

EU-15 agricultural income up by 3.3% in 2001

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AGRICULTURE

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The annual report from Eurostat entitled *Income from Agricultural Activity in 2001 - European Union and Candidate Countries (2002 edition)* has just been finalised and will become available soon. This report looks at the changes in the main indicators of the income from agricultural activity between 2000 and 2001. For the first time, information is included on 8 of the Candidate Countries (Czech Republic, Estonia, Hungary, Lithuania, Malta, Poland, Slovak Republic and Slovenia).

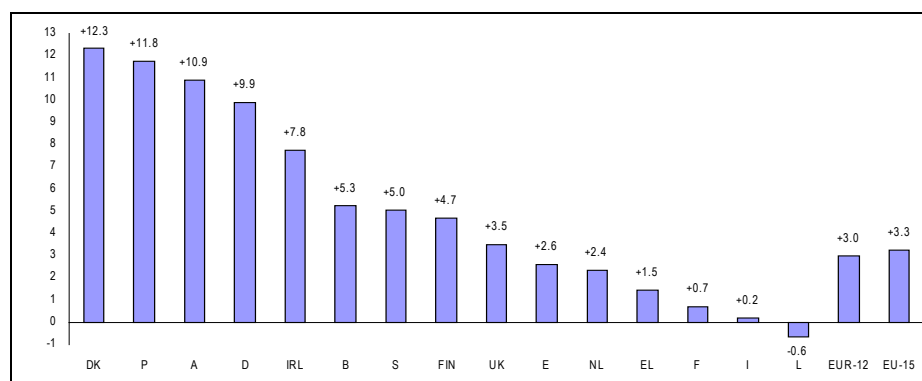


Figure 1: Income from agricultural activity (Indicator A) in the European Union, in 2001 (changes in %)

The provisional results indicate that income from agricultural activity per full time worker is estimated to have increased by 3.3% during 2001, as measured by Indicator A for the EU-15⁽¹⁾. Compared to the base year "1995" (the average of 1994, 1995 and 1996), Indicator A is 7.6% above the base level. Income from agricultural activity rose in all but one Member State (Luxembourg: -0.6%). The strongest rises were seen in Denmark (+12.3%), Portugal (+11.8%), Austria (+10.9%) and Germany (+9.9%).

Information available from the 8 Candidate Countries who were able to participate in this exercise reveals a range of annual change in Indicator A ranging from a fall of 14.4% (Slovenia) to an increase of 26.8% (Hungary). There were also income increases in the Czech Republic (+20.5%), Estonia (+17.2%), the Slovak Republic (+14.1%) and in Lithuania (13.6%). Income from agricultural activity declined a little in Malta (-1.6%) and strongly in Poland (-10.3%).

⁽¹⁾ If not otherwise stated, the results presented in this publication refer to EU-15 as a whole. All figures relating to the development in prices and values (and therefore also in the income indicator) are expressed in real terms (see methodological notes).

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 (in annual work units).



Summary of the main factors behind the 2001 developments in EU-15

The principal aggregates behind factor income changed in the following ways:

- The value of the **agricultural industry's output** increased slightly in 2001 (0.3%), as a result of contrasting developments in animal and crop production. Increases in the output values of **animals** and **animal products** (+2.1% and +3.7% respectively) outweighed the fall in the value of **crop** output (-1.5%). The overall value of **product-specific subsidies (net of taxes)** was slightly smaller than in 2000 (-0.4%).
- The value of **intermediate consumption goods and services** was slightly higher than in 2000 (+0.2%). Average prices for intermediate inputs were 0.8% higher than in 2000, mainly as a result of higher prices for **animal feedingstuffs** (+1.6%) and **fertilisers** (+9.7%). The average input volume consumed was down by 0.6%, reflecting a reduction in the use of **fertilisers** and **pesticides** (-6.5% and -6.3% respectively).
- **Consumption of fixed capital** (i.e. depreciation) was slightly higher (+0.2%) while **other taxes on production** fell below 2000 levels (-0.4%). **Other subsidies on production** increased considerably (+9.7%). The volume of **agricultural labour input** declined by 2.0%, the slowest rate in the past 10 years.

Crop output

For crops, volumes of output at producer prices were on average 3.0% lower than in 2000. This was only partly compensated for by higher real-terms producer prices (+1.4%). The product-specific subsidies (net of taxes) were slightly lower than in 2000 (-0.6% in real terms).

On a product-by-product basis, the overall results in crop production were mainly influenced by the developments in the sectors of **cereal**, **wine**, **potato** and **fruit** production. There were declines in the output value at basic prices of cereals and of wine (-4.2% and -9.2% respectively) and increases in those of potatoes and fruit (+22.2% and 4.8% respectively).

The EU-15 **cereal** harvest in 2001 fell back against the 2000 harvest where a record level had been reached.

Due mainly to unfavourable weather conditions, the output volume of cereals as a whole declined by 7.5%. The real-terms producer prices for cereals rose by +0.5% and there was a small increase in the product-specific subsidies (net of taxes) for cereals (+1.9%).

In **wine** production, there were important declines in both output volumes and real-terms producer prices (-5.7% and -3.7% respectively). For **potatoes**, there was a decline of 3.2% in the output volume, which allowed producer prices to recover from their rather low levels in the previous years (+26.6%). The EU-15 average output volume of **fruit** was 2.9% lower than in 2000, while real terms prices were considerably higher (+8.3%).

Animal output

Despite the sanitary crises observed in the animal sector, linked to BSE and Foot and Mouth disease (FMD), favourable price developments in 2001, notably for pigs, sheep and goats, poultry and milk, led to an increase in the value of overall animal output at basic prices of 2.7%.

