

# **Keeping Farmers on the Land: Adding Value in Agriculture in the Veneto Region of Italy**

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## **Executive Summary**

Italy's relatively small area, high population density, and high land and labor costs have created the challenges of ensuring profitability for agricultural producers, slowing urban encroachment onto arable land, and keeping farm families on land that has been handed down within the families for generations. As part of the solution to these issues, the European Union is enacting policies to reduce producer dependence on direct subsidies while increasing the competitiveness of agricultural products and returns to producers, reinvigorating rural communities, and encouraging environmentally sound production methods. These regulations provide incentives for producers to add value to their products by obtaining legal recognition of typical products, participating in agritourism, and helping to promote traditional products for regional food systems. This paper examines how E.U. and national policies are encouraging farmers in the Veneto region of Italy to adopt an agricultural production model that encourages limited production of high-quality, high-value products and more diversified land use.

**Keywords:** agritourism, geographical indications, regional products, reinvigorating rural communities, traditional foods, typical products.

# **KEEPING FARMERS ON THE LAND: ADDING VALUE IN AGRICULTURE IN THE VENETO REGION OF ITALY**

## **Introduction**

With an area of about 116,300 square miles, Italy is a bit more than twice the size of Iowa (56,276 square miles). However, with 57.84 million inhabitants, Italy is almost 20 times more densely populated than is Iowa (2.93 million people). Italy's relatively small area, high population density, and high land and labor costs have created challenges of ensuring profitability for agricultural producers, slowing urban encroachment onto arable land, and keeping farm families on land that has been handed down within a family for generations.

The same challenges occur to some degree in all E.U. member-states. In addition to these issues, the European Union is facing criticism over its agricultural subsidies and the costs of financing these subsidies. As part of the solution to these issues, the European Union is enacting policies meant to reduce producer dependence on subsidies while increasing the competitiveness of agricultural products and returns to producers, reinvigorating rural communities, and encouraging environmentally sound production methods. These regulations provide incentives for producers to add value to their products by obtaining legal recognition of typical products, participating in agritourism, and helping to promote traditional products for regional food systems. National governments are following suit by enacting complementary policies, and the overall effect is a gradual change in the way some E.U. farmers are producing and marketing their agricultural products.

Using Italy as an example, this paper discusses how these E.U. and national policies are encouraging farmers to abandon the post-World War II commodity production model in favor of a model that discourages overproduction of high-quality, high-value products and encourages more diversified land use. More specifically, the paper discusses how these policies are being applied in Italy's Veneto region.<sup>1</sup>

Located in northeastern Italy, the Veneto is one of 20 geographical regions in Italy (see Figure A.1 in the Appendix). The Veneto terrain is a mixture of flat plains (57 percent), hills (14 percent), and mountainous areas (29 percent) (Sambo 2004). The region has approximately 15,000 farms, and the average farm size is 4.5 hectares (11.25 acres). Given the small size of most farms, producers must generate large returns on their output to earn enough to support a family without the need for off-farm employment. In many cases, more than one adult child wishes to remain on the land and earn a living in agriculture, and the only option is to join the existing family operation.

A potential advantage in achieving high returns on agricultural production is the number of cities in the Veneto, Italy, and the European Union that provide a large pool of consumers and restaurants willing to pay price premiums for high-quality products. The total population of the Veneto is about 4 million people, including the three largest cities of Venice (309,000 inhabitants), Verona (260,000 inhabitants), and Padua (227,000 inhabitants). By truck, products from the Veneto can reach southern Italy in 10 hours; Frankfurt or Sicily in 15 hours; Berlin, Brussels, or Paris in 17 hours; and London in 23 hours. Based on the relatively short transportation times to these large metropolitan markets, producers and processors hope to make the Veneto “the Garden of Europe” (Bellò 2004).

## **Typical Products**

The European Union encourages producers to add value to their output by identifying a geographical link between the product and the place the product was developed or is traditionally produced and then to obtain legal recognition of this relationship as unique. Products that receive this legal recognition are called typical products, and there are two designations that can be used to gain this recognition: the regional products designation, which recognizes and protects products within a country by a national government, and the geographical indication (GI) designation, which recognizes and protects products throughout the European Union. The following sections discuss the differences in these two types of recognition and give examples from the Veneto.

