USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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# Italy

**Post:** Rome

# Italian Grain and Feed Report 2011

**Report Categories:**

Grain and Feed

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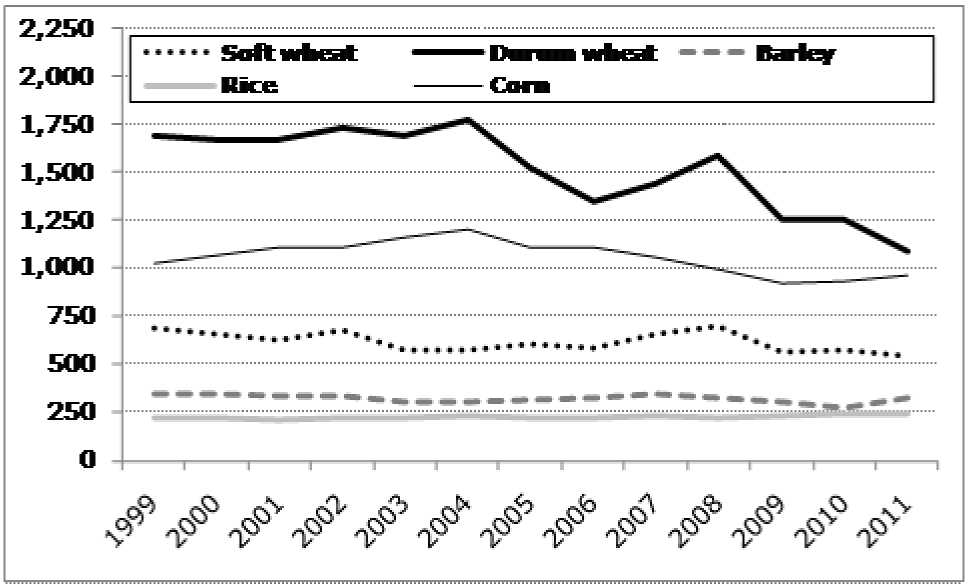
**Report Highlights:**

MY 2011/2012 wheat sowings will decrease compared to previous MY due to heavy rain during the planting season. MY 2011/2012 soft wheat area is est. at 535,000 ha while durum wheat area should drop by 10 percent to 1.1 million ha. MY 2011/2012 corn planted area is expected to increase by 9 percent from previous MY to 1 million ha thanks to increased profitability linked to the price surge. MY 2011/2012 Italian rice planted area is expected to be at 244,000 ha, fairly stable to previous MY.

## General Information:

Total cereals area in Italy is estimated at 3.2 million hectares (MHa), which is equivalent to about 25-30 percent of total Italian agricultural area. Despite the sharp decline in durum area over the past decade, durum is still the leading cereal crop, responsible for almost 40 percent of total Italian cereal area. Corn and soft wheat follow with 27 and 17 percent respectively. Durum is planted mainly in the south while soft wheat, corn, and rice are largely cultivated in northern Italy.

