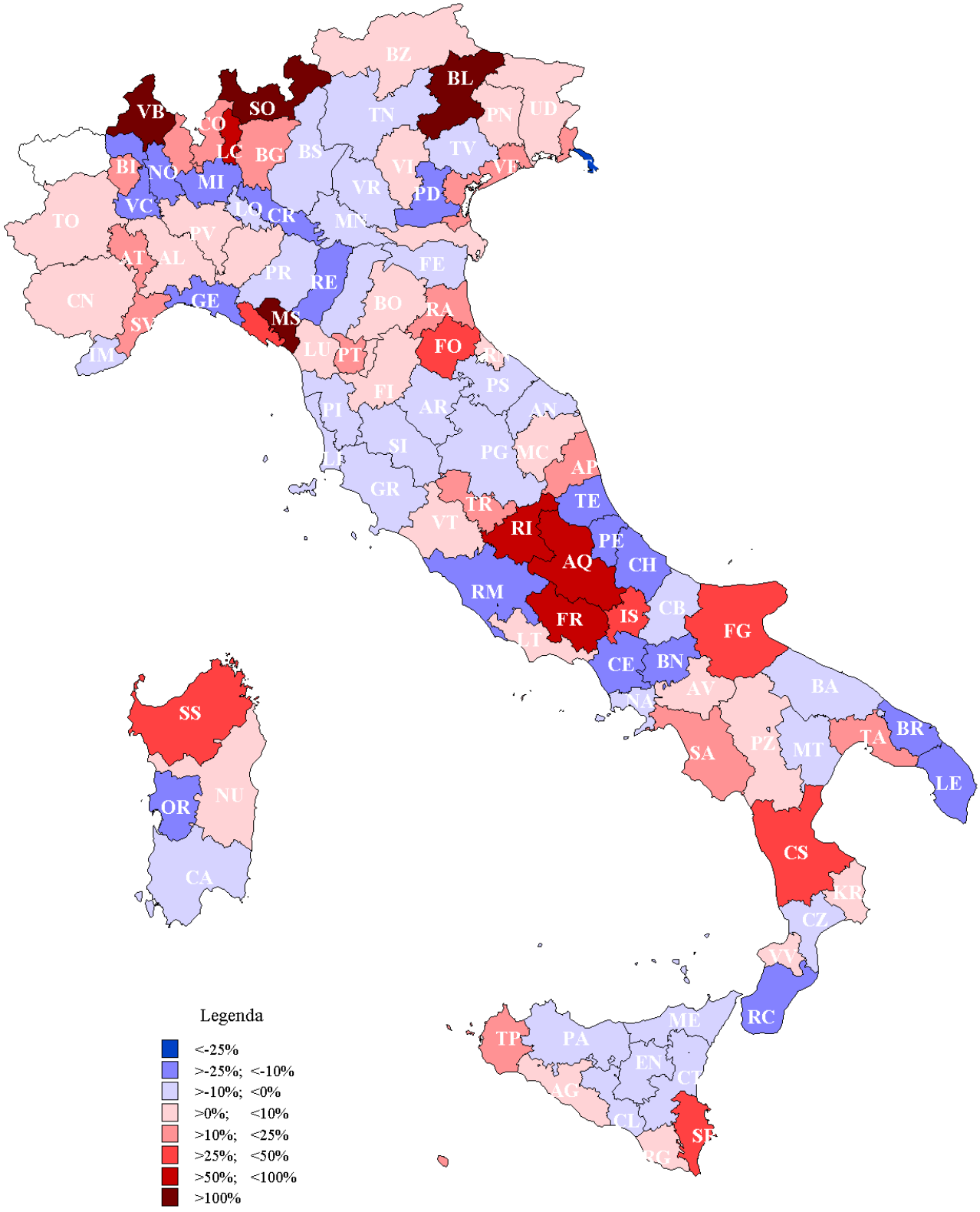
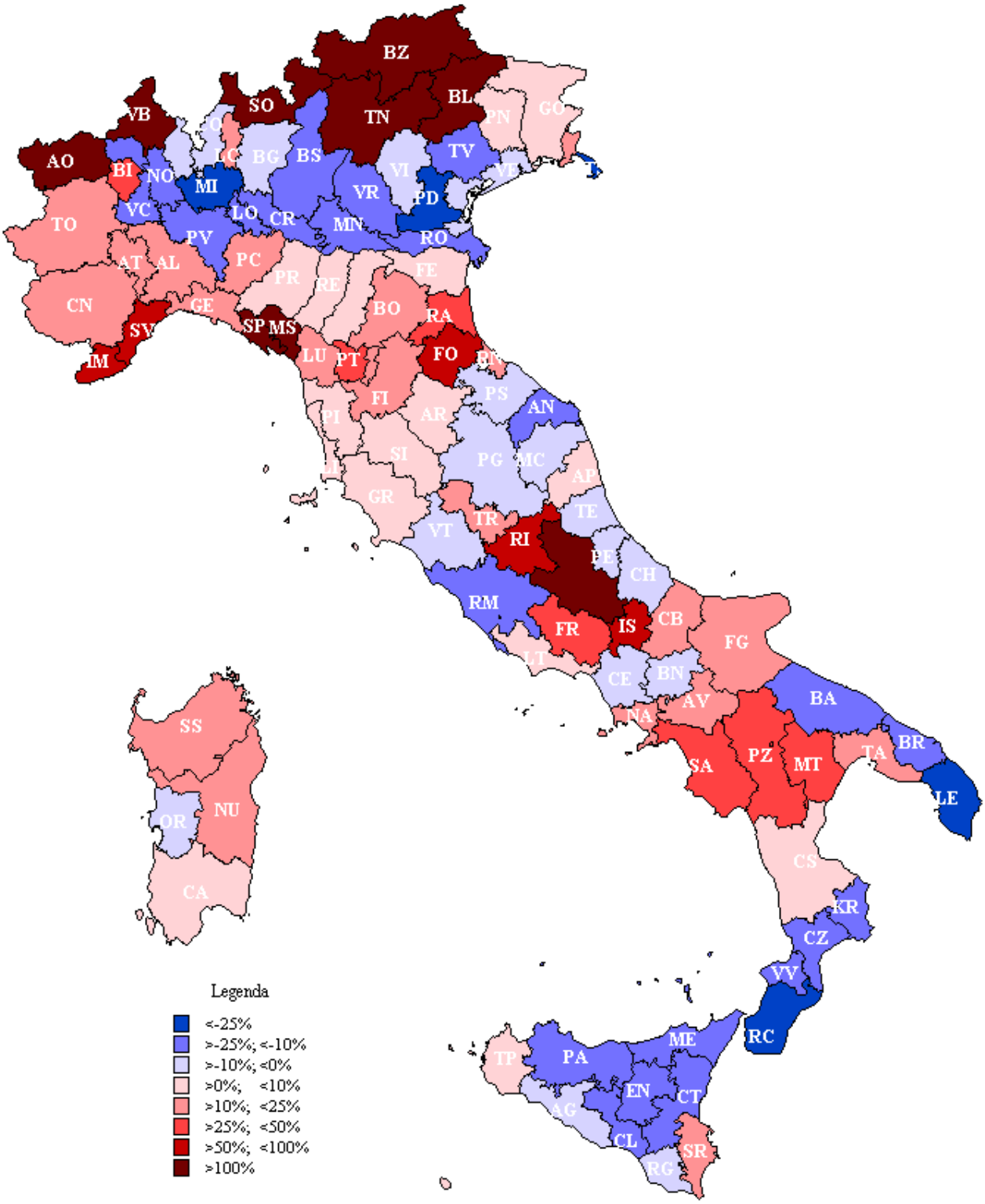
Fig. 1 – Italy. 50% regionalization; special entitlements included. Administrative Regions as "region". Gains/losses in respect to historic support for Provinces in 2006



