

EU Agricultural Income +5.4% in 2007

Statistics in focus

AGRICULTURE AND FISHERIES

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Authors

Péter SZABÓ

Arcangelo MILELLA

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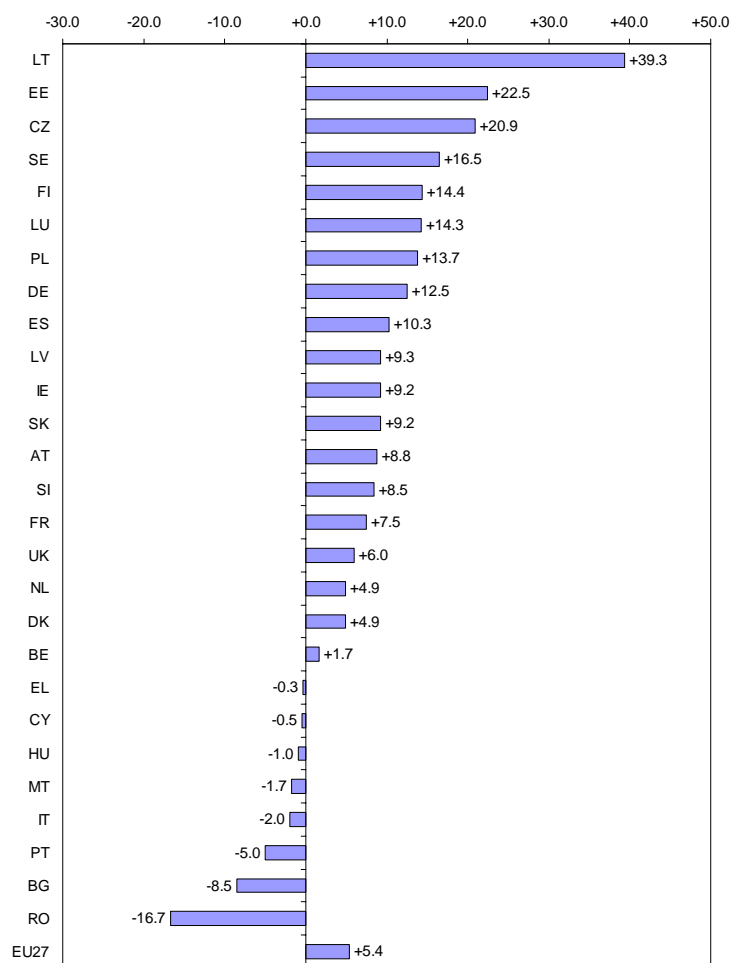
Higher intermediate consumption (+5.8%) and decreasing labour input (-2.2%) 4



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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 2008¹, agricultural income per labour unit (Indicator A)² is estimated to have increased by 5.4% in the European Union (EU-27) in 2007, following an increase of 3.3% in 2006.

Figure 1: Agricultural Income (Indicator A) in the EU, %, 2007/2006



Agricultural income developed in 2007 differently in the north and south of the EU-27. The largest increases were observed in Lithuania (+39.3%), Estonia (+22.5%), the Czech Republic (+20.9%) and Sweden (+16.5%), and the largest decreases in Romania (-16.7%), Bulgaria (-8.5%), and Portugal (-5.0%).

¹ Data for Cyprus and Germany were provided in December 2007.

² **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.

Main factors of income development in 2007

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 increases by 4.3% in real terms. This rise is due to increases in the output values of both crop production (+7.8%) and animal production (+0.6%). In the case of crop production, the fall in the average output volume (-1.7%) is offset by the sharp rise in average prices (+10.4%). In the case of animal production, the average output volume grows by 1.9%, while producer prices decrease by 0.5%.

The output value of agricultural services grows by 1.0% and that of inseparable non-agricultural secondary activities decreases by 1.0% compared to 2006.

The value of intermediate consumption of goods and services increases by 5.8% in 2007. This rise is explained mainly by higher prices (+5.4%).

Consumption of fixed capital ('depreciation') is slightly lower (-0.3%) than in 2006. The value of overall subsidies (product-specific subsidies and other subsidies on production net of taxes) shows a decrease of 2.8%.


