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AGRICULTURAL INCOMES IN THE COMMUNITY

Addendum to the 1976 Report

on the Agricultural Situation in the Community

CONTENTS

MAIN SIGNS OR ABBREVIATIONS USED IN THIS DOCUMENT AND THEIR DEFINITIONS

GVA: Gross Value Added:

Value corresponding to the depreciation and the remuneration of the production factors in agriculture (land, labour, capital). This value can be expressed at market prices or at factor cost (see method of calculation, Annex C, p. 47).

PEA: Person Engaged in Agriculture:
Person working full-time or most of the time in agriculture.

LI: Labour Income
Balance remaining after deduction from the value of production of all inputs (including financing costs which have been paid and/or calculated as well as rent and/or rental value) but excluding labour inputs. LI corresponds to the remuneration of the factor labour.

ALU: Annual Labour Unit:
Unit corresponding to the labour of a person working on a holding at least 280 days or 2 380 hours per year. One person equals at most 1 ALU.

LI/ALU: Labour Income per Annual Labour Unit

EUA: European Unit of Account
A unit defined according to a basket consisting of fixed amounts of the currencies of the nine Member States, as follows:

DM:	0.828	Fl:	0.286	£ (UK):	0.0885
FF:	1.15	Bfrs:	3.66	£ (IRL):	0.00759
Lit:	109	Lfrs:	0.14	Dkr:	0.217

The value of the unit of account is calculated each day by evaluating its components at market exchange rates.

FADN: Farm Accountancy Data Network of the EEC

UAA: Utilized Agricultural Area:
Area of the holding used for agricultural production (arable land, permanent pasture, land under permanent crops).

Type of Farming:
System of production on the holding determined from the composition of the holdings' standard gross production. A distinction is made between main types of farming, specific types of farming and specialized activities (e.g. main type: grazing stock; specific type: cattle; specialised production: milk).

"1975": FADN accounting year 1975/76:
The FADN accounting year is a 12-month period which begins between 1 January and 1 July. The dates differ from one Member State to another and in some of the States according to the type of holding. In all cases the accounting year corresponds to the same harvest (e.g. "1975" relates to the harvest for 1975).

PRELIMINARY REMARKS

1. Since the 1976 report on the agricultural situation in the Community[1] was prepared in October new data on farm incomes have become available.

Reports on the agricultural situation in several Member States (Luxembourg, Netherlands, United Kingdom) have been published. Further, the Commission staff have received the initial results of an updating of the available statistics. This is the first time that the Commission has had available at this time of year a substantial, though incomplete, body of FADN accounting data relating, on the one hand, to 1975/76 and, on the other, to estimated movements in 1976 in certain macro-economic farm income indicators, produced by the Working Group on the "Sectoral Income Index" of the Statistical Office of the European Communities.

In view of the fact that since 1974 farm incomes have been somewhat unstable, particularly in 1976, largely on account of the unusual weather conditions, it is appropriate to update information on this subject at a time when the Community authorities responsible for the common agricultural policy are preparing to take their yearly decisions.

2. This report makes use of the new data available to complete and update the chapter on agricultural incomes in the 1976 Report on the Agricultural Situation in the Community. It deals in turn with the recent past (1975/76) and the present (1976/77) and this covers the two following aspects:

I. The development of agricultural incomes in "1975" (1975/76 marketing year) for the main types of farming, according to the Farm Accountancy Data Network of the EEC (FADN)[2];

II. The estimate of agricultural incomes in the Member States in 1976 (1976/77) according to the results obtained by the expert group on the "Sectoral Income Index", and information collected by the Community Committee on the Farm Accountancy Data Network.

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[1] See The Agricultural Situation in the Community - Report 1976 - Brussels-Luxembourg, January 1977.

[2] The Commission presented to the Council and Parliament the report on the "1974" FADN results on 27 September 1976 (see COM(76)432 final).

I. AGRICULTURAL INCOMES IN "1975" (1975/76 marketing year) FOR THE MAIN TYPES OF FARMING[1]

3. Following "1972" and "1973", which in turn topped the records as regards the absolute level of agricultural incomes, there was a marked decline in agricultural incomes in "1974" in general, and an increase in disparities in particular.

In "1975" there was a partial recovery in the general level of agricultural income, but disparities did not diminish. In some cases, indeed, due to extraneous factors, they even increased. Some types of farming were more affected than others by the factors that disturbed economic equilibrium in 1975 (energy, raw materials and monetary crises, soaring inflation in some Member States). In addition, some types of farming were already in that year suffering from a first onset of drought.

