Statistics

in focus

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EU agricultural income in 2003: +0.9% in real terms

Ulrich EIDMANN

According to the first EAA estimates submitted to EUROSTAT by the Member States, by the start of December 2003, the agricultural income per full-time worker equivalent (Indicator A) is estimated to have increased, in 2003, by 0.9% in the European Union ([1]), after a decline of 4.4% in the year 2002. With this increase, the index of average agricultural income reaches a level of 106.2 in comparison with "1995" (the average of the years 1994 to 1996).

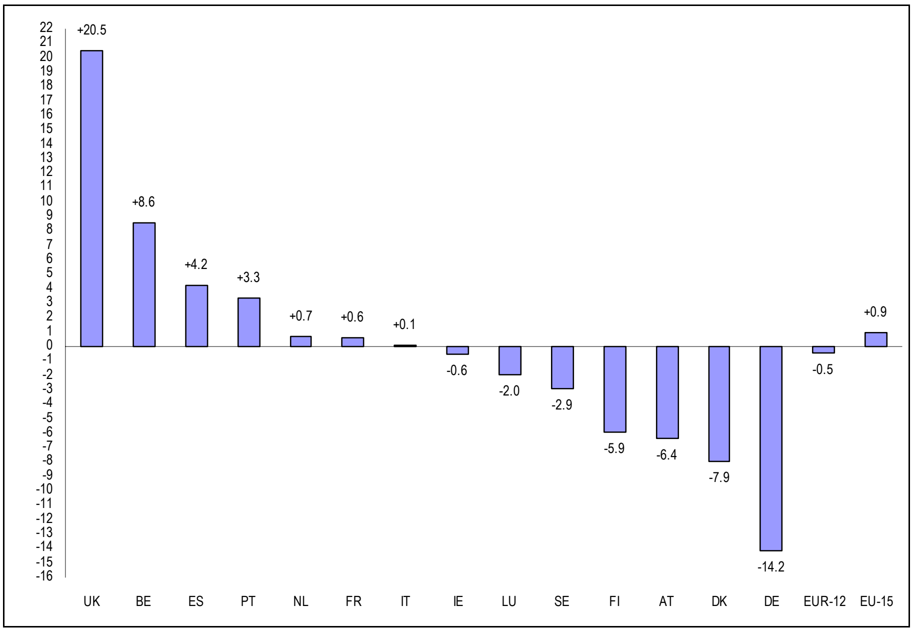

Figure 1: Agricultural income (Indicator A) in the EU, % 2003/2002

Indicator A is expected to increase in seven Member States (see graph above), the strongest rate being in the **United Kingdom** (+20.5%), followed by **Belgium** (+8.6%), **Spain** (+4.2%), and **Portugal** (+3.3%). The most important decline of agricultural income is estimated for **Germany** (-14.2%), followed by **Denmark** (-7.9%), **Austria** (-6.4%), and **Finland** (-5.9%).

Estimates of agricultural income have also been received from seven of the Acceding Countries. According to this information, Indicator A in 2003 is expected to have declined in each of these countries, the strongest falls being estimated for **Hungary** (-21.3%), **Slovenia** (-20.9%) and **Lithuania** (-10.0%). In **Slovakia**, Indicator A is 6.8% lower than in 2002, in **Latvia** -6.1%, in the **Czech Republic** -3.0%, and in **Estonia** -2.2%. For the average of these seven countries, Indicator A is 14.7% lower than in 2002.