As a consequence of these developments, agricultural factor income, component of Indicator A, increases by 3.1% compared to 2006. With the continuous reduction in agricultural labour input (-2.2%), Indicator A shows an increase of 5.4%.

The results from a medium-term perspective

For the EU-27, the recent increase brings Indicator A to a level of 115.9 (2000 = 100), after an increase of 3.3% in 2006 and a drop of 8.7% in 2005. For the

EU-15 the level of Indicator A becomes a little bit higher in 2007 than in 2000 (+3.9%), after falling to 97.7% in 2006.

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

	1996	2001	2002	2003	2004	2005	2006	2007
								
BE	95.6	91.7	81.1	89.6	91.1	88.1	88.0	89.5
BG	:	111.8	89.9	84.6	91.9	97.9	104.2	95.4
CZ	:	127.2	99.6	87.3	137.5	152.1	153.9	186.2
DK	118.4	119.8	85.3	83.3	93.8	95.3	102.5	107.5
DE	84.1	124.1	91.3	79.5	119.9	110.6	118.1	132.9
EE	97.7	116.7	109.2	150.1	222.4	234.0	232.8	285.2
EL	107.7	101.7	98.1	90.1	86.5	84.3	83.4	83.1
ES	105.6	107.9	104.5	118.1	108.6	96.0	95.4	105.3
FR	99.0	100.8	97.7	95.8	94.4	89.8	98.0	105.6
IE	82.6	101.4	79.0	75.6	77.5	92.2	82.3	89.9
IT	102.9	98.4	97.0	97.1	97.3	87.3	83.4	81.8
CY	:	111.9	113.3	108.3	96.8	95.2	97.2	100.3
LV	:	129.8	127.7	140.0	233.2	243.0	282.6	308.8
LT	:	92.6	86.0	96.6	152.6	191.8	179.6	250.2
LU	104.5	101.1	104.6	97.0	91.7	92.4	91.8	104.9
HU	:	105.1	89.1	89.8	141.6	142.0	146.2	144.8
MT	:	113.0	112.1	106.2	110.3	106.7	105.9	103.8
NL	111.1	93.4	79.6	85.5	79.5	81.2	94.7	99.3
AT	105.3	114.8	107.8	107.8	113.3	110.3	119.3	129.7
PL	:	115.0	103.9	96.0	180.8	163.3	187.4	213.2
PT	125.3	107.3	102.4	103.5	114.4	108.1	116.8	110.9
RO	:	174.6	159.7	192.1	278.9	161.0	148.4	123.5
SI	88.2	86.4	117.9	89.2	142.4	142.5	135.8	147.3
SK	105.9	113.6	106.7	100.3	129.7	120.9	147.9	161.5
FI	85.1	98.6	97.5	96.9	95.2	109.4	100.2	114.7
SE	95.7	107.8	119.0	117.5	106.5	105.9	105.6	123.1
UK	157.4	106.3	115.9	135.7	126.5	123.7	125.9	133.4
EU27	:	109.9	104.8	106.8	116.2	106.1	109.6	115.9

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 2007 is above the level

recorded for 2000. This group comprises twenty one Member States, of which real agricultural income per labour unit has more than doubled in the Baltic States and Poland.

- The second group includes the other six Member States where agricultural income in 2007 is below the level recorded for 2000. Within this group of countries, the sharpest falls are recorded in Italy and Greece.

Rise in overall output (+4.3%) due to higher prices (+5.1%)

The value of the agricultural industry's output in 2007 grows in nineteen Member States. In particular, there are increases in Poland, Lithuania, the Czech Republic, Finland and Sweden exceeding 10% (see Table 3). The sharpest decreases are recorded in Romania (-13.3%), Bulgaria (-12.1%) and Portugal (-5.0%).


Output volumes in 2007 are up in sixteen Member States (EU-27: -0.1%). The strongest increases are recorded in Lithuania (+12.4%), Estonia (+9.4%) and Latvia (+8.8%). The sharpest falls in overall output

volumes are recorded in Bulgaria (-21.9%), Romania (-18.4%), Hungary (-11.7%) and Slovakia (-7.3%).