4. The results for "1975" (1975/76) of the Farm Accountancy Data Network of the EEC (FADN), although incomplete and provisional[2], give an initial idea of the diversified development of agricultural incomes, and the disparities between them, in the year just ended (see Annex A).

A comparison of the indices of labour income per ALU (LI/ALU) in "1974" and "1975" ("1974" = 100) and of incomes obtained in "1975" from the main types of farming in the Member States gives rise to the following main observations:

(a) There are considerable divergencies between the absolute levels of labour income per annual labour unit (LI/ALU) for each group of holdings in the incomplete accounting sample for "1975". There is a spread of 1 to 11 between Italian holdings of less than 5 ha concentrating on arable land/permanent crops and Dutch holdings of over 50 ha engaged in general agriculture. Even between groups of holdings engaged in the same type of farming there are considerable differences in income: for example, between 1 to 6 on dairy farms of 5-10 ha in Ireland and of over 50 ha in the Netherlands;

(b) The increase in the LI/ALU (in nominal terms) was almost general between "1974" and "1975". The only exceptions to this tendency are farms engaged in general agriculture in France and Denmark (their LI/ALU has declined by about 20% at current prices), and certain fruit farms and viticultural holdings in France and Italy (down 5 to 40%) (see graphs opposite).

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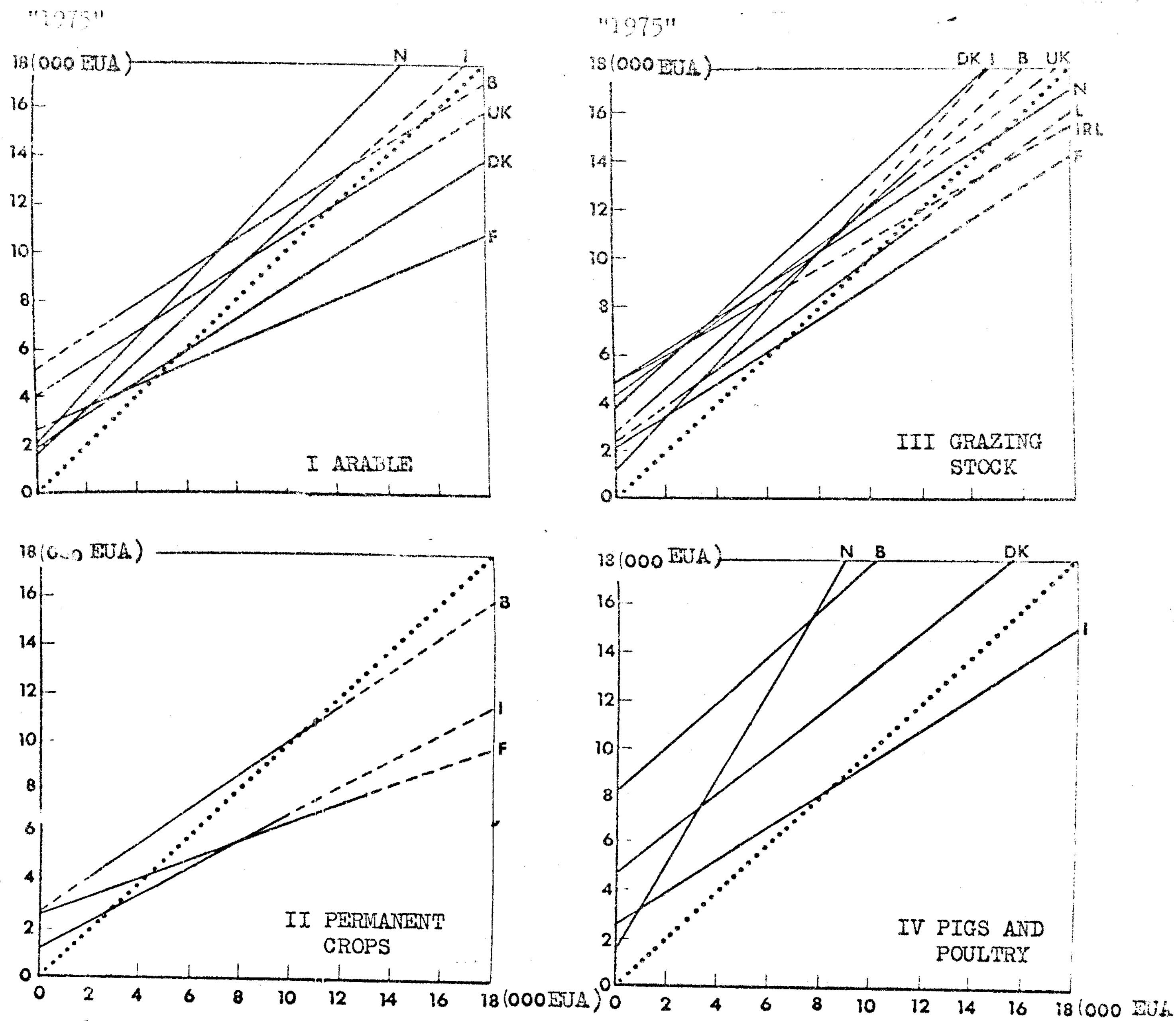
[1] The years in inverted commas in this Report correspond to FADN accounting years which begin between 1 January and 1 July depending on the country and the type of farming.

