*Press release*

**Conflict in Ukraine: the new order of agriculture**

***A debate on the effects that the military crisis is having on the geography of agricultural production and the machinery market was held in Bologna as part of the FederUnacoma Annual General Meeting. With a message from the Minister of Agriculture Stefano Patuanelli, a debate was opened that saw the participation of Carlo Cottarelli, Dario Fabbri, Paolo De Castro as well as the President of agricultural machinery manufacturers Alessandro Malavolti.***

The economic crisis brought about by the war in Ukraine is also threatening the agricultural machinery sector and threatens to put the brakes on an expanding market. Worldwide tractor sales reached a total of 2 million 485 thousand units in 2021, up 13.2% compared to the previous year and with particularly positive indexes for markets such as India (+28% with over one million units registered), the United States (+10.5% with 317 thousand units) and the EU (+16% with 215 thousand units).

Driven by good potential demand, world trade in agricultural machinery was expected to grow by 7.1% (in value) in the four years from 2022 to 2025. The war in Ukraine drastically changed the landscape, leading to changes in the agricultural economy, in the geography of production, and in the supply chain for industry starting with energy.

The new structures were discussed in Bologna, in the setting of the FederUnacoma General Meeting, in a debate that saw speakers such as economist Carlo Cottarelli, geopolitical analyst Dario Fabbri, former Minister of Agriculture Paolo De Castro and FederUnacoma President Alessandro Malavolti.

The FAO data released this June already indicate a drop in production at a global level for the current year, determined precisely by the reduction of commodities from Ukraine and Russia, countries that alone cover about 30% of world exports of both wheat and barley. The reduction of commodities from these countries - Malavolti noted, opening the debate - will result in a new geography of cereal and oilseed production, probably assigning a greater role to countries such as Brazil, Australia and India, and this means new trade routes and new logistics in the global scenario. Beyond ideological positions - explained analyst Dario Fabbri - Russia's expansion in Ukraine is not in Europe's favour. The situation in Ukraine therefore remains complex and it is likely that the new geography of agriculture will lead Italian agro-mechanical companies to seek new destination markets for their production.

In Italy - said economist Carlo Cottarelli, analysing the current economic scenario - there is no risk of a recession, but uncertainty is linked to the increase in sanctions and therefore the growth in the cost of energy materials. But one variable concerns the effect of the rise in interest rates, with respect to which the ECB does not have unlimited margins since, added Cottarelli, an overly restrictive policy could trigger anti-European political thrusts.

Therefore, at the current juncture, problems relating to agricultural production, and in particular rising costs, are combined with those relating to the energy crisis and the supply of raw materials burdening industry. Never before have far-sighted policies been so necessary as in this phase, which can lead the economy towards a new stabilisation, and in this the European Union can play a very important role.

Paolo De Castro, MEP and several times Minister of Agriculture, noted from Brussels that “Agri-food exports from Russia and Ukraine to Europe do not affect the sector budget of the European Union, which was and remains the world's leading exporter of agri-food products. The ongoing conflict between Russia and Ukraine, of course, worries everyone and we hope it will end soon. Today, however, what worries us most is the problem of drought, the issue of gas emissions into the atmosphere that has climate impacts that, without a reversal of the trend, could have far more serious negative repercussions for the Planet. Now, in the short term, we need new technologies that can be applied in the field by our farmers; tried and tested techniques that only need to be standardised and supported economically. By 2030, the objectives of the Farm to Fork strategy launched by the EU Commission are ambitious, but need to be translated into legislation. However, ecological transitions cannot be implemented against the interests of farmers. After the EU elections in 2024, a new European Commission will have to take this urgent and no longer postponable need into account.

The Italian agricultural machinery industry is therefore facing a difficult phase, being exposed to both agricultural and industrial variables, but it plays a central role as it is necessary to improve productivity and at the same time use natural resources in a sustainable manner.

The events of the war are bringing agriculture back to the forefront as a basic element of every economic system - said Agriculture Minister Patuanelli in his video message - but agriculture today means high technology and therefore agricultural mechanisation. The Italian industry is a world leader in this sector, and the support action that the government is taking to incentivise the purchase of new-generation equipment is very important. Rural Development Plans, PNRR, ISI Tender and Sabatini Law are all effective tools - Patuanelli concluded - and the tax credit for 4.0 is particularly important, serving to push agriculture towards a full digital transition.

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