Padua 2017 Abstract Submission

I want to submit an abstract for:
Conference Presentation

Corresponding Author
Corsinovi Paola

E-Mail
paola.corsinovi@hs-gm.de

Affiliation
Hochschule GEISENHEIM University

Co-Author/s

Name	E-Mail	Affiliation
Davide Gaeta	davide.gaeta@univr.it	University of Verona, Department of Business Administration
Emanuele Fontana	efcorporation@gmail.com	Agricultural Credit Expert

Keywords
Agricultural Business Networks, CMO, Italy, RDP, Wine

Research Question
Are business networks a new opportunity to increase the competitiveness of wine firms? Could RDP and CMOs encourage the creation of wine business networks?

Methods
Analyse different typologies of business networks implemented in the wine sector (Veneto and Tuscany). Examine opportunities given by the new agricultural policies for 2014/2020 to encourage networking between firms.

Results
Different business networks and their development programs implemented, represent an opportunity to increase wine firms' competitiveness and a new tool for tax credits and improved dialogue with financial/credit institutions.

Abstract
Even with the introduction of the new Common Agricultural Policies (CAP) 2014–2020 (Reg. 1306/2013 and 1307/2013), the Single Common Market Organization (CMO) (Reg.1308/2013) and the Rural Development Programme (RDP) (Reg. 1305/2013), access to credit for farmers still remains a critical problem.
The opportunity given by agricultural policies to support farmers, such as the RDP and some of CMO's wine support measures, assist with promotion in third countries, investments, innovations, and vineyard restructuring. They are closely related to different typologies of co-financing systems. The co-financing principle holds that part of the cost is borne by the beneficiary of the grant (like farmers or group of producers). According to the different EU states' implementation and local rules, co-financing can assume different weights (from 30% to 50% to 60% with private economic resources) (Gaeta, and Corsinovi 2014). The small-scale economy of wineries also plays an important role in inhibiting credit access. This generates one of the main problem that many Italian farmers argue as being the source of the lack of access to financing and capital (Fontana, 2012). The problem takes different forms for different agricultural products and markets. A recent publication on the analysis of access to credit for agricultural businesses, according to the Bank of Italy database, shows both a decrease in credit for the agricultural sector between 2012 and 2014 (Ismea, 2014 & Banca di Italia, 2015) and a decrease in credit demand from agricultural enterprises. In addition, the analysis shows a decrease in demand for financing the construction of new farm buildings and for purchasing rural properties. Are business networks a new opportunity to access financing and to increase the competitiveness of the wine sector? This study analyses the factors inhibiting farmers' access to credit, including bureaucratic formalities, asset-based lending policies, agricultural contracts and their barriers.