### **Regional Products**

Regional products are associated with production areas but generally do not take the name of the place. Italy currently recognizes 347 regional products in the Veneto alone,

including alcoholic beverages (other than wines), fruits and vegetables, cheeses, meat products, bakery products, butter, and fish and seafood. This list of regional foods includes prepared dishes containing a product as the main ingredient (Ministero delle Politiche Agricole e Forestali 2004).

Obtaining recognition as a regional food requires that producers and/or processors identify the product, document its link to a geographical area, and initiate the paperwork necessary to establish legal recognition. Policies regarding recognition of regional foods encourage producers to (1) identify and develop consumer appreciation for the taste of local, traditional foods; (2) link these foods and flavors to the genetic heritage of traditional plants/crops; and (3) preserve or reintroduce plants and animals to increase regional biodiversity. The most important goal, however, is to encourage producers to move from high-volume to high-value agricultural production in an effort to increase profitability.

Although regional products can be exported, they are not legally recognized outside the country of origin (except under a few bilateral agreements). Any special cultural or economic value associated with the product is most likely to occur in and around the production area. The size of this area can vary widely depending on the product's popularity and reputation, and consumers recognize some regional products throughout the country. However, price premiums often are not obtained outside the country that recognizes a regional product.

Regional products create non-commodity niche markets that protect local producers from competition from similar imported products, help producers and processors earn higher returns for their products, and foster the sense of culture and tradition upon which producers are basing regional products and food systems. In addition, many producer groups are hoping for eventual E.U. recognition of their products as GIs. The following section describes how a small group of Veneto producers cooperated to obtain recognition for a regional product.

### **Farina di Mais Biancoperla**

For centuries, polenta has been a staple food of the Veneto. Prepared from finely ground corn meal, polenta historically was considered a food eaten by farm families that helped to prevent starvation during times of extreme need. Historic regional preferences often meant that yellow corn was used for polenta and white corn was considered

livestock feed, or vice versa (Gasparini 2004). In the Veneto, the traditional preference has been for white corn for polenta, and biancoperla (white pearl) was the traditional corn ground for polenta.

Production of biancoperla has almost completely ceased in favor of hybrid varieties of white corn, which are much more economical to use because biancoperla yields are about half those of hybrids. Approximately four years ago, a group of producers formed the *Associazione Conservatori Mais Biancoperla* to ensure that biancoperla corn remains part of the Veneto's plant diversity and that its white corn meal remains part of the traditional cuisine. The association is comprised of about 13 member-producers who raise biancoperla corn on a combined total of less than 50 hectares of land. Any Veneto producer who raises biancoperla can join the association by paying a one-time membership fee.

Biancoperla is an open-pollinated corn, which means that isolation of the fields is important. Small farm size means that production occurs on small plots, and producers cannot control what crops neighboring farmers plant. If biancoperla plants are cross-pollinated with yellow corn, the corn meal will have an unacceptable light yellow color. On the other hand, producers can save corn to plant the following year and biancoperla corn requires less fertilizer in the Veneto's sandy soils than do hybrid varieties, is resistant to dry weather, and produces kernels with the same nutritional value as that of hybrid corns (Ballan 2004) (see Figure A.2).

The main characteristic that differentiates the biancoperla from other white corns is the flinty kernels that shatter when they are ground. This shattering is the key to the "granulated" taste of the polenta. Stone grinding, the traditional method of making the cornmeal, provides a second level of differentiation from mechanically ground commodity product, but this method increases processing costs by about one-third. According to an association representative, the retail price of the cheapest available commodity cornmeal is about equal to the cost to stone-grind the biancoperla.

Given that the traditional cornmeal is much more expensive to produce and process, the producers' association is using biancoperla's historic ties to the region and to the traditional cuisine to market a higher-priced cornmeal to consumers. The retail price of the association's stone-ground meal is approximately five times the average price of commodity cornmeal. The retail price of mechanically ground biancoperla meal is

approximately two times that of commodity meal (Ballan 2004).