[2] These results are not yet available for Germany. They are, moreover, provisional for a number of Member States as the accounting data for some divisions are still missing, for example, for divisions nos 400 and 430 (Scotland and England East Region) and 310 and 311 (Puglia and Basilicata). The final results will, as every year, be included in a special report from the Commission to the Council as soon as they become available.

TRENDS IN THE LI/ALU IN THE MEMBER STATES BETWEEN "1974" AND "1975" FOR THE FOUR MAIN TYPES OF FARMING

(Constant sample available at 20 January 1977)



Key: ——— - - - regression line y = ax + b { ——— part corresponding to survey; - - - extrapolated part

• • • • • • • • • • iso-income line y = x

Country	Arable land (a)	Arable land (b)	Permanent crops (a)	Permanent crops (b)	Grazing stock (a)	Grazing stock (b)	Pigs and poultry (a)	Pigs and poultry (b)
F	0,437	2.870	0,391	2.649	0,667	2.155		
I	0,936	1.687	0,586	1.142	1,185	1.461	0,678	2.740
N	1,074	2.195			0,665	4.882	1,780	3.170
B	0,674	5.231	0,719	2.812	0,925	2.880	0,777	8.217
L					0,757	2.375		
UK	0,659	4.181			0,787	4.310		
IRL					0,587	4.833		
DK	0,644	2.145			0,931	3.843	0,852	4.7[illegible]
[illegible]	0,803	2.041	0,495	2.016	0,776	3.293	0,87[illegible]	5.0[illegible]

The foregoing graphs confirm the general trend although its effect is no doubt lessened because the main types of farming considered are composite (e.g. the "arable land" type of farming includes both holdings engaged in general agriculture and horticultural holdings).

(c) The increase in LI/ALU was particularly marked in "1975" for farms engaged in pig production (there is a spread of 150 to 286 in the indices for groups of holdings of this type). Holdings engaged in pig breeding (sows and piglets) recorded the greatest increase in income (an index of nearly 300). The holdings with the greatest increases in income and at the same time with the highest incomes are in Belgium, followed by the Netherlands and Denmark.

Pig farms, whose incomes had much declined in "1974" and had as a consequence fallen back into the middle income ranges of the other types of farming, thus had an excellent year in "1975". They are once again well in the lead as regards their labour income per ALU in absolute terms. This varies between 9 483 and 17 382 EUA/ALU depending on the size of holding and countries in question.

(d) Holdings engaged in the production of grazing stock (in particular cattle) have also generally increased their income in all the Member States. The greater the UAA category of the holding, the greater has been this increase in absolute terms. This increase was, however, more marked in Ireland and the United Kingdom[1] with the result that holdings in these two countries equalled and even passed the income level of French holdings. The Dutch, Belgian and Danish cattle farms maintained their lead, their LI/ALU remaining more or less double the income of the French, United Kingdom and Irish holdings.

The disparities in milk production are without doubt the most typical. The superiority of Dutch and Danish holdings was clearly confirmed, their LI/ALU, depending on the size of holding (5-10 ha to $\geqslant$ 50 ha) ranging from 6 285 to 12 841 and 6 601 to 9 920 EUA/ALU respectively[2].

(e) Indices for the LI/ALU of other types of holding vary considerably depending on the type of farming (production system), the size of holding and the region. In relation to the value 100 = LI/ALU "1974", there is a range of[3]:

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[1] The increase in the income of cattle farms in Ireland and the United Kingdom compared with the previous bad year was mainly due to wide fluctuations in cattle prices in these countries between the opening and closing inventories for the year. A substantial part of the increased income was thus capitalized in the form of livestock and was not felt as such by the farmers concerned.

