

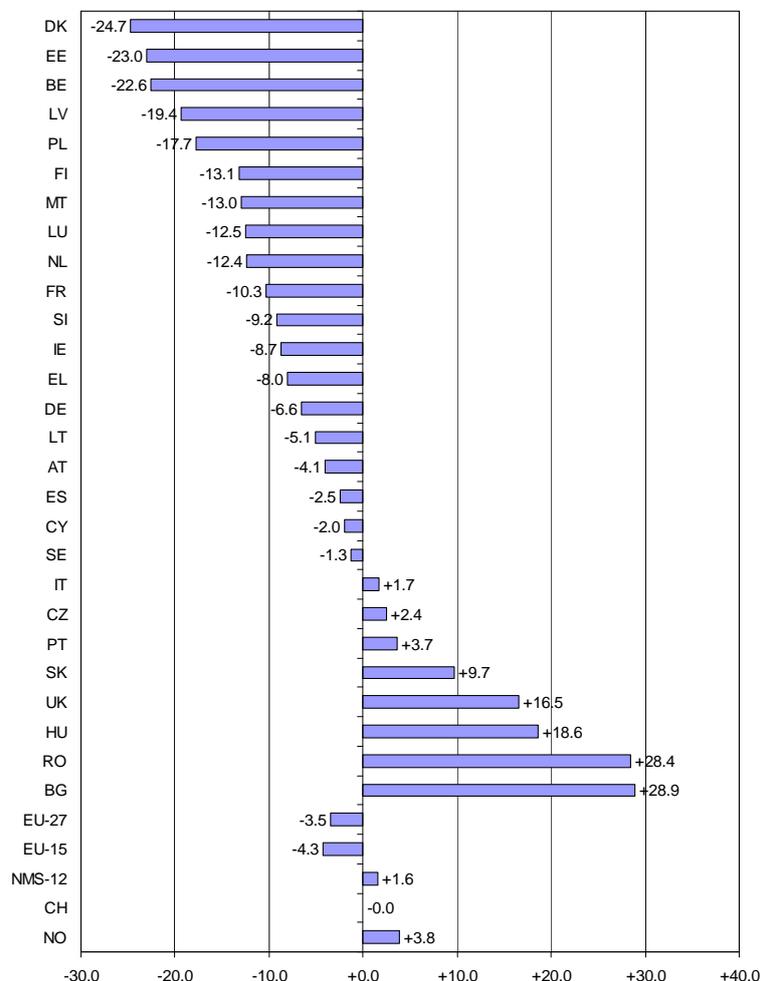
EU Agricultural Income down by 3.5% in 2008

– mainly due to rise in the value of intermediate consumption –

Agricultural income per annual work unit (Indicator A¹) fell by 3.5% in the European Union in 2008. This figure is based on the

second set of estimates provided by the Member States at the end of January 2009. The decrease in 2008 came after an increase of 9.3% in 2007.

Figure 1: Agricultural Income (Indicator A) in the EU, change 2008 compared to 2007 (%)



¹ **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 results and differences between countries

Indicator A combines the development in net value added at factor costs (Factor income) and the development in agricultural labour input. For EU-27 the decrease in factor income in 2008 was 5.7% in real terms, while labour input was down by 2.3%.

The fall in factor income in 2008 was mainly due to an increase in the real value of intermediate consumption (+10.3%), while output value rose by 3.9%. The big fluctuations in prices during 2008 may have had an impact on the accuracy of the estimates.

In eight Member States, Indicator A increased, being highest in Bulgaria (+28.9%), Romania

(+28.4%), Hungary (+18.6%) and the UK (+16.5%).

The indicator fell for 19 Member States. Steep decreases were recorded for Denmark (-24.7%), Estonia (-23.0%), Belgium (-22.6%) and Latvia (-19.4%).

In the EU-15 and in the NMS-12 (i.e. the 12 New Member States), Indicator A was -4.3% and +1.6% respectively. About 80% of the factor income in the EU-27 is generated in the EU-15.

For Norway, Indicator A was +3.8%, while Indicator A for Switzerland remained unchanged. These two countries provide estimates as members of EFTA (European Free Trade Association).

Medium-term perspective

From an overall perspective, Indicator A shows higher agricultural income per unit of labour input than was the case in 2000 (Table 1). In 16 Member States the result was higher than in

2000. Five countries (Lithuania, Latvia, Estonia, Hungary and Czech Republic) even show figures that are more than double those of 2000.

