

Agricultural income in EU-25 in 2004: +3.3% in real terms

According to the first EAA estimates submitted to Eurostat by the Member States at the beginning of December 2004, the agricultural income per labour unit (Indicator A) is estimated to have increased, in 2004, by 3.3% in the European Union ⁽¹⁾, following an increase of 1.5% in 2003. This improvement in agricultural income was caused by a marked increase of 53.8% in the ten new Member States, whilst it rose slightly in the 15 old Member States (+0.8%).

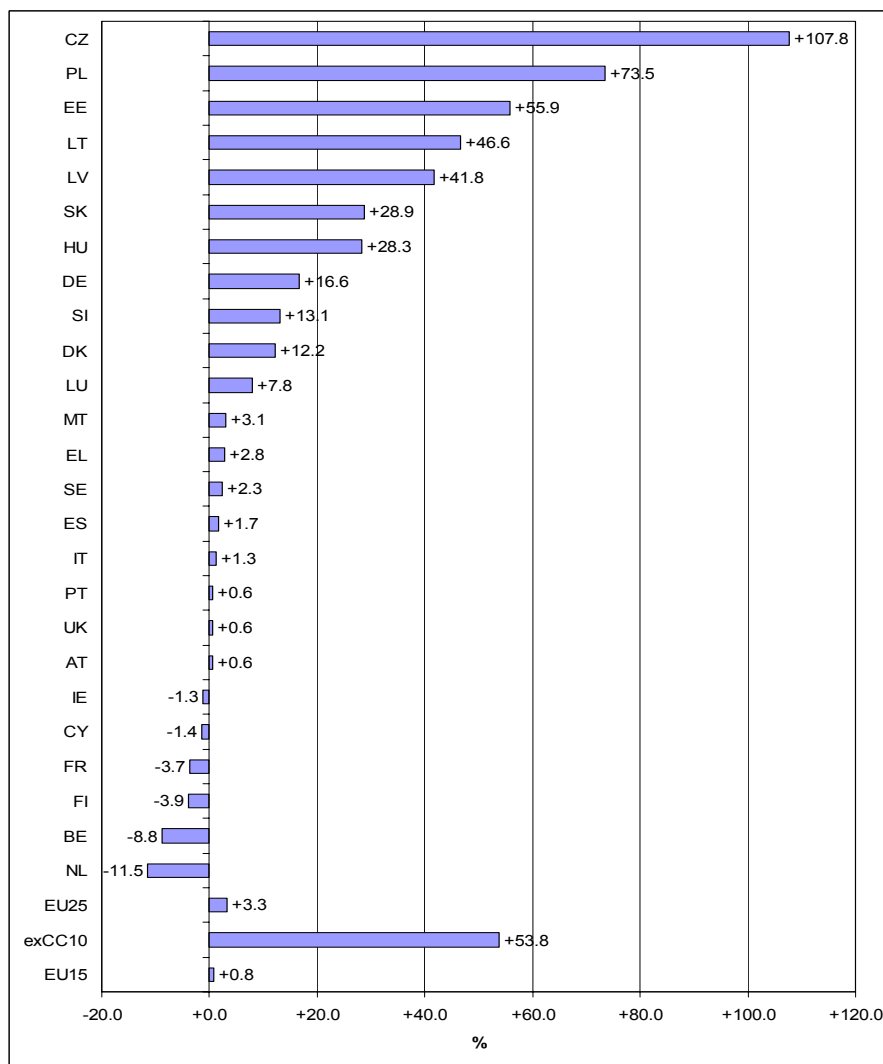


Figure 1: Agricultural income (indicator A) in EU-25, %, 2004/2003

Indicator A is expected to increase in nineteen Member States (see figure above), the strongest rates being in most of the new Member States. In the old Member States, a significant increase can be observed in Germany (+16.6%), Denmark (+12.2%) and Luxembourg (+7.8%). Income was down in only six Member States. The largest drop in agricultural income is estimated to be in Belgium (-8.8%) and the Netherlands (-11.5%).

⁽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-25. 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 for further information.