In the EU-27, producer prices of the agricultural industry are up by 5.1% compared to 2006. Real producer prices grow in each Member State. The greatest increases are recorded in Hungary (+13.9%), Poland (+12.8%), the Czech Republic (+12.7%) and Bulgaria (+12.1%). Prices grow slightly in Italy (+0.4%) and Portugal (+1.4%)

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 2006)	Major producer countries (share in EU 27 output at producer prices, in 2006)
	2007 / 2006 (%)					
Cereals	-2.9	+46.2	+42.0	+37.9	9.6%	FR (24%) DE (15%) IT (10%)
Oilseeds	+0.1	+21.9	+22.1	+20.3	1.7%	FR (24%) DE (22%) UK (7%)
Sugar beet	+1.7	-12.8	-11.3	-11.4	1.2%	FR (22%) DE (17%) PL (10%)
Fresh vegetables	-1.7	-0.7	-2.4	-2.3	8.9%	IT (20%) ES (20%) FR (11%)
Plants and flowers	-0.1	+2.1	+2.0	+2.0	6.0%	NL (30%) IT (15%) DE (14%)
Potatoes	+3.9	-3.2	+0.6	+0.5	3.2%	RO (14%) FR (14%) NL (13%)
Fruits	-5.7	+4.2	-1.7	-1.9	6.8%	ES (27%) IT (22%) FR (14%)
Wine	-3.6	+4.5	+0.8	+0.8	4.8%	FR (50%) IT (24%) DE (8%)
Olive oil	+2.4	-19.4	-17.5	-21.7	1.6%	IT (38%) ES (35%) GR (25%)
Crop output	-1.7	+10.4	+8.6	+7.8	51.4%	FR (20%) IT (16%) ES (13%)
Cattle	+2.0	-5.0	-3.1	-3.8	8.4%	FR (26%) IT (12%) DE (12%)
Pigs	+4.9	-12.4	-8.1	-8.1	10.0%	DE (19%) ES (15%) FR (10%)
Sheep and goats	+1.4	-6.1	-4.8	-4.8	1.7%	ES (28%) UK (22%) GR (15%)
Poultry	+3.8	+8.1	+12.2	+12.1	4.2%	FR (20%) UK (14%) ES (12%)
Milk	-0.3	+8.8	+8.4	+6.3	13.4%	DE (19%) FR (16%) IT (10%)
Eggs	-1.0	+11.4	+10.3	+10.4	1.9%	IT (13%) ES (13%) PL (11%)
Animal output	+1.9	-0.5	+1.4	+0.6	41.3%	FR (17%) DE (15%) ES (10%)
Agricultural services	+0.4	+0.6	+1.0	+1.0	4.4%	FR (22%) IT (18%) NL (15%)
Secondary activities	-2.3	+1.3	-1.1	-1.0	2.9%	FR (18%) IT (13%) RO (12%)

The value of the EU crop output at basic prices in 2007 grows by 7.8%. This development is the result of higher output values for cereals (+37.9%), oil seeds (+20.3%), plants and flowers (+2.0%), wine (+0.8%) and potatoes (+0.5%).

On average, in the EU the overall output value of **cereals** increases by 37.9% compared to 2006, due to sharply growing producer prices (+46.2%). Production volume falls by 2.9% at EU level. Most Member States reported decreases in the output volume of cereals in 2007, being the sharpest in Romania (-52.4%), Bulgaria (-40.4%), Cyprus (-33.8%) and Hungary (-33.8%). For the EU-27, volume decreases are observed for wheat and grain maize. Producer

prices grow at least by 25% in all Member States, except CY (+0.4%). The greatest price increases exceeding 60% are recorded in Sweden (+71.7%), Ireland (+69.1%), Denmark (+63.9%), Slovenia (+60.8%) and Austria (+60.3%).

The output value of **sugar beet** falls significantly (EU-27: -11.4%) in 2007, after a sharp decrease in 2006. Production volumes increase slightly (+1.7%) at EU level, while producer prices fall in all Member States (EU-27: -12.8%).

The output volume of **fresh vegetables** in the EU is down by 1.7% in 2007. In the three main producer countries the volume of production decreases in France

(-2.0%) and Italy (-0.2%), and increases in Spain: +0.8%. EU average prices for fresh vegetables decrease by 0.7%.