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

	2001	2002	2003	2004	2005	2006	2007	2008
BE	91.7	81.0	89.5	91.0	84.0	101.1	103.4	80.1
BG	111.8	89.9	84.6	82.7	97.9	94.0	96.4	124.4
CZ	127.2	99.6	87.3	137.5	152.2	155.6	197.0	201.8
DK	120.7	85.5	83.7	94.2	93.6	100.7	108.4	81.6
DE	124.5	91.9	84.6	122.7	111.1	116.4	139.7	129.6
EE	134.2	128.5	136.5	229.4	248.4	232.6	327.1	251.9
EL	99.8	96.8	89.2	84.1	85.7	85.4	87.0	80.1
ES	107.9	104.5	118.1	108.6	95.9	91.7	96.4	94.0
FR	100.8	97.7	95.8	94.4	89.7	99.0	109.6	98.2
IE	94.7	82.7	79.3	83.9	104.8	92.3	102.4	93.4
IT	98.1	96.5	96.8	97.3	85.1	82.0	79.8	81.1
CY	111.4	112.8	103.8	94.1	93.6	96.0	106.3	103.9
LV	129.8	127.7	140.0	233.2	243.0	317.8	347.6	280.2
LT	92.7	86.0	96.5	152.5	191.1	175.7	303.1	287.5
LU	101.0	101.1	95.0	94.9	95.7	93.2	102.5	89.7
HU	107.1	91.0	91.7	144.6	145.5	162.6	174.7	207.2
MT	115.1	114.5	107.0	103.4	106.7	105.4	102.5	89.2
NL	93.4	79.6	85.5	79.5	78.7	94.0	92.1	81.5
AT	117.1	108.4	107.6	113.3	110.8	119.5	131.5	125.5
PL	115.0	103.9	96.0	180.8	164.1	181.1	221.6	182.5
PT	107.3	102.4	103.4	114.3	105.0	109.6	105.1	108.9
RO	171.3	159.2	179.9	261.1	148.9	147.9	117.3	150.7
SI	86.8	114.5	90.2	139.1	139.8	136.3	148.6	135.0
SK	113.7	107.5	100.5	130.1	121.3	148.0	156.3	171.4
FI	96.9	97.6	101.6	101.1	106.4	103.7	108.7	94.4
SE	106.7	118.5	117.3	101.5	109.0	116.5	137.1	135.3
UK	105.1	117.0	133.3	125.1	123.5	128.4	135.5	157.9

Eleven Member States posted lower results in 2008 than in 2000, with decreases of up to 20%. The figures for Greece, Belgium, Italy, the Netherlands and Denmark were down by more than 15%.

For the old Member States (EU-15) the index for Indicator A in 2008 was higher than 100 in five Member States and below 100 in ten Member States. The situation for the 12 new Member States is very different as 11 show higher results

compared to 2000. Only for Malta was the index below 100.