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*([1]) **Indicator A** measures the change of real agricultural factor income (corresponding to the net value added at factor cost) related to the change in total agricultural labour input. If not otherwise stated, all figures refer to EU-15 without Greece (from which, due to a strike at the National Statistical Institute, no data have been received). All figures relating to changes in prices and values (and therefore also in the income indicators) are **expressed in real terms** (i.e. they are deflated by means of the implicit price index of GDP). See methodological notes for further information.*

Main factors determining the development of income in 2003

The principal EU-15 aggregates determining factor income change in the following way (see Table 3) (*N.B. Changes in prices, values and indicators are expressed in real terms. In the present analysis, comments on volumes and prices refer to output at producer prices. In contrast, if not otherwise stated, comments on values refer to output at basic prices. The basic price is defined as the price received by the producer, after deduction of all taxes on products but including all subsidies on products.*):

- The value of the agricultural industry's output falls by 1.7% below the level of 2002. This fall is due mainly to reductions in the output values of both crop and animal production (-1.9% and -1.7% respectively). In the case of crop production, this reduction reflects a considerable fall in the average output volume (-6.3%) due mainly to the heat wave in Summer 2003. In the case of animal production, most of the reduction can be attributed to lower producer prices (-1.6%). The overall value of product-specific subsidies (net of taxes) is 2.1% lower than in 2002.
- The value of intermediate consumption goods and services is reduced by 1.1% in 2003. This reduction is explained largely by a lower volume of intermediate consumption (-1.4%).
- Consumption of fixed capital ("depreciation") is slightly lower (-0.5%) than in 2002. The "other subsidies on production" (net of taxes) show an increase of 14.6%.
- As a consequence of these developments, the EU agricultural factor income, the basis of Indicator A, falls by 1.5% compared to 2002. However, with the continuous reduction in agricultural labour input (-2.4%), Indicator A shows a moderate increase (+0.9%).

The 2003 results from a medium-term perspective

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 (%)
BE	108.6	109.1	106.3	102.5	103.9	93.5	102.6	106.5	100.6	93.1	101.0	109.3	106.3	+8.6
DK	91.1	88.8	81.1	78.2	89.3	104.9	105.8	101.8	80.0	79.0	95.4	107.3	87.0	-7.9
DE	:	86.7	88.4	84.6	90.5	98.1	111.3	114.3	102.7	101.0	124.0	147.9	116.7	-14.2
EL	:	:	:	:	:	:	:	:	:	:	:	:	:	:
ES	84.9	84.2	73.2	86.4	96.4	96.0	107.6	108.6	104.1	97.6	108.6	109.1	110.3	+4.2
FR	88.8	78.2	85.0	84.5	95.9	101.8	102.3	105.9	110.5	108.3	107.7	109.5	107.1	+0.6
IE	77.1	78.3	88.7	90.9	94.8	101.4	103.8	101.3	98.0	93.6	109.2	112.5	104.6	-0.6
IT	79.0	84.5	83.9	86.2	92.1	101.1	106.8	109.5	109.4	118.0	113.9	112.6	111.3	+0.1
LU	101.9	93.2	95.1	92.7	91.0	102.6	106.4	97.8	107.4	101.3	102.7	96.9	98.1	-2.0
NL	118.6	117.0	107.2	88.4	99.6	102.3	98.1	105.9	95.1	88.4	89.3	91.7	80.7	+0.7
AT	101.1	100.9	94.7	89.1	96.1	105.5	98.4	88.3	85.5	85.3	93.4	107.9	102.6	-6.4
PT	94.3	93.5	69.9	67.7	90.8	99.7	109.5	104.3	104.6	125.7	109.6	130.7	126.7	+3.3
FI	122.4	106.5	101.3	105.3	94.7	112.3	93.0	92.2	73.7	91.5	120.8	123.2	131.1	-5.9
SE	113.3	94.9	84.4	88.5	89.2	106.3	104.5	111.0	113.8	100.4	112.1	125.9	124.4	-2.9
UK	71.6	70.7	76.9	90.3	96.1	105.4	98.6	76.1	66.0	64.6	61.5	65.7	70.2	+20.5
EU-15	:	:	83.6	86.3	94.5	100.7	104.8	105.1	101.6	101.2	106.2	110.8	105.9	+0.9
EUR-12	:	:	84.6	86.2	94.6	100.0	105.4	108.2	106.0	105.9	111.3	115.6	110.1	-0.5

Table 1: Indices of Indicator A of agricultural income in the EU ("1995" = 100)

In order to place the most recent income developments in a medium-term perspective, Indicator A is expressed in index form, with the average of the years 1994, 1995 and 1996 (i.e. "1995") chosen as reference 100.