Statistics

in focus

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Main factors determining the development of income in 2004

Increase in the value of output: +2%

The principal EU-25 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 is up 2.0% on 2003. This rise is due mainly to increases in the output values of both crop and animal production (+3.1% and +2.8% respectively). In the case of crop production, this reflects a very good harvest for most crops (+12.5%) due mainly to the optimum weather conditions during the 2004 crop year. In the case of animal production, most of the increase can be attributed to better producer prices for pigs
- (+6.9%) and a greater number of poultry (+4.6%). The overall value of product-specific subsidies (net of taxes) is 3.1% higher than in 2003.
- The value of intermediate consumption goods and services is up 2.5% in 2004. This increase is largely explained by higher intermediate consumption prices (+4.8%).
- Consumption of fixed capital ("depreciation") is slightly higher (+0.8%) than in 2003. The "other subsidies on production" (net of taxes) show an increase of 3.0%.
- As a consequence of these developments, agricultural factor income, the basis of Indicator A, is up by 1.8% compared to 2003. However, with the continuous reduction in agricultural labour input (-1.5%), Indicator A shows an increase of +3.3%.

The 2004 results from a medium-term perspective


|  | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 % |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| BE | 101.4 | 102.8 | 92.5 | 101.5 | 105.3 | 99.5 | 92.0 | 99.9 | 108.1 | 90.9 | 91.7 | -8.8 |
| CZ | ... | ... | ... | ... | ... | 95.0 | 79.3 | 96.9 | 123.8 | 97.3 | 95.3 | 107.8 |
| DK | 83.9 | 96.0 | 112.5 | 112.4 | 107.9 | 84.1 | 83.8 | 101.7 | 114.4 | 85.6 | 82.6 | 12.2 |
| DE | 65.1 | 69.6 | 75.8 | 87.4 | 89.7 | 80.2 | 79.7 | 97.9 | 122.4 | 89.6 | 95.2 | 16.6 |
| EE | ... | ... | 110.4 | 117.6 | 115.1 | 126.1 | 69.2 | 103.7 | 127.1 | 126.5 | 178.7 | 55.9 |
| EL | 87.7 | 98.7 | 103.2 | 98.0 | 98.5 | 97.9 | 98.2 | 99.3 | 102.5 | 100.0 | 99.0 | 2.8 |
| ES | 80.8 | 90.1 | 89.7 | 100.6 | 101.5 | 97.3 | 91.2 | 100.3 | 108.5 | 105.7 | 113.3 | 1.7 |
| FR | 78.0 | 88.5 | 94.0 | 94.4 | 97.8 | 102.0 | 100.0 | 99.4 | 100.6 | 98.4 | 97.6 | -3.7 |
| IE | 93.3 | 96.2 | 103.1 | 101.9 | 98.9 | 95.7 | 90.5 | 105.5 | 103.9 | 99.0 | 99.3 | -1.3 |
| IT | 74.7 | 79.8 | 87.6 | 92.6 | 94.9 | 94.8 | 102.3 | 98.7 | 99.1 | 94.9 | 95.7 | 1.3 |
| CY | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 98.7 | -1.4 |
| LV | ... | ... | ... | ... | ... | 114.1 | 84.1 | 102.2 | 113.7 | 116.7 | 109.7 | 41.8 |
| LT | ... | ... | ... | ... | 126.1 | 131.4 | 106.9 | 100.7 | 92.4 | 81.8 | 97.3 | 46.6 |
| LU | 94.8 | 93.1 | 105.0 | 108.8 | 100.0 | 109.9 | 103.6 | 98.7 | 97.7 | 100.4 | 96.0 | 7.8 |
| HU | ... | ... | ... | ... | ... | 123.5 | 106.1 | 93.8 | 100.2 | 85.2 | 85.0 | 28.3 |
| MT | ... | ... | ... | ... | ... | 111.8 | 105.7 | 95.1 | 99.1 | 99.0 | 91.1 | 3.1 |
| NL | 98.7 | 111.2 | 114.2 | 109.5 | 118.2 | 106.2 | 98.6 | 99.7 | 101.6 | 89.4 | 93.4 | -11.5 |
| AT | 88.5 | 95.8 | 105.0 | 99.1 | 90.3 | 88.9 | 89.7 | 97.0 | 113.3 | 107.8 | 105.2 | 0.6 |
| PL | ... | ... | ... | ... | ... | 108.5 | 93.9 | 95.9 | 110.2 | 88.6 | 82.4 | 73.5 |
| PT | 55.4 | 74.3 | 81.6 | 89.6 | 84.9 | 85.0 | 102.9 | 88.9 | 108.2 | 101.1 | 101.7 | 0.6 |
| SI | ... | ... | 106.4 | 94.8 | 109.4 | 106.4 | 99.8 | 107.6 | 92.6 | 125.6 | 95.4 | 13.1 |
| SK | ... | ... | 95.1 | 100.0 | 102.8 | 91.1 | 97.2 | 94.5 | 108.3 | 102.3 | 88.3 | 28.9 |
| FI | 81.9 | 73.6 | 92.8 | 79.2 | 78.9 | 64.8 | 83.4 | 108.1 | 108.5 | 114.8 | 90.3 | -3.9 |
| SE | 81.8 | 82.5 | 98.4 | 96.4 | 102.2 | 104.6 | 92.1 | 100.0 | 108.0 | 108.8 | 107.1 | 2.3 |
| UK | 141.0 | 149.7 | 164.5 | 154.1 | 118.7 | 103.1 | 101.1 | 96.0 | 102.9 | 110.3 | 133.2 | 0.6 |
| EU 15 | 82.1 | 90.1 | 96.2 | 99.4 | 99.0 | 95.7 | 95.5 | 99.1 | 105.4 | 98.8 | 101.1 | 0.8 |
| ex C C 10 | ... | ... | ... | ... | ... | ... | 96.5 | 96.6 | 106.9 | 91.6 | 86.5 | 53.8 |
| EU 25 | ... | ... | ... | ... | ... | ... | 95.6 | 99.1 | 105.3 | 97.9 | 99.4 | 3.3 |