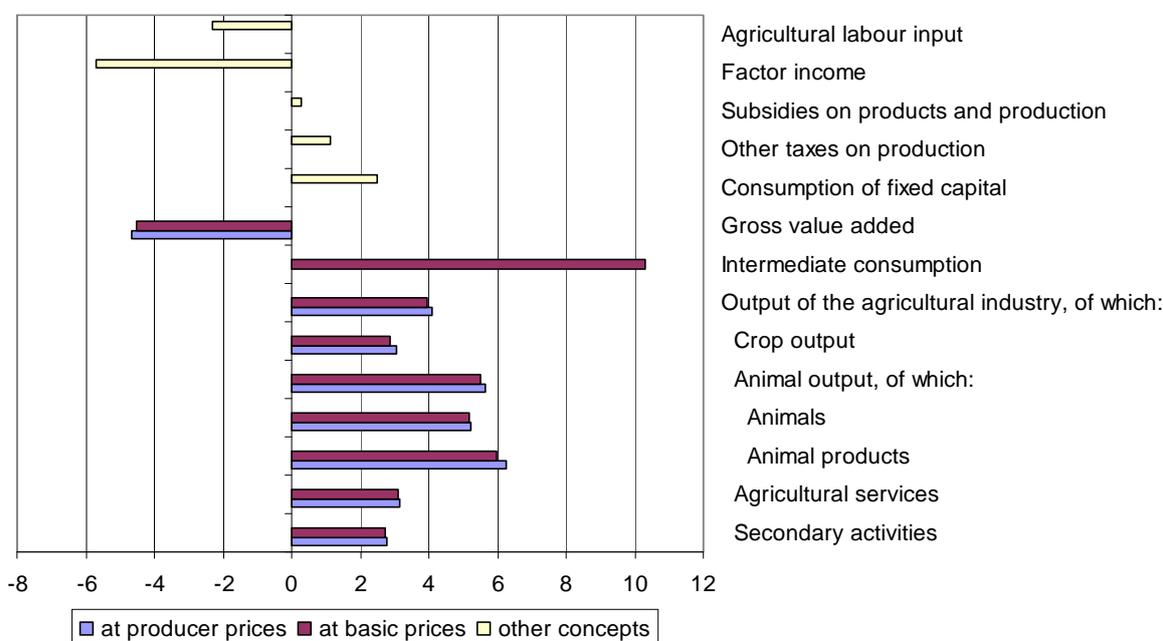
The movement in indicator A is affected to a considerable extent by the development in agricultural labour input. In all Member States labour input was lower than in 2000 and, in the EU as a whole, labour input was down by 23.2% on average. Since 2000, labour input in the NMS-12 has fallen by 29.7%, compared to a fall of 14.9% in the EU-15.

Main factors in income development in 2008

The overall decrease of 3.5% in agricultural income per labour unit in 2008 compared to 2007 is due to a combination of a number of changes in agricultural production.

The value of total agricultural output in basic prices went up by 3.9% in real terms. Volume increased by 3.5%, while prices rose by 0.4%.

Figure 2: Main components of agricultural income in EU, change 2008 compared to 2007 (%)



Crop output went up by 2.9% in basic prices, due to the increase in volume by 6.4% and a fall in prices (-3.3%). The value for animal output increased by 5.5% on higher prices (+5.5%), while the volume remained unchanged.

There were minor increases in output from agricultural services (+3.1%) and secondary activities (+2.7%). The increase in costs for intermediate consumption is estimated at 10.3% in real terms. This sharp increase is mainly due to higher prices (+8.3%), at a time when input volume rose by 1.8%. As for fixed capital consumption, an increase of 2.5% in real terms has been recorded.

There were only minor changes in subsidies for agriculture. In total, the subsidies were 0.3% higher in 2008 than in the previous year. Subsidies for products fell slightly (-0.6%), while other subsidies for production rose by 0.4%. The structural changes for subsidies, which started from 2005, are now being implemented in all Member States.

The combination of these developments led to a 5.7% reduction in factor income in 2008. With the fall in labour input (-2.3%), Indicator A was down by 3.5%.

A closer look at output

The slight increase in crop output value at EU-level (+2.9% at basic prices) is the result of a number of developments. Value in basic prices for oilseeds rose by 22.7%, for cereals by 7.4% and for fruit by 5.7%. Large decreases in value were observed for sugar beets (-15.4%) and for potatoes (-12.9%). The changes for other groups were smaller, as shown in Table 2.

Across the Member States very different trends in crop output were recorded. High increases in value are estimated for Bulgaria (+41.4%), Romania (+36.7%) and the UK (+27.7%). Steep decreases are observed in Estonia (-29.4%), Latvia (-15.8%) and Luxembourg (-11.8%).

