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Italian association of agri-food and land economists*



# Network Contract experiences in Italian Agriculture

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Fiducia, innovazione, efficienza e qualità economica*



# Objectives

This study presents the Networks Contracts as a new and alternative model of collaboration in the national agri-food sector.

This flexible legal instrument fosters the growth of small and medium enterprises.



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# Methods

This study focusses on three areas.

- I) How prevalent is this legislation in the agri-food sector?
- II) Why do agri-food SMEs use it?
- III) How do rural development policies support the process?

The first examined the available sources: Confindustria-RetImpresa and Confagricoltura.

Then, three NCs were investigated which concentrated on tomato, hazelnut and hops sectors.



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# Methods

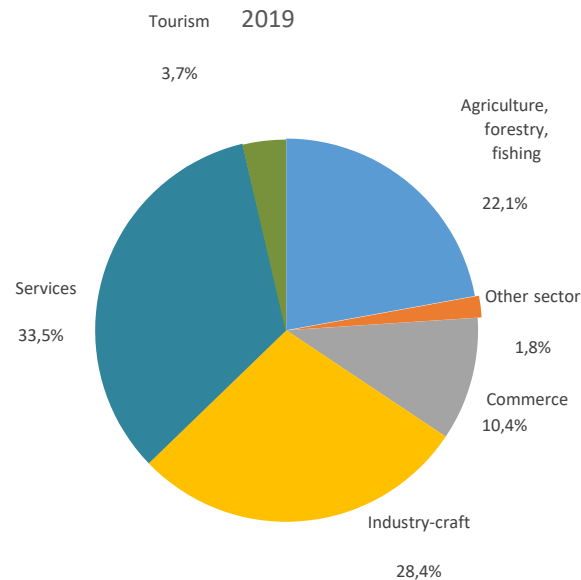
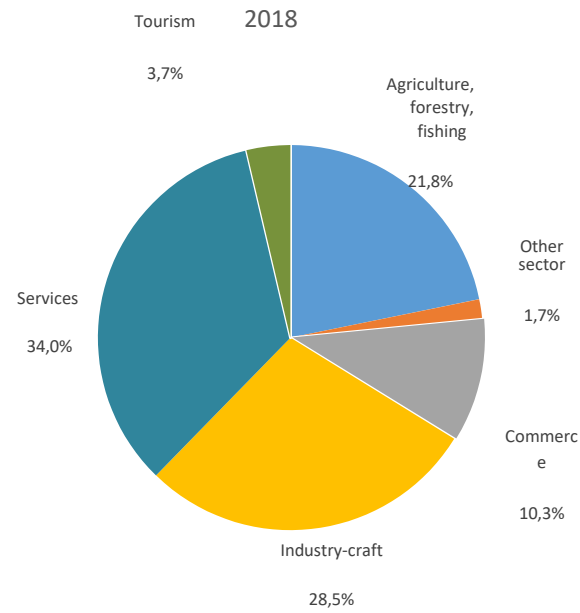
The analysis was carried out by using the methodology of interviews with a few semi-structured open questions to acquire information on:

- i) organization of the network and its evolution,
- ii) motivation for establishment and participation,
- iii) drive to internationalization
- iv) activation of innovations.
- v) the role of rural development policies to facilitate business aggregation processes.

# Result

## 1st Area

*Graph - Companies involved in networks by sector of activity (2018-Summer 2019\*)*



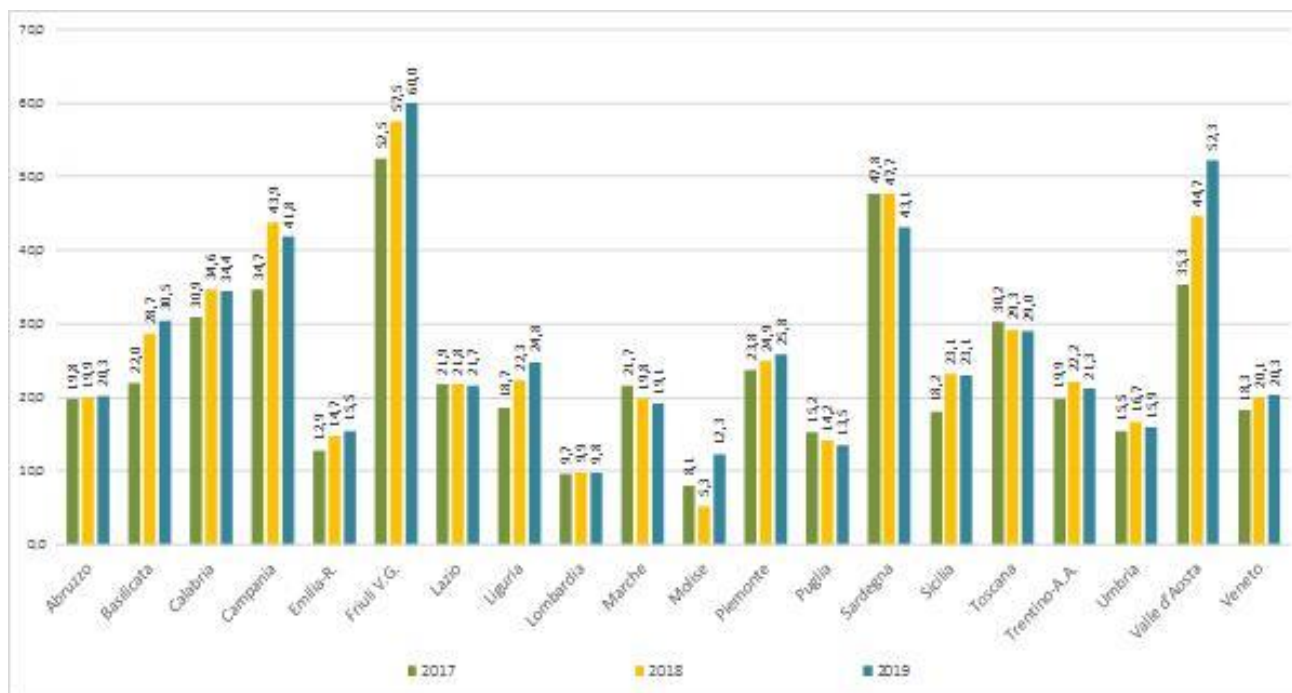
Agriculture sector  
has the highest number  
of NCs.