[2] The minimum and maximum of the income bracket quoted correspond to a UAA of 5-10 ha and $\geqslant$ 50 ha.

[3] The indices relating to types of holdings in Ireland are very high solely due to the fact that the income was at a very low level in "1974". Consequently they are not significant; they are not taken into consideration in the following income brackets.

71 to 169 for Vines
74 to 114 for Fruit
74 to 170 for General agriculture
92 and 157 for Arable land Grazing stock
99 and 178 for Grazing stock Arable land
111 to 129 for Horticulture.

(f) Examination of the change in labour income between "1974" and "1975", and the situation in "1975" of a particular type of agricultural holding widely represented in the Community, namely cattle farms of 20 to 50 hectares[1], using a constant sample of 1 219 FADN returning holdings representing this type, gives an idea of the diversity of farm incomes in Europe.

The overall breakdown of these 1 219 returning holdings is as follows:

1. According to their individual LI/ALU level in "1975"

LI/ALU (EUA)	Number of holdings	%
≥ 15 000	68	6
10 to 15 000	180	14
5 to 10 000	483	39
0 to 5 000	476	40
< 0	12	1
Total	1 219	100

2. According to the direction and extent of change in LI/ALU between "1974" and "1975"

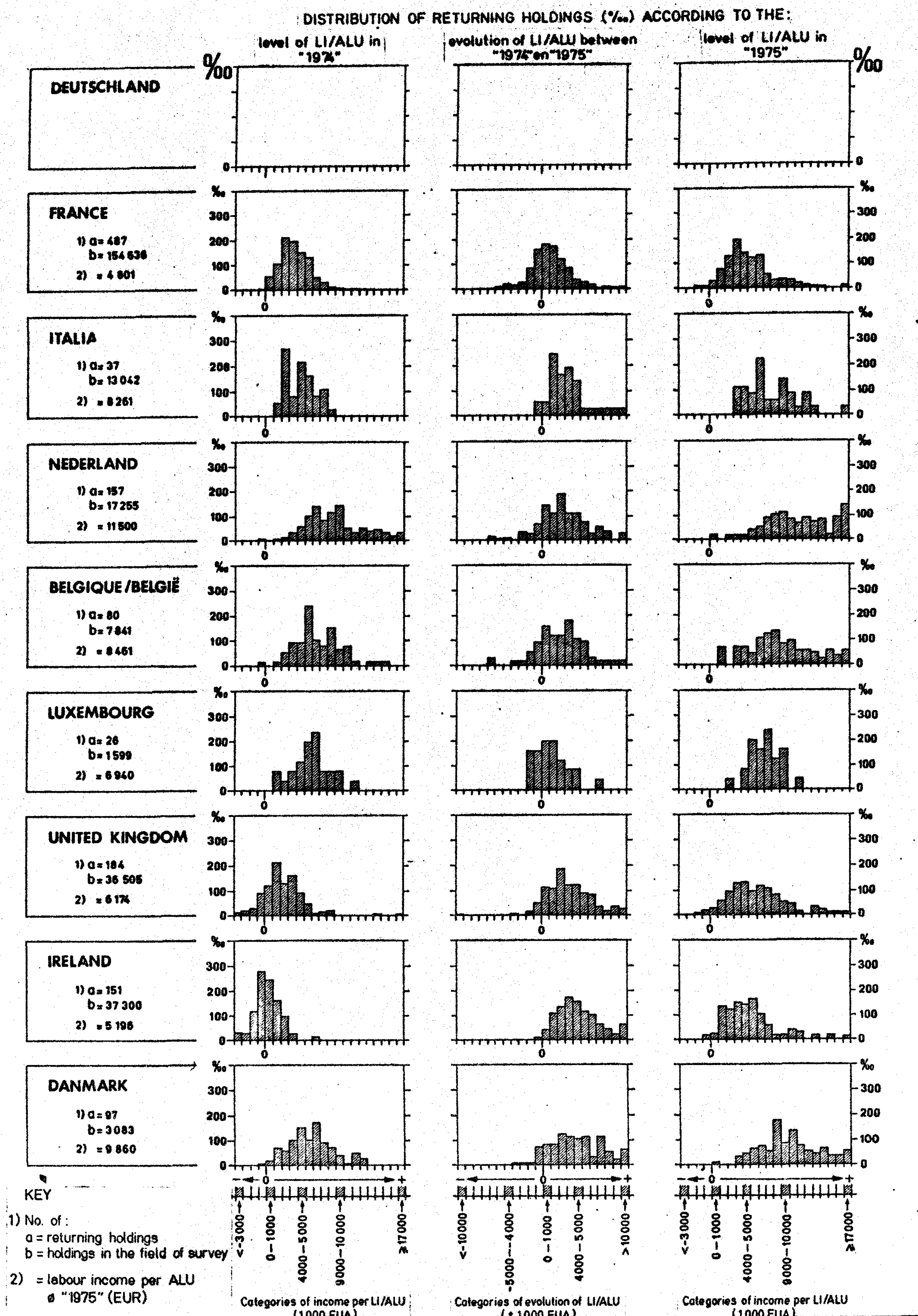
LI/ALU (EUA)	Number of holdings	%
≥ + 5 000	283	19
0 to 5 000	740	61
- 5 000 to 0	218	19
< - 5 000	14	1
	1 219	100