The overall results in animal production were mainly determined by the developments in the sectors of **cattle**, **pig** and **milk** production. There was a marked decline in the output value at basic prices of cattle (-10.5%) but increases in the output values of pigs and milk (+16.2% and +4.5% respectively).

Cattle production bore the brunt of the disease impact, with real terms producer prices down by 13.3%; output volumes were 1.9% lower, the product-specific subsidies (net of taxes) rose by 10.0%. Pigmeat continued to increase in attractiveness to the consumer as an alternative to beef, and real terms producer prices for **pigs** rose in all Member States, at an EU-15 average of 16.2% (output volume: +0.2%). The **milk** output volume is expected to be slightly higher than in 2000 (+0.3%), while producer prices rose by 3.8%.

Other components of the calculation of agricultural income in the EU

On the back of the developments in output and intermediate consumption, the agricultural **gross value added at basic prices** was 0.3% higher than in 2000. The level of **fixed capital consumption** increased by

0.2%. **Other subsidies on production** rose by 9.7%, while the less significant **other taxes on production** fell by 0.4%. Agricultural factor income, the basis of Indicator A, increased by 1.2%.

Values in real terms (i.e. deflated)	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR-12	EU-15
Output of the agricultural industry	+1.8	+3.9	+1.8	-1.8	+0.6	-0.1	-3.8	+0.6	-1.0	-1.7	+2.3	+2.9	-1.9	+1.3	-1.6	+0.3	+0.3
Crop output	+4.8	-1.7	-0.9	-3.3	-4.5	-1.5	+0.9	-1.2	-9.8	+0.3	-0.2	+4.0	-6.2	-1.0	-1.8	-1.5	-1.5
Animals	-1.2	+13.1	+3.7	+2.8	+10.2	+2.0	-9.6	+6.3	-0.2	-7.1	+3.7	+3.2	+9.9	+9.8	-8.7	+3.0	+2.1
Animal products	+1.2	-1.9	+6.9	+1.6	+8.6	+1.4	+3.0	-1.4	+6.8	+0.2	+8.2	-1.6	-1.7	-2.1	+13.4	+3.0	+3.7
- Intermediate consumption	+1.7	+2.0	-0.1	-2.3	+0.4	+0.6	-0.7	+1.1	-0.1	-1.2	-0.4	+0.1	-4.8	+2.9	+0.3	+0.1	+0.2
= Gross value added at basic prices	+1.9	+6.6	+4.5	-1.7	+0.8	-0.9	-7.4	+0.3	-2.0	-2.4	+5.5	+5.9	+4.3	-2.0	-4.0	+0.5	+0.3
- Consumption of fixed capital	-1.1	-2.9	-1.2	-1.6	+5.8	+2.2	-2.6	+0.7	+0.0	-1.4	-0.4	+0.5	-2.1	-2.6	-2.8	+0.7	+0.2
- Other taxes on production	-2.1	+21.4	-0.1	-2.8	-0.2	-0.1	+58.4	-1.9	-2.9	-1.4	-2.0	+3.1	:	:	-12.5	-0.6	-0.4
+ Other subsidies on production	-2.1	+1.0	-14.3	+3.9	+13.7	+12.2	+47.5	+6.5	+0.3	+79.0	+4.0	+22.0	-2.7	+6.5	+80.1	+6.1	+9.7
= Factor income (1)	+2.7	+9.0	+5.5	-1.4	+0.8	-1.1	+0.5	+0.7	-2.4	-1.1	+9.0	+9.5	+1.6	+0.8	+1.5	+1.0	+1.2
Agricultural labour input (2)	-2.4	-3.0	-4.0	-2.9	-1.8	-1.8	-6.7	+0.5	-1.7	-3.4	-1.7	-2.0	-3.0	-4.0	-1.9	-2.0	-2.0
Indicator A (1)/(2)	+5.3	+12.3	+9.9	+1.5	+2.6	+0.7	+7.8	+0.2	-0.6	+2.4	+10.9	+11.8	+4.7	+5.0	+3.5	+3.0	+3.3
Indicator A, indices in 2001 ("1995" = 100)	101.4	107.1	123.9	99.4	118.2	108.6	101.8	115.0	98.6	83.8	97.1	119.1	120.7	122.5	60.5	112.1	107.6

Table 1: Main components of the income from agricultural activity in the European Union as a whole and in the Member States, in 2001 (annual changes in %)

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The results presented in this publication are based on the data of the Economic Accounts for Agriculture (EAA) as compiled and provided by the 15 Member States of the European Union and by the Candidate Countries at the end of January / February 2002.

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 2001, in the Euro (B, D, EL, E, F, IRL, I, L, NL, A, P, FIN).
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 ECU/EURO (at 1995 exchange rates for long-term analysis and at those of the year 2000 for the short-term development). The results are thus 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?

One of the main objectives of the Economic Accounts for Agriculture is to measure agricultural income and changes therein.

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, such 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.**

FURTHER READING

The forthcoming Eurostat report *Income from agricultural activity in 2001 - European Union and Candidate Countries (2002 edition)* presents a detailed analysis of changes in income from agricultural activity in 2001 over 2000 in the European Union, in its Member States and in a number of Candidate Countries. In December 2001, Eurostat has published the *Economic Accounts for Agriculture and Forestry and Agricultural Labour Input Statistics, 1973-2000 (2001 edition)*, on CD-ROM.

The methodology of the EAA is documented in the *Manual on the Economic Accounts for Agriculture and Forestry EAA/EAF 97 (Rev. 1.1)*, available in all the official languages of the EU.

Further information:

➤ Reference publications

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

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