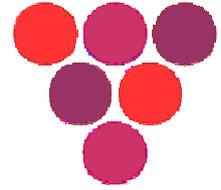




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Delivering public goods through agriculture. Some evidence from viticulture in Veneto region

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The EU debate on the future orientation of the Common Agricultural Policy (CAP) is increasingly shaped by the role of agriculture in providing public goods. There is a broad consensus that this approach will be particularly relevant in legitimating the EU policy intervention in agriculture and in rural development in the future (Cooper *et al.* 2009). Unlike other crops, viticulture is not characterised by high level of EU financial support, but at the same time the sector is heavily influenced by the EU policies and it may be considered particularly interesting to explore the main challenges of the CAP in integrating environmental and economic issues.

Through the analysis of policy documents and scientific papers and through in depth-interviews with regional experts, the paper explores the main policy challenges related to the implementation of the “EU public goods agenda” at the local level, by providing some evidence through the analysis of the viticulture in Veneto region. The aim of the present paper is twofold. On one hand, it aims at analysing the technical aspects related to the Veneto’s viticulture in order to provide a concrete picture of the “*jointness*” (OECD, 2008) between the main production practices associated to quality wines and the provision of environmental public goods. On the other hand, the regional case study aims at analysing more in depth the main potentialities and limitations of the current agricultural policy instruments in addressing the conflicts between environmental and market needs in the regional viticulture.

During the last decade the regional wine sector has experienced a strong development of the DOC and DOCG wines (Italian PDO system for wines) by involving several changes of the regional viticulture system which, to some extent, may be considered in contrast with the EU public goods agenda. Indeed, even though the development of typical products at local level may have several positive impacts on the economic development of rural areas and on the provision of social public goods (see Belletti *et al.*, 2003; Mattiacci and Zampi, 2004) some conflicts between the production of quality wines and the provision of environmental public goods were observed.

In Veneto region DOC and DOCGs wines have played an unique role in fostering the economic and social development of the areas involved, by ensuring the maintenance of agricultural activities in hilly areas which would have been otherwise abandoned, but also by promoting other economic activities, such as wine processing, wine selling and rural tourism. From an environmental perspective, the regional viticulture in many cases has also contributed to the character of cultural landscapes, especially in marginal areas where spontaneous afforestation is one of the main consequences of land abandonment, with several negative impacts on landscape heterogeneity and on biodiversity. Nevertheless, in many rural areas across the region, the introduction of the highly remunerative quality wines increased farm specialisation at a large spatial scale, with a consequent negative impacts on several public goods: (i) *biodiversity*, through an increasing specialisation based on the cultivation of few grape varieties (ii) *landscape*, through the enlargement of the specialised production zones and the standardization of the growing

techniques, (iii) *air, soil and water quality*, through the use of quite intensive production techniques which led to increasing soil erosion and an increasing air and water pollution.

Even though such trade-offs in terms of the different objectives pursued are inevitable, the analysis of the *jointness* between farming practices in Veneto viticulture and the provision public goods underlined that such provision is strongly associated with the specific management practices adopted by the farmers. The use of organic/integrated practices and/or precision farming are key issues in determining the effective provision of environmental benefits of the farming practices associated to viticulture. At the same time, the most detrimental impacts of the regional viticulture on public goods are related to the removal of semi-natural landscape features to create larger fields and to the changes of the natural shape of land when installing new plantations (soil levelling).

The main policy challenges are related to the implementation of cross-compliance at farm level and to the effectiveness of agri-environmental measures. Indeed, effective policies in delivering public goods through viticulture must take into account not only the additional costs necessary for farmers in order to adopt more extensive farming practices, but also the peculiarities of the local viticulture and the main market drivers, in order to obtain a better integration of environmental and economic objectives within the CAP. Additional studies about the trade-offs highlighted in this paper will be a crucial step in the future policy debate, in order to implement an EU public goods agenda with practical and effective solutions to the extensification/intensification land use debate.

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