Member States can be divided into two groups. The first group includes those countries for which agricultural income in 2003 is above the level recorded for "1995" (i.e. 100). This group comprises Portugal, Finland and Sweden (where the level of agricultural income attained in 2003 is more than 20 index points higher than in "1995"), Belgium, Spain, Italy, France and Ireland. In Germany, the level of Indicator A in 2003 is almost equal to that of "1995". The second group includes those countries for which agricultural income in 2003 is below the level recorded for "1995": Luxembourg, Austria, the United Kingdom, the Netherlands, and Denmark.

The development of agricultural income in the United Kingdom since the mid-nineties is quite different to that of any other Member State of the European Union. In 1995, Indicator A had reached the highest level over the whole period (1973 to 2003). However, sharp declines in the second half of the nineties (major reasons being the BSE crisis but also the relative strengthening of the value of the pound against the Euro) put Indicator A in 2000 at its lowest level since the accession of the United Kingdom to the European Community in 1973. The strong increase of 2003 is due, to a considerable extent, to higher producer prices for a number of important products (inter alia cereals, cattle, and milk), which, in turn, is partly linked with the weakening of the pound relative to the Euro.

For the EU (without Greece), the most recent increase brings Indicator A to a level of 106.2 ("1995" = 100), after an increase of 4.3% in 2001 and a decline of 4.4% in 2002.

Decline in overall output due to lower output volumes

With the exception of the United Kingdom (+4.3%), Belgium (+4.1%), and of Ireland (+0.6%), the value of the agricultural industry's output, in 2003, falls in all Member States (EU-15: -1.7%, see Table 3). In particular, there are reductions in the four largest producer countries: France (-2.6%), Italy (-2.0%), Germany (-4.5%), and Spain (-0.6%).

Output volumes in 2003 are down in all Member States except in Ireland and Denmark (EU-15: -3.3%). In France, the volume of overall output falls by a considerable -7.5%. In Italy, there is a decline of 2.7%, in Germany of 4.1%, and in Spain of 1.6%.

In the average of the EU, agricultural producer prices are up by 1.7% compared to 2002, but the evolution is different from Member State to Member State. Increases are recorded in France (+5.2%), Italy (+0.5%) and Spain (+1.7%). In Germany producer prices fall slightly below the level of the previous year (-0.3%).

In what concerns the product-specific subsidies and taxes as a whole, there is a decline. In the European Union, product-specific subsidies, net of taxes, are 2.1% lower than in 2002.

The EU agricultural industry's output is made up almost entirely of agricultural goods (crop and animal products). Agricultural services and the inseparable non-agricultural secondary activities (e.g. agrotourism and processing of agricultural raw products) account for only about 5% of the output value and have generally little impact on the development of the income indicators. The following analysis therefore refers to animal and crop products only.