Table 1: Indicator A indices of agricultural income in EU-25 ("2000" = 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 1999, 2000 and 2001 (i.e. "2000") chosen as reference 100.

Member States can be divided into two groups. The first group includes those countries for which agricultural income in 2004 is above the level recorded for "2000" (i.e. 100). This group comprises Estonia, the Czech Republic, Latvia, Poland and Lithuania (where the level of agricultural income attained in 2004 is more than 40 index points higher than in "2000"), the United Kingdom, Spain, Slovakia, Sweden, Hungary, Slovenia and Austria. In Luxembourg, Portugal, Germany and Greece, the level of Indicator A in 2004 is almost equal to that of "2000". The second group includes the nine other countries for which agricultural income in 2004 is below the level recorded for "2000", with the sharpest falls being recorded in Finland, Belgium and the Netherlands.

Of the 15 old Member States, the development of agricultural income in the United Kingdom is quite different to that of any other Member State of the European Union. In 1995, Indicator A reached the highest level over the whole period (1973 to 2004). However, sharp declines in the second half of the nineties (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 since 2000 is due, to a considerable extent, to higher producer prices for a number of important products (inter alia potatoes, cattle and milk), which, in turn, is partly linked to the weakening of the pound relative to the Euro. For the EU-25, the recent increase brings Indicator A to a level of 102.7 ("2000" = 100), after a decline of 7% in 2002 and a slight increase of 1.5% in 2003. In the fifteen old Member States indicator A has risen slightly since 2002.

Increase in overall output due to higher output volumes

With the exception of Belgium (-4.6%), the Netherlands (-3.5%), Finland (-2.5%), Cyprus (-2.3%) and Ireland (-1.2%), the value of the agricultural industry's output, in 2004, is up in all Member States (EU-25: +2.0%, see Table 3). This trend can be seen in particular in the four largest producer countries: France (+0.5%), Italy (+1.4%), Spain (+1.5%) and Germany (+6.1%).

Output volumes in 2004 are up in all Member States except in Estonia and Finland (EU-25: +6.7%). In France, the volume of overall output rises by 10.8%, and there is an increase of +9.6% in Germany, +6.5% in Italy and +4.5% in Spain.

In the EU average, agricultural producer prices are down by 4.5% compared to 2003, but the trend is different from Member State to Member State. Increases are recorded in Poland (+6.8%), the Czech Republic (+6.7%), Estonia

(+4.9%) and Latvia (+1.9%). In all the other countries, producer prices are down on the level of the previous year, particularly in France (-9.6%), Italy (-4.8%), Germany (-3.4%) and Spain (-2.5%).

There is an increase, as a whole, in product-specific subsidies and taxes. In the European Union, product-specific subsidies, net of taxes, are 3.1% higher than in 2003.