Table 2: Development of the main output numbers in EU

	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 2007)	Major producer countries (share in EU 27 output at producer prices, in 2007)
	2008 / 2007 (%)					
Cereals	+22.3	-12.0	+7.6	+7.4	13.3%	FR (24%) DE (15%) ES (9%)
Oilseeds	+11.1	+11.9	+24.3	+22.7	2.1%	FR (27%) DE (22%) UK (8%)
Sugar beet	-12.1	-5.9	-17.3	-15.4	1.0%	FR (24%) DE (20%) PL (10%)
Fresh vegetables	+1.8	-3.9	-2.2	-2.2	8.5%	ES (21%) IT (18%) FR (10%)
Plants and flowers	+1.3	-1.7	-0.5	-0.5	5.5%	DE (32%) RO (15%) NL (13%)
Potatoes	-4.0	-9.3	-12.9	-12.9	3.1%	DE (13%) RO (12%) NL (11%)
Fruits	+2.5	+3.8	+6.4	+5.7	6.4%	ES (29%) IT (21%) FR (12%)
Wine	+0.0	+3.2	+3.2	+3.2	4.5%	FR (51%) IT (21%) DE (7%)
Olive oil	+9.6	-7.3	+1.6	+1.3	1.3%	ES (38%) IT (36%) EL (20%)
Crop output	+6.9	-3.6	+3.1	+2.9	53.3%	FR (19%) IT (13%) DE (12%)
Cattle	+0.2	+4.0	+4.2	+4.3	7.8%	FR (25%) IT (12%) DE (11%)
Pigs	-1.6	+9.1	+7.4	+7.3	8.5%	DE (17%) ES (16%) FR (9%)
Sheep and goats	-6.0	+5.3	-1.1	-1.0	1.4%	ES (23%) UK (23%) EL (15%)
Poultry	+3.3	+3.2	+6.6	+6.5	4.6%	FR (18%) IT (13%) ES (11%)
Milk	+0.7	+6.5	+7.2	+6.9	13.9%	DE (19%) FR (15%) IT (8%)
Eggs	+1.1	+3.2	+4.4	+4.5	2.1%	ES (14%) IT (13%) FR (11%)
Animal output	+0.1	+5.6	+5.6	+5.5	39.8%	FR (16%) DE (14%) ES (10%)
Agricultural services	+2.0	+1.1	+3.1	+3.1	4.1%	FR (21%) IT (17%) NL (15%)
Secondary activities	+1.8	+1.0	+2.8	+2.7	2.8%	FR (18%) IT (13%) ES (12%)

The major changes are being driven by a dramatic development in cereals, the most important category of crop production in the EU. The increase in output value (+7.6% at producer price) is a combination of an increase in volume (+22.3%) and a decrease in prices (-12.0%).

As regards the volume of cereals, some countries posted a very big increase in production compared to 2007, in particular Romania (+124.4%), Bulgaria (+113.4%), Hungary (+78.1%) and Slovakia (+51.7%). The high figures for these countries can to a large extent be explained by the poor harvest in 2007.

Only Cyprus (-78.0%) and Estonia (-2.1%) and Spain (-0.2%) had a lower harvest in 2008 than in the previous year.

The large increase in the volume of cereals at EU-level appears to be mainly due to the high yields in 2008. However, the trend is also due to the larger areas involved, indicating that the option to re-cultivate set-aside areas is being taken up.

Regarding the price developments in cereals, Member States are estimating very different developments.

A price decrease of more than 40% in real terms is observed in Luxembourg (-44.0%) and in Estonia (-41.3%). These two countries are followed by Belgium (-36.2%), the Netherlands (-35.5%), Austria (-35.5%) and Sweden (-34.1%), where prices have all dropped by 30% or more.

Table 3: Volume and prices of cereal, change 2008 compared to 2007 (%)

Volume		Prices		Volume		Prices	
BE	+13.0	-36.2	LU	+28.9	-44.0		
BG	+113.4	-11.1	HU	+78.1	-28.3		
CZ	+17.9	-31.0	MT	:	:		
DK	+16.0	-25.3	NL	+29.0	-35.5		
DE	+23.4	-8.3	AT	+23.5	-35.5		
EE	-2.1	-41.3	PL	+0.4	-6.7		
EL	+32.7	-29.9	PT	+16.0	-6.3		
ES	-0.2	-4.7	RO	+124.4	+5.5		
FR	+17.9	-23.3	SI	+5.8	-7.2		
IE	+24.2	-31.8	SK	+51.7	-5.7		
IT	+10.1	-0.3	FI	+1.9	+3.6		
CY	-78.0	+50.7	SE	+2.6	-34.1		
LV	+11.0	-31.3	UK	+27.5	+25.9		
LT	+9.3	-5.1	EU-27	+22.3	-12.0		

Four countries are forecasting higher prices than the previous year: they are Cyprus (+50.7%), the United Kingdom (+25.9%), Romania (+5.5%) and Finland (+3.6%).

Owing to widely fluctuating cereal prices it may have been difficult to predict exact and comparable price developments 2008/2007. Furthermore, there are differences in the estimation methods used.

The value in producer prices of animal production rose by an average of 5.6% at EU-level in 2008. Animal output went up by 5.2%, while animal

products rose by 6.2%. There were increases, in particular, for pigs (+7.4%) and for milk (+7.2%).

