

# EU Agricultural Income

## +3.8% (real terms) in 2006

### Statistics in focus

#### AGRICULTURE AND FISHERIES

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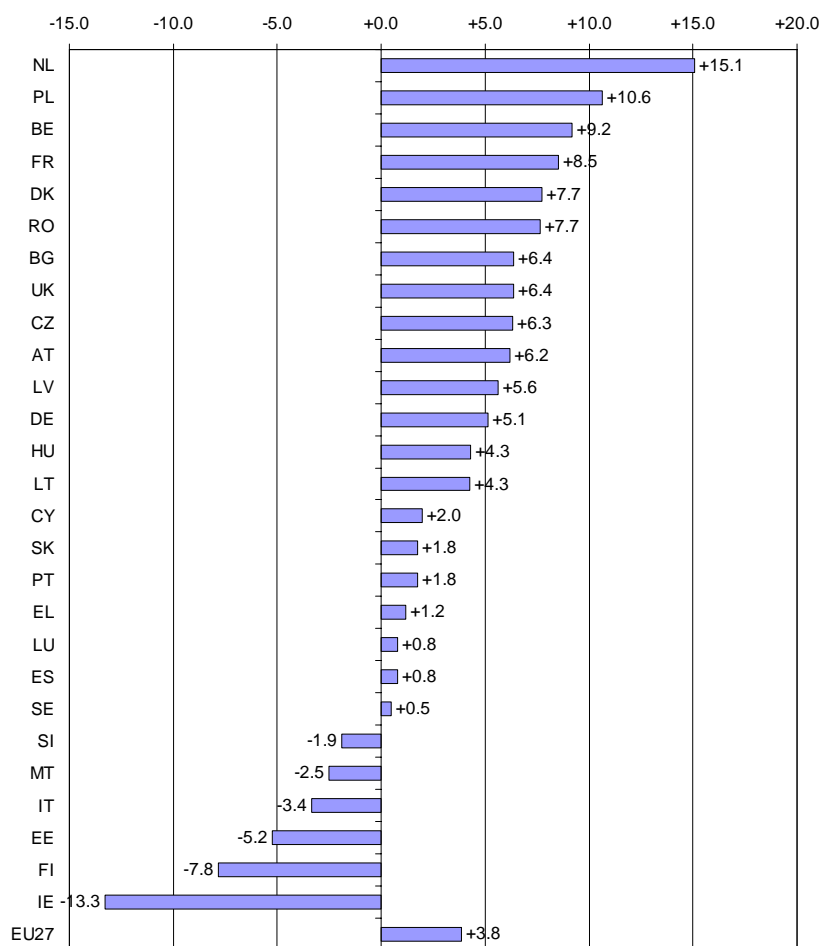
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According to the second estimates for the Economic Accounts for Agriculture (EAA) submitted to Eurostat by the Member States at the end of January 2007<sup>1</sup>, agricultural income per labour unit (Indicator A)<sup>2</sup> is estimated to have increased by 3.8% in the European Union (EU-27) in 2006, following a decrease of 7.2% in 2005. For the EU-25, agricultural income increased by 3.5% in 2006, following a decrease of 3.9% in 2005.

Figure 1: Agricultural Income (Indicator A) in the EU, % 2006/2005



Agricultural income evolves differently across the Member States of the EU-27. The largest increase is observed in the Netherlands, where Indicator A grows by 15.1%, mainly owing to higher producer prices and subsidies. The largest decrease is recorded in Ireland (-13.3%), mainly the result of lower subsidies.

<sup>1</sup> Data for Cyprus were provided in December 2006.

<sup>2</sup> **Indicator A** measures the change in real agricultural factor income (corresponding to the net value added at factor cost) related to the change in total agricultural labour input. Unless otherwise stated, all figures refer to EU-27. 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). One labour unit = one full-time job. See methodological notes on page 7 for further information.

## Indicator A is up by 6.4% in Bulgaria and 7.7% in Romania

It is the first time that estimates for Bulgaria and Romania are included in this publication. Agriculture plays an important role in the economies of both new Member States: the share of agriculture in their GDP was around 8% in 2005 (the EU average is around 2%). Bulgaria produced 1.1% and Romania 3.9% of the EU-27 agricultural output and they used 4.5% and 20.8% of the EU-27 labour input in 2005.

In Bulgaria, Indicator A increases by 6.4%, mainly because of the sharp fall in labour input. In Romania, the increase (+7.7%) was mainly driven by the drop in intermediate consumption (especially feeding stuff) volumes and the slight fall in agricultural labour input.

