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# FINAL RESEARCH REPORT

**PRODUCTION AREAS  
AND VALUE CHAINS  
IN VULTURE - ALTO  
BRADANO:  
THE TOMATO CASE**





## Research team

Prof. Francesco Carchedi	<i>University of Roma La Sapienza, Nova Consortium Expert Scientific Coordination</i>
Prof. Salvatore Strozza	<i>University of Napoli Federico II Head of research on socio-demographic aspects</i>
Federico Benassi	<i>Researcher, National Institute of Statistics</i>
Cinzia Conti	<i>Researcher, National Institute of Statistics</i>
Enrico Tucci	<i>Researcher, National Institute of Statistics</i>
Ugo Melchionda	<i>Freelance researcher, Grei250 Head of research on the regulatory framework and the service system</i>
Prof. Giovanni Devastato	<i>University of Roma La Sapienza</i>
Dante Sabatino	<i>Researcher, Institute for Population Research and Social Policy-CNR</i>
Prof. Delia La Rocca	<i>University of Catania Head of research on the analysis of sources of funding for migrants</i>
Antonio Di Marco	<i>PhD researcher, University of Catania</i>
Prof. Enrico Pugliese	<i>University of Roma La Sapienza, Head of research on the Plain of Sibari and Vulture Alto-Bradano</i>
Prof. Francesco Carchedi	<i>University of Roma La Sapienza</i>
Donato Di Sanzo	<i>Researcher, University of Salerno</i>
Giovanni Ferrarese	<i>Researcher, University of Salerno</i>
Leonardo Mento	<i>PhD researcher, University of Roma La Sapienza</i>
Alessia Pontoriero	<i>PhD researcher, University of Roma La Sapienza</i>
Alessandra Pugliese	<i>Journalist, Freelance Researcher</i>
Rosanna Liotti	<i>Freelance Researcher</i>
Fabio Saliceti	<i>Freelance Researcher</i>
Prof. Gaetano Martino	<i>University of Perugia Head of research on the tomato chain in Vulture Alto-Bradano</i>
Nadia Gastaldin	<i>Researcher, Centre for Policy Research and Bio-economy</i>
Eleonora Mariano	<i>Freelance Researcher</i>
Giulia Pastorelli	<i>Research fellow, Centre for Policy Research and Bio-economy</i>
Luca Turchetti	<i>Researcher, Centre for Policy Research and Bio-economy</i>
Jean Renè Bilongo	<i>Head of the Placido Rizzotto Observatory - Flai Cgil</i>
Tina Bali	<i>National Secretariat, Flai-Cgil Agriculture Department</i>
Andrea Coinu	<i>Flai-Cgil national official, Agricultural Services Sector</i>
Giovanna Basile	<i>Secretary Flai-Cgil, Campania Region</i>
Antonio Gagliardi	<i>Secretary Flai-Cgil, Puglia Region</i>
Vincenzo Esposito	<i>Secretary Cgil, Basilicata Region</i>



## Introduction

The five surveys started in October 2020 and were completed in July 2021. Therefore, the start coincided with the outbreak of the second Covid19 pandemic wave, which led to changes in the research path, especially where the fieldwork, i.e. the direct observation of the territorial context of analysis, on the one hand, and the carrying out of the interviews, on the other, was planned.

Two research projects had to deal with these critical issues. The other three - being second-level research - followed the planned design without any particular problems. The set of the research efforts involved about 25 researchers (5 seniors and 20 juniors, mostly researchers with a well-established research experience) and 6 trade unionists of the Placido Rizzotto Observatory. The research projects were coordinated - from the scientific point of view - by Francesco Carchedi, in close cooperation with the corresponding research managers.

The five research projects - to which two others have been added since the end of July 2021 (one to be carried out in Campania and the other in Sicily, with a methodological approach in part similar to and in part different from the previous ones) - focused on the knowledge needs expressed by the partner-regions during the project, in particular, on the structural aspects giving rise to the phenomena correlated with illegal gangmastering, or forms of labour exploitation detectable in the agro-food sector.

The research work assignments, which the respective researchers have adequately fulfilled, were specifically concerned with:

- Analysis of demographic and immigration dynamics
- Analysis of regional laws, the system of supply to migrants, the rate of use of territorial services
- A reasoned survey of the main sources of funding
- Territorial case study: Piana di Sibari (Calabria), Alto Vulture-Bradano (Basilicata)
- Territorial case study on the value chain related to tomato growing in Alto Vulture Bradano.

The case studies were supported - with reference to the empirical part, i.e. in the phase concerning the identification/involvement of key actors to be interviewed - by the Placido Rizzotto Observatory - FLAI CGIL, coordinated by the Head Jean René Bilongo and Tina Bali of the National Secretariat - Agriculture Department. In particular, a close collaboration was put in place to conduct the case studies: both for the analysis of the tomato value chain conducted by Prof. G. Martino, and for the two case studies about the working conditions of workers of foreign origin carried out by Prof. E. Pugliese.



