

C.E.D.R.



**European Council for Agricultural Law
Comité Européen de Droit Rural (C.E.D.R.)
Europäisches Agrarrechtskomitee**

**XXV European Congress and Colloquium of Agricultural Law
Cambridge – 23 to 26 September 2009**

**XXVe Congrès et colloque européens de droit rural
Cambridge – 23 au 26 septembre 2009**

**XXV. Europäischer Agrarrechtskongress mit Kolloquium
Cambridge – 23. bis 26. September 2009**

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**10 Steps (And Some Problems) To Diversify Farm Business –
Legal Issues in a Case Study**

Legal incentives and legal obstacles to diversification for farmers –
Incitations et obstactles juridiques de la diversification de
l'agriculture – Rechtliche Fördermittel und Hindernisse für die
bäuerliche Diversifikation

Prof. Dr. Domenico Viti

Università degli studi di Foggia

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**10 Steps (And Some Problems) To Diversify Farm Business.
Legal Issues in a Case Study**

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The case study concerns a farm in Southeast Italy, in the region of Apulia. The estate comprises about 30 hectares of olive and almond fields and has an ancient house that in this region is called a masseria. The farmhouse is located at what used to be a crossway in an important system of sheep routes that since the Middle Ages allowed shepherds to reach the islands of Abruzzi during the summer, which were granted by privileges by the King of Naples. After the end of the sheep route system, the masseria changed its business focus to crops. For this reason the farmhouse experienced a long decline, because its economic function had faded away. The rural landscape sees the presence of olive and almond trees, small woods of oaks and “lame”, ancient beds of little rivers which in Phoenician times were still possible to utilize by boats (and Phoenician brought almonds seeds from Asia).

In 1997 the last scion of the family inherited the property and adopted a sharp change of attitude toward this vanishing of the economic worth of the masseria. She was a lawyer and understood that farm diversification would be the solution for a situation otherwise difficult to manage. The problem was that the price of almonds and extra virgin olive oil had gradually decreased over the years due to the strong competition of the almond industry in California. Farm diversification had to have its roots in the crops, but the business vision had to be reversed.

Territorial farming had to be the choice to follow, therefore the crops could not be considered commodities but strongly interconnected with the countryside of the farm. The real product of the farm had to become the landscape not just the produce. But to reach the goal, some steps had to be taken, also overcoming legal difficulties encountered on this path.

First Step: Giving a new worth to the crops. The choice was made to focus on almond production more than extra virgin olive oil. Apparently this was a more difficult starting point, because extra virgin olive oil still had a wide demand while almonds seemed to not have a thriving market. That was what can be referred to as a paradoxical decision by going against common behaviour. The decision was to add territorial worth to the almonds: A presidium of Slow Food was started, because the European Union geographical indications (GI) were considered too burdensome related to organizing very tiny farms still engaged in almond cropping in that area. Slow Food as a private association gave the flexibility to organize just the small number of motivated farmers with farms of mostly the same size. A strong campaign to promote the presidium was started with wide coverage on press and media. The farmers had to respect regulations imposed by Slow Food and underwent inspections periodically to ensure the quality of the product.

Second Step: Bringing culture to agriculture. The farm started to host summer school of the Italian Institute of Philosophical Studies. The seminars were related to conceptualizing the territory as an economic benefit. Post-graduate students who attended these brief courses were culturally contaminated with the approach to farming of local producers. The local municipality gave some scholarships to the best students in order to make the area known by scholars coming from other parts of Italy.

Third Step: Entering the LEADER Programme. In that area a Group of Local Action (GLA) was started by local municipalities and a cooperative bank. Under the Leader + Programme it was not convenient for farmers to own shares of the consortium that managed the GLA, because private shareholders of the consortium could not get the grants for the managed projects. So, reacquainting out of the GLA related the membership, the farm was granted funds to host cultural events related to the territory, and signs were appointed to facilitate directions to the place for people riding horses and bicycles. Now, with the changing of the rules on GLA enclosed in the Rural Development Program, the farm applied to become associated to the GLA whose is member the municipality where farm is.

Fourth Step: Getting permission for agri-tourism. Under Italian legislation the permission for agri-tourism is granted by the Region, but under Apulian legislation the first examination is made by the Province. That makes the procedure long and quite complex, because the Committee who is in charge of selections for agri-tourism is within the Assessor Board of Agriculture, but the

President of the Committee is the Assessor of Tourist Businesses. Thus, it is not easy to obtain the license, because agri-tourism has strong tax relief that is considered unfair competition by tourist companies. In order to get the permission, the farm had to start a grocery garden to prove it was ready to provide food to the customers coming from its own land. The masseria also applied to become “teaching farm” in order to start projects with schools and association for teaching environmental and agriculture matters.

Fifth Step: Going organic. In order to have a strong customer-oriented policy, the farm chose to become organic. It was selected by one of the most important associations, the Italian Association of Organic Farming, in order to get the label, becoming part of a consortium of organic food promoted by that association.

Sixth Step: Restoring the historical heritage building under the Regional Rural Development Plan. The farm successfully competed for a bid to receive grants to restore the ancient house. Given the severe Italian rules on historical heritage buildings restoration, the landlady had to utilize local materials such as stones, wood, etc. Also, the stone fences surrounding the property were restored respecting traditional methods.

Seventh Step: Respecting the food safety regulations. An important point was to overcome what appeared to be a Catch 22 problem. The masseria as a historical building must be restored using local traditional materials, but the local traditional materials could not be allowed under food safety rules. For instance, the kitchen could not be built leaving stones exposed but had to be covered with washable tiles. In the end a compromise was found through discussions with the different Boards ruling on different sets of rules. The kitchen was allowed to be built near the ancient farmhouse using materials allowed under food safety regulations, and a connection was built with the ancient part. That was considered acceptable under historical heritage protection because it did not alter the overall original structure.

Eighth Step: Entering the WWOOFing. The farm decided to use another international network to foster connections and cultural exchanges. The WWOOF is an association which organizes volunteers willing to have some training and the experience of organic farming. The farm was visited by dozens of volunteers from countries like Australia, New Zealand, Ireland, United States, U.K., Israel, etc. That increased the human worth of the work, for example the website was created for free by a person from New York City.

Ninth Step: Participating in trade fairs and farmers’ markets. Being a member of Slow Food and of an organic association has provided opportunities to participate in international meetings like Salone Del Gusto in Torino, and shortening the food chain by selling directly to important shops of high quality foods like Eataly.

Tenth Step: Having almonds included in the Atlas of Typical Agri-Food Products in Apulia under the National Government Decree of 18 July 2000. The landlady of the farm participated in the drafting of regulations to have almonds admitted by the Region onto the list of typical products that must be approved by the Ministry of Agriculture.

The ten steps have proven how legal knowledge can be very important to correctly start the path toward diversification. Some steps were done utilizing grants while others were enacted under strict private law rules (like accepting rules of associations). Anyway most of the investments for diversification was done with private capital. Legal intricacies in diversification are as complicated as agronomic problems. It was useful perhaps for the landlady to have her degree in law and post-graduate degrees in agricultural ecology and business planning. Putting together legal and agronomic expertise has been an important feature of this story. Farm diversification in a context like South Italy, where there is a lack of a strong farm extension system, can be accomplished just by having a strong legal base.