### Main factors of income development in 2006

*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, unless 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 at producer prices remains unchanged (+0.1%) in real terms. Output values of both crop and animal production remain stable (+0.2% and -0.1% respectively). In the case of crop production, the fall in the average output volume (-2.7%) is offset by changes in average prices (+3.0%). In the case of animal production, the average output volume falls by 0.6%, while producer prices increase by 0.5%.

The output value of agricultural services grows by 0.9% and that of inseparable non-agricultural secondary activities remains at the 2005 level.

The value of intermediate consumption of goods and services decreases by 0.3% in 2006. This reduction is explained by lower intermediate consumption volumes (-1.8%) and higher prices (+1.5%).

Consumption of fixed capital ('depreciation') is slightly higher (+0.1%) than in 2005. The value of overall subsidies (product-specific subsidies and other subsidies on production net of taxes) shows an increase of 0.8%.


As a consequence of these developments, agricultural factor income, the basis of Indicator A, increases by 1.1% compared to 2005. With the continuous reduction in agricultural labour input (-2.6%), Indicator A shows an increase of 3.8%.

### The results from a medium-term perspective

For the EU-27, the recent increase brings Indicator A to a level of 112.1 (2000 = 100), after a significant increase of 8.2% in 2004 and a drop of 3.9% in 2005.

For the EU-15 the level of Indicator A becomes slightly higher in 2006 than in 2000 (+0.9%), after falling to 98.1% in 2005.

Table 1: Indices of Indicator A of agricultural income in EU (2000 = 100)

	1995	2000	2001	2002	2003	2004	2005	2006
								
BE	86.0	100.0	91.7	81.0	89.5	91.1	86.2	94.1
BG	:	100.0	111.8	:	84.7	92.3	98.1	104.3
CZ	:	100.0	127.2	99.6	87.3	138.8	143.3	152.3
DK	112.4	100.0	115.3	81.6	79.6	91.0	95.8	103.2
DE	71.6	100.0	127.0	108.9	83.0	125.2	113.8	119.7
EE	90.6	100.0	116.7	109.2	154.8	226.5	237.1	224.7
EL	113.8	100.0	101.7	98.2	90.4	84.5	85.2	86.2
ES	93.1	100.0	108.0	104.8	118.3	110.6	96.6	97.4
FR	98.3	100.0	100.9	97.7	95.9	93.5	87.4	94.9
IE	95.4	100.0	98.6	93.5	92.9	90.4	104.2	90.3
IT	98.5	100.0	98.0	96.6	96.7	90.2	94.0	90.9
CY	:	100.0	112.1	112.3	107.5	96.9	94.9	96.8
LV	:	100.0	120.5	116.0	126.2	206.7	212.3	224.2
LT	:	100.0	92.6	86.0	96.6	150.4	191.4	199.5
LU	102.3	100.0	101.7	104.2	95.7	92.9	91.8	90.9
HU	:	100.0	107.9	91.4	93.4	148.6	153.9	160.5
MT	:	100.0	113.5	113.8	109.2	110.7	112.0	109.4
NL	116.1	100.0	93.4	79.6	85.5	80.1	84.4	96.9
AT	112.8	100.0	114.4	108.0	108.6	110.4	107.9	114.3
PL	:	100.0	115.0	103.9	96.0	180.9	163.4	180.7
PT	108.2	100.0	106.4	101.4	123.0	142.5	128.8	131.5
RO	:	100.0	174.6	159.7	192.1	279.0	155.5	165.8
SI	98.0	100.0	86.3	117.6	88.9	141.3	143.9	141.2
SK	100.0	100.0	113.6	106.7	100.3	129.7	120.9	123.0
FI	104.5	100.0	98.6	97.5	96.9	95.3	108.5	100.0
SE	98.5	100.0	107.8	119.2	118.0	106.4	99.1	99.6
UK	171.5	100.0	107.0	118.1	137.6	128.1	125.9	133.9
EU27	:	100.0	109.9	:	108.0	116.2	107.9	112.1

In order to place the most recent income developments in a medium-term perspective, Indicator A is expressed in index form, with the year 2000 chosen as reference year.

According to the evolution of Indicator A, Member States can be divided into two groups.

- The first group includes those countries for which agricultural income in 2006 is above the level

recorded for 2000. This group comprises all Member States having joined EU in 2004 and 2007 (except Cyprus) as well as the United Kingdom, Portugal, Germany, Austria and Denmark.