A closer look at crop and animal production

eurostat	VOLUME	PRODUCER PRICE (real)	VALUE (real, at producer prices)	VALUE (real, at basic prices)	Share in EU-15 overall output (in 2002)	Major producer countries (share in EU-15 output, in 2002)
Cereals	-10.6	+7.5	-3.9	-3.7	12.7%	**FR** (29%) **DE** (20%) **IT** (14%)
Oilseeds	+0.3	-1.4	-1.2	+1.2	1.7%	**FR** (39%) **DE** (27%) **UK** (11%)
Sugar beet	-8.4	-0.7	-9.0	-12.0	1.7%	**FR** (25%) **DE** (23%) **UK** (9%)
Fresh vegetables	-1.1	+5.8	+4.6	+4.6	7.5%	**IT** (23%) **ES** (21%) **FR** (14%)
Plants and flowers	-0.1	+1.5	+1.4	+1.3	6.3%	**NL** (29%) **IT** (15%) **DE** (15%)
Potatoes	-8.8	+19.7	+9.1	+9.0	2.1%	**FR** (19%) **DE** (17%) **NL** (14%)
Fruit	-4.1	+6.6	+2.2	+2.1	5.7%	**ES** (31%) **IT** (26%) **FR** (15%)
Wine	-10.2	+3.0	-7.6	-7.6	5.1%	**FR** (52%) **IT** (28%) **ES** (7%)
Olive oil	-23.8	+4.3	-20.5	-16.1	1.8%	**ES** (46%) **IT** (33%) **EL** (21%)
CROP OUTPUT	**-6.3**	**+4.9**	**-1.7**	**-1.9**	**52.8%**	**FR** (24%) **IT** (18%) **ES** (15%)
Cattle	-0.2	+2.3	+2.1	+1.6	10.1%	**FR** (28%) **UK** (14%) **IT** (13%)
Pigs	+0.6	-6.8	-6.2	-6.2	8.3%	**DE** (21%) **ES** (17%) **FR** (12%)
Sheep and goats	-0.1	-0.1	-0.2	-0.5	2.1%	**ES** (29%) **UK** (25%) **EL** (13%)
Poultry	-4.2	+0.8	-3.4	-3.4	3.9%	**FR** (28%) **UK** (18%) **IT** (16%)
Milk	+0.5	-3.6	-3.2	-3.1	14.0%	**DE** (22%) **FR** (20%) **IT** (11%)
Eggs	-2.6	+12.5	-1.7	+9.5	1.8%	**DE** (18%) **IT** (16%) **ES** (16%)
ANIMAL OUTPUT	**-0.3**	**-1.6**	**-1.9**	**-1.7**	**41.8%**	**FR** (20%) **DE** (17%) **IT** (12%)

Table 2: Development of main crop and animal products in the EU, % 2003/2002

The development in the value of the EU crop output in 2003 (-1.9%), is mainly the result of lower output values of cereals (-3.7%), wine (-7.6%), forage plants (-6.1%), and olive oil (-16.1%; with Greek data becoming available, this figure is likely to be notably revised).

Cereals are the second most important product (group), after milk, in EU agriculture. In most of the Member States, due to unfavourable weather conditions in 2003, there is a decline in the output volume of cereals. This decline was particularly pronounced in France (-21.3%), Germany (-9.1%), and in Italy (-11.5%), which together had contributed almost two thirds to the EU production of cereals in 2002. In the average of the EU, the overall output volume of cereals dropped by 10.6% compared to 2002 (a year where the harvest had almost reached a record level). Volume declines are observed for every type of cereals, though barley and oats are much less concerned than soft wheat, rye, grain maize and triticale. In most of the Member States, producer prices rise, in response to the lower harvest. In the average of the EU, the producer price for cereals is 7.5% higher than in 2002.

In **wine** production, the EU output volume is expected to reach its lowest level of the past 10 years, with a decline, in 2003, of 10.2%. France which produces about half of the EU wine output, records a fall of almost one fifth (-18.4%). There are also falls in the EU output volume of **forage plants** (-10.6%), **olive oil** (-23.8%), and of **potatoes** (-8.8%). In response, for each of these products, producer prices are higher than in 2002, but only in the case of potatoes this increase is strong enough (+19.7%) to outweigh the decline in volumes. For wine, producer prices rise by a moderate 3.0%, for forage plants and olive oil by 4.3%.

The value of animal output (comprising both animals and animal products) in the EU is down by 1.7% compared to 2002. This decline is the result mainly of (price-led) falls in the output values of pigs (-6.2%) and of milk (-3.1%). The output value of cattle production, in contrast, is a little higher than in 2002 (+1.6%).