For **wine**, the volume of EU output is expected to fall in 2007, by 3.6%. France, which produces half of EU wine, records a decrease of 1.7%. There is recovery in 2007 in the production volume of **olive oil** (+2.4%) after the significant decreases in the previous two years.

There are also increases in the output volume of **potatoes** (+3.9%) and **forage plants** (+1.7%). Production volume of **oilseeds** remains unchanged (+0.1%) in 2007. **Fruit** production decrease by 5.7%.

The value of animal output (i.e. both animals and animal products) in the EU-27 is up by 0.6% compared to 2006. This small rise is the result of increases in the output values of poultry (+12.1%), eggs (+10.4%) and milk (+6.3%).

EU-27 **pig** production increases by 4.9% in 2007, with increases in nineteen Member States. There is an increase in three major producer countries: Germany (+12.1%), Spain (+7.3%) and France (+1.0%). At the same time, average producer prices for pigs fall sharply in the EU-27 (-12.4%). The greatest price decreases are recorded in Romania (-32.2%), Germany (-18.5%) and Hungary (-16.5%).

Volume of EU-27 **poultry** production grows by 3.8% compared to 2006. The greatest increases are recorded in Slovenia (+21.0%), Italy (+16.2%), Malta (+16.1%), Romania (+12.3%) and in Portugal (+10.7%). Producer prices for poultry are up in twenty Member States (EU-27: +8.1%). Poultry prices increase in each four major producer countries: Italy (+17.1%), Spain (+7.4%), France (+6.9%) and the United Kingdom (+2.5%).

The output volume of **milk** is slightly lower than in 2006 (EU-27: -0.3%). Prices, however, grow significantly (+8.8%). Prices are up in twenty Member States. Among the major milk-producing countries, prices grow in Germany (+16.9%), the Netherlands (+16.4%), the United Kingdom (+12.1%) and fall in Italy (-2.4%).

For **cattle**, the volume of output in 2007 is higher than in 2006 (EU-27: +2.0%), but the trend is different from Member State to Member State. The greatest rises are recorded in Romania (+36.5%), Lithuania (+22.0%), Latvia (+11.8%), Poland (+11.3%) and Germany (+7.5%). In ten countries, output volumes are down on the level of the previous year, particularly in Portugal (-17.5%), Slovakia (-9.9%) and Spain (-4.1%). Prices are down in the EU-27 by 5.0%, breaking the trend of the previous years. Prices fall in all Member States except Ireland (+1.8%), the Czech Republic (+0.6%) and Cyprus (+0.4%). In Romania, Latvia, Hungary, Lithuania and Germany prices decrease by over 10%.

The output value of **agricultural services** in the EU grows by 1.0% compared to 2006. On average in the EU-27, both production volumes (+0.4%) and producer prices (+0.6%) increase slightly. The greatest price increases are recorded in Poland (+30.4%), Estonia (+11.2%) and France (+9.4%).

The output value of inseparable non-agricultural **secondary activities** in the EU falls by 1.0% compared to 2006. On average, production volumes decrease by 2.3%, but there are significant differences between Member States. Producer prices are up by 1.3% in the EU; the greatest increases are recorded in Bulgaria (+22.1%), the Czech Republic (+20.5%) and France (+14.3%).

Higher intermediate consumption (+5.8%) and decreasing labour input (-2.2%)

Value of intermediate consumption higher than in 2006

Mainly the sharply rising price of feeding stuffs (+14.0%) lies behind the increase in the value of intermediate consumption in 2007. The volume of input use grows slightly (EU-27: +0.3%), mainly driven by the growth in plant protection products (+5.3%) and feeding stuffs (+1.2%).

Volume of value added is below previous year's level

In the EU as a whole, the volume of value added decreases by 1.4% in 2007.

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 4.3% above its 2007 level and the increase in the value of intermediate consumption of 5.8%, agricultural gross value added at basic prices is 2.3% higher than in 2006. Consumption of fixed capital

is slightly lower (-0.3%) than in 2006. EU agricultural net value added at basic prices is therefore up by 3.7%.

Agricultural factor income rises in 2007

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 a decrease of 2.8%.

EU agricultural factor income in 2007 is 3.1% higher than in 2006. The strongest growth is observed in Lithuania (+22.0%), Estonia (+19.6%), the Czech Republic (+18.2%), Poland (+17.0%), Luxembourg (+15.8%) and Sweden (+15.0%). The largest falls were observed in Romania (-18.8%), Bulgaria (-18.3%), Portugal (-8.5%) and Italy (-6.1%).

