

Industrial crops and the role of diversification in EU agriculture

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Risk is an important component in agriculture. The main sources of risk in agriculture are linked to the environmental factors (e.g. climate) and to the price factor. Different options to manage risk in agriculture are available, including diversification, vertical integration and of course insurance. In the past 50 years political, technological and economic reasons have favoured intensification in European agriculture. The support mechanisms provided by the Common Agricultural Policy, the advance of mechanisation and the need to reduce costs have favoured specialisation in few cash crops (cereals/oilseeds). As a consequence many traditional cultures have disappeared from the rotations. Non-food crops represent a good opportunity for agricultural diversification compared to cash crops (cereals and oilseeds). At the same time agricultural diversification could exert a positive impact on the environment (e.g. benefits to biodiversity) and on the productivity of the agro-ecosystems. More specifically increasing diversity could increase the resilience of agro-ecosystems. Resilience indicates the amount of disturbance (ecological/economic shock) that a system can absorb without losing its dynamic properties. As such resilience is a measure of structural stability and represents a key property for a more sustainable agriculture. The paper will look at how increasing agricultural diversity could help to stabilise agricultural productivity and income. The paper is based on empirical analysis of the increasing specialisation of cereals production in the South of Italy over the period 1970-1993.