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 5.5% 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 animal and crop production

Value of crop production: +3.1%, value of animal production: +0.7%


|  eurostat | VOLUME | PRODUCER PRICE (real) | VALUE (real, at producer prices) | VALUE (real, at basic prices) | Share in EU-25 overall output (in 2003) | Major producer countries (share in EU 25 output, in 2003) |
|---|--------------|-----------------------|----------------------------------|-------------------------------|---|---|
| Cereals | +24.0 | -8.0 | +14.2 | +10.1 | 12.7% | FR (24%) DE (18%) ES (11%) |
| Oilseeds | +25.4 | -12.6 | +9.6 | +5.9 | 1.7% | FR (33%) DE (23%) UK (12%) |
| Sugar beet | +3.9 | +1.5 | +5.5 | +5.6 | 1.7% | DE (22%) FR (21%) UK (9%) |
| Fresh vegetables | +4.6 | -13.6 | -9.6 | -9.6 | 8.4% | IT (23%) ES (22%) FR (13%) |
| Plants and flowers | +1.5 | -2.2 | -0.7 | -0.7 | 5.8% | NL (29%) IT (14%) DE (14%) |
| Potatoes | +11.4 | -12.8 | -2.8 | -2.7 | 2.4% | FR (21%) NL (12%) DE (12%) |
| Fruit | +7.1 | -9.6 | -3.1 | -3.1 | 6.5% | ES (31%) IT (23%) FR (14%) |
| Wine | +21.1 | -3.2 | +17.2 | +17.2 | 4.5% | FR (46%) IT (29%) ES (9%) |
| Olive oil | +25.3 | +5.4 | +32.1 | +18.6 | 1.8% | ES (38%) IT (37%) EL (24%) |
| Crop output | +12.5 | -8.0 | +3.5 | +3.1 | 53.5% | FR (21%) IT (16%) ES (15%) |
| Cattle | -0.4 | +0.5 | +0.1 | +0.2 | 9.4% | FR (28%) UK (13%) IT (13%) |
| Pigs | +0.2 | +6.9 | +7.1 | +7.0 | 8.3% | DE (19%) ES (16%) FR (11%) |
| Sheeps and goats | +1.5 | -1.6 | -0.2 | -0.8 | 2.2% | ES (26%) UK (24%) EL (14%) |
| Poultry | +4.6 | -0.6 | +4.0 | +3.9 | 4.0% | FR (23%) UK (14%) IT (14%) |
| Milk | -0.7 | -2.8 | -3.4 | -1.2 | 13.4% | DE (20%) FR (18%) IT (10%) |
| Eggs | +1.5 | -13.4 | -12.1 | -12.0 | 2.1% | ES (17%) IT (14%) DE (13%) |
| Animal output | +0.4 | -0.4 | 0 | +0.7 | 41.0% | FR (19%) DE (15%) IT (11%) |

Table 2: Changes in the main crop and animal products in UE-25, in %, 2004/2003

Significant increase in the volume of crop production

The increase in the value of the EU crop output in 2004 (+3.1%), is mainly the result of higher output values for sugar beet (+5.6%), oilseeds (+5.9%), cereals (+10.1%), wine (+17.2%), and olive oil (+18.6%).

Cereals are the second most important product (group), after milk, in EU agriculture. In most of the Member States, favourable weather conditions in 2004 led to an increase in the output volume of cereals. This increase is particularly pronounced in Germany (+30.1%), France (+27.3%), Spain (+23.3%) and Italy (+22.0%), which together had contributed almost two thirds to the EU production of cereals in 2003. In the EU average, the overall output volume of cereals rose by 24% compared

to 2003. Volume increases are observed for every type of cereals, though those for oats and rice are less pronounced than for soft wheat, rye, barley, grain maize and triticale. In most of the Member States, producer prices are down as a result of the strong harvest. In the average of the EU, the producer price for cereals is 8.0% lower than in 2003.