**Planted area trend for main cereals ('000 ha)** *- Source: Istat* **-**




## Wheat

**Production, Supply and Demand of wheat ('000 ha, '000 MT)**

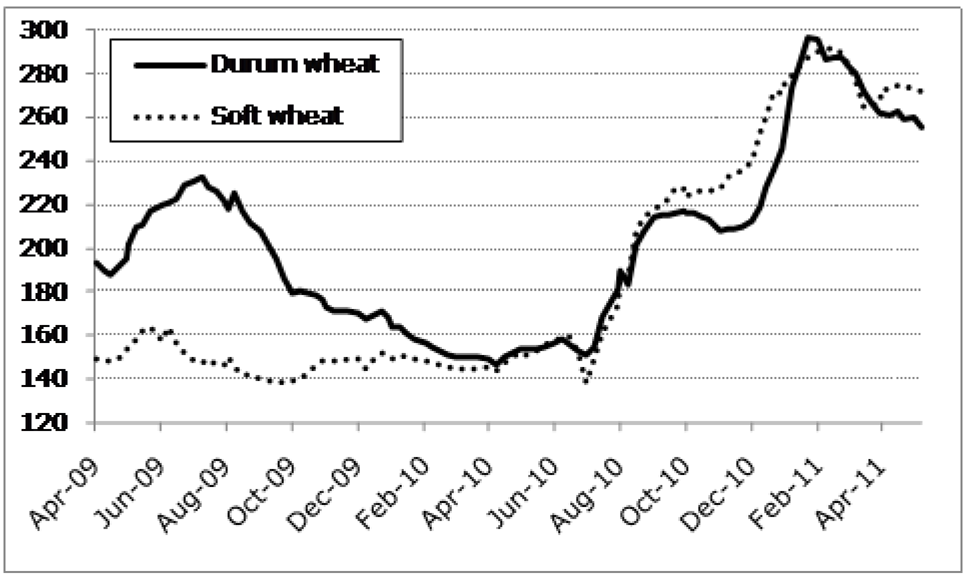
| Wheat total | Estimate | Estimate | Forecast |
|---|---|---|---|
| | **2009/10** | **2010/11** | **2011/12** |
| **Marketing Year Begins** | **07/2009** | **07/2010** | **07/2011** |
| Area | 1,900 | 1,810 | 1,665 |
| Beginning Stocks | 1,810 | 1,910 | 1,540 |
| Production | 6,700 | 6,490 | 6,100 |
| Intra EU27 imports | 4,281 | 4,800 | 4,900 |
| Extra EU27 imports | 2,664 | 2,645 | 2,650 |
| Total imports | 6,945 | 7,445 | 7,550 |
| **TOTAL SUPPLY** | **15,455** | **15,845** | **15,190** |
| Intra EU27 exports | 1,686 | 1,755 | 1,780 |
| Extra EU27 exports | 893 | 1,364 | 1,340 |
| Total exports | 2,579 | 3,119 | 3,120 |
| Food | 8,513 | 8,843 | 8,680 |
| Seed | 389 | 368 | 361 |
| Industrial | 263 | 254 | 253 |
| Feed | 1,800 | 1,720 | 1,636 |
| TOTAL consumption | 10,966 | 11,186 | 10,930 |
| Ending Stocks | 1,910 | 1,540 | 1,140 |
| **TOTAL DISTRIBUTION** | **15,455** | **15,845** | **15,190** |

**Production**

MY 2011/12 wheat area is forecast to decrease, compared to the previous year. MY 2011/12 soft wheat area is forecast to decrease 5 percent to 535,000 hectares (Ha) while durum wheat area is forecast to decline by 10 percent to approximately 1.1 million Ha. The decrease in area is mainly due to heavy rain that occurred during planting, especially in northern Italy. Nevertheless, good weather at the beginning of 2011 allowed additional durum sowing, especially in southern Italy. Additionally, the fall surge in corn and soft wheat prices encouraged many farmers shift from durum to corn.

Both soft and durum wheat prices peaked in 2010 at 2008 levels. However, soft wheat prices increased at a faster pace, exceeding durum wheat prices. Large stocks at the beginning of MY 2010/2011, stagnating demand, and steady supply curbed increases in durum wheat prices. Durum wheat prices are generally higher than soft wheat due to higher production costs, lower yields, and inelastic supply.

**Soft and durum wheat weekly farm gate price trend (€/MT)**




*Source: ISMEA.*

**Consumption**

Italian soft wheat consumption fluctuates around 8 million metric tons (MMT), mainly destined for the milling industry (approximately 70 percent) and to the feed industry (20 percent).

Italian durum wheat supply fluctuates around 7.5 MMT--almost all of which is utilized by the pasta industry.

**Trade**

Italy imports good quality soft wheat for milling mainly from France and Germany, with smaller amounts from Canada, Australia, the United States, and Kazakhstan. Italy imports medium-quality, low-price feed wheat from Ukraine and Russia. However, in MY 2010/2011 feed wheat imports from Ukraine were replaced by increased imports from France, Hungary, Romania, Bulgaria and other eastern-EU countries. Italy is the third largest durum wheat market in the world importing around 2.2 MMT, mainly from Canada, the United States, France and Mexico and recently also from Greece and Turkey. Pasta is mainly consumed in the domestic market but significant quantities are exported to EU (Germany, France, UK) and non-EU countries (United States and Japan).