EU **pig** production continues its expansion in 2003 (output volume: +0.6%), with volume increases in four of the five major producer countries: Germany (+1.5%), Spain (+5.4%), Italy (+2.3%) and Denmark (+0.5%); in France, the output volume remains unchanged. At the same time, the producer prices for pigs are down in all Member States, with the exception of the United Kingdom. In Germany prices fall by 7.1%, in Spain by 7.5%, in Italy by 2.0%, in Denmark by 14.5%, and in France by 6.6%. In the average of the EU, prices are 6.8% lower in 2003 than in 2002, a year in which prices had already fallen strongly (by more than one fifth).

The output volume of **milk**, the most important product of the EU agriculture, is slightly higher than in 2002 (EU: +0.5%). The producer prices for milk, in contrast, are down in most of the Member States. Of the major producer countries of milk, only the United Kingdom records higher prices (+3.5%). In Germany, prices are 6.6% lower than in 2002, in France -2.6%, in Italy -2.8%, and in the Netherlands -6.1%.

In **cattle** production, the volume of output in 2003 is only slightly smaller than in 2002 (EU: -0.2%). Prices, however, continue to recover; in the average of the EU they rise by 2.3%, after a similar increase in 2002. Of the major cattle producer countries, France, the United Kingdom and Germany record higher prices (of +3.2%, +5.2% and +1.8%, respectively); prices are lower in Italy (-0.8%) and in Spain (-5.8%).

For the group of the seven **Acceding Countries** having provided data, the main factors behind the development of the agricultural income in 2003, are, on the one hand, a strong decline in the volume of crop output (-11.3%), and a pronounced fall in the average producer price of animal output (-10.3%), on the other. The reduction in output volumes is particularly strong in the case of cereals (-17.1%), sugar beet (-17.8%), and of potatoes (-16.9%). In animal production, the decline in the average producer price is the result mainly of lower prices for cattle (-14.2%), pigs (-15.8%), poultry (-8.5) and milk (-7.1%).

Development of the other components of the calculation of agricultural income

Value of intermediate consumption lower than in 2002

Lower volumes of input use (-1.4% in the average of all items), particularly of animal feedingstuffs (-2.0%) and plant protection products (-5.2%) are at the origin of the reduction in the value of intermediate consumption in 2003 (-1.1%). The average price of the goods and services of intermediate consumption is only slightly higher than in 2002 (+0.3%). This rise is due to higher prices for energy (+2.3%), animal feedingstuffs (+0.4%), and for maintenance of materials (+1.7%).

Value added below previous year's level

With overall output 1.7% below 2002 levels, and despite the reduction in the value of intermediate consumption of 1.1%, the agricultural gross value added at basic prices is 2.2% lower than in 2002. The United Kingdom (+9.4%), Belgium (+4.0%), Portugal (+2.6%) and Ireland (+2.4%) are the only Member States where an increase is recorded in 2003. Consumption of fixed capital is only slightly lower (-0.5%) than in 2002. The EU agricultural net value added at basic prices thus declines by 2.9%.

Decline in agricultural factor income in 2003

Agricultural factor income (i.e. net value added at factor cost), the basis of Indicator A, is obtained by adding the other subsidies on production (less other taxes on production), to net value added at basic prices.

The “other subsidies” (net of taxes) show an increase of 14.6%. However, when product-specific subsidies and taxes are included in this analysis, the overall value of subsidies, net of taxes, increases by just 2.2%.

The EU agricultural factor income in 2003 is 1.5% lower than in 2002. The United Kingdom (+14.9%), Belgium (+5.3%), Portugal (+3.3%) and Ireland (+0.8%) are the only Member States where increases are recorded. The fastest rates of decline are measured in Germany (-17.1%) and in Denmark (-10.7%), followed by Austria (-7.7%), Finland (-7.1%) and Sweden (-6.8%).