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**RESEARCH ABSTRACT:**

# “Production areas and value chains in Vulture - Alto Bradano: the tomato case”

Prof. Gaetano Martino	<i>University of Perugia</i>
Nadia Gastaldin	<i>Head of research on the tomato chain in Vulture Alto-Bradano</i>
Eleonora Mariano	<i>Researcher, Centre for Policy Research and Bio-economy</i>
Giulia Pastorelli	<i>Freelance Researcher</i>
Luca Turchetti	<i>Research fellow, Centre for Policy Research and Bio-economy</i>
	<i>Researcher, Centre for Policy Research and Bio-economy</i>



## Premise

The research question can be formulated as follows: *What are the distinctive features of the supply system for industrial tomatoes in the Vulture Alto Bradano area and in what ways is this system linked to the supply system of Central and Southern Italy?*

First, this research question required to be placed in a conceptual framework in order to guide the identification work and, at the same time, to provide the foundation for the interpretation. The conceptual framework adopted is based on certain facts:

- the study of the supply chain concerns the flows and agents that allow the production, transfer and consumption of the good in question.
- the study must have a defined geographical perspective.

In the light of this conceptual framework, a fundamental distinction has been made between the organisation of product exchange (between the agricultural enterprise and the processing enterprise) and between the agricultural enterprise and the agricultural workers (or their intermediaries).

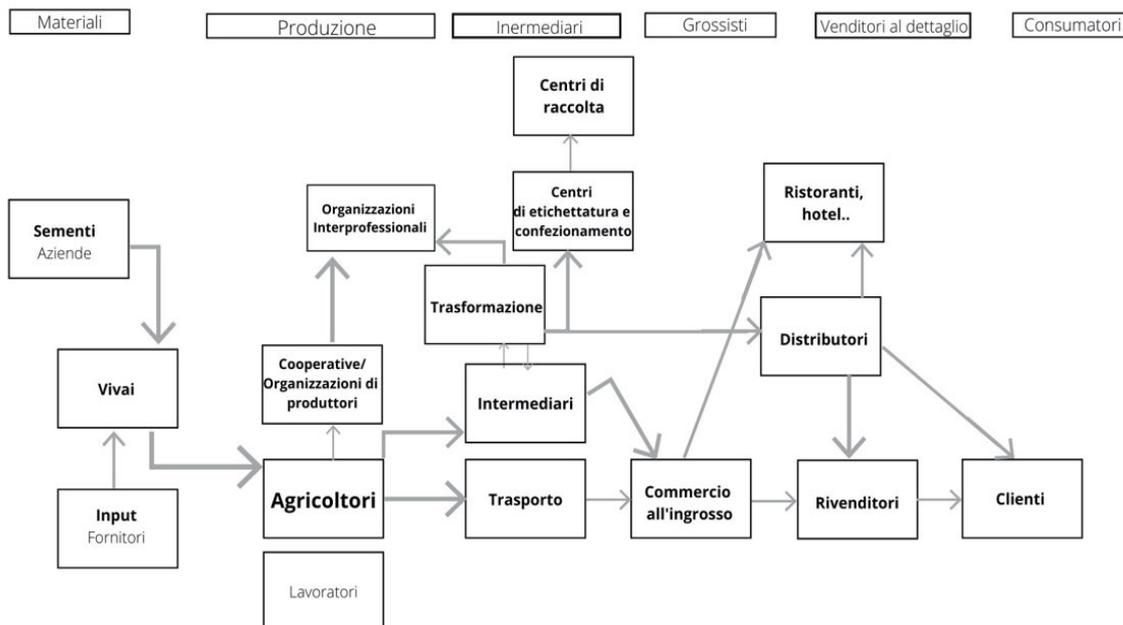
The reason for this distinction lies in a twofold need:

- to bring the organisational and institutional dimensions to the fore in order to provide a unified and theoretically coherent explanation of the processes observed;
- to clarify the ambiguities of the recurrent argument linking the fair wage to the price achieved for the product of the agricultural phase.

Regarding this last point, the study proposes an entire section that focuses on the relationship between product price, fair wage and agricultural enterprise efficiency..



The overall supply system is described in the following figure.



**Graphic Translation:**

Materiali = Goods  
 Produzione = Production  
 Intermediari = Intermediaries  
 Grossisti = Wholesalers  
 Venditori al dettaglio = Retailers  
 Consumatori = Consumers  
 Centro di Rccolta = Collection center  
 Sementi = Seed  
 Organizzazioni Interprofessionali =  
 Interprofessional Organisations  
 Centri di etichettatura e  
 confezionamento = Labelling and  
 packaging centres  
 Ristoranti, hotel... = Restaurants,  
 hotels, etc.

Trasformazione = Processing  
 Vivai = Plant nursery  
 Cooperative/Organizzazioni di  
 produttori = Cooperatives/Producer  
 Organisations  
 Intermediari = Intermediaries  
 Distributori = Distributors  
 Input (Fornitori) = Input (Suppliers)  
 Agricoltori = Farmers  
 Trasporto = Transportation  
 Commercio all'ingrosso = Wholesale  
 trade  
 Rivenditori = Retailers  
 Clienti = Customers  
 Lavoratori = Workers



Regarding the specific study area, it was ascertained that:

- the articulation of the supply system of Alto Vulture Bradano is the result of the history of the area and, at the same time, of the configuration of the overall system of the Central and Southern Italy;
- the system is articulated in two main phases (agricultural production and industrial processing);
- the production of about 250, 000 tons is mainly distributed among three processing enterprises;
- most of the processing phase is located in other regions;
- transport is mainly organised by the processing phase (also from the point of view of transport timeliness);
- the production of seedlings is outsourced to agricultural enterprises;
- the agricultural phase includes the presence of cooperatives as well as producer organisations (except for one, these also operate from outside the region).