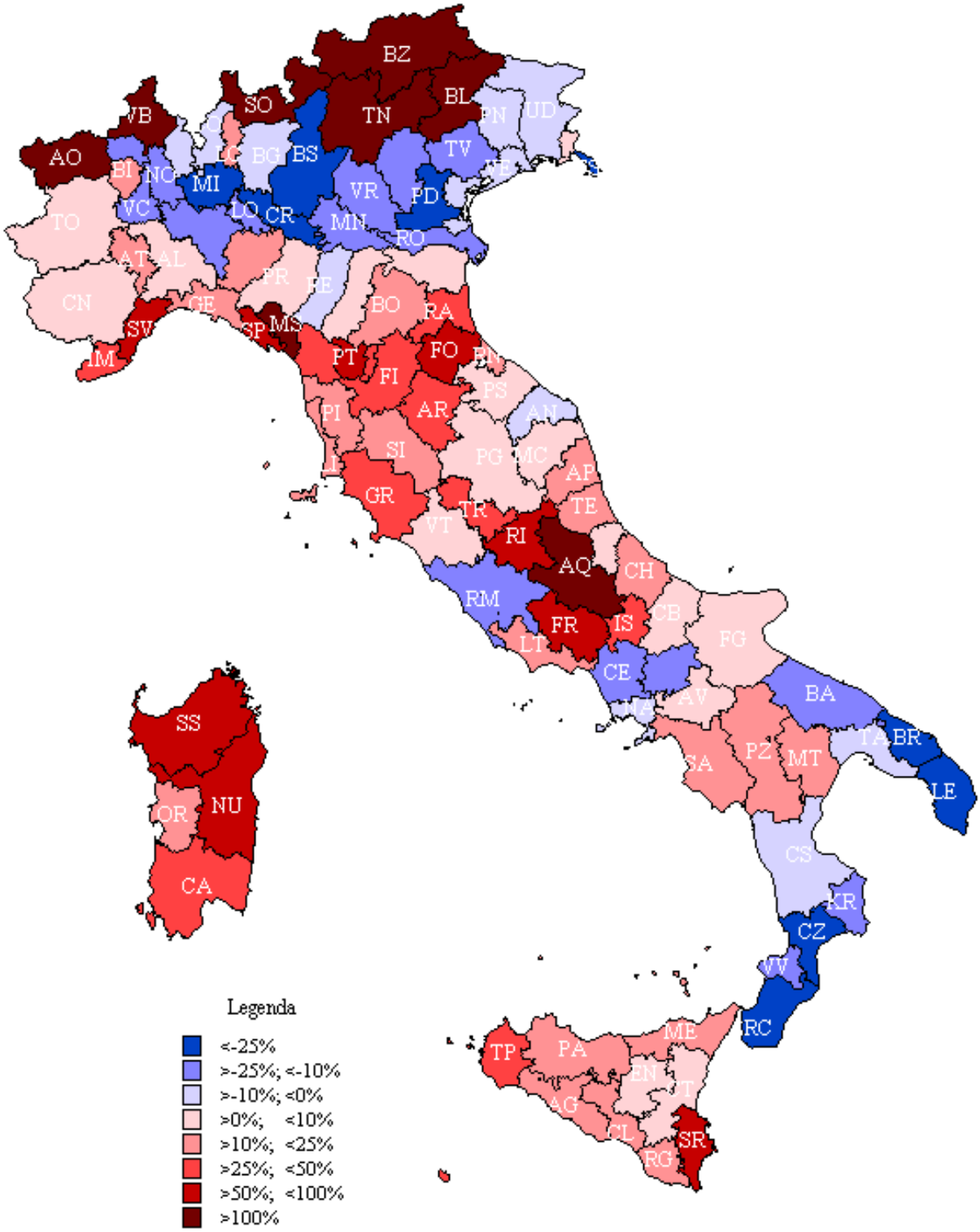
Source: elaboration of ISTAT and AGEA data