- The second group includes the other eleven Member States where agricultural income in 2006 is below the level recorded for 2000. Within this group of countries, the sharpest falls are recorded in Greece, Ireland and Italy.

### Declining output volumes (-1.6%) are offset by increasing producer prices (+1.8%)

The decrease in the basic price value of EU agricultural output in 2006 (-3.1%), is partly the result of the changes in the recording of subsidies (see the methodological notes). The value of the agricultural industry's output in 2006 grows in eight Member States. In particular, there are increases in the Netherlands, Hungary, Germany, Austria and Poland ranging between +4.3% and +2.3% (see Table 3). The sharpest decreases are recorded in Greece (-17.1%), Finland (-11.6%), Spain (-8.9%), Ireland (-7.2%) and France (-6.9%).


Output volumes in 2006 are down in most of the Member States (EU-27: -1.6%) except in Malta (+2.8%),

Spain (+1.0%), Bulgaria (+0.6%), Romania (+0.7%) and the Netherlands (+0.1%). In France, the volume of overall output falls by 2.4%, and there is a decrease of 2.1% in Italy, 1.8% in Germany and 1.5% in the United Kingdom.

In the EU-27, average agricultural producer prices are up by 1.8% compared to 2005, but the trend is different from Member State to Member State. The greatest increases are recorded in Belgium (+7.3%), Hungary (+7.1%), Slovenia (+5.6%) and Poland (+4.7%). In ten countries, producer prices are down on the level of the previous year, particularly in Malta (-5.8%), Slovakia (-4.5%), Spain (-3.8%) and Bulgaria (-3.8%).

### A closer look at output

Table 2: Development of main elements of output in the EU-27

	VOLUME (at producer prices)	PRODUCER PRICE (real)	VALUE (real, at producer prices)	VALUE (real, at basic prices)	Share in EU-27 overall output (producer prices, in 2005)	Major producer countries (share in EU 27 output at producer prices, in 2005)
	2006 / 2005 (%)					
Cereals	-5.6	+11.2	+5.0	-8.1	9.2%	FR (22%) DE (15%) IT (11%)
Oilseeds	+5.7	+8.2	+14.3	+0.4	1.5%	FR (25%) DE (22%) UK (9%)
Sugar beet	-17.8	-17.4	-32.1	-30.1	1.9%	DE (20%) FR (19%) PL (12%)
Fresh vegetables	-2.6	+1.9	-0.7	-0.7	9.1%	ES (24%) IT (22%) FR (12%)
Plants and flowers	+0.7	-1.1	-0.4	-0.4	6.2%	NL (30%) IT (15%) DE (14%)
Potatoes	-4.8	+35.7	+29.2	+28.6	2.3%	DE (15%) RO (12%) NL (11%)
Fruits	+3.6	-1.7	+1.8	+1.7	6.7%	ES (30%) IT (24%) FR (12%)
Wine	-0.9	-1.2	-2.1	-2.1	4.8%	FR (48%) IT (25%) DE (8%)
Olive oil	-12.7	+10.4	-3.6	-25.4	1.7%	IT (38%) ES (36%) GR (23%)
<b>Crop output</b>	<b>-2.7</b>	<b>+3.0</b>	<b>+0.2</b>	<b>-4.3</b>	<b>51.3%</b>	<b>FR (19%) IT (17%) ES (14%)</b>
Cattle	+0.7	+5.8	+6.5	-1.0	8.1%	FR (27%) IT (12%) DE (12%)
Pigs	+0.7	+2.6	+3.3	+3.3	9.7%	DE (19%) ES (14%) FR (10%)
Sheep and goats	-0.4	+0.0	-0.4	-8.1	1.7%	ES (26%) UK (22%) GR (14%)
Poultry	-4.3	-2.1	-6.3	-6.2	4.4%	FR (20%) UK (14%) ES (11%)
Milk	-1.0	-3.6	-4.5	-5.3	14.1%	DE (19%) FR (17%) IT (10%)
Eggs	-2.3	+4.5	+2.1	+2.1	1.8%	IT (13%) ES (13%) RO (11%)
<b>Animal output</b>	<b>-0.6</b>	<b>+0.5</b>	<b>-0.1</b>	<b>-2.2</b>	<b>41.6%</b>	<b>FR (17%) DE (15%) IT (10%)</b>
<b>Agricultural services</b>	<b>+0.1</b>	<b>+0.8</b>	<b>+0.9</b>	<b>+0.9</b>	<b>4.4%</b>	<b>FR (22%) IT (18%) NL (16%)</b>
<b>Secondary activities</b>	<b>-0.2</b>	<b>+0.3</b>	<b>+0.0</b>	<b>+0.0</b>	<b>2.8%</b>	<b>FR (19%) UK (13%) IT (13%)</b>