Agricultural factor income has declined in 2003, in each of the seven Acceding Countries having provided data. The fastest rates of decline are observed in Hungary (-26.2%), in Slovakia (-21.3%), and in Slovenia (-20.9%), followed by Latvia (-12.1%) and Lithuania (-7.8%).

Total agricultural labour input continues to decline in all Member States, with the exception of Ireland and Portugal. The strongest declines are estimated for the United Kingdom (-4.6%), Spain (-4.4%) and Sweden (-4.0%). The EU agricultural labour input is reduced by 2.4%. In the Acceding Countries, particular strong decreases in agricultural labour input are estimated for Slovakia (-15.5%), in Latvia (-6.4%) and in Hungary (-6.1%).

In the EU, the decline in the agricultural factor income (-1.5%) is more than outweighed by the decline in agricultural labour input (-2.4%), so that the Indicator A of agricultural income increases by 0.9%. At the same time, the Indicator A case of the seven Acceding Countries declines by 14.7%.

Developments of Income Indicators B and C

Interests paid (net of interests received), in 2003, are considerably lower than in 2002 (-5.5%), and there is also a reduction in the compensation of employees (-0.7%, linked to a decline in the salaried labour input of 1.8%). The rental payments, in contrast, remain unchanged. As a result of these developments, the EU net entrepreneurial income (in other words, the Indicator C of agricultural income) is 1.4% lower than in 2002.

Indicator B measures the change of net agricultural entrepreneurial income related to the change in non-salaried agricultural labour input. This indicator is not calculated for Germany on methodological grounds (see methodological notes) and, therefore, not for EU-15. However, for the other Member States (i.e. EU-15 less Germany, and this time also without Greece), there is an increase in Indicator B, in 2003, of 3.8% which is mostly related to the decline in the non-salaried agricultural labour input.

Values in real terms (i.e. deflated)	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	EUR-12	EU-15
Output of the agricultural industry	+4.1	-4.3	-4.5	:	-0.6	-2.6	+0.6	-2.0	-2.6	-3.1	-2.9	-0.8	-3.2	-1.9	+4.3	-2.2	**-1.7**
Crop output	+6.9	+1.7	-5.7	:	-1.3	-3.3	+2.8	-3.2	-3.1	+0.8	-1.2	+1.6	-4.1	-1.0	+5.3	-2.5	**-1.9**
Animals	+2.5	-11.4	-4.2	:	-0.1	-1.6	+0.1	+1.6	+2.0	-13.2	-4.2	-1.3	-5.4	-4.6	+3.3	-1.9	**-1.8**
Animal products	-1.1	-2.9	-3.4	:	+4.5	-2.5	-1.2	-2.3	-6.8	-5.1	-7.2	-10.1	-2.1	-2.2	+6.0	-2.6	**-1.7**
- Intermediate consumption	+4.1	-2.0	-0.1	:	-0.7	-2.2	-1.0	-1.5	+0.4	-3.5	+0.8	-4.7	+0.7	-1.2	+0.1	-1.2	**-1.1**
= Gross value added at basic prices	+4.0	-8.0	-11.2	:	-0.5	-2.9	+2.4	-2.3	-5.7	-2.6	-7.2	+2.6	-9.5	-3.5	+9.4	-3.1	**-2.2**
- Consumption of fixed capital	+0.1	-2.2	-0.9	:	-2.2	+1.9	-1.5	+0.1	-0.3	+0.2	-0.6	-0.4	-0.3	-1.6	-5.2	+0.1	**-0.5**
- Other taxes on production	-1.4	-0.2	-1.2	:	-0.5	-13.8	+14.8	-4.4	-0.8	-1.6	+5.1	-0.3	:	:	-1.9	-6.6	**-6.2**
+ Other subsidies on production	+8.5	-2.2	+4.7	:	-2.2	+34.6	-7.2	+15.0	+14.5	+79.3	+0.6	+1.6	+0.4	-10.2	+11.8	+9.2	**+8.6**
= Factor income (1)	**+5.3**	**-10.7**	**-17.1**	**:**	**-0.4**	**-1.2**	**+0.8**	**-1.7**	**-2.7**	**-1.8**	**-7.7**	**+3.3**	**-7.1**	**-6.8**	**+14.9**	**-2.7**	**-1.5**
Agricultural labour input (2)	-3.0	-3.0	-3.4	:	-4.4	-1.8	+1.3	-1.8	-0.8	-2.5	-1.4	+0.0	-1.2	-4.0	-4.6	-2.3	**-2.4**
Indicator A (1)/(2)	**+8.6**	**-7.9**	**-14.2**	**:**	**+4.2**	**+0.6**	**-0.6**	**+0.1**	**-2.0**	**+0.7**	**-6.4**	**+3.3**	**-5.9**	**-2.9**	**+20.5**	**-0.5**	**+0.9**
Indicator A, indices in 2003 ("1995" = 100)	**115.4**	**80.1**	**100.1**	**:**	**114.9**	**107.8**	**104.0**	**111.4**	**96.2**	**81.3**	**96.1**	**130.8**	**123.4**	**120.8**	**84.6**	**109.3**	**106.2**