Although production is not completely organic at this time, it is a goal of the association to achieve organic production in the future. Association members do their own marketing and believe the key to developing a successful niche market will be placement of *farina di mais biancoverla* (see Figure A.3) in upscale restaurants and shops patronized by customers willing to pay a premium for this traditional product. Although the producers believe this niche market will never be large, they are attempting to introduce their product into upscale shops and restaurants in the United States and other international markets.

### **Geographical Indications**

The second type of recognition for typical products is E.U. designation as a GI.<sup>2</sup> When the European Community created its common market system, member-states attempted to protect traditional agricultural products against competition from products from other member-states. A major problem occurred among the wine-producing states, each of which had its own set of regulations for protecting quality wines and indications of origin. The European Union harmonized these rules by creating a common framework for protection of designation of origin and quality in wines (Menghini 2004).

Other problems occurred when products such as Prosciutto de Parma and Parmigiano Reggiano were being produced in areas other than Parma and Reggio Emilia but being labeled with the geographical place name. Because these efforts were in direct opposition to its common market policies, the European Community enacted Regulation 2081/92, allowing countries to link traditional products to areas of geographic origin and/or production. This legislation allowed free trade among member-states while protecting E.U. producers from competition among products that appeared to be the same but were produced or processed differently than traditional products. The legislation was also intended to protect consumers by allowing them to identify and choose between these products. Subsequent amendments and new laws have strengthened protection for regional products (Schudeller 2004). Under current E.U. law, anyone can produce prosciutto or cheeses similar to Prosciutto de Parma or Parmigiano Reggiano, but they cannot use the geographical place names of Parma or Reggio Emilia on the label.

An agricultural product that qualifies as a GI is classified as one of three types. Protection of Designation of Origin (PDO) means the product must be produced, processed, *and* prepared within the specified geographical area and the quality or characteristics of the product are essentially attributable to that area. Protection of Geographical Indication (PGI) means the product must be produced, processed, *or* prepared in the geographical area and the quality, reputation, or other characteristics of the product are attributable to that area. Traditional Specialty Guaranteed (TSG) means the product must be traditional or established by custom and the name must express the specific character of the product. All GIs can be produced only in the specified geographical areas. Also, they must be produced according to precise specifications and certified by an independent third-party body authorized by the European Union and the member-state. Only at this stage can they use a GI mark and be protected from infringement throughout the European Union (Menghini 2004).<sup>3</sup>

To register a product name as a GI, producers and processors must undergo the following process.

- A group of producers must define the product according to precise specifications.
- The application, including the specifications, must be sent to the relevant national authority.
- The national authority studies the application and thereafter transmits it to the European Commission.
- At the European Commission, the application undergoes a number of control procedures.
- If the application meets the requirements, a first publication in the *Official Journal of the European Communities* will inform those in the European Union who are interested.
- If there are no objections, the European Commission publishes the protected product name in the Official Journal of the European Communities (Europa 2004).

Italy has 138 agricultural products registered as GIs—the largest number of any E.U. country. Italian products designated as GIs include meats, cheeses, cereal products, olive oils, nuts, and fruits. The Veneto has 17 GIs, of which 6 are cheeses; 2 are olive oils; 6

are cereals, fruits, or vegetables, and 3 are processed meats (Ministero delle Politiche Agricole e Forestali 2004). The following section discusses Veneto radicchio and white asparagus that have obtained designation as GIs.

### **Red Radicchio and White Asparagus**

*Radicchio Rosso di Treviso* (hereafter referred to as Treviso radicchio) is a type of red chicory traditionally produced using a forced growing process that causes *imbiancamento*, or whitening, of parts of the plant. This process creates a distinctive plant with red leaves and white venation (see Figure A.4). Treviso radicchio is classified as a PGI because the production method is geographically linked to the provinces of Treviso, Padua, and Venice on the eastern side of the Veneto. Two varieties (early and late) are recognized under the single PGI designation. Under protection as a PGI designation, only radicchio from this region can be called “de Treviso.”