The value of the EU crop output at basic prices in 2006 falls by 4.3%. This development is partly the result of the decreasing effect of the changes in the recording of subsidies (see the methodological notes) and partly of lower output values for cereals (-8.1%), fresh vegetables (-0.7%), plants and flowers (-0.4%), wine (-2.1%), sugar beet (-30.1%) and olive oil (-25.4%).

On average, in the EU the overall output volume of **cereals** falls by 5.6% compared to 2005. Most Member States reported decreases in the output volume of cereals in 2006, especially some northern countries: Lithuania (-33.6%), Sweden (-26.7%), Estonia (-21.1%) and Poland (-20.8%). In some southern Member States production recovered from the particularly sharp fall of the previous year: the output volume of cereals grows

by 37.8% in Portugal and by 36.1% in Spain. For the EU-27, volume decreases are observed for all cereals except barley. In most Member States, producer prices grow as a result of the weak harvest in 2005. On average, the EU producer price for cereals is 11.2% higher than in 2005. The greatest increases in producer prices are recorded in Belgium (+34%), the Netherlands (+27.7%), Austria (+25.3%) and Sweden (+22%).

Both production volumes (-17.8%) and producer prices (-17.4%) for **sugar beet** fall significantly. Production volumes have decreased (or production has been discontinued in the case of Ireland) in all Member States except Romania, Bulgaria, Sweden and Slovenia. Producer prices fall in all Member States except Romania.

The output volume of **fresh vegetables** in the EU is down by 2.6% in 2006. In the three main producer countries the volume of production decreases (Spain: -8.8%, Italy: -2.1%) or remains unchanged (France). EU average prices for fresh vegetables increase by 1.9%.

For **wine**, the volume of EU output is expected to fall in 2006, by 0.9%. France, which produces about half of EU wine, records a decrease of 2.6%. There are significant decreases in the other characteristic products of the southern Member States: **olive oil** output volume falls in 2006 by 12.7% after a decrease of 16% in 2005.

There are also decreases in the output volume of **potatoes** (-4.8%) and **forage plants** (-3.0%). Production volumes of **oilseeds** and **fruits** increase by 5.7% and +3.6% respectively. Producer prices for potatoes rise sharply in each Member State except Malta (EU average: +35.7%).

The value of animal output (i.e. both animals and animal products) in the EU-27 is down by 2.2% compared to 2005. This decline is partly the result of changes in the recording of subsidies (see methodological notes, p.7) and partly the result of falls in the output values of sheep and goats (-8.1%), milk (-5.3%), cattle (-1.0%) and poultry (-6.2%).

EU-27 **pig** production increases slightly in 2006 (output volume: +0.7%), with increases in eleven Member States. There is an increase in three of the five major producer countries: Germany (+0.2%), Spain (+0.9%) and Poland (+7.9%). Output volumes decrease in Denmark (-2.0%) and France (-1.0%). At the same time, average producer prices for pigs are up in the EU-27

(+2.6%). The greatest price increases are recorded in Denmark, Germany, Greece, Spain and Italy (between +5.7% and +10.1%).

Volume of EU-27 **poultry** production falls by 4.3% compared to 2005. The greatest decreases are recorded in Malta (-15%), Italy (-11.8%), Belgium (-10.2%), Denmark (-10%) and France (-8%). Producer prices for poultry are down in nineteen Member States. Poultry prices increase in Spain (+5.9%), Italy (+3.4%) and the United Kingdom (+0.8%) and decrease in France (-1.0%).

The output volume of **milk** is slightly lower than in 2005 (EU: -1.0%). Prices, however, continue to fall: on average in the EU-27 they decrease by 3.6%. Prices are down in most Member States, except in Slovakia (+0.9%), Austria (no change) and Cyprus (+20.9%). The major milk-producing countries (Germany, France, Italy, the United Kingdom and the Netherlands) record decreases between 1.9% and 5.2% in prices.