Fig. 2 – Italy. 50% regionalization; special entitlements included. Macro-regions as "region". Gains/losses in respect to historic support for Provinces in 2006



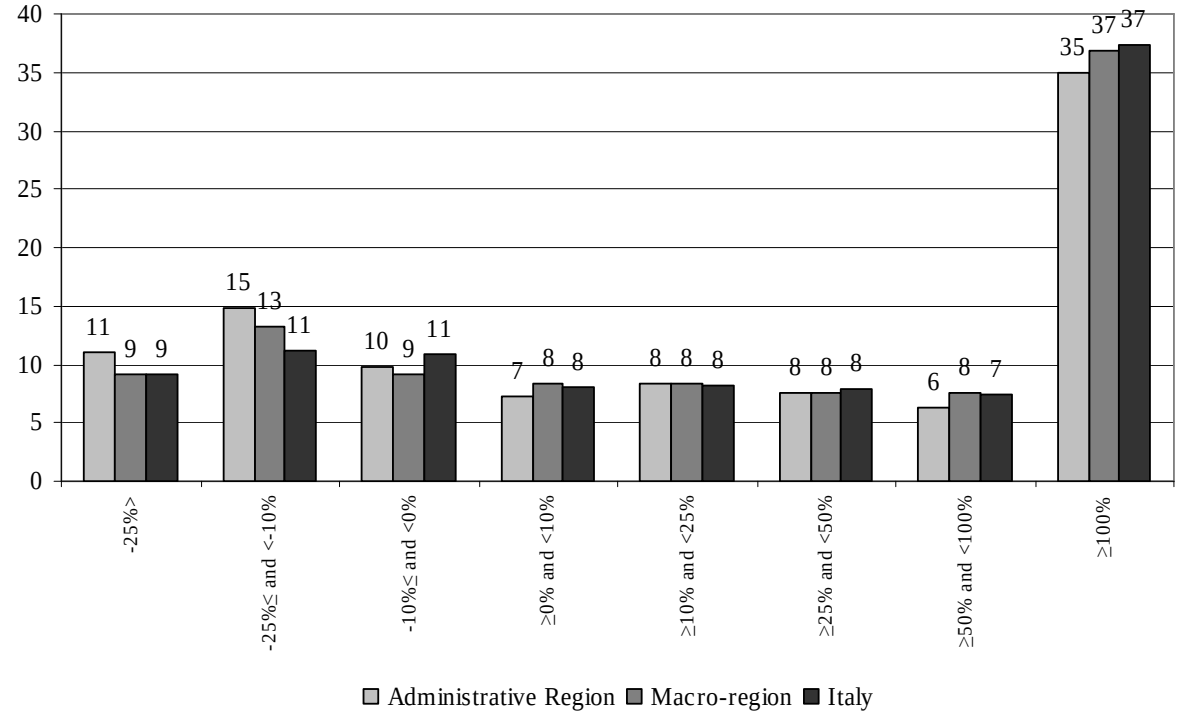
Source: elaboration of ISTAT and AGEA data