Treviso radicchio was the first Italian PGI to be recognized by the European Union. The application for GI designation states that the product’s history dates back to the development as a typical rural crop commonly grown in the production area. For centuries, red Treviso chicory was a food of the poor. In the mid-sixteenth century, the red radicchio was first subjected to forcing to obtain the typical final product. Historical references have been found in the gastronomic traditions of the production area, which have been handed down to the present day. The requisites depend on environmental conditions and the natural and human factors of the production area. The history, development, and century-old traditions of the local farms and horticulturists, the nature of the soil, the climate, the temperature of the groundwater, its tendency to spurt out whenever it is drilled, which means the costs are easily amortized, fully confirm the link between the cultivation of red Treviso chicory and the environment in which it is currently grown (DEFRA 2004).

A pamphlet of recipes for the late variety of Treviso radicchio recipes emphasizes the water source, stating,

The secret lies in the water. Only in the PGI area, . . . the goodness of the land and the warmth of the karst spring water come together naturally to create a product that is globally unique. . . . Its roots are immersed in karst spring water whose temperature is higher than the surrounding environment (A.O.M.T./S. Bovo n.d.).

The move to claim traditional products incorporates consumer demand for lower pesticide, herbicide, and fertilizer use. Returning to traditional crops that expand diversity and use historical production methods is one way producers are attempting to meet this demand. As one radicchio producer noted, “The consumer writes the regulations.” The recipe pamphlet previously cited also states that “It is undoubtedly healthy and natural. . . . Not only do we have a prestigious and refined product but one that is healthy and with no unwanted residuals” (A.O.M.T./S. Bovo 2004).

Although any producer within the specified provinces can become a member of the Treviso radicchio consortium, production is controlled to prevent the market from becoming oversupplied. Consortium members hold an annual meeting at which the year’s production level is determined. Producers are allowed to produce a proportion of total production, depending in part on farm size. New members receive a partial allocation until their full production potential can be absorbed into the production limit. Production levels are closely monitored, and the consortium knows how much radicchio to expect. However, a 10 to 15 percent bumper crop during an especially good year can easily be absorbed by the market. Producers of Treviso radicchio must be members of the PGI consortium, but not all their production must be marketed as PGI radicchio. Producers who grow more than their allocation can sell extra product in the commodity market.

Because Treviso radicchio production is limited by the consortium, income from this crop comprises only part of growers’ incomes, and the growers plant other crops as well. Vegetable growers can produce multiple crops throughout the year, especially if they use greenhouses to produce some of their vegetables and fruits. For example, two brothers in the Veneto produce 5 hectares of Treviso radicchio, in addition to wheat, kiwi, cattle, barley, and corn on a total of 30 hectares of land. The enormous amount of manual labor needed to produce radicchio and the high cost of outside labor make it difficult for producers such as these to increase production volume or to expand the size of their farms. As a result, many farms are operated by one or more families and perhaps a paid technician.

White asparagus has been grown in the Veneto for hundreds of years. Keeping the asparagus spears white involves a time-consuming process of mounding soil around the spears to prevent photosynthesis and mulching the mounds with plastic to protect the exposed spear-tips from sunlight (see Figures A.5 and A.6). Uncovering, mounding, and re-

covering are done on a daily basis, and the asparagus spears are harvested by hand over a 60-day harvest period. More than 30 minutes of continuous exposure to the sun prior to harvest will turn the spears a reddish hue and devalue the product.

Producers report receiving prices that are 30 to 50 percent higher for white asparagus compared with prices of green asparagus, and PGI asparagus receives the highest prices. Grade is an important factor in determining final price, although damaged or lower-grade product can be sold to restaurants for use in dishes that do not require whole spears or processed into prepared specialty items. In the Veneto, most white asparagus is sold fresh.

As with radicchio, production of white asparagus is not limited to one variety, one region of Italy, or even to one E.U. country (e.g., France, Germany, and Spain also grow white asparagus). Many producers in the Veneto use American varieties, whereas many producers in southern Italy use French and Dutch varieties. *Asparago Bianco di Cimadolmo* (hereafter called Treviso asparagus) is the only white asparagus designated as a PGI product in Italy, with production limited to 10 municipalities in the province of Treviso.