For **cattle**, the volume of output in 2006 is slightly higher than in 2005 (EU-27: +0.7%), but the trend is different from Member State to Member State. The greatest rises are recorded in Latvia (+17%), the Czech Republic (+10.1%) and Germany (+8.6%). In thirteen countries, output volumes are down on the level of the previous year, particularly in Cyprus (-28.4%), Slovakia (-13%) and Portugal (-12.6%). Prices are up in the EU-27 by 5.8%, following the trend of the previous years. Most of the Member States and each of the major cattle producer countries record higher prices. In Belgium, Denmark, Hungary, the Netherlands and Portugal prices increase by over 10%.

The output value of **agricultural services** in the EU grows by 0.9% compared to 2005. On average in the EU-27, both production volumes (+0.1%) and producer prices (+0.8%) increase slightly. The greatest price increases are recorded in Slovakia (+9.4%), Poland (+7.1%), Austria (+6.2%) and Romania (+5.1%).

The output value of inseparable non-agricultural **secondary activities** in the EU has remained at the level of 2005. On average, production volumes decrease slightly, but there are significant differences between Member States. Producer prices are up by 0.3% in the EU; the greatest increases are recorded in the United Kingdom (+8.6%), Cyprus (+7.4%) and the Czech Republic (+6.4%).

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## Lower intermediate consumption (-0.3%) and labour input (-2.6%)

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### Value of intermediate consumption slightly lower than in 2005

The decrease in the volumes of inputs lies behind the slight decrease in the value of intermediate consumption in 2006 (EU: -0.3%). The lower volume of input use (EU-27: -1.8%) is mainly due to the declining use mostly of fertilisers (-3.9%), energy and lubricants (-2.5%), maintenance of buildings (-2.5%) and feeding

stuffs (-2.3%). Prices of all inputs (except seeds, plant protection products and FISIM<sup>3</sup>) increase (EU-27: +1.5%), particularly for energy and lubricants (+7.4%), maintenance of buildings (+3.5%) and fertilisers (+3.3%).

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<sup>3</sup> FISIM: Financial Intermediation Services Indirectly Measured.

### Volume of value added is below previous year's level

In the EU as a whole, the volume of value added decreases by 2.3% in 2006.

*Changes in the recording of agricultural subsidies in some Member States distort the comparison of levels of value added. For details, see methodological notes, p.7.*

With overall output 3.1% below its 2005 level and despite the decrease in the value of intermediate consumption of 0.3%, agricultural gross value added at basic prices is 6.4% lower than in 2005. Consumption of fixed capital is slightly higher (+0.1%) than in 2005. EU agricultural net value added at basic prices is therefore down by 9.3%.

### Agricultural factor income rises in 2006

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 value of overall subsidies (product-specific subsidies and other subsidies on production net of taxes) shows an increase of 0.8%.

EU agricultural factor income in 2006 is 1.1% higher than in 2005. The strongest growth was observed in the

Netherlands (+11.9%), Poland (+7.9%), France (+6.7%), Romania (+5.2%) and Denmark (+4.2%). The largest falls were observed in Ireland (-13.3%), Finland (-10.8%) and Estonia (-6.4%).