Fig. 3 – Italy. 50% regionalization; special entitlements included. Italy as a single "region". Gains/losses in respect to historic support for Provinces in 2006



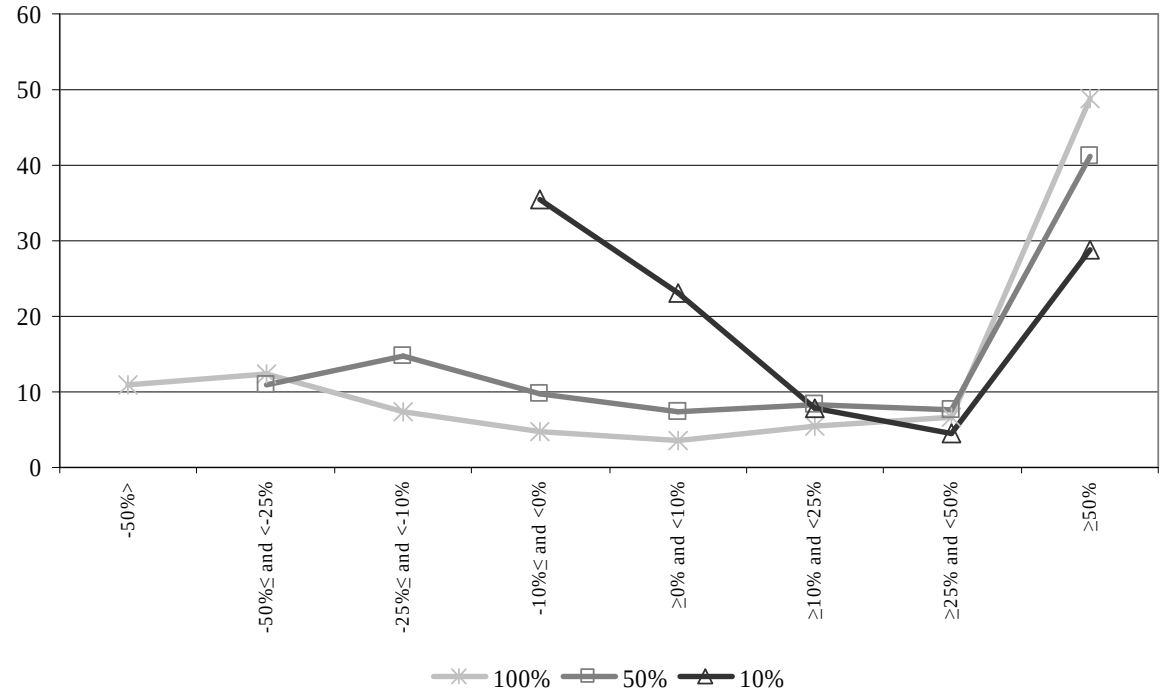
Source: elaboration of ISTAT and AGEA data

Fig. 4 - Italy. 50% regionalization. Farms (%) for class of % variation in support in the alternative hypotheses of "region"- 2006[1]