Documentation of Treviso asparagus's historic link to the geographical area includes quotes from texts dating back to 1600. Producers use the combination of soil characteristics, climate typical of the area of production, and the traditional methods of cultivation to link "the product's quality and trueness to type" with the "defined geographical area, which must be regarded as ideal for '*Asparago Bianco di Cimadolmo*'" (DEFRA 2004).

Producers must register the amount of land used to produce Treviso asparagus; use specified cultivars; and follow regulations for cultivation, fertilization, irrigation, mulching, pest control, harvest (e.g., shoots are cut in the coolest hours of the day and when the sun is least bright), and labeling (e.g., label must have the seal containing the symbol). Only product that meets the standards for "Extra" class or Class I is sold as PGI Treviso asparagus (DEFRA 2004).

### **The Role of Cooperatives in Promoting and Selling Typical Products**

The Veneto has a complex system of cooperatives to help producer-members sell their products. In the Veneto, the *Organizzazione Produttori Ortofrutticoli Veneto s.c.a.r.l.* (OPO Veneto) is an umbrella organization that serves five cooperatives that market PGI, regional, and other fruits, vegetables, and mushrooms produced in the Veneto region. OPO Veneto's operating budget comes from the five member-cooperatives

and from government sources. The European Union provides funding of up to 40 percent for specific projects.

OPO Veneto works with the cooperatives to guarantee proper designation of typical products, origin (including traceability to the farmer), quality, and nutritional benefits of fresh produce. The association also works to create a transparent relationship between producers and consumers. Three major services of the association are documentation, marketing, and outreach (education and technical support). OPO Veneto is the only association of its kind in Italy.

As part of its documentation services, OPO Veneto prepared the necessary documents to gain PGI designation for both *Radicchio Rosso di Treviso* and *Radicchio e di Castelfranco*. OPO Veneto continues to work with the consortiums for these PGIs to ensure that producers file the appropriate paperwork and fill out other necessary documents. OPO Veneto handles documentation for other certifications such as ISO 9002 (about 50 percent of OPO Veneto producers are ISO certified). These services relieve individual producers of the burden of completing the paperwork required by the E.U. and national governments.

Marketing services include generic promotion of Veneto products. The association can leverage the combined resources of the cooperatives, PGI consortiums, and government funding for programs such as visual identity for packaging for Veneto products (see Figures A.4 and A.7), sponsoring high-visibility events such as an Italian team climbing Mt. Everest and the Miss Italy contest, attending trade shows, and printing promotional publications. Outreach services include educational seminars and technical support for producers.

Actual sales of produce are handled by the cooperative-members of OPO Veneto. These five cooperatives represent the combined production of 500 farms and can combine production from many small farmers to achieve the volume and variety of produce necessary to market to supermarkets, restaurants, and other buyers. The produce is assembled at one of eight distribution centers in the Veneto region, and transportation between the distribution points and customers helps the cooperatives meet the extremely strict delivery requirements imposed by supermarkets and restaurants.

Any producer can join and sell product through the cooperatives. In addition to marketing services, producers can lease refrigerated space at the cooperatives' distribution

points so they can store harvested produce. About 90 percent of the producer-members sell all their produce through the cooperatives. The other 10 percent (generally larger-scale producers) sell additional produce into commodity markets. The cooperatives receive 10 percent of the profit from sales, and the producers receive 90 percent.

The volume of produce marketed from the Veneto has increased by 10 percent per year over past 10 years. Between 1987 and 2004, the amount of produce sold by the five cooperatives increased from about 18 metric tons to an estimated 20,000 metric tons. The number of producer-members increased from 200 to 500 farmers during the same period. Currently, OPO Veneto cooperatives market about 70 percent of the produce within the Veneto region, about 26 percent in other regions of Italy, and about 4 percent outside Italy. As noted, the Veneto can supply vegetables to most of Europe within 24 hours. However, transportation costs significantly affect final prices, so the Veneto will need to export non-commodity product to be competitive.

The cooperative system is important in helping producers gain access to a broader range of markets, but a major key to economic survival in this system is identifying one or more products and producing for niche markets that are protected from competition by generic products.