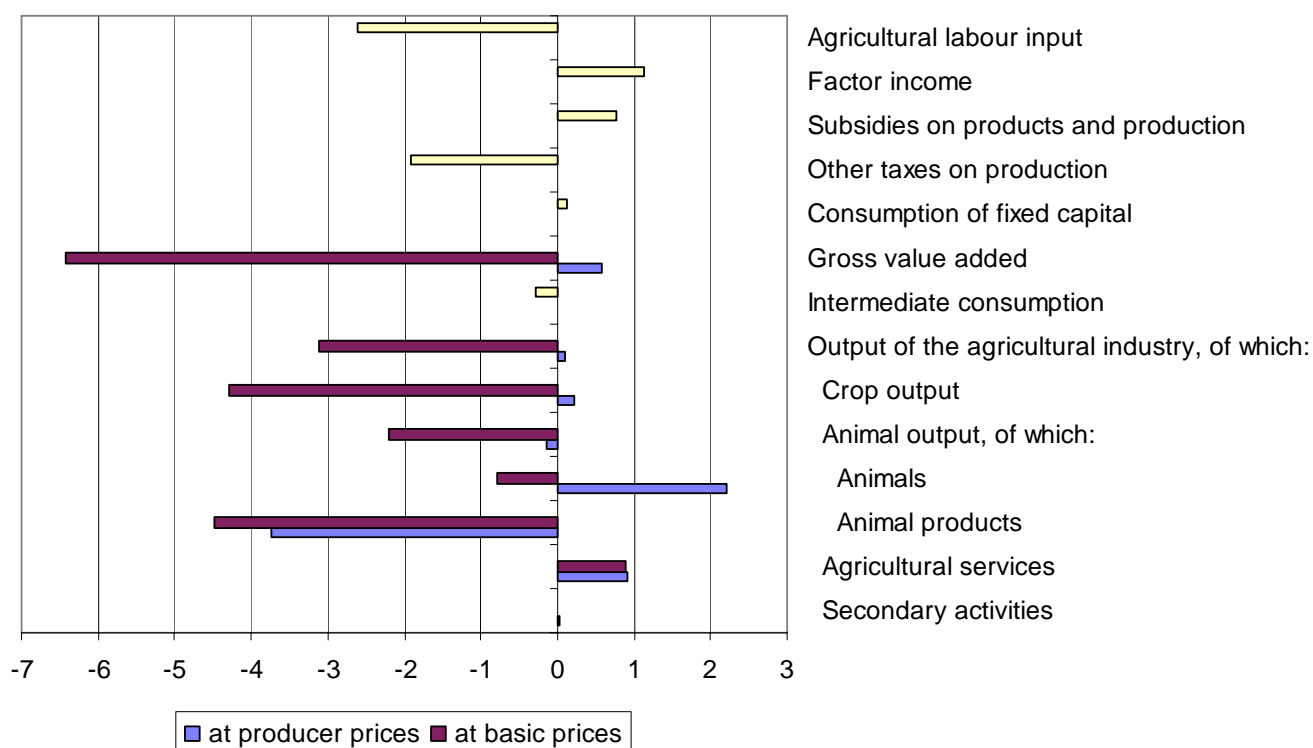
Total agricultural labour input continues to fall in all Member States, with the exception of Ireland and Malta where it was stable. The strongest falls are estimated for Bulgaria (-10.0%), Lithuania (-7.9%), the Czech Republic (-5.7%), Spain (-4.4%) and Latvia (-4%). Overall, EU agricultural labour input is down by 2.6% in 2006.

In the EU, the rise in the agricultural factor income (+1.1%) is amplified by the decline in agricultural labour input (-2.6%), so that the Indicator A of agricultural income increases by 3.8%.

### How Income Indicator C has behaved

Interest paid (net of interest received) is slightly higher in 2006 than in 2005 (+0.3%), and the value of the compensation of employees remains unchanged. Rental payments decrease moderately (-1.5%). As a result of these developments, the EU-27 net entrepreneurial income (in other words, the Indicator C of agricultural income) is 2.0% higher than in 2005.

Figure 2: Development of the main components of agricultural income in EU-27, % 2006/2005