The changes in volume were marginal both at EU27 level and in most Member States. The largest increase was in Portugal (+5.5%), while Slovakia saw a significant fall in volume (by 15.6%).

Prices for animal output rose by 5.6% on average; they were highest for pigs (+9.1%) and milk (+6.5%), and negative for equines (-8.0%).

Of all the Member States, the UK had the highest increase in prices (+21.1%) in 2008, whereas Latvia - with a decrease of 3.9% - recorded a fall.

Developments in milk production - the main animal production activity - may be of particular interest, as prices were high in the first half of 2008, but decreased later in the year.

The observed trend in milk prices, forecast by the Member States, shows big increases in Malta (22.5%), the UK (21.1%), Finland (16.1%) and France (13.3%). Negative figures for change are recorded by Latvia (-8.7%), Lithuania (-6.3%), Belgium (-4.9%), Poland (-2.1%) and Germany (-0.2%).

Increases in the volume of milk production were seen in particular in Sweden (+11.4%) and France (+4.0%), while Ireland (-5.4%) and Romania (-4.7%) recorded negative trends compared to 2007.

Intermediate consumption and value added

In 2008, the value of intermediate consumption increased by 10.3% in real terms. The main reason for this was the sharp increase in prices (+8.3%).

The increase in volume is estimated at +1.8% at EU level. Only Romania (+22.0%) and Bulgaria (+12.6%) recorded large increases, which are most probably related to the big increase in crop output.

The driving factor behind this upward trend is the increase in the prices of fertilizers (+42.8%), energy (+12.2%) and feedingstuffs (+9.7%), while other components of intermediate consumption are not showing such dramatic changes.

Price estimates with regard to total intermediate consumption differ considerably. An increase of 19.5% is expected in the UK, followed by Malta (+16.4%) and Spain (+15.2%). In Latvia (-2.7%), Cyprus (-1.7%) and Slovakia (-0.9%), on the other hand, prices are decreasing.

However, all Member States except Cyprus and Slovakia are anticipating higher prices for

fertilizers. An estimated increase of 110.0% is expected in the UK, followed by Finland (+89.2%), Denmark (+83.7%) and Slovenia (+79.0%).

With regard to feedingstuffs, which account for about 40 per cent of intermediate consumption at EU-level, the estimates are once again characterised by large variations. The biggest increases in prices are seen in the UK (+26.8%) and in Malta (+23.9%), while decreases are noted in Latvia (-17.0%) and Cyprus (-1.6%).

However, the expectations of most countries in terms of the trend in feedingstuffs prices are very similar. In fact, 15 countries are predicting increases of between 5 and 15 per cent.

The changes in output and intermediate consumption have had an impact on Gross Value Added, which fell by 4.5% (EU27) in 2008 over 2007. As a slight increase (+2.5%) in fixed capital consumption is predicted, Net Value Added will fall by 8.1%.

Factor income and indicator A, B and C

The outcome of changes in output, intermediate consumption, subsidies and fixed capital consumption is reflected in the trend of the Factor Income. As already mentioned the Factor Income for EU27 in 2008 fell by 5.7% in real terms compared to the previous year.

The fall in Indicator A, which is only 3.5%, is due to a 2.3% fall in agricultural labour input, which partially offsets the fall in Factor Income.

Indicator B (net entrepreneurial income per non-salaried labour input) fell by more than Indicator A (-7.7%) due to the higher compensation for employees (+0.4%) and interest paid (+1.3%).

Finally, Indicator C - net entrepreneurial income - dropped by 9.9% in 2008 over 2007.

Table 4: Main components of agricultural income in the EU-27, at basic prices, change 2008 compared to 2007 (%)