### **Agritourism**

The first national law on agritourism in Italy was implemented in 1985, and many Italian farmers have embraced agritourism as a way to add value to their agricultural production and market their products on the farm. Many of these farmers have discovered that tourists are prepared to spend large amounts of money on eating, drinking, and vacationing in rural areas. Given the growing popularity of agritourism, the Italian government is implementing policies to promote agritourism as a way to help revitalize rural areas by aiding the survival of agriculture, increasing farm income, creating new jobs in rural communities, adding value to typical regional products, and diversifying tourism opportunities. However, as shown in the following discussion, agritourism is highly regulated in Italy. Some of this legislation arose in response to concerns expressed by the owners of traditional restaurants and hotels.

For example, farming activities must remain the first source of revenue for a farm to be authorized to provide agritourism, and the scale of the agritourism part of a farming

operation (e.g., number of beds, number of meals that can be provided) is based on the actual size of farming activities (Menghini 2004). Agritourism services in Italy range from providing light snacks for visitors who come to farms for brief visits to providing “farm holidays” that include meals and overnight accommodations. During the past five years, agritourism in Italy has increased by 25 percent, due mostly to an increase in the number of farms offering overnight accommodations. In most cases, agricultural production remains the primary activity for the farm, and agritourism is a secondary activity that generates enough additional income to keep farm families on the land. These families are often comprised of more than one household (e.g., parents and their married children or married siblings and their children).

Unlike the traditional system of transporting agricultural products to off-farm markets, agritourism provides a marketing model in which the market/customer consumes the farm products on-farm. In addition to eating and staying overnight, visitors purchase wines, meats, cheeses, jellies and jams, honey, and baked goods to take home.

Of the approximately 15,000 farms in the Veneto region, 260 are operating as *agriturismos*, or registered farms where guests can take a farm holiday. These farms provide recreational and educational activities that give visitors the opportunity to learn about food production and cultural traditions in the area. Guest activities might include hiking, biking, horseback riding, exploring historical landmarks, evening musicals, wine-tasting classes, harvesting and stomping grapes, bird watching, and plant identification.

By law, Italian landowners or farm operators can provide one of three levels of service: light snacks, full meals, or meals and sleeping accommodations. In each case, the license to provide food and drinks includes permission to sell alcoholic beverages produced from locally grown grapes.

### **Snacks**

The lowest level of tourist services is providing snacks to short-term visitors. In this case, visitors consume light, self-service refreshments that might include meats, cheeses, baked goods, fruits, and wine. By law, 51 percent of the products sold in this manner must be produced or prepared on the farm. There are no limits on the number of days per year snack services can be offered, or to the number of guests that can be served. Farmers can also sell produce, processed products, and cooked and baked foods for tourists to take with them.

### **Full Meals**

The second, and most common, type of tourism service is serving full meals to farm guests. In the Veneto, farms with a serving capacity of 60 persons can stay open 210 days per year, whereas farms that serve 60 to 80 persons at a time can operate a maximum of 160 days per year. As a general rule in Italy, the maximum number of meals per day is usually double the number of beds allowed (Menghini 2004). One advantage of providing full meals is that the farm family generates immediate cash from customers.

At least 60 percent of the products used for on-farm meals must be raised on the farm, at least 25 percent must be raised on farms within the local area, and up to 15 percent can be purchased commercially. In high-altitude areas (> 500 meters elevation), only 15 percent must be grown on the farm, 25 percent must be grown on area farms, and 60 percent may be purchased from outside the area. In these areas, the majority of farm products are meats and cheeses.

Many farms provide meals only on weekends, which are popular days for people to travel to the countryside for a meal. Although the number of farms providing full meals is probably near its saturation point in the Veneto, this tourist service remains very popular. As with the other two levels of service, these farms also sell produce, prepared foods, and wines to be consumed later.

### **Dining and Overnight Accommodations**

The highest level of service provides food and overnight accommodations. Many of the people seeking this type of rural vacation are young people looking for a more economical vacation than can be had by staying in hotels and eating in traditional restaurants. By law, a single farm may host up to 30 people per night and may serve meals to up to 80 diners at one time. These agriturismos can operate for a maximum of 160 days per year.