In **wine** production, the EU output volume is expected to reach one of its highest levels over the past 10 years, with an increase, in 2004, of 21.1%. France, which produces about half of the EU wine output, records an increase of almost 32%. There are also increases in the EU output volume of **olive oil** (+25.3%), **forage plants** (+18.1%), **potatoes** (+11.4%), **industrial crops** (+10.3%), **fruits** (+7.1%) and **horticultural products** (+3.4%). In response, for each of these products, producer prices are much lower than in 2003, with the exception of sugar beet and olive oil for which the prices are higher than in 2003 despite the increase in volume. For horticultural products, fruits, potatoes and forage plants, producer prices are down by around 10%, for industrial plants and wine, they are down by 5.3% and 3.2% respectively.

Increase in the animal production except for cattle and milk

The value of animal output (comprising both animals and animal products) in the EU is up by 0.7% compared to 2003. This is mainly the result of (price-led) improvements in the output values of pigs (+7.0%) and the volume increase for poultry (+4.6%). The output value of cattle production, in contrast, is practically the same as in 2003 (+0.2%), whereas the output value of milk and eggs is dropping due to falling prices.

EU **poultry** production rose sharply in 2004 (output volume: +4.6%), with substantial volume increases in most of the new Member States, particularly Poland (+14%) and the Baltic countries. In France and Italy, the output volume is down slightly. At the same time, the producer prices for poultry are down in all Member States, with the exception of Poland amongst others, where prices are rising sharply

despite the increase in volume.

The output volume of **milk**, the most important product of EU agriculture, is slightly lower than in 2003 (EU: -0.7%). The producer prices for milk, in contrast, are down in most of the Member States, except in Poland (+16.3%) and in the Baltic countries. Of the major producer countries of milk, only the United Kingdom and Spain record more or less stable prices. In Germany, prices are 3.4% lower than in 2003, in Italy 3.8%, in the Netherlands 5.0%, and in France 5.8%.

In **cattle** production, the volume of output in 2004 is slightly lower than in 2003 (EU: -0.4%). Prices, however, continue to recover; in the average of the EU they are up by 0.5%, after slightly more pronounced increases in the previous two years. Of the major cattle producer countries, France and Germany record higher prices of +2.8% and +5.9% respectively. Prices remain stable in the United Kingdom, but are lower in Italy (-1.8%) and in Spain (-6.1%).

For the new Member States, the main factors behind the significant increase in agricultural income in 2004, are, on the one hand, a strong increase in the volume of crop output (+24.7%), and a pronounced upturn in the average producer price of animal output (+8.1%), on the other. The increase in output volumes is particularly strong in the case of cereals (+43.4%), industrial crops (+31.6%), and fruit and vegetables (+10%). In animal production, the volumes are down with the exception of cattle, sheep and poultry. The average producer price, on the other hand, has rallied considerably (+8.1%), mainly as the result of much higher prices for cattle (+8.5%), pigs (+13.9%), poultry (+5.7%), milk (+6.7%) and eggs (+3%).

Development of the other components of the calculation of agricultural income

Significant increases in intermediate consumption prices: +4.8%

Value of intermediate consumption higher than in 2003

The increase in the prices of inputs (+4.8% on average for all items), particularly for energy and lubricants (+14.7%) and fertilisers (+3.4%) lies behind the increase in the value of intermediate consumption in 2004 (+2.5%). Lower volumes of input use (-2.2%) are due to the declining use of fertilisers (-1.3%), the maintenance of materials (-6.1%), and energy products (-9.7%). The volume of animal feedingstuffs, on the other hand, rose significantly (+6.8%). In the new Member States, the value of intermediate consumption rose sharply (+5.5%) on account of a marked increase in prices (+80%), whilst volume contracted appreciably (-41.4%).

Value added up on its 2003 level

With overall output 2.0% above its 2003 level, and despite the increase in the value of intermediate consumption of 2.5%, the agricultural gross value added at basic prices is 1.4% higher than in 2003. Hungary (-14%), Belgium (-8.4%), the Netherlands (-7.2%), Finland (-7.0%), Cyprus (-2.5%), the United Kingdom (-1.8%), Ireland (-1.4%) Austria and Portugal (-1.3%) and are the only Member States where a decrease is recorded in 2004. Consumption of fixed capital is slightly higher (+0.8%) than in 2003. The EU agricultural net value added at basic prices is therefore up by 1.7%.

Increase in agricultural factor income in 2004

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 3%. However, when product-specific subsidies and taxes are included in this analysis, the overall value of subsidies, net of taxes, also increases 3%.