In the first half of 2019  
agricultural value has  
increased reaching  
22.1% (2018 was  
21.8%).

# Result

## 1st Area

*Graph - Share of enterprises in the agri-food sector in the network as a percentage of total enterprises involved in contract networks (2018 - mid-2019, percentage %)*



The participation of agricultural companies in networks is growing in all Italian regions,

particularly in Calabria 34.4%, Basilicata +30.5%, Molise +12.3% and in Valle d'Aosta +52,4%.

# Result

## 1st Area

The regions in which agricultural enterprises are concentrated are:  
Friuli Venezia Giulia,  
Campania, Lazio and  
Toscana

**Table - Agricultural and agri-food industry enterprises involved in contract networks (2017-2019\*, absolute values)**

Regions	2017			2018			2019		
	Agric. forestry, fishing	Food and beverage industry	Total	Agric. forestry, fishing	Food and beverage industry	Total	Agric. forestry, fishing	Food and beverage industry	Total
Abruzzo	140	66	206	151	70	221	160	66	226
Basilicata	50	7	57	73	7	80	99	8	107
Calabria	105	49	154	133	53	186	149	56	205
<b>Campania</b>	<b>412</b>	<b>76</b>	<b>488</b>	<b>757</b>	<b>90</b>	<b>847</b>	<b>772</b>	<b>106</b>	<b>878</b>
Emilia R.	162	73	235	222	75	297	258	79	337
<b>Friuli V.G.</b>	<b>736</b>	<b>40</b>	<b>776</b>	<b>981</b>	<b>38</b>	<b>1.019</b>	<b>1.241</b>	<b>41</b>	<b>1.282</b>
<b>Lazio</b>	<b>447</b>	<b>39</b>	<b>486</b>	<b>541</b>	<b>42</b>	<b>583</b>	<b>655</b>	<b>49</b>	<b>704</b>
Liguria	58	8	66	83	10	93	110	11	121
Lombardia	182	77	259	202	86	288	221	90	311
Marche	137	15	152	143	18	161	152	20	172
Molise	3	0	3	3	0	3	7	0	7
Piemonte	192	23	215	24	37	278	297	43	340
Puglia	171	26	197	19	29	219	199	27	226
Sardegna	199	58	257	21	47	265	229	48	277
Sicilia	73	39	112	13	47	178	143	49	192
<b>Toscana</b>	<b>504</b>	<b>29</b>	<b>533</b>	<b>55</b>	<b>30</b>	<b>589</b>	<b>605</b>	<b>33</b>	<b>638</b>
Trentino-A.A.	50	10	60	6	11	79	76	12	88
Umbria	48	18	66	5	18	77	61	18	79
Valle d'Aosta	5	7	12	1	7	21	24	10	34
Veneto	263	54	317	36	70	435	394	104	498
<b>Italia</b>	<b>3937</b>	<b>714</b>	<b>4651</b>	<b>5.134</b>	<b>785</b>	<b>5.919</b>	<b>5.852</b>	<b>870</b>	<b>6.722</b>