**Soft wheat imports by trade partner ('000 MT)**

| | 2008/2009 | 2009/2010 | Jul-Jan 2009-2010 | Jul-Jan 2010-2011 |
|---|---|---|---|---|
| EU-27 | 2,945 | 3,700 | 1,991 | 2,436 |
| France | 1,406 | 1,520 | 819 | 953 |
| Germany | 557 | 627 | 341 | 202 |
| Austria | 246 | 475 | 255 | 306 |
| Hungary | 302 | 455 | 236 | 383 |
| Romania | 187 | 178 | 129 | 149 |
| Bulgaria | 106 | 141 | 57 | 101 |
| Extra EU-27 | 1,202 | 935 | 654 | 556 |
| Canada | 273 | 225 | 141 | 139 |
| Croatia | 29 | 153 | 108 | 82 |
| Russia | 219 | 133 | 106 | 18 |
| Australia | 88 | 120 | 83 | 21 |
| **World** | **4,146** | **4,635** | **2,644** | **2,991** |

*Source: GTA.*

**Durum wheat imports by trade partner ('000 MT)**

| | 2008/2009 | 2009/2010 | Jul-Jan 2009-2010 | Jul-Jan 2010-2011 |
|---|---|---|---|---|
| EU-27 | 656 | 480 | 259 | 571 |
| France | 426 | 203 | 96 | 227 |
| Greece | 105 | 159 | 90 | 268 |
| Spain | 67 | 38 | 21 | 13 |
| Extra EU-27 | 1,031 | 1,720 | 1,138 | 1,221 |
| Canada | 350 | 621 | 423 | 606 |
| Mexico | 182 | 332 | 332 | 208 |
| United States | 272 | 330 | 226 | 255 |
| Turkey | 0 | 254 | 74 | 35 |
| Australia | 185 | 125 | 56 | 81 |
| Kazakhstan | 13 | 27 | 24 | 33 |
| Tunisia | 20 | 27 | 0 | 0 |
| **World** | **1,687** | **2,200** | **1,396** | **1,792** |

*Source: GTA.*

**Pasta exports by trade partner ('000 MT)**

| | 2008/2009 | 2009/2010 | Jul-Jan 2009-2010 | Jul-Jan 2010-2011 |
|---|---|---|---|---|
| EU-27 | 1,007 | 1,055 | 605 | 615 |

| | | | | |
|---|---|---|---|---|
| Germany | 319 | 328 | 188 | 185 |
| France | 227 | 251 | 148 | 149 |
| UK | 192 | 204 | 115 | 119 |
| Netherlands | 40 | 42 | 25 | 23 |
| Sweden | 41 | 40 | 24 | 23 |
| Austria | 28 | 29 | 17 | 17 |
| Belgium | 29 | 28 | 17 | 15 |
| Extra EU-27 | 499 | 524 | 290 | 330 |
| United States | 101 | 115 | 68 | 71 |
| Japan | 79 | 84 | 45 | 45 |
| Switzerland | 26 | 28 | 16 | 16 |
| Russia | 22 | 24 | 12 | 21 |
| **World** | **1,506** | **1,579** | **895** | **945** |

Pasta includes durum wheat uncooked pasta and couscous (HS codes 190219, 190230, 190240), not converted to wheat grain equivalent.