The EU agricultural factor income in 2004 is 1.8% higher than in 2003. Germany (+13.1%), Denmark (+9.2%), Luxembourg (+5.6%), Sweden (+1%), Italy (+0.5%) and Greece (+0,1%) are the only old Member States where increases are recorded. With the exception of Cyprus, all the new Member States record increases. The highest increases are measured in the Czech Republic (+95.1%), Poland (+73.5%) and the Baltic countries (over +40%).

Total agricultural labour input continues to decline in all Member States, with the exception of Ireland, Lithuania, Malta and Poland. The strongest declines are estimated for the Czech Republic (-6.1%), Slovenia (-5.9%), Estonia (-5%) and Hungary (-4.1%). The EU agricultural labour input is down by 1.5%.

In the EU, the increase in the agricultural factor income (+1.8%) is reinforced by the decline in agricultural labour input (-1.5%), so that the Indicator A of agricultural income rises by 3.3%. At the same time, Indicator A rises by 53.8% in the ten new Member States.

Development of Income Indicators B and C

Interests paid (net of interests received), in 2004, are very slightly higher than in 2003 (+0.7%), and there is also a very slight increase in the compensation of employees (+0.3%). The rental payments, in contrast, are falling (-0.5%). As a result of these developments, the EU net entrepreneurial income (in other words, the Indicator C of agricultural income) is 2.7% higher than in 2003.

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-25. However, for the other Member States (i.e. EU-25 less Germany), there is an increase in Indicator B, in 2004, of 2.9% which is mostly related to the decline in the non-salaried agricultural labour input.