Total agricultural labour input continues to reduce in all Member States, with the exception of Poland (+2.8%), Luxembourg (+1.3%) and Ireland (+0.5%). The strongest decreases are estimated for Lithuania (-12.4%), Bulgaria (-10.8%), Latvia (-5.0%), Slovakia (-4.7%), Hungary (-4.5%) and Italy (-4.2%). Overall, EU agricultural labour input is down by 2.2% in 2007.

In the EU, the rise in the agricultural factor income (+3.1%) is amplified by the decline in agricultural labour input (-2.2%), so that the Indicator A of agricultural income increases by 5.4%.

How Income Indicator C has behaved

Interest paid (net of interest received) is significantly higher in 2007 than in 2006 (+4.1%). The value of the compensation of employees decreases slightly (-0.6%). Rental payments decrease moderately (-0.9%). As a result of these developments, the EU-27 net entrepreneurial income (in other words, the Indicator C of agricultural income) is 5.1% higher than in 2006.

Figure 2: Development of the main components of agricultural income in EU-27, % 2007/2006

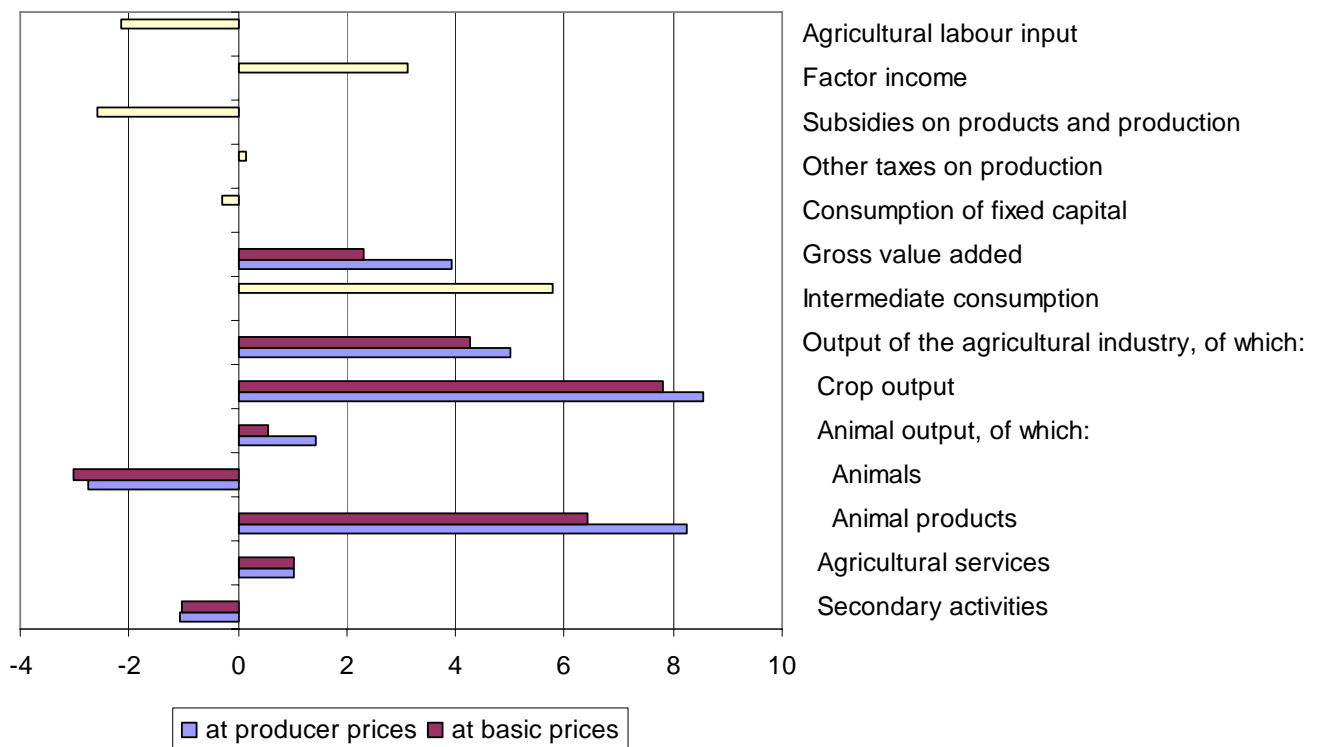


Table 3: Main components of agricultural income in the EU-27, %, 2007/2006

Values in real terms (i.e. deflated)	EU-27	BE	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
OUTPUT OF THE AGRICULTURAL 'INDUSTRY'	+4.3	+5.2	-12.1	+15.6	+4.8	+10.0	+8.8	-0.3	+4.5	+5.6	+5.7	-0.9	-0.7	+7.3
