

AGRICULTURE AT THE HEART OF BIOECONOMY. THE ROLE OF CONFAGRICOLTURA IN SUPPORT OF BUSINESSES



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I wish to thank the organizers for giving Confagricoltura the opportunity to participate in such an informative day concerning such a very interesting process. I'd like to take a moment to present Confagricoltura. For those not familiar, Confagricoltura is an association of farmers, the oldest in Italy. Today it represents a group of farm businesses: real business enterprises that want to keep trading and are therefore constantly looking for new solutions, new technologies to keep pace with the times, whilst maintaining the basic and fundamental vocation of farmers, which is to produce food for the population.

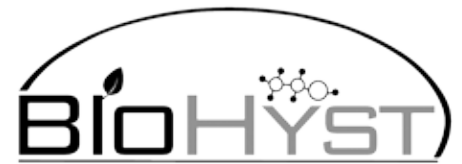
This does not only mean focusing on food, but also broadening our horizons in order to help these businesses compete. With this in mind, Confagricoltura in recent years has evolved. The function of agricultural trade organizations has, for a long time, been linked to defending and claiming farmers' rights and providing aid to help keep the land populated at a time when people have been flocking to industries.

Today, however, things are changing. Agriculture is regaining a leading position – not for nothing is it called a Primary Sector. It is, therefore, returning to the center stage. This does not mean that farmers are not having a rough time. In certain areas, perhaps, agricultural enterprises are experiencing more difficult moments compared to other less fragile sectors.

Confagricoltura is identifying new opportunities for companies, to help them compete and hold their position in the market. We are here today precisely for this reason. I am the National Vice President with responsibility for the Agroenergy and Sustainable Development. Dr. Pottino, President of Confagricoltura Sicilia, is also here because it seems to us that your project is important and certainly needs further exploration.

You have chosen Sicily as a bridge to communicate this new technology to the wider Mediterranean region. As Confagricoltura, we have for some time been concerned with studying ways to help develop some areas of Central and Southern Italy with regard to agroenergy. I'm talking especially about biogas, anaerobic fermentation. Although agriculture has also experienced significant investments in photovoltaics and wind power, these are marginal products not strictly related to farming itself. Anaerobic digestion, however, can be fully included within the context of agricultural activities or, better still, agricultural-livestock activities.

In the past years, incentives have been provided for production of electricity using anaerobic fermentation, i.e. biogas plants. However, things have evolved. We can imagine that incentives for the production of electricity will not have a great future because the electron is produced at ever lower costs with the sun and the wind. Therefore it is a waste to produce electricity



by using biogas, biomethane. Confagricoltura is focusing on trying to create the conditions for development of a supply chain for biomethane production, by raising awareness among the different ministries concerned (the Ministry of Agriculture, Ministry of Environment and Ministry of Economic Activity). Biomethane can be used in several ways: as natural gas in cities, if fed into the network, or for production of electrical energy via already existing power plants. However, we believe that the real possibility of development lies in sustainable transport.

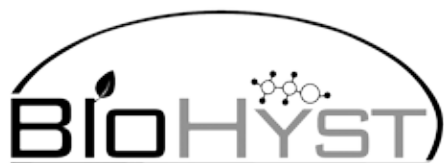
The BioHyst technology, presented today, is very important in this sense. In fact, within the concept of biorefinery where we are striving to optimize bioproductivity from agriculture, biomethane is particularly interesting when we use products which have already been "exploited" and have had their best constituents already extracted.

We have seen how many possibilities there may be in the development of a biorefinery. We saw this in particular with alfalfa: a soil improving and N-fixing plant which can be very useful for rotation between various food crops. For this reason we are particularly well-disposed towards this initiative, which we consider a good route to sustainable development in all its aspects (social, environmental and economic). From the social point of view it is of particular interest to territories in which, after installation, no other activities develop in those areas, as happens with photovoltaics.

Compared with biogas, in the past five years we have produced important figures: 12,000 permanent jobs, 4-5 billion euros invested and acres of land used. The media sometimes spread wrong ideas which, for those not directly familiar with the sector, can lead to a bit of confusion. I prefer to talk with numbers: in Italy we have a UAA (i.e. an agricultural area usable for the production of plants) of about 12.8 million hectares. Currently, out of the thousand biogas plants in existence, 260,000 hectares are being used, i.e. about 2%. Is that a lot? Is that a little? I'll leave it to you.