### Part Three

At the heart of the IO strategy, there is, in compliance with Regulation 1308/2013 and Legislative Decree 102/2005, coordination between the agents of the chain. In addition, the logic behind this complexity is that of reducing the costs of trade; in the absence of the IO the costs would be much higher with the effect of reducing the volume of trade, as well as of possible reductions in product quality and of increased costs for consumers and society (due to negative environmental and social impacts). The general logic of the system is to allow the parties to effectively negotiate the basic terms of the contract by channelling the negotiation towards objectives of social and general importance and corresponding to the guidelines of both the European and national legislation. In this sense, IO is identified as a *meso-institution*, i.e. an institution whose functions are to translate general rules, monitoring the application of the rules thus translated and ensuring their observance (*enforcement*).

The system of agreements supported by the IO includes objectives of different nature:

Agreement Type	Coordination	Supply chain objectives
General contractual agreement	Delimitation of the general arena of interaction between agricultural and industrial phases, reducing the costs of decision-making and negotiation as well as monitoring and <i>enforcement</i> Delimitation of the overall degrees of freedom of the contacting parties	Definition of the <i>conditions</i> to be complied with by the parties with regard to environmental and social sustainability, ethical behaviour, legality and protection of regular employment.
Area contract	In-depth analysis of the scope of interaction between the contracting parties, in particular with regard to the orientation towards sustainability In general, these are contractual contents that require a large scale of service production (quality, traceability), a critical mass (demand orientation strategies, security of supplies), collective agreements with third parties (the adoption of standards)	Identification of results in terms of food safety and human health
Supply contract	Identification of the standard rights and obligations of the contracting parties (basis for the governance structure)	Contribution to sustainability objectives, as the contract is part of the contractual system

Supply contracts are assigned the task of guaranteeing the exchange between the agricultural and industrial phases. The study recognises the meso-institutional nature of IO and attributes to its functions the possibility of outlining the development of the system in a balance between the objectives of individual agents and the objectives of the supply chain, between economic objectives and social and environmental objectives. The IO not only integrates objectives of a different nature, but also integrates the activities of the study area into the wider central-southern production system. The objectives of the supply chain represent an important area of innovation that affects the possibilities of achieving the economic objectives. Therefore, one of the challenges of the system under study, in the light of the new European strategies, is precisely the definition of vital models of connection between the different objectives. Social sustainability or, to be more precise, the implementation of employment models for agricultural work is the first element on which to develop to refine the regulatory capabilities of the system.



## Part Four

Part four of the study focuses on the economic results of the agricultural phase. This is firstly due to the need to enrich the statistical framework with reference to the themes of economicity and profitability of the crop. Secondly, it was intended to provide an in-depth analysis of the issue of efficiency, which is completely neglected in the argument linking the possibility of paying a wage to the possibility of receiving higher prices from the processing companies. The main results are as follows:

- the argument that makes the payment of a fair wage conditional on the achievement of an adequate price for the firm is unsatisfactory because it gives no role to efficiency;
- if the market price is low, agricultural enterprises can make a profit (normal or higher) by improving their efficiency: given the collectively bargained wage, there is a minimum level of efficiency ( $q^*$ ,  $q_1$ ,  $q_2$ ) that allows the enterprise to pay a fair wage;
- the improvement in efficiency levels offers opportunities to pay a fair wage equivalent to those provided by the increase in the price of the product.

Two polar situations can be imagined:

- the efficiency is sufficiently high, in this case the payment of a fair wage is possible and if this is not done the reason is that the enterprise increases its profit share;
- the efficiency is relatively low and, therefore, efforts should be made to remove the causes.

In neither of the two scenarios, the increase in the price of the product guarantees the payment of a fair wage. Indeed, in extreme cases, the increase in the price of the product - or the introduction of compensatory payments - could lead to the persistence of situations of inefficiency.



## Operational proposals

The study leads to the following operational proposals:

- the IO could intensify its strategic commitment to the objectives of the sector by designing specific moments of interaction with the collective actors of the labour world. In this way, it would be possible to link economic, social and environmental objectives more closely;
- producer organisations and the IO itself could analyse the efficiency of agricultural enterprises in order to establish the relationship between efficiency and product price;
- Agricultural policy intervention should be aimed at providing support to agricultural enterprises conditional on joining the Quality Agricultural Work Network in the framework of the development of the supply chain objectives promoted by the IO;
- Agricultural policy action should be directed towards supporting the development of programmes for agricultural enterprises committed to achieving the environmental and social objectives promoted by the IO, also in the context of the forthcoming review of the CAP.



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