*Source: GTA.*

## Corn

**Production, Supply and Demand of corn ('000 ha, '000 MT)**

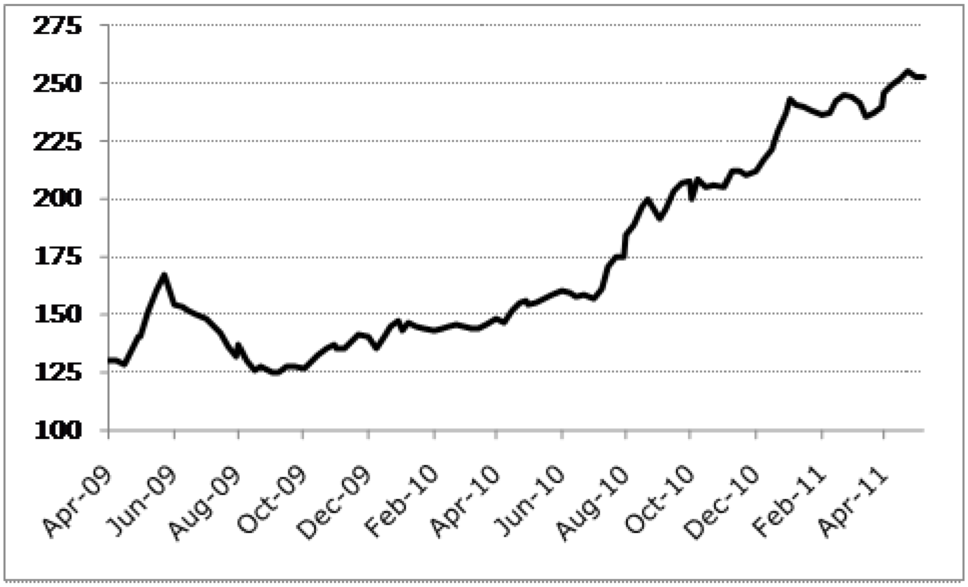
| Corn | Estimate | Estimate | Estimate | Forecast |
|---|---|---|---|---|
| | **2008/09** | **2009/10** | **2010/11** | **2011/12** |
| **Marketing Year Begins** | **10/2008** | **10/2009** | **10/2010** | **10/2011** |
| Area | 990 | 930 | 915 | 1,000 |
| Beginning Stocks | 1,100 | 1,300 | 1,000 | 500 |
| Production | 9,460 | 8,650 | 8,780 | 9,485 |
| Intra EU27 imports | 1,856 | 2,012 | 2,100 | 2,000 |
| Extra EU27 imports | 292 | 203 | 250 | 200 |
| Total imports | 2,148 | 2,216 | 2,350 | 2,200 |
| **TOTAL SUPPLY** | **12,708** | **12,166** | **12,130** | **12,185** |
| Intra EU27 exports | 51 | 121 | 130 | 90 |
| Extra EU27 exports | 37 | 12 | 25 | 15 |
| Total exports | 88 | 133 | 155 | 105 |
| Food | 340 | 330 | 335 | 340 |
| Seed | 33 | 33 | 35 | 35 |
| Industrial | 1,000 | 970 | 1,000 | 1,000 |
| Feed | 9,947 | 9,700 | 10,105 | 9,955 |
| TOTAL consumption | 11,320 | 11,033 | 11,475 | 11,330 |
| Ending Stocks | 1,300 | 1,000 | 500 | 750 |
| **TOTAL DISTRIBUTION** | **12,708** | **12,166** | **12,130** | **12,185** |

### Production

MY 2011/12 corn area is forecast to increase 9 percent from the previous year to approximately 1 million ha. The surge in corn prices combined with reduced wheat area due to heavy fall rains, encouraged farmers to shift from winter (wheat) to spring crops (corn, soybean and sunflower). MY 2011/2012 Italian corn production is forecast to increase while MY 2010/2011 final stocks are forecast to decline sharply due to high profits expectation.

MY 2010/11 corn production reached 8.8 MMT, slightly up from previous MY despite the decline in planted area. Average yields increased notwithstanding difficulties caused by heavy rains that occurred during harvest.

**Corn weekly farm gate price trend (€/MT)**




*Source: ISMEA.*

**Consumption**

More than 85 percent of Italy's corn supply is consumed by the livestock sector, either as simple or compound feeds. The remainder is utilized to make starch (8-9 percent), food products (around 3 percent) and for seeds (0.3 percent). The Italian starch industry produces starch for ingredients for the beverage and sweet industry, for industry (paper, pharmaceutical, chemical industry) and feed (corn gluten meal and feed). A small but increasing share of total consumption is also employed by biogas plants.

**Trade**

Italy imports about 2 MMT of corn annually. The majority of the imported corn come from EU-27 Member States and from other Eastern European countries.

**Corn imports by trade partner ('000 MT)**

| | 2008/2009 | 2009/2010 | Oct-Jan 2009-2010 | Oct-Jan 2010-2011 |
|---|---|---|---|---|
| EU-27 | 1,856 | 2,010 | 779 | 841 |
| Hungary | 989 | 943 | 329 | 395 |
| France | 227 | 391 | 148 | 72 |
| Austria | 354 | 327 | 157 | 152 |
| Slovenia | 79 | 152 | 62 | 79 |
| Germany | 116 | 87 | 49 | 35 |
| Romania | 28 | 63 | 20 | 85 |
| Netherlands | 26 | 20 | 8 | 0 |
| Bulgaria | 5 | 15 | 0 | 19 |
| Extra EU-27 | 292 | 203 | 130 | 194 |
| Croatia | 197 | 119 | 98 | 45 |
| Serbia | 75 | 62 | 26 | 37 |
| **World** | **2,148** | **2,213** | **909** | **1,035** |

