

CEI Support to Wholesale Markets Development in Ukraine: Italy Study Tour - Final Report

Objective

The Ukraine is a large country (with a population of approximately 48,5 million) characterised by an important agricultural production.

To direct the vegetable and fruit production towards higher quality standards the WMs can make an important contribution. The study which is currently being conducted in the Ukraine to create a network of WMs with reference to the Ministry of Agriculture fits perfectly into this context which is characterised by strong dynamics in the trade of agricultural products.

The elements which must be kept in mind for the implementation of a network of WMs are the following:

1. regulation of the sector through specific norms to be applied on a national level;
2. individualization of general public interest roles which the WMs can carry out;
3. creation of different structural types of WMs to be developed near large cities (consumer-type WM) or near production areas which have intensive fruit and vegetable production (farmer or assembly-type WM);
4. individualization of possible management structures and the possibility of putting the WMs (Agency) online, with reference to the Ministry of Agriculture;
5. study of a well-constructed programme based on the gradual implementation of each single WM;
6. individualization of first steps which could represent concrete opportunities, and allow the preparation in time of the directors and personnel in charge of the correct functioning of each WM;
7. study of a technical assistance programme to:
 - ensure the correct implementation and management of the WMs;
 - promote the future development of the WMs and next steps;
 - promote concrete projects able to set in motion a gradual process of quality incentivisation , whether it be hygienic-sanitary or in harmony with the characteristics of the territory;
 - all in accordance to EU regulations

The Study Tour

According to the needs of the Ukraine delegation, a few examples of Italian WMs have been singled out which can represent a useful starting point in getting to know the world of WMs.

It is important to note that in the past 20 years Italy has radically innovated its WMs division, both on a structural level and on a management and organisational level, mainly in accordance with the law 41/86 which applies to the implementation of WMs on a national scale. This law enabled the creation of 14 new WMs, but thanks to this stimulus, other WMs were modernised through initiatives undertaken by the respective communes. Furthermore, one must note that in Italy WMs represent a public service of the communes.

Therefore, Italy represents an interesting example, also thanks to the substantial variability which exists between the different WMs.

The following three WMs were visited and analysed with the managerial staff and workers: CAR Roma, Centro Agroalimentare di Salerno, MOF di Fondi.

CAR Centro Agroalimentare di Roma. This is a large, modern structure worthy of an important capital city: it stretches across over 130 hectares, boasts one of Italy's largest fruit-vegetable and fish markets (over 650,000 tons p.a.), and it includes important, synergic, integrative structures such as logistic platforms, Cash and Carry, office district, cold stores, and shortly, the meat market. Its function is essentially terminal in the sense that it supplies Rome and the Lazio region.

It was created with financing support under law 41/86 and it is owned by CAR, a joint-stock company with a majority of public corporations (Commune, Province, Chamber of Commerce, Region) and with a minority of private participants (bank institutions, workers, etc.). The management is entrusted to CARGEST, joint-stock company wholly owned by CAR, who rents out the structure and pays rent to CAR. The proceeds of CARGEST come from the rent of the stands and other locations, and the collection of entrance tickets of motor vehicles; parallel to these proceeds, the company ensures the payment of personnel, cleaning and utility bills (water, electricity, etc.), etc.

CAR and CARGEST try to reach a balanced budget by being non-profit, since the WM is considered an instrument in favouring the commercialisation of agricultural and food products and in activating initiatives of general public interest:

- hygienic-sanitary and quality control
- collection, processing and diffusion of prices
- increase in value of typical, quality productions
- orientation of consumption and production
- safe-guarding purchasing power and consumer health

Centro agroalimentare di Salerno. This is a modern structure made up of a small fruit and vegetable market (approx. 60,000 tons) and an important fish market, all owned and managed by the Commune of Salerno.

It has an important role in maximising the production of high quality, local fruit-vegetables and fish, as well as having products which originate from various places in order to ensure the completeness of the range of assortment. The flower market should also be created soon to contribute, above all, to maximise local production.

MOF Mercato Ortofrutticolo di Fondi. This represents Italy's most important fruit and vegetable market as well as being one of the biggest markets in Europe (1,200,000 tons p.a.) despite being located in a town whose population is 32,000 people. The philosophy behind this assembly-type WM is to concentrate the raw products (which comes from the surrounding territory, from southern Italy and more recently, from other countries which border the Mediterranean) pack and grade it, and then ship it to other WMs or to other distribution channels or to export it in all of Europe.

It is therefore a centralised WM with an incredibly vast range of fruit and vegetable products originating from different and far locations, which are then re-distributed (after being graded and packaged according to the needs of various clients) across Italy and Europe.

It is divided into two areas: area A, with a surface area of approx. 35 hectares, which represents a traditional WM, equipped with the most modern structures and technologies (pavilions big enough to hold 120 trading places, coldstores, logistics platforms, office district, etc.) and area B which stretches across the entire nearby city centre, covering approx. 265 hectares and made up of approx. 80 warehouses for grading and packaging.

The WM area A has been modernised with the financing of the law 41/86. It is therefore owned by a joint-stock company with a majority of public institutions (Lazio Region, Commune, Chamber of Commerce), and with a minority of wholesalers, it ensures a particularly efficient management since the private shareholders (the wholesale traders) are a majority on the Board.

A visit to the Centro agroalimentare in Naples was also planned. It is a modern structure (created thanks to the law 41/86) equipped with a vegetable and fruit market, a fish market, a meat market and a flower market; however the structure, which was completed in 2005, has not yet seen the transfer of the traders from its old location to the new location. This is for various reasons:

- the current headquarters, albeit old and in non-hygienic conditions, are located in the city centre and are therefore convenient
- traders pay a very modest rent
- a transfer will imply higher rent and a probable change in clientele
- the intense election campaign which has taken place over the past few months has induced the Commune (which currently manages the old markets) not to argue with the traders; now that normality has been restored it will be easier to face the transfer.

The seminar: general public interest functions of the WMs

The WMs have an important role in undertaking functions of general public interest:

- in favour of agricultural producers because they improve the quality standards and also encourage of the trading of local produce and is in line with recent EU regulations which view the trading of typical, quality produce as a fundamental element in safeguarding the region's economy;
- in favour of the consumers in that they allow hygienic-sanitary control of the products, maximum price transparency and the start of specific initiatives, when there are high price increases, to safeguard consumers' buying power.

The fact that WMs allow for the control of traceability to individualise the area of origin of the product and therefore enable the client to recognise that the produce is typical and verify the hygienic-sanitary and quality control throughout the entire production process, from the land to the table.

The indications which emerge from the most evolved European countries

for the future of the WMs are the following:

- to favour an increasingly close relationship between the WMs and the producers through suitable structures and services (in particular, grading station) to favour the process of qualification of typical, local produce through the control of traceability (which is in accordance with recent EU regulations);

- to favour a growing collaboration between the WMs and local retail food markets, which represent the most important structures for the population (often old and weak) which lives in the city centres;

- to favour a growing collaboration with modern distribution and logistics (which represents the most important selling channel) through the improvement of services (logistic platforms).

CAR's Rome experiences are very interesting:

- for the relationships built with local markets

- for the increase of typical, local and organic produce.