**Table 3: Main components of agricultural income in the EU-27, % 2006/2005**

Values in real terms (i.e. deflated)	EU-27	BE	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
<b>OUTPUT OF THE AGRICULTURAL 'INDUSTRY'</b>	<b>-3.1</b>	<b>+1.7</b>	<b>-3.2</b>	<b>-0.9</b>	<b>-0.4</b>	<b>+2.8</b>	<b>-6.2</b>	<b>-17.1</b>	<b>-8.9</b>	<b>-6.9</b>	<b>-7.2</b>	<b>-2.9</b>	<b>-4.1</b>	<b>+0.9</b>
CROP OUTPUT	-4.3	+7.9	-0.7	-0.3	-2.7	+4.0	-12.1	-21.9	-14.0	-6.8	+1.9	-4.5	-0.5	-0.4
ANIMAL OUTPUT	-2.2	-3.3	-10.0	-1.9	+0.8	+1.9	-2.4	-7.7	-0.2	-8.2	-10.6	-1.0	-2.2	+4.0
<i>ANIMALS</i>	-0.8	-1.4	-10.4	+2.8	+2.1	+5.7	-4.8	-12.3	+2.5	-6.3	-14.8	+1.5	+1.5	+8.5
<i>ANIMAL PRODUCTS</i>	-4.5	-9.0	-9.5	-6.7	-2.3	-2.7	-1.1	-1.7	-8.1	-11.6	-2.4	-5.0	-9.8	+1.7
AGRICULTURAL SERVICES	+0.9	+0.5	+0.4	+8.7	-0.2	+0.4	-2.5	-2.7	-7.3	+0.0	+0.7	+2.6	-	-0.0
SECONDARY ACTIVITIES	+0.0	+0.9	+4.7	-1.7	-3.1	-0.6	-5.0	-1.8	-3.2	-1.1	-	+2.9	-1.1	-5.1
<b>- INTERMEDIATE CONSUMPTION</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-2.1</b>	<b>+0.0</b>	<b>-2.0</b>	<b>+3.5</b>	<b>-3.7</b>	<b>-4.4</b>	<b>-3.1</b>	<b>-1.5</b>	<b>+2.8</b>	<b>-0.1</b>	<b>-4.6</b>	<b>+6.0</b>
<b>= GROSS VALUE ADDED AT BASIC PRICES</b>	<b>-6.4</b>	<b>+5.6</b>	<b>-4.5</b>	<b>-3.3</b>	<b>+3.0</b>	<b>+1.4</b>	<b>-10.1</b>	<b>-23.1</b>	<b>-12.4</b>	<b>-13.4</b>	<b>-23.3</b>	<b>-4.8</b>	<b>+0.5</b>	<b>-8.0</b>
- CONSUMPTION OF FIXED CAPITAL	+0.1	+1.1	-4.5	+17.2	-1.1	+1.4	+4.9	-1.6	-4.3	+0.9	+0.5	+0.9	-11.4	+23.1
- OTHER TAXES ON PRODUCTION	-1.9	+47.8	-22.4	-13.2	-3.1	-0.6	-3.3	+2.9	-0.5	-3.2	-9.5	-0.8	-	-0.6
+ OTHER SUBSIDIES ON PRODUCTION (a)	+38.3	+5.2	-0.9	+12.4	-0.2	+4.4	+13.4	+467.5	+87.1	+235.2	+4.4	+22.6	-	+35.2
<b>= FACTOR INCOME (1)</b>	<b>+1.1</b>	<b>+6.3</b>	<b>-4.3</b>	<b>+0.2</b>	<b>+4.2</b>	<b>+3.0</b>	<b>-6.4</b>	<b>+0.1</b>	<b>-3.6</b>	<b>+6.7</b>	<b>-13.3</b>	<b>-3.6</b>	<b>+1.0</b>	<b>+1.4</b>
AGRICULTURAL LABOUR INPUT (2)	-2.6	-2.6	-10.0	-5.7	-3.3	-2.0	-1.2	-1.1	-4.4	-1.7	+0.0	-0.2	-0.9	-4.0
<b>INDICATOR A (1)/(2)</b>	<b>+3.8</b>	<b>+9.2</b>	<b>+6.4</b>	<b>+6.3</b>	<b>+7.7</b>	<b>+5.1</b>	<b>-5.2</b>	<b>+1.2</b>	<b>+0.8</b>	<b>+8.5</b>	<b>-13.3</b>	<b>-3.4</b>	<b>+2.0</b>	<b>+5.6</b>
Indicator A, Indices in 2006 (2000=100)	112.1	94.1	104.3	152.3	103.2	119.7	224.7	86.2	97.4	94.9	90.3	90.9	96.8	224.2