*Source: GTA.*

## Rice

**Production, Supply and Demand of rice ('000 ha, '000 MT)**

| Rice | Estimate | Estimate | Forecast |
|---|---|---|---|
| | **2009/10** | **2010/11** | **2011/12** |
| **Marketing Year Begins** | **09/2009** | **09/2010** | **09/2011** |
| Area | 238 | 248 | 244 |
| Beginning Stocks | 210 | 197 | 104 |
| Milled Production | 975 | 948 | 967 |
| Rough Production | 1620 | 1516 | 1586 |
| Milling Rate | 6020 | 6249 | 6100 |
| Intra EU27 imports | 31 | 30 | 25 |
| Extra EU27 imports | 67 | 65 | 55 |
| TY Imp. From US | | | |
| Total imports | 98 | 95 | 80 |
| **TOTAL SUPPLY** | **1,284** | **1,239** | **1,151** |
| Intra EU27 exports | 653 | 675 | 680 |
| Extra EU27 exports | 128 | 150 | 150 |
| Total exports | 781 | 825 | 825 |
| Domestic consumption | 307 | 310 | 300 |
| TOTAL consumption | 307 | 310 | 300 |
| Ending Stocks | 197 | 104 | 26 |
| **TOTAL DISTRIBUTION** | **1,284** | **1,239** | **1,151** |

Statistics reported on a milled equivalent basis (expect for rough production)

Italy is the largest rice producer in the European Union with approximately 50 percent of the total EU-27 harvest. Although Italy accounts for less than 1 percent of global production, it is currently the fourth-largest rice-exporting country after Thailand, United States, and India (counting intra-EU trade). Rice cultivation in Italy is mostly located in the northern regions (Piemonte, Lombardia and Veneto) where water is relatively abundant (and cheap) and the rice crop can be raised in flooded fields. Numerous varieties are cultivated in Italy, of which around 70 percent are 'indica' varieties (Ariete-Drago, Arborio, Baldo, S.Andrea, Carnaroli) and the remainder are 'japonica' varieties. Rice area (around 240,000 ha) has been increasing for the last decade due to improved agronomic techniques, good export performance, and higher profitability compared to other arable crops (such as irrigated corn). The combination of high-quality varieties, farms sufficient large to realize economies of scale, and the EU's coupled rice payments allow Italian rice producers to compete well with other EU rice producers.

**Production**

MY 2011/12 rice area is forecast at 244,000 ha. Or about the same as the previous year, which was a record. However, beginning in MY 2012/2013, reforms of the EU coupled payments will increase the uncertainty over the future profitability of rice farming in Italy.

Despite increased area, MY 2011/12 rough rice production of 1.5 MMT, represents a 6-percent decline due to a sharp fall in yields as a result of heavy rains and low temperatures in May 2010. Nevertheless, crop quality was good.

**Consumption**

Except for rough (unmilled) rice exports and domestic seed sales, virtually all Italian rice is marketed as a whole-kernel milled product. Italian domestic rice consumption is stable at 300,000 MT, equal to approximately 30 percent of total production.

**Trade**

Italy exported 781,000 MT or rice (milled equivalent basis) in MY 2009/2010, almost 70 percent of total production. A large part of Italy's rice is exported to the EU-27, especially to France, Germany and UK. However, an increasing share is exported to extra-EU Mediterranean countries, including Turkey and Syria, due to the export ban in Egypt.

**Milled rice* exports by trade partner ('000 MT)**

| | 2008/2009 | 2009/2010 | Sep-Jan 2009-2010 | Sep-Jan 2010-2011 |
|---|---|---|---|---|
| EU-27 | 534 | 588 | 249 | 271 |
| France | 131 | 123 | 50 | 53 |
| Germany | 102 | 119 | 57 | 51 |
| UK | 73 | 80 | 35 | 25 |
| Czech Republic | 32 | 40 | 16 | 20 |
| Netherlands | 17 | 40 | 14 | 24 |
| Poland | 19 | 36 | 17 | 24 |
| Hungary | 35 | 23 | 10 | 13 |
| Belgium | 31 | 21 | 8 | 9 |
| Extra EU-27 | 90 | 118 | 39 | 50 |
| Turkey | 3 | 38 | 16 | 16 |
| Syria | 20 | 20 | 2 | 6 |
| **World** | **624** | **705** | **288** | **321** |