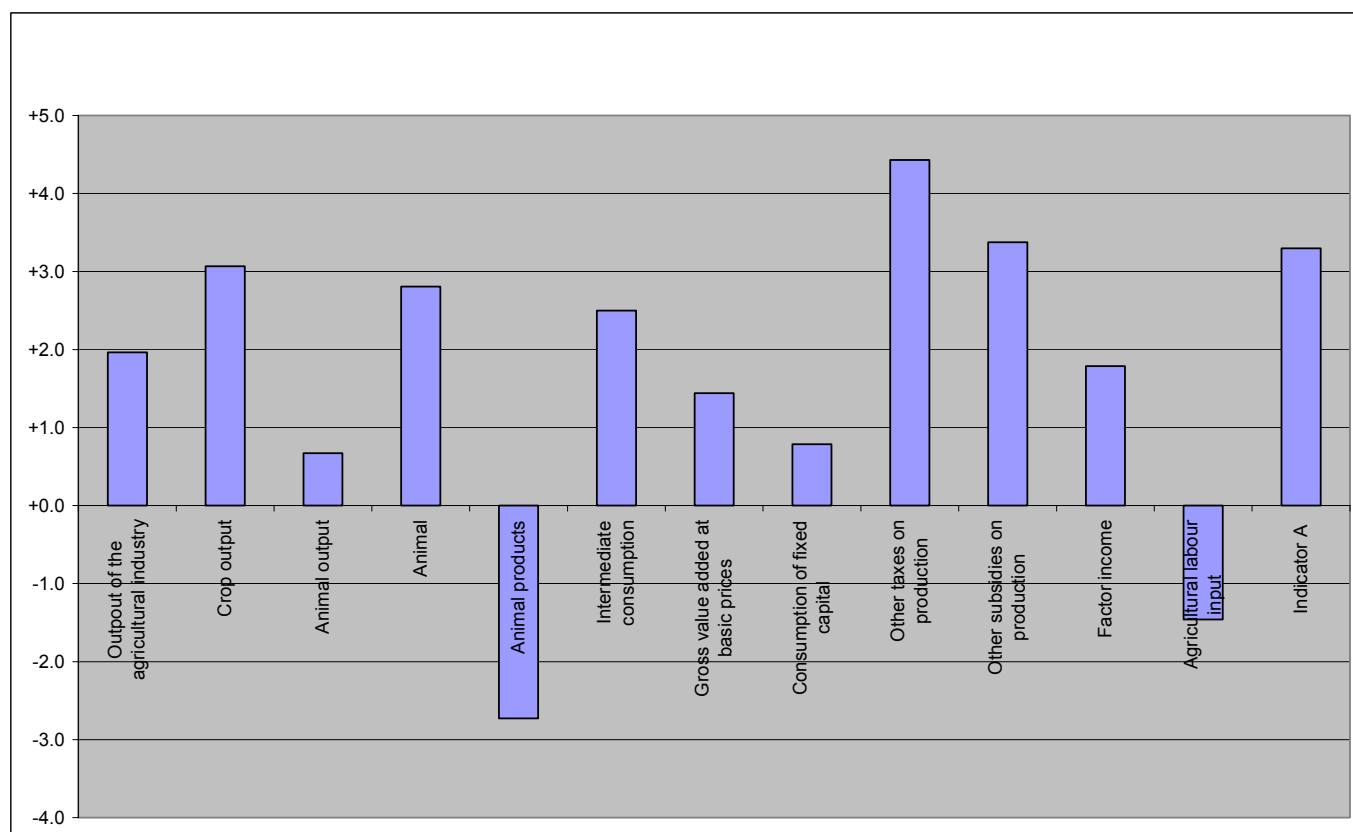


Figure 2 : Main components of the agricultural income in EU-25, %, 2004/2003

| Values in real terms (i.e. deflated) | EU-25 | EU-15 | exCC10 | BE | CZ | DK | DE | EE | EL | ES | FR | IE | IT | CY |
|--|---------------|---------------|---------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Output of the agricultural industry | +2.0 | +1.2 | +10.2 | -4.6 | +19.6 | +1.8 | +6.1 | +6.6 | +2.4 | +1.5 | +0.5 | -1.2 | +1.4 | -2.3 |
| Crop output | +3.1 | +2.0 | +16.5 | -12.1 | +44.5 | -1.0 | +9.4 | -1.7 | +3.3 | +1.5 | +2.1 | -3.0 | +4.1 | -4.2 |
| Animal output | +0.7 | +0.3 | +4.6 | +2.2 | -3.7 | +3.9 | +3.1 | +15.4 | +0.3 | +1.5 | -1.9 | -0.7 | -3.7 | -1.3 |
| Animal | +2.8 | +2.5 | +6.0 | +4.1 | -2.6 | +8.5 | +10.8 | +0.8 | +0.2 | +2.8 | +0.2 | -1.6 | -2.5 | -1.3 |
| Animal products | -2.7 | -3.3 | +2.7 | -3.7 | -4.8 | -4.8 | -5.1 | +25.9 | +0.6 | -2.2 | -5.7 | +0.9 | -5.6 | -2.9 |
| - Intermediate consumption | +2.5 | +2.1 | +5.5 | -2.1 | +11.2 | -0.8 | +5.1 | +2.6 | +5.3 | +3.5 | +0.9 | -1.1 | +2.9 | -2.2 |
| = Gross value added at basic prices | +1.4 | +0.4 | +18.8 | -8.4 | +39.9 | +6.2 | +7.7 | +12.5 | +1.3 | +0.5 | 0.0 | -1.4 | +0.7 | -2.5 |
| - Consumption of fixed capital | +0.8 | +0.8 | +1.2 | -0.6 | -6.3 | +0.1 | -1.0 | -1.9 | -1.3 | +4.0 | +2.2 | -1.5 | +1.5 | -4.0 |
| - Other taxes on production | +4.4 | +5.2 | -1.1 | -2.1 | +2.2 | +0.1 | -1.0 | +43.3 | +6.7 | -0.3 | +16.3 | +2.7 | +0.7 | - |
| + Other subsidies on production | +3.4 | -8.4 | +249.4 | +7.7 | +103.7 | -1.8 | -3.0 | +554.3 | -22.4 | -0.6 | -35.6 | -0.5 | +1.8 | +1.7 |
| = Factor income (1) | +1.8 | -0.9 | +52.1 | -10.0 | +95.1 | +9.2 | +13.1 | +48.0 | +0.1 | -0.1 | -5.5 | -1.3 | +0.5 | -2.4 |
| Agricultural labour input (2) | -1.5 | -1.7 | -1.1 | -1.4 | -6.1 | -2.6 | -3.0 | -5.0 | -2.6 | -1.8 | -1.8 | 0.0 | -0.8 | -0.9 |
| Indicator A (1)/(2) | +3.3 | +0.8 | +53.8 | -8.8 | +107.8 | +12.2 | +16.6 | +55.9 | +2.8 | +1.7 | -3.7 | -1.3 | +1.3 | -1.4 |
| Indicator A, Indices in 2004 ("2000") = 100 | +102.7 | +101.9 | +133.0 | +83.6 | +198.0 | +92.7 | +101.8 | +278.6 | +101.8 | +115.2 | +94.0 | +98.0 | +96.9 | +97.3 |