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'	+3.9	-1.9	+22.4	-4.7	+1.4	+5.4	-11.9	-2.4	-0.6	+1.0	+4.0	+3.5	-5.4	-12.3
CROP OUTPUT	+2.9	-5.1	+41.4	-10.0	-2.4	+4.4	-29.4	-4.2	-0.7	-3.1	+4.4	+3.8	-8.8	-15.8
ANIMAL OUTPUT	+5.5	+0.9	-1.4	+2.2	+4.3	+6.9	+6.1	+0.0	-0.7	+7.2	+3.4	+3.7	-1.4	-8.2
ANIMALS	+5.2	+3.5	-5.9	+0.5	+4.8	+14.2	+11.7	-3.1	-1.9	+2.6	+7.2	+2.3	-2.4	-12.2
ANIMAL PRODUCTS	+6.0	-6.1	+3.2	+4.1	+3.5	-0.4	+2.7	+3.5	+2.5	+15.7	-1.9	+6.1	+0.4	-5.8
AGRICULTURAL SERVICES	+3.1	-0.1	+23.9	+4.5	+0.5	+0.9	-4.0	+6.6	+1.8	+1.7	+10.5	+0.0	-	+1.0
SECONDARY ACTIVITIES	+2.7	+0.5	+21.1	-9.0	-3.3	-1.2	-6.6	+2.9	+1.4	+7.0	-	+0.7	+1.1	-13.8
- INTERMEDIATE CONSUMPTION	+10.3	+8.2	+17.2	+3.5	+9.4	+11.0	+5.0	+8.7	+9.9	+9.0	+12.9	+7.5	-7.6	-4.4
= GROSS VALUE ADDED AT BASIC PRICES	-4.5	-20.7	+31.3	-25.9	-19.1	-5.9	-36.3	-10.0	-8.6	-9.2	-15.2	+0.4	-3.5	-28.4
- CONSUMPTION OF FIXED CAPITAL	+2.5	+3.2	+51.8	-0.1	-0.4	+2.8	-5.4	-0.6	+4.0	+1.8	+7.0	+1.8	+5.0	+6.0
- OTHER TAXES ON PRODUCTION	+1.1	-2.7	+35.7	-3.1	+3.3	+3.8	-6.6	+8.7	+2.5	+1.3	+16.5	-0.9	-23.4	-9.5
+ OTHER SUBSIDIES ON PRODUCTION (a)	+0.4	-0.6	-47.7	+42.3	-5.3	-0.4	+10.1	+0.0	+5.2	-1.9	+2.5	-2.2	-3.4	-5.0
= FACTOR INCOME (1)	-5.7	-24.0	+15.0	+0.4	-26.4	-8.1	-27.0	-8.3	-7.6	-12.0	-9.9	-1.0	-3.8	-24.9
AGRICULTURAL LABOUR INPUT (2)	-2.3	-1.9	-10.8	-2.0	-2.3	-1.7	-5.2	-0.4	-5.3	-1.9	-1.3	-2.6	-1.8	-6.8
INDICATOR A (1)/(2)	-3.5	-22.6	+28.9	+2.4	-24.7	-6.6	-23.0	-8.0	-2.5	-10.3	-8.7	+1.7	-2.0	-19.4
Indicator A, Indices in 2008 (2000=100)	115.2	80.1	124.4	201.8	81.6	129.6	251.9	80.1	94.0	98.2	93.4	81.1	106.1	280.2