1 Excluding Emilia Romagna
Source: elaborations on data from RICA, ISTAT and AGEA

Fig. 5 - Italy. Farms (%) per class of % variation in support on the assumption of "region" as administrative Region on the basis of three percentages of regionalization (100%, 50%, 10%) - 2006[1]



1 Excluding Emilia Romagna
Source: elaborations on data from RICA, ISTAT and AGEA

Tab.1 – Italy. Difference in absolute value (€) and percentage between the overall amount of support deriving from regionalization - in the hypothesis of a "region" as macro-region and a "region" as Italy as a whole, on the basis of 50% regionalization - and the overall amount of historic support in 2006[1]

		With special entitlements				Without special entitlements [2]			
		Macro-region		Italy		Macro-region		Italy	
		Difference		Difference		Difference		Difference	
	Administrative Regions	(€)	(%)	(€)	(%)	(€)	(%)	(€)	(%)
Northern Italy	Piedmont	22,153,789	7.6	4.327.627	1.5	16.685.515	5.7	2,648,893	0.9
	Valle d'Aosta	8,122,562	268.1	7,097,304	234.2	7.762.435	256.2	6,955,130	229.6
	Lombardy	-76,151,969	-16.0	-93,327,736	-19.6	-72,670,328	-15.3	-86,194,817	-18.1
	Trentino Alto A.	53,948,403	226.4	46,942,022	197.0	58,188,975	244.2	52,672,032	221.1
	Veneto	-55,095,950	-14.5	-69,396,235	-18.3	-50,328,294	-13.3	-61,588,579	-16.2
	Friuli V. G.	1,167,349	1.6	-2,731,368	-3.8	-252,726	-0.4	-3,322,641	-4.7
	Liguria	4,722,837	59.5	3,798,260	47.9	4,455,395	56.1	3,727,368	47.0
	Emilia Romagna	41,132,980	16.0	23,107,479	9.0	36,159,028	14.1	21,965,444	8.6
Central Italy	Tuscany	14,488,895	9.6	42,425,913	28.1	14,004,624	9.3	39,521,864	26.2
	Umbria	-4,992,248	-5.7	6,965,758	8.0	-5,328,474	-6.1	5,593,784	6.4
	Marche	-12,535,937	-9.6	3,952,548	3.0	-12,982,123	-9.9	2,078,204	1.6
	Lazio	-7,641,330	-4.7	15,184,487	9.4	-6,333,503	-3.9	14,515,245	9.0
	Abruzzo	10,680,621	16.8	23,898,402	37.5	10,639,475	16.7	22,712,391	35.7
Southern Italy	Molise	12,927,086	27.3	4,740,876	10.0	12,695,741	26.9	3,999,770	8.5
	Campania	19,895,002	12.2	-2,880,327	-1.8	20,336,177	12.4	-3,857,387	-2.4
	Apulia	-35,866,800	-7.2	-83,464,325	-16.8	-36,981,768	-7.4	-87,543,224	-17.6
	Basilicata	41,602,251	41.6	21,107,114	21.1	40,993,668	41.0	19,222,285	19.2
	Calabria	-38,557,539	-14.6	-59,489,013	-22.5	-37,043,819	-14.0	-59,278,711	-22.4
Islands	Sicily	-19,012,539	-7.6	37,602,732	15.1	-20,217,437	-8.1	35,573,803	14.3
	Sardinia	19,012,539	12.4	70,145,250	45.9	20,217,437	13.2	70,605,917	46.2

1 The 2006 historic support is the value of the entitlements attributed before the application of the modulation
2 Entitlements with the derogation to possess a number of eligible hectares equal to the number of entitlements. These include special entitlements, special entitlements to rent milk quotas and livestock lease special entitlements
Source: elaboration of ISTAT and AGEA data

Tab. 2 - Italy. Gains/losses of farms (%) and farms (n) per class of % variation in support deriving from the regionalization in the three hypotheses of "region" on the basis of three percentages of regionalization (100%,50%,10%) – 2006