| Values in real terms (i.e. deflated) | LV | LT | LU | HU | MT | NL | AT | PL | PT | SI | SK | FI | SE | UK |
|--|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| Output of the agricultural industry | +8.2 | +9.3 | +1.6 | +2.9 | +0.3 | -3.5 | +0.4 | +13.1 | +0.3 | +1.3 | +9.5 | -2.5 | +0.1 | +0.8 |
| Crop output | +4.5 | +13.5 | +3.4 | +12.0 | +5.9 | -8.1 | -0.6 | +11.9 | 0.0 | +3.8 | +49.8 | -5.7 | -0.7 | +1.0 |
| Animal output | +14.7 | +4.1 | +0.5 | -8.0 | -1.1 | +1.9 | +1.6 | +15.1 | +0.9 | -1.0 | -15.1 | -0.5 | +1.0 | +0.3 |
| Animal | +7.3 | +2.5 | +1.2 | -4.6 | -0.8 | +8.8 | +1.9 | +17.0 | +1.6 | -0.9 | -13.5 | -1.7 | +1.2 | -0.5 |
| Animal products | +19.5 | +5.3 | 0.0 | -13.9 | -1.8 | -4.4 | +1.1 | +12.5 | -0.2 | -1.1 | -17.4 | +0.2 | +0.8 | +1.8 |
| - Intermediate consumption | +6.2 | -0.8 | -2.9 | +12.0 | -2.3 | -0.3 | +1.8 | +3.8 | +2.3 | -0.3 | -3.5 | -0.1 | -0.6 | +3.2 |
| = Gross value added at basic prices | +11.6 | +28.6 | +6.7 | -14.0 | +2.5 | -7.2 | -1.3 | +29.9 | -1.3 | +3.7 | +48.9 | -7.0 | +1.5 | -1.8 |
| - Consumption of fixed capital | +4.3 | +9.3 | -1.9 | +1.0 | -3.3 | +1.5 | -0.6 | 0.0 | -0.7 | 0.0 | +19.7 | +1.6 | -0.7 | -3.7 |
| - Other taxes on production | +17.6 | -1.6 | -2.2 | -5.8 | - | +0.9 | -1.4 | -2.7 | -3.1 | - | -3.4 | - | - | +0.3 |
| + Other subsidies on production | +453.6 | +1002.8 | -12.8 | +373.8 | +22.3 | -41.2 | +0.9 | +1136.9 | +10.5 | +3.5 | -50.9 | -1.1 | -3.3 | -3.0 |
| = Factor income (1) | +39.7 | +46.6 | +5.6 | +23.0 | +3.1 | -13.1 | -0.6 | +73.5 | -0.1 | +6.4 | +27.7 | -6.6 | +1.0 | -1.4 |
| Agricultural labour input (2) | -1.4 | 0.0 | -2.1 | -4.1 | 0.0 | -1.8 | -1.2 | 0.0 | -0.7 | -5.9 | -0.9 | -2.9 | -1.2 | -2.0 |
| Indicator A (1)/(2) | +41.8 | +46.6 | +7.8 | +28.3 | +3.1 | -11.5 | +0.6 | +73.5 | +0.6 | +13.1 | +28.9 | -3.9 | +2.3 | +0.6 |
| Indicator A, Indices in 2004 ("2000") = 100 | +155.6 | +142.6 | +103.5 | +109.1 | +93.9 | +82.7 | +105.8 | +143.0 | +102.3 | +107.9 | +113.8 | +86.8 | +109.6 | +134.0 |

Table 3: Main components of the agricultural income in EU-25, %, 2004/2003

➤ 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 Accession 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 (see box). In February 2005, 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 ex-CC10 aggregate comprises the ten new Member States (CZ,EE,CY,LV,LT,HU,MT,PL,SI,SK).
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 2000 exchange rates for long-term analysis and at those of the year 2003 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 in 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:

➤ **Databases**

[EUROSTAT website/Agriculture, forestry and fisheries/Agriculture/Economic accounts for agriculture and forestry/Economic Accounts for Agriculture/EAA forecast](#)

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