CROP OUTPUT	+7.8	+13.4	-19.2	+30.6	+25.2	+17.2	+38.7	+0.9	+8.7	+10.4	+7.9	-2.0	+2.5	+25.6
ANIMAL OUTPUT	+0.6	-1.2	+2.8	+0.2	-5.3	+3.7	-8.0	-3.1	-1.4	-0.5	+5.3	+0.2	-4.2	-8.1
<i>ANIMALS</i>	-3.0	-6.3	-6.0	-2.5	-8.6	-7.4	-10.5	-3.1	-4.6	-3.1	-4.6	+1.6	-4.1	-7.1
<i>ANIMAL PRODUCTS</i>	+6.4	+14.2	+15.0	+3.1	+2.6	+17.8	-6.4	-3.2	+9.1	+4.5	+22.9	-2.0	-4.2	-8.6
AGRICULTURAL SERVICES	+1.0	+0.5	-16.2	+1.6	+1.6	+4.8	+0.1	+1.2	-5.9	+0.0	-1.1	+2.1	-	-0.1
SECONDARY ACTIVITIES	-1.0	+0.9	-20.4	+22.6	+2.6	-1.8	-3.4	-1.8	+1.5	+2.3	-	+3.0	+1.5	-8.9
- INTERMEDIATE CONSUMPTION	+5.8	+8.6	-2.1	+10.8	+5.9	+9.6	+6.3	+3.3	+5.6	+4.3	+0.9	+3.7	-0.3	+5.8
= GROSS VALUE ADDED AT BASIC PRICES	+2.3	-1.3	-24.5	+30.5	+2.1	+10.9	+12.4	-2.4	+3.8	+7.2	+17.4	-4.2	-1.1	+9.9
- CONSUMPTION OF FIXED CAPITAL	-0.3	+0.9	-9.8	-0.1	-0.3	+0.7	+8.5	-1.0	+2.5	+0.9	+1.1	+0.5	-2.9	+8.9
- OTHER TAXES ON PRODUCTION	+0.2	+19.3	+6.2	+3.0	+2.6	-1.8	-5.7	-22.4	+0.4	+4.6	-45.0	+0.3	-	-10.1
+ OTHER SUBSIDIES ON PRODUCTION (a)	+1.6	+5.2	+79.7	-7.6	-2.3	-1.1	+30.5	+2.1	+15.7	-6.2	-1.9	+0.7	-	-4.8
= FACTOR INCOME (1)	+3.1	-1.0	-18.3	+18.2	+1.4	+10.9	+19.6	-0.8	+6.5	+5.5	+9.8	-6.1	-1.0	+3.8
AGRICULTURAL LABOUR INPUT (2)	-2.2	-2.6	-10.8	-2.2	-3.3	-1.4	-2.3	-0.5	-3.5	-1.9	+0.5	-4.2	-0.5	-5.0
INDICATOR A (1)/(2)	+5.4	+1.7	-8.5	+20.9	+4.9	+12.5	+22.5	-0.3	+10.3	+7.5	+9.2	-2.0	-0.5	+9.3
Indicator A, Indices in 2007 (2000=100)	115.9	89.5	95.4	186.2	107.5	132.9	285.2	83.1	105.3	105.6	89.9	81.8	100.3	308.8