*HS codes 100630 - 100640

*Source: GTA.*

## Other grains

**Production, Supply and Demand of barley, ('000 ha, '000 MT)**

| Barley | Estimate | Estimate | Forecast |
|---|---|---|---|
| | 2009/10 | 2010/11 | 2011/12 |
| **Marketing Year Begins** | **07/2009** | **07/2010** | **07/2011** |
| Area | 307 | 274 | 324 |
| Beginning Stocks | 100 | 100 | 100 |
| Production | 1,049 | 991 | 1,165 |
| Intra EU27 imports | 777 | 780 | 630 |
| Extra EU27 imports | 27 | 10 | 8 |
| Total imports | 804 | 790 | 638 |
| **TOTAL SUPPLY** | **1,953** | **1,881** | **1,903** |
| Intra EU27 exports | 6 | 7 | 10 |
| Extra EU27 exports | 0 | 0 | 0 |
| Total exports | 6 | 7 | 10 |
| Food | 100 | 100 | 100 |
| Seed | 79 | 74 | 80 |
| Industrial | 424 | 410 | 410 |
| Feed | 1,244 | 1,190 | 1,203 |
| TOTAL consumption | 1,847 | 1,774 | 1,793 |
| Ending Stocks | 100 | 100 | 100 |
| **TOTAL DISTRIBUTION** | **1,953** | **1,881** | **1,903** |

**Production, Supply and Demand of sorghum, ('000 ha, '000 MT)**

| Sorghum | Estimate | Estimate | Forecast |
|---|---|---|---|
| | 2009/10 | 2010/11 | 2011/12 |

| Marketing Year Begins | 07/2009 | 07/2010 | 07/2011 |
|---|---|---|---|
| Area | 40 | 41 | 63 |
| Beginning Stocks | 0 | 0 | 0 |
| Production | 243 | 271 | 388 |
| Intra EU27 imports | 13 | 10 | 11 |
| Extra EU27 imports | 0 | 0 | 0 |
| Total imports | 13 | 10 | 11 |
| **TOTAL SUPPLY** | **256** | **281** | **399** |
| Intra EU27 exports | 9 | 10 | 10 |
| Extra EU27 exports | 0 | 1 | 1 |
| Total exports | 10 | 11 | 11 |
| Food | | | |
| Seed | 1 | 1 | 1 |
| Industrial | | | |
| Feed | 246 | 269 | 387 |
| TOTAL consumption | 247 | 270 | 388 |
| Ending Stocks | 0 | 0 | 0 |
| **TOTAL DISTRIBUTION** | **257** | **281** | **399** |

**Production, Supply and Demand of oat (‘000 ha, ‘000 MT)**

| Oat | Estimate 2009/10 | Estimate 2010/11 | Forecast 2011/12 |
|---|---|---|---|
| **Marketing Year Begins** | **07/2009** | **07/2010** | **07/2011** |
| Area | 134 | 114 | 121 |
| Beginning Stocks | 40 | 40 | 40 |
| Production | 314 | 279 | 290 |
| Intra EU27 imports | 32 | 53 | 30 |
| Extra EU27 imports | 1 | 2 | 1 |
| Total imports | 33 | 55 | 31 |
| **TOTAL SUPPLY** | **387** | **374** | **361** |
| Intra EU27 exports | 0 | 7 | 5 |
| Extra EU27 exports | 0 | 4 | 2 |
| Total exports | 0 | 11 | 7 |
| Food | 54 | 53 | 50 |
| Seed | 34 | 30 | 30 |
| Industrial | | | |
| Feed | 259 | 240 | 234 |
| TOTAL consumption | 347 | 323 | 314 |
| Ending Stocks | 40 | 40 | 40 |
| **TOTAL DISTRIBUTION** | **387** | **374** | **361** |

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***Abbreviations and definitions used in this report:***

Ha Hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

MS EU member state(s)

MY Marketing Year. Post and USDA official data both follow the EU local marketing year of July to June except for corn which follows an October to September calendar and for rice which follows a September to August calendar.

Trade data cited in this report was derived by using the following tariff codes:
All wheat (including flour, durum wheat, semolina, uncooked pasta and couscous): 1001, 1101, 190219, 190230, 190240
Corn: 1005
Rice: 1006

Barley: 1003
Oat: 1004
Rye: 1002
Sorghum: 1007

***Conversion factors and methods used in this report***

Flour, semolina and wheat products (uncooked pasta and couscous) are converted to Wheat Grain Equivalent by multiplying the product weight by 1.368.
Rough or Paddy rice (100610) trade data X 0.70 =milled equivalent basis
Brown rice trade data X 0.88 = milled equivalent basis

***Sources used in this report:***

| | |
|---|---|
| GTA | Global Trade Atlas |
| Istat | Istituto Statistico Italiano/Italian statistical center |
| ISMEA | Istituto di Servizi per il Mercato Agricolo Alimentare/Center providing services for the agricultural and food market |