100% regionalization

	Administrative Region			Macro-region			Italy		
	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)
-50%>	-41,312,211	1,556	-26,550	-42,796,268	1,289	-33,201	-43,405,321	1,286	-33,752
-50%≤ and <-25%	-11,930,615	1,739	-6,861	-11,716,680	1,522	-7,698	-9,422,449	1,209	-7,794
-25%≤ and <-10%	-2,504,073	1,057	-2,369	-2,783,085	1,038	-2,681	-3,140,425	1,182	-2,657
-10%≤ and <0%	-446,003	659	-677	-394,266	582	-677	-516,888	719	-719
≥0% and <10%	276,573	515	537	257,027	619	415	272,770	601	454
≥10% and <25%	1,484,852	760	1,954	1,175,560	796	1,477	1,174,825	763	1,540
≥25% and <50%	2,907,214	924	3,146	2,602,505	941	2,766	2,530,411	909	2,784
≥50% and <100%	4,255,719	1,067	3,988	4,504,510	1,067	4,222	4,909,173	1,112	4,415
≥100%	28,588,454	5,823	4,910	38,093,138	6,246	6,099	40,435,074	6,319	6,399
Total	**-18,680,090**	**14,100**	**-1,325**	**-11,057,560**	**14,100**	**-784**	**-7,162,830**	**14,100**	**-508**

50% regionalization

	Administrative Region			Macro-region			Italy		
	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)
-50%>	-	-	-	-	-	-	-	-	-
-50%≤ and <-25%	-20,656,105	1,556	-13,275	-21,398,134	1,289	-16,601	-21,702,660	1,286	-16,876
-25%≤ and <-10%	-6,474,441	2,084	-3,107	-6,543,029	1,863	-3,512	-5,409,891	1,584	-3,415
-10%≤ and <0%	-965,904	1,371	-705	-903,987	1,279	-707	-1,129,990	1,526	-740
≥0% and <10%	507,118	1,026	494	492,273	1,181	417	471,276	1,125	419
≥10% and <25%	1,827,201	1,173	1,558	1,525,272	1,175	1,298	1,517,727	1,148	1,322
≥25% and <50%	2,127,859	1,067	1,994	2,252,255	1,067	2,111	2,454,586	1,112	2,207

Tab. 2 cont.

≥50% and <100%	2,415,229	888	2,720	3,113,025	1,059	2,940	3,619,264	1,051	3,444
≥100%	11,878,998	4,935	2,407	15,933,544	5,187	3,072	16,598,273	5,268	3,151
Total	**-9,340,045**	**14,100**	**-662**	**-5,528,780**	**14,100**	**-392**	**-3,581,415**	**14,100**	**-254**

10% regionalization

	Administrative Region			**Macro-region**			**Italy**		
	Losses/gains	**Farms**	**Farm average value of losses/gains**	**Losses/gains**	**Farms**	**Farm average value of losses/gains**	**Losses/gains**	**Farms**	**Farm average value of losses/gains**
	(€)	**(n.)**	**(€)**	**(€)**	**(n.)**	**(€)**	**(€)**	**(n.)**	**(€)**
-50%>	-	-	-	-	-	-	-	-	-
-50%≤ and <-25%	-	-	-	-	-	-	-	-	-
-25%≤ and <-10%	-	-	-	-	-	-	-	-	-
-10%≤ and <0%	-5,619,290	5,011	-1,121	-5,769,030	4,431	-1,302	-5,648,508	4,396	-1,285
≥0% and <10%	892,436	3,266	273	853,960	3,423	249	888,718	3,385	263
≥10% and <25%	673,855	1,116	604	789,705	1,321	598	967,568	1,354	715
≥25% and <50%	508,257	641	793	709,408	702	1,011	737,992	727	1,015
≥50% and <100%	270,984	318	852	529,052	410	1,290	525,656	406	1,295
≥100%	1,405,749	3,748	375	1,781,148	3,813	467	1,812,291	3,832	473
Total	**-1,868,009**	**14,100**	**-132**	**-1,105,756**	**14,100**	**-78**	**-716,283**	**14,100**	**-51**

1 Excluding Emilia Romagna
Source: elaborations on data from RICA, ISTAT and AGEA

Tab. 3 - Italy. Overall gains/losses of farms (%) and farms (n) per class of % variation in support deriving from the regionalization in the three hypotheses of "region" on the basis of three percentages of regionalization (100%,50%,10%) - 2006[1]