The above data show that 81% of the cattle holdings surveyed improved their LI/ALU in nominal terms in "1975", which confirms previous general observations.

20% of these holdings enjoyed a substantial increase of more than 5 000 EUA/ALU, but the LI/ALU of 19% of the holdings surveyed declined compared with the previous year. Incomes in "1975" range widely from -2 000 up to +17 000 EUA/ALU and above. Nearly half the holdings had incomes between 3 000 and 7 000 EUA/ALU.

[1] 800 000, or over one quarter of the 3 100 000 holdings in the FADN field of survey fell within this general type in "1970". There were about 300 000 holdings of this type (over one third) with a UAA of 20 to 50 ha.

LABOUR INCOME PER ALU FOR CATTLE HOLDINGS OF 20 – 50 ha
EVOLUTION & LEVEL "1974" – "1975"



(g) In types of farming which include lines of production dependent on the land, such as cattle farming, there is a relationship between the size of the farm and the level of LI/ALU. The returning cattle farms in "1975" had LI/ALUs varying in the ratio of one to more than two depending on their UAA category. This average income from the returning sample of cattle farms of 5-10 ha increased to slightly more than 4 000 EUA/ALU while it reached about 8 500 EUA/ALU for cattle farms of more than 50 ha. The spread varies from country to country; it varies from 1-1.8 to 1-4.1 between Denmark and Ireland. The income spread depending on the UAA of cattle farms is generally greater the lower the average income level of these farms. This spread is generally more pronounced in countries or regions where production conditions are generally less favourable.

(h) The differences between labour incomes per ALU are not related only to the size of the farm as the chart opposite concerning a number of cattle farms of similar size (20 to 50 ha) illustrates. It may be seen that:

(1) the range of average incomes for a single size category of this type of farming is considerable. It places the Netherlands and Denmark in a considerably more favourable position than other countries, in particular France and Ireland whose histograms (income distribution charts) indicate a less favourable intra-sectoral balance than in other countries;

(2) the spread of agricultural incomes in farming of the type under consideration generally increased in "1975" over "1974";

(3) over 90% of these farms improved their nominal income in "1975" in the three new Member States (Ireland, United Kingdom and Denmark) and in Italy. The corresponding percentage in France and Luxembourg was barely 70%.

(i) The income disparity within the group of farms under consideration (cattle farms 20-50 ha) is doubtless due to the nature of the final product of these farms; farms specializing in milk production do not react to short-term economic changes as do farms specializing in the production of beef and veal; this is a well-known phenomenon (see Annex B II p. 42). The economic cycle itself is different for these two kinds of production.

(j) Income disparities between farms of the same type and of identical size and specialization are doubtless due also to differences in the economic conditions of agriculture from one country or region to another; the bigger the countries or regions in question the more the conditions may differ. However, these conditions are only one cause of the disparities noted. There are others which are due to factors inherent in the farms themselves, indeed to the way they are run, in short to the farmer himself.

5. In conclusion, it should not be forgotten that the micro-economic figures at present available to assess the agricultural income situation in the Community in "1975" (1975/76) are incomplete - in particular they are lacking for Germany[1]. Moreover, for some countries the figures are still provisional. Although they are incomplete and provisional they do, however, point to certain conclusions which are unlikely to be affected by the final figures when they become available.