The authors have decided to focus their analyses on the different typologies of business networks implemented in the wine sector and to examine the opportunities given by the new Agricultural Policies from 2014 to 2020 to encourage networks between firms in Veneto and Tuscany—two of the main wine regions in terms of quality wines produced and networks created.
This work highlights the strengths and weaknesses in terms of opportunities to access financing as a reputable firm and the several activities carried out by the networks (from production to international promotion to selling their wines). In addition, the work focuses on the examination of the legal framework within which this contract for agricultural networks should be created under Italian legislation and the opportunities given by the new agricultural policies: CAP and Single CMO (2014–2020).
The agricultural enterprises network is a new phenomenon developed in recent years in the Italian agricultural sector. This network is regulated by the Italian decrees D.lgs 5/2009 and D.lgs. 91/2014. The network contract is an innovative model of collaboration between the companies that allow participants to the network to realise joint projects and work together (also with an exchange of employers) for the achievement of specific objectives, and for increasing the innovative capacity and competitiveness of all participants. Several business networks have been created thanks to the opportunity given by the new Italian law for the creation of networks, and on account of the rural development financial opportunities and the CMO wine funds. The network contract can be created alongside the other forms of cooperation that are already implemented (such as producers, organisations, consortia, and cooperatives) without replacing them. It represents a new opportunity which allows companies to work together for the implementation of a network programme with different opportunities and activities. This success is due to the ability of the network system to build collective capacity through which it is possible to concentrate on different activities from production systems to marketing activities. The benefits of the network are as follows: it allows for participants to maintain autonomy and so preserve their own history; there is an absence of constraints linked to the place of origin or dimension; private governance is in place; activities are flexible; and there is the possibility of having an instrument created for the specific farmers' needs. The Italian decree n. 91/2014 encourages agricultural investments for business networks with a tax credit that is equal to 40% of the investment; it has an individual limit of € 50,000 and an overall limit of € 500,000 for 2014, € 1,000,000 for 2015 and € 1,000,000 for 2016. The tax credit for agricultural networks, which has an individual limit of € 400,000 and an overall limit for the whole Italy of € 4.5 million in 2014, € 9 million in 2015 and € 9 million in 2016, is much more interesting for those who plan significant investments in their farms (Italian law 91/2014).
In the scenario for 2014–2020, the Rural Development Programme provides six economic, environmental and social priorities, and proposes clear targets to be achieved. The National Rural Development Programme (NRDP) Italy, outlining the priorities for Italy for the use of approximately 2.14 billion EUR of public expenditure (963 million EUR from the EU budget and 1.17 billion EUR of national co-financing) for the period from 2014–2020, was formally adopted on November 2015. The new Italian RDP identified three aspects to the priorities that had been developed: one aspect of the six priorities was linked to the organisation of the food chain, including processing and marketing of agricultural products; a second was linked to animal welfare; and a third was linked to agriculture risk management (EU, Commission 2015,). These priorities are linked to the possibility of creating agricultural business networks. The objective is to improve logistic and commercial channels, and to raise consumer awareness about quality products on the market. Farmers are also encouraged to participate in cooperation projects with a view to developing short supply chains. Take, as an example, the RDP for the Veneto region, adopted in May 2015, which outlines Veneto priorities for using the € 1,194 million available for the 7-year period of 2014–2020 (nearly € 511 million from the EU budget, plus € 673 million of national co-funding, plus € 10 million of additional funding top-ups). The Veneto region estimates that around 640 farmers will receive support to participate in quality schemes and short supply chains, of which around 85% will be for participation in quality schemes and the remaining 15% for short supply chains (EU Commission, 2015).
This new model of agricultural business networks adopted in the Veneto and Tuscany wine sector shows, at the beginning of the study, various combinations of positive performance: retail, processing, research and development, new technology adopted, sustainability measures, better labour force use, increase in gross margins and revenues. Also the better companies' collaboration with banks and agricultural credit institutions and the distribution of the gains among partners, according to their various levels of investment, appear to be new outcomes of the networks.
Even if the asymmetry between credit institutions and wineries still remains, this work shows that the chance to use new corporate organisations to increase a company's gross margins and synergy in the value chain of the wineries, could represent an interesting solution for improved dialogue with the credit institutions and for providing funding based on specific programmes carried out by reputable companies. The different business networks and

their development programmes implemented with the RDP-CMO policies in Veneto and Tuscany regions, represent an opportunity to increase the wine firms' competitiveness and a new tool for improved dialogue with financial institutions.

References
Banca d'Italia (2015), Bollettino statistico, n. 1, 2, 3, 4, Roma.
European Commission – Factsheet on 2014-2020 Rural Development Programme for Region Veneto http://ec.europa.eu/agriculture/sites/agriculture/files/rural-development-2014-2020/country-
Fontana E. (2012), Credito Agrario. La valutazione finanziaria delle aziende, Ed. Il Faro, Trento.
Gaeta, D., & Corsinovi, P. (2014). Economics, Governance, and Politics in the Wine Market. European Union Development. Palgrave Macmillan - doi: 10.1057/9781137395320
ISMEA (2014), L'Accesso al Credito delle Imprese Agricole nel 2014– Osservatorio sul Credito n. – 1/2015