	100% regionalization								
	Administrative Region			Macro-region			Italy		
	Losses/gains	Farms	Farm average value of losses/gains	Losses/gains	Farms	Farm average value of losses/gains	Losses/gains	Farms	Farm average value of losses/gains
	(€)	(n.)	(€)	(€)	(n.)	(€)	(€)	(n.)	(€)
-200,000>	-17,021,122	41	-415,149	-18,453,380	43	-429,148	-18,715,714	43	-435,249
-200,000≤ and <-100,000	-5,383,581	39	-138,041	-5,979,899	44	-135,907	-6,459,514	47	-137,436
-100,000≤ and <-50,000	-8,971,332	131	-68,483	-8,962,113	130	-68,939	-8,791,574	126	-69,774
-50,000≤ and <-10,000	-14,783,998	692	-21,364	-15,951,053	732	-21,791	-14,726,922	688	-21,405
-10,000≤ and <-5,000	-4,531,383	653	-6,939	-3,852,255	544	-7,081	-3,426,733	485	-7,065
-5,000≤ and <-2,000	-3,609,954	1,125	-3,209	-2,953,482	916	-3,223	-2,684,916	834	-3,219
-2,000≤ and <-1,000	-1,262,013	860	-1,467	-920,138	642	-1,430	-1,051,361	727	-1,446
-1,000≤ and <-500	-430,173	589	-730	-423,836	578	-732	-425,763	582	-732
-500≤ and <-300	-116,739	293	-398	-117,983	296	-399	-122,140	308	-397
-300≤ and <-100	-71,865	368	-195	-68,249	339	-200	-70,145	347	-202
-100≤ and <0	-10,742	220	-49	-7,911	167	-46	-10,302	209	-49
≥0 and <100	29,480	521	57	18,950	334	57	19,657	329	60
≥100 and <300	206,688	1,070	193	175,782	885	199	180,052	895	201
≥300 and <500	295,273	740	399	321,030	806	399	309,300	775	399
≥500 and <1,000	1,045,917	1,427	733	1,228,614	1657	742	1,188,434	1623	732
≥1,000 and <2,000	2,568,591	1,779	1,444	2,891,725	1991	1,452	2,903,409	2020	1,437
≥2,000 and <5,000	6,066,559	1,919	3,161	6,761,261	2141	3,157	6,371,726	2029	3,140
≥5,000 and <10,000	5,620,866	811	6,931	5,787,029	822	7,040	6,390,216	913	6,999
≥10,000 and <50,000	14,537,550	738	19,699	18,738,799	907	20,660	20,686,306	980	21,108
≥50,000	7,141,888	84	85,022	10,709,551	126	84,996	11,273,152	140	80,523
Total	**-18,680,090**	**14,100**	**-1,325**	**-11,057,560**	**14,100**	**-784**	**-7,162,830**	**14,100**	**-508**

Tab. 3 cont.

	50% regionalization								
	Administrative Region			Macro-region			Italy		
	Losses/gains	Farms	Farm average value of losses/gains	Losses/gains	Farms	Farm average value of losses/gains	Losses/gains	Farms	Farm average value of losses/gains
	(€)	(n.)	(€)	(€)	(n.)	(€)	(€)	(n.)	(€)
-200,000>	-5,490,308	18	-305,017	-5,814,928	18	-323,052	-5,895,834	18	-327,546
-200,000≤ and <-100,000	-3,020,253	23	-131,315	-3,411,762	25	-136,470	-3,462,023	25	-138,481
-100,000≤ and <-50,000	-2,691,790	39	-69,020	-2,989,950	44	-67,953	-3,229,757	47	-68,718
-50,000≤ and <-10,000	-9,195,650	437	-21,043	-9,544,078	449	-21,256	-8,957,862	417	-21,482
-10,000≤ and <-5,000	-2,682,015	386	-6,948	-2,912,505	413	-7,052	-2,801,385	397	-7,056
-5,000≤ and <-2,000	-2,847,572	912	-3,122	-2,375,189	743	-3,197	-2,125,650	670	-3,173
-2,000≤ and <-1,000	-1,223,096	866	-1,412	-1,027,680	717	-1,433	-930,174	649	-1,433
-1,000≤ and <-500	-631,006	860	-734	-460,069	642	-717	-525,680	727	-723
-500≤ and <-300	-176,271	447	-394	-175,244	445	-394	-175,366	446	-393
-300≤ and <-100	-118,349	604	-196	-117,132	601	-195	-121,334	623	-195
-100≤ and <0	-20,140	419	-48	-16,614	334	-50	-17,475	377	-46
≥0 and <100	57,113	1,102	52	41,697	772	54	42,614	773	55
≥100 and <300	309,952	1,597	194	320,802	1,633	196	322,387	1,625	198
≥300 and <500	421,614	1,059	398	509,689	1,277	399	483,721	1,224	395
≥500 and <1,000	1,284,296	1,779	722	1,445,862	1,991	726	1,451,704	2,020	719
≥1,000 and <2,000	2,204,462	1,549	1,423	2,438,009	1,720	1,417	2,296,355	1,629	1,410
≥2,000 and <5,000	3,639,250	1,181	3,081	3,836,136	1,243	3,086	4,084,616	1,313	3,111
≥5,000 and <10,000	3,306,588	476	6,947	3,832,841	552	6,944	3,945,181	566	6,970
≥10,000 and <50,000	6,209,017	330	18,815	8,850,458	453	19,537	10,188,451	527	19,333
≥50,000	1,324,113	16	82,757	2,040,877	28	72,888	1,846,097	27	68,374
Total	**-9,340,045**	**14,100**	**-662**	**-5,528,780**	**14,100**	**-392**	**-3,581,415**	**14,100**	**-254**

Tab. 3 cont.