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'	-4.0	+2.5	+9.4	+3.0	+0.2	+3.5	-1.6	+2.1	+22.9	+1.1	+7.1	+3.4	+2.3	+21.6
CROP OUTPUT	-1.8	-11.8	+12.0	+5.7	-4.3	-1.2	-2.7	-1.4	+36.7	-3.4	+22.7	+0.9	-8.9	+27.7
ANIMAL OUTPUT	-7.1	+10.0	+6.2	+1.2	+5.0	+8.5	-0.5	+7.3	+2.1	+6.2	-7.1	+5.6	+13.2	+20.2
ANIMALS	-10.9	+14.2	+7.5	+1.6	+6.9	+5.3	-2.6	+6.7	+3.3	+4.0	-10.8	+2.6	+6.7	+21.0
ANIMAL PRODUCTS	-4.6	+6.9	+3.9	+0.4	+3.1	+13.3	+2.3	+8.3	+1.0	+9.6	-3.2	+7.7	+19.0	+18.8
AGRICULTURAL SERVICES	+13.9	-1.2	+4.2	-	+3.9	+3.9	+4.8	+3.1	-9.8	+5.5	+1.7	+4.8	+3.7	+12.2
SECONDARY ACTIVITIES	-10.3	+17.2	+4.1	+3.8	+6.8	+1.9	-10.4	+3.3	+4.1	-	-11.0	+2.4	+3.6	+0.8
- INTERMEDIATE CONSUMPTION	+5.6	+11.0	+10.3	+9.5	+6.4	+8.2	+5.6	+5.9	+21.9	+8.1	+4.9	+10.8	+6.5	+23.4
= GROSS VALUE ADDED AT BASIC PRICES	-20.4	-9.3	+8.0	-5.3	-9.7	-2.6	-12.1	-5.8	+24.2	-10.7	+13.6	-16.2	-8.0	+18.3
- CONSUMPTION OF FIXED CAPITAL	-2.7	+4.6	-0.7	+0.5	-0.5	+1.1	+2.6	+0.0	+16.0	+0.0	+12.6	+0.9	+0.6	-0.1
- OTHER TAXES ON PRODUCTION	-10.3	-0.6	-0.3	-	-2.2	+6.7	-3.0	-3.6	-12.6	-0.0	+24.0	-	-	+0.7
+ OTHER SUBSIDIES ON PRODUCTION (a)	+1.6	-0.4	+10.3	-45.2	+1.4	-1.9	-15.6	+16.2	-12.6	+0.0	-6.3	-3.5	+4.0	+4.8
= FACTOR INCOME (1)	-21.7	-13.9	+12.0	-13.0	-13.1	-4.8	-15.9	-0.8	+24.7	-10.0	+2.1	-14.2	-5.2	+17.9
AGRICULTURAL LABOUR INPUT (2)	-17.5	-1.6	-5.6	+0.0	-0.8	-0.8	+2.2	-4.3	-2.9	-0.9	-6.9	-1.2	-3.9	+1.1
INDICATOR A (1)/(2)	-5.1	-12.5	+18.6	-13.0	-12.4	-4.1	-17.7	+3.7	+28.4	-9.2	+9.7	-13.1	-1.3	+16.5
Indicator A, Indices in 2008 (2000=100)	287.5	89.7	207.2	89.2	81.5	125.5	182.5	108.9	150.7	135.0	171.4	94.4	135.3	157.9

ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Symbols & country abbreviations

“.” not available

“-” not applicable, real zero or zero by default

BE: Belgium, BG: Bulgaria, CZ: Czech Republic, DK: Denmark, DE: Germany, EE: Estonia, IE: Ireland, EL: Greece, ES: Spain, FR: France, IT: Italy, CY: Cyprus, LV: Latvia, LT: Lithuania, LU: Luxembourg, HU: Hungary, MT: Malta, NL: Netherlands, AT: Austria, PL: Poland, PT: Portugal, RO: Romania, SI: Slovenia, SK: Slovakia, FI: Finland, SE: Sweden, UK: United Kingdom, CH: Switzerland, NO: Norway.

EU-15: Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom.

NMS-12: Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia.

Concepts and definitions

The estimates for the Economic Accounts for Agriculture (EAA) published in this Statistics in Focus are provisional. The compiling is based on information available until the end of January 2009, which also is uploaded on Eurostat databases. The big fluctuations in prices during 2008 may have impact on the quality of the estimates.

The results have been compiled by the national authorities in the Member States of the European Union and in Norway and Switzerland, 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 euro (at 2000 exchange rates for long-term analysis and at those of the year 2007 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 based on previous year figures for short term development and on 2000 for medium term. The indicator 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. The detailed data can be found at the website.

Other indicators

Two other indicators for agricultural income are also calculated: **Indicator B:** Index of real net agricultural entrepreneurial income, per unpaid annual work unit and **Indicator C:** Net entrepreneurial income of agriculture.

Changes in recording of subsidies

Implementation of the Single Farm Payment (SFP) in the framework of the recent CAP started in several Member States in 2005. Since the Member States do not apply the SFP system in 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 2004-2007) 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. Indicator B and C are neither.

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](#)).

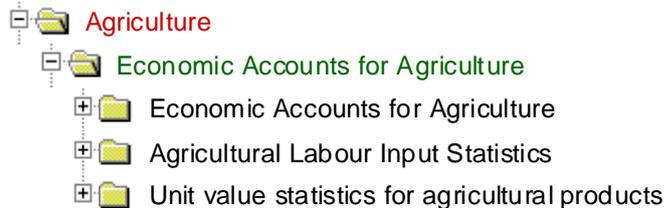
Further information

Data: [Eurostat Website: http://ec.europa.eu/eurostat](http://ec.europa.eu/eurostat)

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European Statistical Data Support:

Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

Their mission is to provide help and guidance to Internet users of European statistical data.

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