Values in real terms (i.e. deflated)	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
<b>OUTPUT OF THE AGRICULTURAL 'INDUSTRY'</b>	<b>-5.0</b>	<b>-1.7</b>	<b>+2.9</b>	<b>-3.4</b>	<b>+4.3</b>	<b>+2.8</b>	<b>+2.3</b>	<b>-2.4</b>	<b>-2.9</b>	<b>-0.0</b>	<b>-6.4</b>	<b>-11.6</b>	<b>-1.0</b>	<b>+0.8</b>
CROP OUTPUT	-12.7	-1.4	+4.2	+1.8	+6.1	+3.3	+4.8	-0.7	-1.2	-1.2	-7.0	-21.9	-0.6	+2.9
ANIMAL OUTPUT	-0.1	-3.4	+1.5	-7.7	+3.0	+3.1	-0.1	-4.6	-7.4	+1.0	-8.1	-5.4	-1.5	-0.6
<i>ANIMALS</i>	-2.1	-1.1	+3.0	-7.2	+3.0	+2.5	-1.5	-4.9	-6.8	+1.6	-13.2	-5.6	+0.0	+2.3
<i>ANIMAL PRODUCTS</i>	+8.1	-5.3	-1.4	-8.7	+3.1	+4.0	-99.0	-3.9	-8.1	+0.0	-1.5	-5.3	-2.8	-5.4
AGRICULTURAL SERVICES	-4.7	-1.4	-1.0	-	+0.5	+5.1	+7.1	-4.4	+27.2	+1.7	+5.3	+3.5	+0.3	+1.7
SECONDARY ACTIVITIES	-4.7	+18.0	+1.6	+8.5	+4.8	-3.6	-5.3	-5.0	+0.8	-	+2.5	+4.6	+0.3	+1.4
<b>- INTERMEDIATE CONSUMPTION</b>	<b>-3.9</b>	<b>+0.1</b>	<b>+1.9</b>	<b>-3.1</b>	<b>+2.6</b>	<b>+1.9</b>	<b>+2.5</b>	<b>-6.2</b>	<b>-8.1</b>	<b>+4.4</b>	<b>-5.2</b>	<b>+1.6</b>	<b>-1.6</b>	<b>-0.0</b>
<b>= GROSS VALUE ADDED AT BASIC PRICES</b>	<b>-6.8</b>	<b>-4.4</b>	<b>+4.3</b>	<b>-3.6</b>	<b>+6.7</b>	<b>+4.0</b>	<b>+2.0</b>	<b>+3.2</b>	<b>+2.6</b>	<b>-5.5</b>	<b>-9.7</b>	<b>-39.8</b>	<b>+0.9</b>	<b>+2.3</b>
- CONSUMPTION OF FIXED CAPITAL	-5.0	-0.7	+3.4	-3.4	+2.6	-0.0	-6.0	-1.8	-3.5	+0.0	-3.2	+2.5	+1.6	-2.4
- OTHER TAXES ON PRODUCTION	-4.7	-2.2	-2.8	-	-0.8	-1.3	-1.5	+18.1	-9.0	-	-0.3	-	-	-1.4
+ OTHER SUBSIDIES ON PRODUCTION (a)	+39.7	+2.9	-2.7	+6.7	+54.0	-0.3	+20.2	-11.0	+26.5	+12.6	+18.5	+28.6	-0.8	+0.8
<b>= FACTOR INCOME (1)</b>	<b>-4.0</b>	<b>-2.3</b>	<b>+2.6</b>	<b>-2.5</b>	<b>+11.9</b>	<b>+3.9</b>	<b>+7.9</b>	<b>+1.3</b>	<b>+5.2</b>	<b>-3.0</b>	<b>-1.6</b>	<b>-10.8</b>	<b>-0.8</b>	<b>+3.1</b>
AGRICULTURAL LABOUR INPUT (2)	-7.9	-3.1	-1.6	+0.0	-2.7	-2.2	-2.4	-0.5	-2.3	-1.1	-3.3	-3.2	-1.3	-3.1
<b>INDICATOR A (1)/(2)</b>	<b>+4.3</b>	<b>+0.8</b>	<b>+4.3</b>	<b>-2.5</b>	<b>+15.1</b>	<b>+6.2</b>	<b>+10.6</b>	<b>+1.8</b>	<b>+7.7</b>	<b>-1.9</b>	<b>+1.8</b>	<b>-7.8</b>	<b>+0.5</b>	<b>+6.4</b>
Indicator A, Indices in 2006 (2000=100)	199.5	90.9	160.5	109.4	96.9	114.3	180.7	131.5	165.8	141.2	123.0	100.0	99.6	133.9

(a) See methodological notes for changes in recording of subsidies.

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The estimates for the Economic Accounts for Agriculture (EAA) published in this Statistics in Focus are provisional. The results have been compiled by the national authorities in the Member States of the European Union, 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).

### 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 **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 euros (at 2000 exchange rates for long-term analysis and at those of the year 2005 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.

3. 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 engaged in agricultural activities in an agricultural unit on a full-time basis over an entire year.

### What is agricultural income?

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 placed 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 C: Index of the real net entrepreneurial income from agriculture

### Changes in recording of subsidies

Implementation of the Single Farm Payment (SFP) in the framework of the recent CAP reform started in several Member States in 2005. Since the Member States do not apply the SFP system in exactly the same way, only limited comparisons of output values at basic prices, values of subsidies and value added between Member States and time periods (particularly 2004, 2005 and 2006) can be made. In general, implementation of the SFP results in a drop in basic price output values and an increase in other subsidies on production, while values at producer prices and the Income indicator A are not affected by this change.

### FURTHER READING

Regulation (EC) No 138/2004 of the European Parliament and of the Council on the Economic Accounts for Agriculture in the Community (OJ L33, 5.2.2004).

## ***Further information:***

Data : [EUROSTAT Website/Theme: Agriculture and Fisheries/Data](#)

 **Agriculture, forestry and fisheries**

 **Agriculture**

 **Economic Accounts for Agriculture and Forestry**

 **Economic Accounts for Agriculture**

 **Agricultural Labour Input Statistics**

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