	10% regionalization								
	Administrative Region			Macro-region			Italy		
	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)	Losses/gains (€)	Farms (n.)	Farm average value of losses/gains (€)
-200,000>	-	-	-	-	-	-	-	-	-
-200,000≤ and <-100,000	-221,058	2	-110,529	-223,492	2	-111,746	-224,081	2	-112,041
-100,000≤ and <-50,000	-419,269	6	-69,878	-703,469	11	-63,952	-813,827	13	-62,602
-50,000≤ and <-10,000	-1,600,143	72	-22,224	-1,516,367	74	-20,491	-1,479,615	75	-19,728
-10,000≤ and <-5,000	-897,133	131	-6,848	-896,211	130	-6,894	-879,157	126	-6,977
-5,000≤ and <-2,000	-941,997	306	-3,078	-1,012,604	319	-3,174	-912,415	291	-3,135
-2,000≤ and <-1,000	-536,403	386	-1,390	-582,501	413	-1,410	-560,277	397	-1,411
-1,000≤ and <-500	-453,138	653	-694	-385,226	544	-708	-342,673	485	-707
-500≤ and <-300	-227,699	581	-392	-188,604	484	-390	-169,482	436	-389
-300≤ and <-100	-259,498	1404	-185	-198,758	1074	-185	-204,145	1125	-181
-100≤ and <0	-62,952	1470	-43	-61,798	1380	-45	-62,835	1446	-43
≥0 and <100	157,736	3758	42	174,438	3682	47	169,744	3622	47
≥100 and <300	491,523	2732	180	550,623	3060	180	538,268	3038	177
≥300 and <500	371,992	966	385	414,675	1072	387	389,246	1011	385
≥500 and <1,000	562,087	811	693	578,703	822	704	639,022	913	700
≥1,000 and <2,000	661,318	476	1,389	766,568	552	1,389	789,036	566	1,394
≥2,000 and <5,000	792,437	262	3,025	1,107,312	355	3,119	1,279,594	414	3,091
≥5,000 and <10,000	449,366	68	6,608	662,780	98	6,763	758,096	113	6,709
≥10,000 and <50,000	264,823	16	16,551	408,175	28	14,578	369,219	27	13,675
≥50,000	-	-	-	-	-	-	-	-	-
Total	**-1,868,009**	**14,100**	**-132**	**-1,105,756**	**14,100**	**-78**	**-716,283**	**14,100**	**-51**

1 Excluding Emilia Romagna

Source: elaborations on data from RICA, ISTAT and AGEA

Tab. 4 - Italy. Farms (%) that gain from regionalization classed in terms of type of farming (TF) in three alternative hypotheses of "region" - 2006[1]

	Administrative Region	Macro-region	Italy
13 - Specialist cereals, oilseed and protein crops.	44	45	35
of which 1310 - Specialist COP (other than rice)	48	49	39
1320 - Rice	4	2	1
14 - General field cropping	64	67	70
of which 1441 - Specialist tobacco	10	10	10
20 - Specialist horticulture	94	95	95
31 - Specialist vineyards	93	95	96
32 - Specialist fruit and citrus fruit	94	96	96
of which 3211 - Specialist fresh fruits (other than citrus)	94	97	97
3212 - Specialist nuts	98	98	98
33 - Specialist olives	42	40	39
34 - Various permanent crops combined	79	80	83
41 - Specialist dairying	35	43	42
42 - Specialist cattle-rearing and fattening	50	52	55
43 - Cattle-dairying, rearing and fattening combined	38	69	64
of which 4310 - Dairying with rearing & fattening	36	68	63
4320 - Rearing & fattening with dairying	57	79	79
44 - Sheep, goats and other grazing livestock	63	72	81
o*f which* 4410 - Sheep	56	65	78
4430 - Goats	77	90	83
50 - Specialist granivores	69	62	62

1 Excluding Emilia Romagna
Source: elaborations on data from RICA, ISTAT and AGEA