Values in real terms (i.e. deflated)	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
OUTPUT OF THE AGRICULTURAL 'INDUSTRY'	+17.0	+8.8	-1.5	-2.4	+2.3	+9.4	+17.9	-5.0	-13.3	+3.4	+1.2	+11.8	+11.7	+4.9
CROP OUTPUT	+35.9	+14.5	+1.9	+0.3	+1.9	+22.5	+29.1	-8.2	-15.1	+1.7	+7.9	+30.6	+36.3	+9.1
ANIMAL OUTPUT	+3.0	+6.9	-6.0	-1.9	+3.3	-0.4	+6.0	+0.7	-8.5	+5.1	-7.6	+0.3	-2.9	+2.9
<i>ANIMALS</i>	-4.8	-3.0	-5.5	-2.3	-0.1	-1.1	+4.4	-0.8	-6.0	+5.4	-13.1	+3.4	-3.1	-0.9
<i>ANIMAL PRODUCTS</i>	+9.4	+15.5	-6.9	-1.3	+7.1	+0.8	+8.2	+3.7	-11.3	+4.5	-1.3	-1.7	-2.7	+9.6
AGRICULTURAL SERVICES	-13.0	-3.4	-8.1	-	+0.6	+2.9	+31.6	-10.0	+4.1	+0.5	+2.9	+2.0	+1.6	-3.4
SECONDARY ACTIVITIES	+1.9	+1.2	+3.8	-18.5	+2.9	-0.6	+8.3	-2.7	-19.4	-	+12.7	+1.8	-0.4	+5.3
- INTERMEDIATE CONSUMPTION	+14.7	+3.5	+2.2	+2.2	+5.4	+9.0	+16.3	+1.1	-3.9	+8.3	+0.4	+6.0	+10.5	+4.5
= GROSS VALUE ADDED AT BASIC PRICES	+21.3	+16.5	-7.5	-7.6	-2.1	+10.0	+20.1	-14.0	-23.2	-3.2	+3.2	+33.6	+14.9	+5.7
- CONSUMPTION OF FIXED CAPITAL	+14.2	-1.0	-1.1	-1.2	+0.1	+0.3	+0.6	-4.3	-20.4	-0.0	-2.4	+5.1	+1.3	-2.1
- OTHER TAXES ON PRODUCTION	-7.2	-3.4	-5.6	-	-1.6	-13.0	+9.0	-13.5	-7.2	-	+1.9	-	-	-0.1
+ OTHER SUBSIDIES ON PRODUCTION (a)	+6.1	-3.7	+6.2	+58.3	+60.0	-4.6	-10.6	+26.2	+140.6	+32.8	-0.4	-2.1	+3.3	-3.5
= FACTOR INCOME (1)	+22.0	+15.8	-5.5	-2.0	+2.0	+7.3	+17.0	-8.5	-18.8	+7.7	+4.1	+11.3	+15.0	+3.8
AGRICULTURAL LABOUR INPUT (2)	-12.4	+1.3	-4.5	-0.2	-2.8	-1.4	+2.8	-3.7	-2.5	-0.7	-4.7	-2.7	-1.3	-2.1
INDICATOR A (1)/(2)	+39.3	+14.3	-1.0	-1.7	+4.9	+8.8	+13.7	-5.0	-16.7	+8.5	+9.2	+14.4	+16.5	+6.0
Indicator A, Indices in 2007 (2000=100)	250.2	104.9	144.8	103.8	99.3	129.7	213.2	110.9	123.5	147.3	161.5	114.7	123.1	133.4

(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 2006 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, 2006 and 2007) 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.

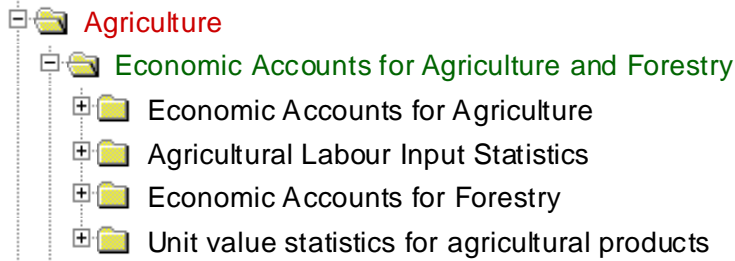
FURTHER READING

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/Agriculture, forestry and fisheries](#)

Agriculture, forestry and fisheries



Journalists can contact the media support service:

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Fax (352) 4301 35349

E-mail: eurostat-mediasupport@ec.europa.eu

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