According to the *Agriturismo Terranostra di Terviso*, the limitation on days of operation does not appear to affect the average agriturismo operator. Statistics show that most agriturismos are not open more than 140 days because other farm work must be done; many are open only on weekends, and the majority is open between 100 and 120 days per year. The farmer can decide what days to provide services. However, farm loca-

tion is a factor in areas such as the mountains, where weather limits most agritourism to a relatively short time during the summer (Feltracco 2004).

In addition to producing wines, cheeses, vegetables, herbs, and mushrooms, many agriturismo operators feed livestock and process meat. On-farm slaughter is allowed for pigs, goats, sheep, and chickens, with limits on the number of animals or birds slaughtered per week. Cattle must be slaughtered off-farm, but the carcasses are returned to the farm for processing.

### **Licensing and Investment**

Farmers engaging in agritourism must be licensed. The farm owner or operator must have two years of farm experience and 100 hours of training and pass an oral exam. (The experience is necessary to receive funding from government programs.) The training includes courses on law, farm management, financial accounting, hygiene and sanitary issues, transporting and processing agricultural products, and hospitality. The courses are organized by regional authorities in accordance with current law and the specialty products of the area (e.g., wines, cheeses). Most participants take the classes because they are required but appreciate the importance of the training once they have completed the courses (Feltracco 2004).

The primary limiting factor in developing an agriturismo is the cost of preparing the farmhouse or other buildings to meet regulations for hosting guests. The regional agriturismo consortium notes that this investment can exceed €1 million. The Italian government provides some grants to farmers, but demand for grants far exceeds funding. In the Veneto region, for example, 38 applicants competed for four grants. When awarding the grants, the government favors young people in poorer/mountainous areas, farmers who offer overnight stays, and farmers who produce PDO and PGI products (Feltracco 2004).

According to statistics compiled by the regional agriturismo consortium, annual incomes vary from €50,000 to €270,000 per year (in addition to income from primary farming activities), and some farmers have been able to recoup their initial investment in as little as one year. However, most farmers take longer to recover initial investment costs. Research has shown that the success of agritourism on a given farm is almost wholly dependent on the farm family's behavior and attitude toward guests.

## **Educating Consumers**

Italian agricultural policy provides incentives for producers to promote regional production, and this producer buy-in is an important force behind educating consumers about economic, cultural, and gastronomic advantages of purchasing typical foods. However, some producers have discovered that registering a typical product does not automatically mean that consumers will rush to purchase it. Consumers who know about typical products tend to be very supportive, but many consumers still need to be educated about what a GI means, and some industry experts believe that too much of this educational burden has fallen on the shoulders of consortiums for GIs instead of on the E.U. government. Anecdotal evidence indicates that many consumers are not aware of the wide variety of typical Italian products and do not yet understand the meaning of the E.U. logos designating GIs. Perhaps the large quantity of typical products will be confusing to customers until the system has been in place longer and consumers become accustomed to seeing the E.U. logos.

As noted, agricultural associations and providers of tourism services are attempting to reclaim cultural and social characteristics and traditional foods to promote agricultural products and regional food systems. These programs seem well suited to Italian society, where eating and sharing meals historically has played an important role in social interaction. At the same time, marketing programs are appealing to modern consumer issues such as environmentally responsible production methods and a healthy, nutritious food supply. For example, the Veneto region supports the regional marketing project “Buy Veneto,” which includes workshops and meetings with international tourism operators and foreign buyers and focuses on the Veneto’s artistic, gastronomic, and craft heritage and diverse tourism opportunities.

During the past 10 to 15 years, Italian farmers have been working at integrating tourism and farming activities. One result of this integration is the development of a number of organized routes where tourists can visit wine cellars, traditional restaurants, food producers and processors, and other agritourism services. These routes are a new way of connecting the promotion of traditional products with tourism. There are about 16 dedicated routes in the Veneto (see a description of these routes at <http://www.regione.veneto.it/Economia/Agricoltura+e+Foreste/Agroalimentare/Turismo+enogastronomico/Le+strade+del+vino+e+dei+prodotti+tipici/> [in Italian]) (Menghini 2004).