Here are two more figures which will help you to grasp the concept well: in Italy up until 5 or 6 years ago we received from the E. U. subsidies to keep some land idle, because of overproduction. The surface of this fallow land (the so-called set aside) was about 500,000 hectares. Furthermore, in Italy sugar beet was being used to make sugar. The EU required us to stop this production and, in this way, another 300,000 hectares more or less have been freed. Thus, competition for the production of agro-energy in agriculture is negligible. The problem lies elsewhere, and perhaps you can see it here in Sicily better than elsewhere. Sicily has always produced a lot of grain. Until not long ago there was a fairly thriving livestock sector which used French honeysuckle: a good crop that could be alternated with grain maintaining soil fertility through rotation.

Today the Sicilians tell me that animal husbandry has decreased a great deal and that French honeysuckle no longer has a market. One is therefore almost forced to stick to wheat monoculture, because there are no other economically sustainable possibilities. While this may be tolerable in the short term with help from mineral fertilizers, in the long run this leads to gradual soil infertility. It is definitely something we need to be concerned about. The European Community is showing this concern seeing that the EU obliges us to apply crop rotation in order to qualify for community agricultural policy support. We must, therefore, put effort into giving our farmers the possibility of an economically sustainable crop that has at the same time important environmental consequences.



And now we come to biomethane. As already mentioned, biomethane can be particularly interesting especially for sustainable transport. The new laws, approved in 2013 and 2014, allow farm businesses to produce biomethane and even distribute it in areas where it would otherwise not be possible. In addition, biomethane has been recognized as an advanced biofuel (this will be discussed in more detail by Dr. Del Manso) and this, of course, could facilitate its spread. So, Confagricoltura is looking at this technology with particular interest. We believe that even the smaller farm businesses can join a network to build a unit, which is a challenging investment from the economic point of view (we are talking about a few million euro). Not all companies can afford it. However, Confagricoltura has strongly supported the development of legislation that allows the creation of enterprise networks.

I'll spend another two minutes to explain briefly and in very simple words what an enterprise network is. An enterprise network is the simplest form of aggregation, which allows each farm business to keep its own individuality. Farmers know what it is to maintain the individuality of a business that belonged to their grandparents, great-grandparents, that has its own business record and its Common Agricultural Policy (Politica Agricola Comune). It is difficult to cede, merge and lose one's identity.

With this new tool, which is spreading rapidly, it is possible to network 5, 10, 15, 20 businesses and together determine how to embark on an innovative course that if done alone would be difficult to achieve: you maintain your identity and all your previous activities. For example, those who had wheat crops continue to do so, however, on about 20-30% of land surface, other plant matter can be produced to be conveyed to a biogas plant. This biomethane can soon be used in tractors: an opportunity that even Fiat is paying careful attention to.

Fiat itself is promoting the concept of Independent Energy Farm, namely the concept of a farm business which is completely independent from the energy point of view, both as regards fuels and soil fertilization, as it is possible to reuse what is left from biomethane production. In fact, after removing the CH₄ molecule, the other substances all go back into the soil.

This is how we can put into effect the idea of circular economy, which Confagricoltura and Environment Area have been upholding for a long time. We have to move by gradual stages from a linear to a circular economy. In a linear economy we take a product, use it and create waste which then remains for a very long time: it is a system that in the long run cannot hold. We need to create a circular economy where everything is reutilized in the best possible way. The process we have seen this morning is of particular importance in achieving this goal.

We are particularly open to this new opportunity. Without fail one of our technicians will participate on 13 February to expand further on this. We are prepared to serve as interface for our associate members in order to spread the knowledge of this technology and we hope that it can really establish itself to contribute to the maintenance of a healthy and balanced environment. I would like to end here with a saying which for us farmers is very important: "we must always remember that the earth is not a good thing that we have inherited from our fathers, but it is a good thing that we have borrowed from our children."

Thank You.