Table 3: Main components of the agricultural income in the EU, % 2003/2002

	Values in real terms (i.e. deflated)	CY	CZ	EE	HU	LT	LV	MT	PL	SI	SK	Total
	Output of the agricultural industry	:	-10.6	-1.2	-8.4	-8.7	-6.7	:	:	-10.3	-10.2	**-9.0**
	Crop output	*:*	*-16.7*	*+2.9*	*-6.1*	*-11.6*	*-10.8*	*:*	*:*	*-15.1*	*-11.6*	***-10.4***
	Animals	*:*	*-4.0*	*-9.1*	*-10.5*	*+3.4*	*-4.9*	*:*	*:*	*-5.7*	*-6.3*	***-7.1***
	Animal products	*:*	*-4.8*	*-1.5*	*-13.1*	*-13.1*	*-4.4*	*:*	*:*	*-4.7*	*-5.9*	***-8.4***
-	Intermediate consumption	:	-11.0	-1.8	-2.3	-8.8	-5.6	:	:	-0.9	-3.3	**-5.2**
=	Gross value added at basic prices	:	-9.6	-0.1	-19.9	-8.4	-8.1	:	:	-21.1	-25.3	**-16.5**
-	Consumption of fixed capital	:	-6.9	-1.9	+0.1	-8.7	+5.3	:	:	+2.2	-5.2	**-2.9**
-	Other taxes on production	:	-13.6	-7.5	-1.0	+0.8	+3.4	:	:	-100.0	+5.1	**-8.4**
+	Other subsidies on production	:	+6.1	-46.6	-21.4	+0.8	+9.3	:	:	+69.2	+33.5	**+9.2**
=	**Factor income (1)**	**:**	**-4.8**	**-3.3**	**-26.2**	**-7.8**	**-12.1**	**:**	**:**	**-20.9**	**-21.3**	**-18.7**
	Agricultural labour input (2)	:	-1.8	-1.2	-6.1	+2.4	-6.4	:	:	+0.0	-15.5	**-4.8**
	Indicator A (1)/(2)	**:**	**-3.0**	**-2.2**	**-21.3**	**-10.0**	**-6.1**	**:**	**:**	**-20.9**	**-6.8**	**-14.7**
	Indicator A, indices in 2003 (2000 = 100)	**:**	**99.0**	**92.1**	**72.5**	**78.9**	**:**	**:**	**:**	**89.4**	**102.5**	**:**

Table 4: Main components of the agricultural income in Acceding Countries, % 2003/2002

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➢ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The EAA estimates published here are provisional. The results have been compiled by the national authorities in the Member States of the European Union and in the Acceding Countries, in accordance with the methodology of the EAA (which is close to the methodology of the national accounts, ESA95, but incorporates a number of changes to take account of the special features of the agricultural economy). The EAA are an essential synthetic tool for assessing and analysing the trend of agricultural income. In February 2004, EUROSTAT will publish a revised second set of EAA estimates.