## Conclusions

Italian agricultural and food policy has shifted from encouraging high-volume, commodity production to encouraging more limited production of high-quality, high-value products. The emphasis on regional food systems and tourism to add value in agriculture has a great deal of appeal in Italy, where many traditional cultural and social activities are related to eating and sharing food. In developing regional food systems, E.U. regulations and national governments are encouraging producers to identify products that can be linked to specific production areas and legally protected against competition. The European Union provides several justifications for this policy stance, the most important of which is to increase producer incomes by encouraging high-value products for niche markets instead of commodity production. Many of the policies favor younger producers in poorer regions and in areas where conventional agriculture cannot be practiced.

Because the E.U. system is heavily regulated, OPO Veneto and its five cooperative-members provide a unique promotional and marketing system that relieves producers of the burden of individual documentation and certification, allows many small-scale farmers to combine production to supply larger markets, and combines resources for promotional activities. However, it appears that greater consumer education is needed to help consumers differentiate between regional products and GIs and what the three GI designations mean.

Agritourism policies complement policies encouraging production of typical products by requiring that minimum percentages of the foods served to tourists are produced on the farm and in the region. Agritourism and farm holidays in the Veneto often emphasize traditional farming methods and local historic landmarks and buildings to educate guests about the local culture. E.U. policy includes some funding to assist farmers who are young, living in marginal agricultural areas, and/or producing products designated as GIs.

Producers in the Veneto region of Italy appear to be slowly moving away from the conventional agricultural model, as evidenced by the ever-increasing number of typical products and increasing percentages of farmers producing typical products and engaging in agritourism. U.S. producers do not have the same long history on which E.U. countries are basing origin and production of food products. But, developing niche markets for re-

gional foods by tying foods to regional history, culture, and traditions; protecting foods against competition from products produced outside the region; and developing tourism in marginal production areas may be effective ways to reinvigorate some rural U.S. communities. In fact, many organizations and rural communities are attempting to create similar regional food systems and develop agritourism. However, for any large-scale change to take place, most U.S. producers will likely require agricultural policies that provide greater incentives and less risk before they produce niche crops, develop agritourism, or participate in other activities that will lessen their dependence on conventional production methods and production of commodity products.

## Endnotes

1. Most of the information for this paper was obtained during meetings with producers, processors, government officials, and academics in the Veneto region of Italy during the Iowa State University College of Agriculture/IAHEES Faculty/Staff Development Tour, "Food Systems of Northern Italy," May 16-25, 2004.
2. GIs are included in the World Trade Organization negotiations in the TRIPs (trade-related aspects of intellectual property rights) negotiations and are now mentioned in the agricultural Annex A of the Framework Agreement signed in Geneva on July 31, 2004. The GI issue has created a great deal of controversy among nations trading with the European Union and has led to litigation within the European Union itself. See Babcock and Clemens (2004) for an analysis of these issues.
3. To view the marks used for the three types of GIs, see [http://www.europa.eu.int/comm/agriculture/foodqual/quali1\\_en.htm](http://www.europa.eu.int/comm/agriculture/foodqual/quali1_en.htm).

## Appendix



Source: [Tourizm Maps © 2003](#).

FIGURE A.1. The 20 regions of Italy (top) and the provinces of the Veneto region



**FIGURE A.2.** The traditional, open-pollinated biancoperla corn is produced in the extremely sandy soils of the Veneto. Soil profiles in the Veneto indicate sand content of 49 percent and higher.



**FIGURE A.3.** Farina di Mais Biancoperla is a finely ground, white corn meal used in making traditional white polenta in the Veneto. This corn meal has been designated a regional product of the Veneto.



**FIGURE A.4.** *Radicchio Rosso di Treviso* is designated as a product with Protection of Geographic Indication (PGI) within the European Union. This radicchio can only be grown in the provinces of Treviso, Padua, and Venice on the eastern side of the Veneto.



**FIGURE A.5. White asparagus is produced in hills that are uncovered, mounded with additional soil to cover the emerging spears, and re-covered daily.**



**FIGURE A.6.** When the asparagus is ready for harvest, the soil is removed to expose the spears and the asparagus is cut by hand.



**FIGURE A.7.** High-quality white asparagus from the Veneto awaits shipment from the local cooperative.

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