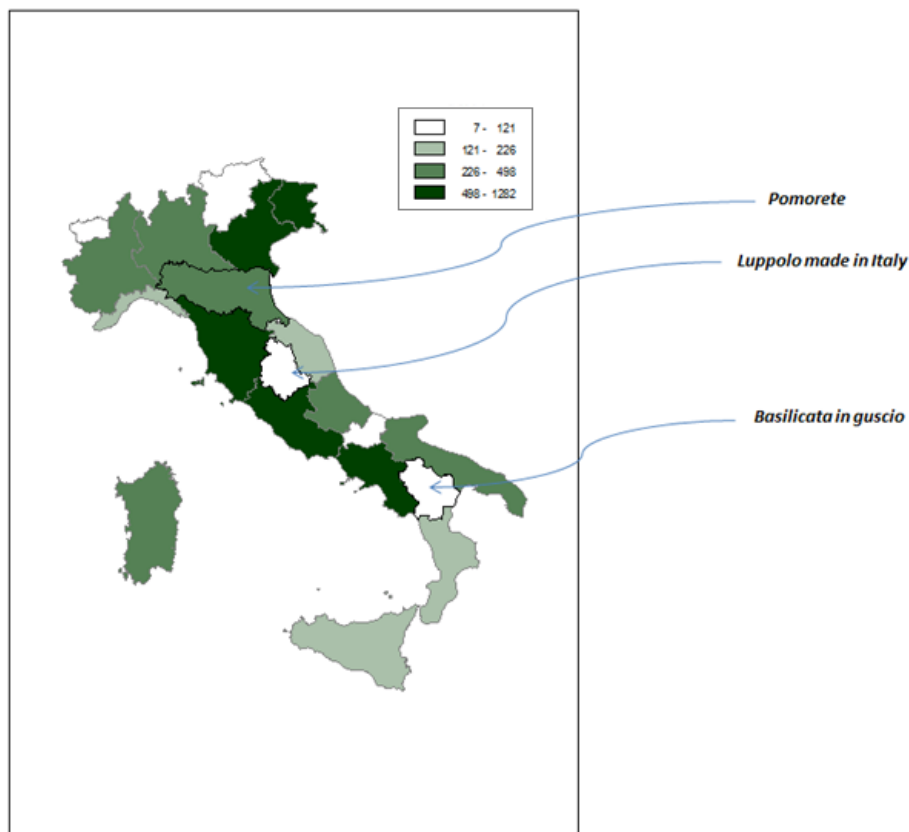
\* I half year 2019

Source: our elaborations on Infocamere data



# Results

## 2nd – 3rd Areas



Established in Emilia Romagna in 2012

Comprises more than 100 farmers



Recognized in Basilicata in 2018.

Twenty-seven companies had experimental facilities.



Established in Umbria in 2018  
Made up of 27 SME in the agricultural, horticultural, mechanical, processing and marketing sectors.





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2nd – 3rd  
Areas



## Results

### «Basilicata in guscio»

- Set up at request of Ferrero, via "Progetto Nocciola Italia" - aims to develop 100% Italian corylicultural production and create a sustainable quality supply chain.
- Currently engaged as a Corilus Project partner, Submeasure 16.1 and 16.2, 2014-2020 Basilicata RDP
- Some young farmers, under 40 years, benefited from the bonus.

### «Luppolo made in italy»

- Pro.BIO, AIAB, the Cooperative Agricooper Group of tobacco growers, ABOCA, AG4.0, Centre of Excellence in Beer Research and the Consiglio Nazionale delle Ricerche (CNR).
- Main objective - build the Italian hops supply chain, from production in Umbria.
- Measure 16.2.1 of the Umbria 2014-202 RDP - vital role in the creation of *Luppolo made in Italy*. ProBio Consortium members knew each other. Most farmers had benefitted from 2007-2013 regional RDP funding.
- The network farmers received funding from the 2014-2020 Umbria RDP for the first settlement of young farmers.

### «Pomorete»

- First network of companies in the tomato agro-industry
- Set up to start complex group business initiatives and spread the culture of Italian "healthy living".
- The tomato supply chain was supported by Confapi Industria.
- Pomorete and the English company Asili Processing Limited, a "social impact company" developing products and services, is interested in the design and implementation of tomato crops in Zambia for the production of tomato concentrate.



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# Conclusions

The NCs could bring add value to SMEs in the Italian agri-food sector improving the economy and overcoming social and environmental challenges in the entire network thanks to a collaborative attitude between companies.

The three NCs aim to:

- ❖ Increase critical mass (surface, product);
- ❖ Encourage new and higher investments for individual companies and for the network;
- ❖ Build a bridge with the research world to foster innovation;
- ❖ Carry out communication at national and international level;
- ❖ Initiate internationalization processes.



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## Conclusions

The members of the business network aim to increase sales by entering new national and international markets, to reduce variable and fixed costs, to learn the know-how and to increase their skills.

Networks are mainly based on previous personal relationships and trust which leads to their formalization over time through animation activities. The level of activity in the territory and the experience gained in the field of local development affects the results of the NCs, requiring the ability to collaborate and coordinate.



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# Conclusions

The three case proved that the NCs creates and promotes a single brand and the development of sub-contracting. The NC consolidates the territorial system, enriching it with knowledge, expertise and financial resources and second, opening up to the national and international market.

They showed a link to innovation policies (16.1 and 16.2) in rural development and for individual farms was natural and consequential..



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# Thanks for your attention



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