Technical notes:

1. The data measured in **real terms** are obtained by deflating the corresponding nominal data with the implicit price index of gross domestic product (GDP) at market prices.

2. The **EUR-12** aggregate comprises the twelve countries participating, in 2003, in the Euro (BE, DE, EL, ES, FR, IE, IT, LU, NL, AT, PT, FI).

3. The **aggregates** measured in real terms for the **European Union as a whole** are obtained by first deflating the nominal values (at current prices) recorded in the various Member States, by applying the implicit price index of GDP of the country concerned, and then converting them into Euro (at 1995 exchange rates for long-term analysis and at those of the year 2002 for the short-term analysis). The results are then added up so as to obtain the real values for the European Union. It is on the basis of these aggregates in real terms that the developments for the European Union are calculated, which means that an "EU deflator" is never explicitly used.

4. In order to take account of part-time and seasonal work, **agricultural labour** or changes therein are measured in annual work units (AWU). One AWU corresponds to the input, measured in working time, of one person who is engaged in agricultural activities in an agricultural unit on a full-time basis over an entire year. A distinction is drawn between non-salaried and salaried AWU, which together make up the total number of AWU.

What is agricultural income?

In the EAA, the income indicators relate to the income generated by agricultural activities (as well as inseparable non-agricultural, secondary activities) over a given accounting period, even though in certain cases the corresponding revenues will not be received until a later date. It does not, therefore, constitute the income effectively received in the course of the accounting period itself. Moreover, they are not indicators of total income or of the disposable income of farming households; in addition to their purely agricultural income, households often receive income from other sources (non-agricultural activities, salaries, social benefits, income from property). In other words, agricultural income must not be regarded as the income of agricultural households.

In the present context, emphasis is laid on the Indicator A of agricultural income. Its development is presented as indices. It is defined as follows:

Indicator A: Index of the real income of factors in agriculture, per annual work unit

This indicator corresponds to the real (i.e. deflated) net value added at factor cost of agriculture, per total annual work unit. Net value added at factor cost is calculated by subtracting from the value of agricultural output at basic prices the value of intermediate consumption, the consumption of fixed capital, and adding the value of the (other) subsidies less taxes on production.

Indicator B: Index of real net agricultural entrepreneurial income, per non-salaried annual work unit

Net entrepreneurial income is obtained by subtracting the compensation of employees and interest and rent paid from the net value added at factor cost and adding the interest received.

Indicator B is not calculated for Germany because for holdings in the new German Länder, which are organised as legal persons, wages and salaries are paid to all employees, including owners and their family members. Labour input by owners or family members is therefore not recorded as non-salaried labour. As a consequence, these holdings' entrepreneurial profits (or losses) are not in any way based on non-salaried labour.

Indicator C: Index of the real net entrepreneurial income from agriculture.

FURTHER READING

Manual on the Economic Accounts for Agriculture and Forestry EAA/EAF 97 (Rev. 1.1), EUROSTAT, Luxembourg, available in all official languages, on paper and electronically (pdf).

Further information:

➢ Reference publications

Title: Manual on the Economic Accounts for Agriculture and Forestry EAA/EAF 97 (Rev. 1.1)

Catalogue No: KS-27-00-782-EN-C   Price: EUR 28

➢ Databases

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Centraal Bureau voor de Statistiek
Eurostat Data Shop - Voorburg
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For information on methodology

Ulrich EIDMANN, Eurostat / E1, L-2920 Luxembourg, Tel. (352) 4301 35444, Fax (352) 4301 37317,
E-mail: Ulrich.Eidmann@cec.eu.int

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