Apart from certain holdings engaged in general agriculture, in fruit-farming and in wine-growing, which have suffered a reduction in income, the large majority of farms in the Community had an appreciable increase in incomes in "1975" compared with the poor results of the previous year. Although this increase was substantial for pig farms and put them back at the top of the list, in most other cases the increase was a moderate one and insufficient to provide an income comparable to that of "1972" and "1973" which were excellent years. The improvement in agricultural incomes in "1975" in comparison to "1974" has not visibly helped to reduce the disparities in income between agriculture and other sectors.

Moreover, this has not helped in any decisive way to reduce the considerable disparities in income which in "1974" increased within the agricultural sector. The considerable fluctuations in income for most farms in "1975" in comparison with "1974" even led to greater disparities in income from one farm to another.

In "1975" the general climate for European agriculture was generally slightly better than "1974" in view mainly of the increases in income in nominal terms. The atmosphere nevertheless remained more strained than in previous years due to the galloping inflation which has almost totally eliminated the real value of these income increases and has also increased the internal income disparities within the agricultural sector.

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[1] Such information as is so far available on Germany indicates that the general increase in net farm income per family ALU in 1975/76 was about 20%.

II. ESTIMATE OF AGRICULTURAL INCOMES IN THE MEMBER STATES IN 1976

6. The work recently undertaken by the Commission staff (Statistical Office of the European Communities), with the assistance of Member States and their experts, to update certain macro-economic income indicators in the agricultural sector at national and Community level (see Annex C) as well as the information regularly collected by the Community Committee on the FADN on changes in agricultural incomes, enable a preliminary outline to be provided of the main trends for agricultural incomes in 1976. These trends are described for the Community as a whole and for each individual Member State.

These are of course forecasts based on provisional figures and on estimates which are particularly difficult to make since they relate to an exceptional year.

7. In spite of a serious drought and taking into account the grants made in that connection, it is estimated that the gross value added at factor cost[1] by agriculture in the Community will increase by 8% in nominal terms in 1976. This increase represents a slight drop in real terms of 1%. over the previous year.

Since the labour force continued to drop in 1976, although at a somewhat slower rate than previous years, the gross value added (GVA) per person employed in agriculture (PEA) in the Community showed a rise of 10.5% in nominal terms in 1976 representing an increase in real terms of 1.0%.

8. However, there are noticeable differences between Member States as the table at Annex C (page 50) shows.

The extreme differences are between Luxembourg agriculture where, despite the substantial grants which it received, incomes were greatly reduced below those of the previous year and the sharp rise enjoyed by United Kingdom agriculture. The variations forecast for 1976 for these two countries range from - 5.6% to + 24% in nominal terms and from - 14.9% to + 9% in real terms in GVA/PEA.

Agriculture in other Member States lay between the two extremes, in some cases closer to the bottom limit of the bracket, as in Belgium, France, Ireland, and Denmark where a reduction of 2 to 5% in GVA/PEA in real terms is expected, and elsewhere closer to the top limit, as in Italy which appears to have had a 5% increase in GVA/PEA in real terms; agriculture in Germany and the Netherlands are in an intermediate position with an increase in real terms in their GVA/PEA of between 1 and 2%.

[1] The gross value added at factor cost includes the depreciation of fixed capital and the return on agricultural inputs. To determine the labour income from this one must therefore deduct depreciation, the cost of working capital and the rental and/or tenancy value of the land and buildings.

9. An analysis of the change in agriculture GVA/PEA in real terms in the Member States since 1973 shows that Italian agriculture is well ahead; it has had an annual growth of almost 4% whereas growth in United Kingdom, German and Irish agriculture has been between 1 and 1.5%. In all the other countries there has been a decline; the growth rate is slightly negative for the Netherlands (- 1.7%) and Luxembourg (- 2.4%) and rather more so for Denmark (- 4.1%), Belgium (- 4.4%) and France (- 4.8%).

10. The 1976 figures therefore as one can see from the graph opposite, accentuate the GVA/PEA spread in 1975 in comparison with 1973; this trend has been favourable for Italy and Germany and unfavourable for France and Belgium. In the other countries the 1976 figures have in fact reduced the spread or even revised it; favourably in the Netherlands and the United Kingdom and unfavourably in Ireland and Luxembourg. These much simplified and very general statements require to be qualified, however. A short summary therefore follows of the changes in agriculture incomes in 1976 in each Member State based on the figures and reports given in Annex C and on recent micro-economic information.

Germany:

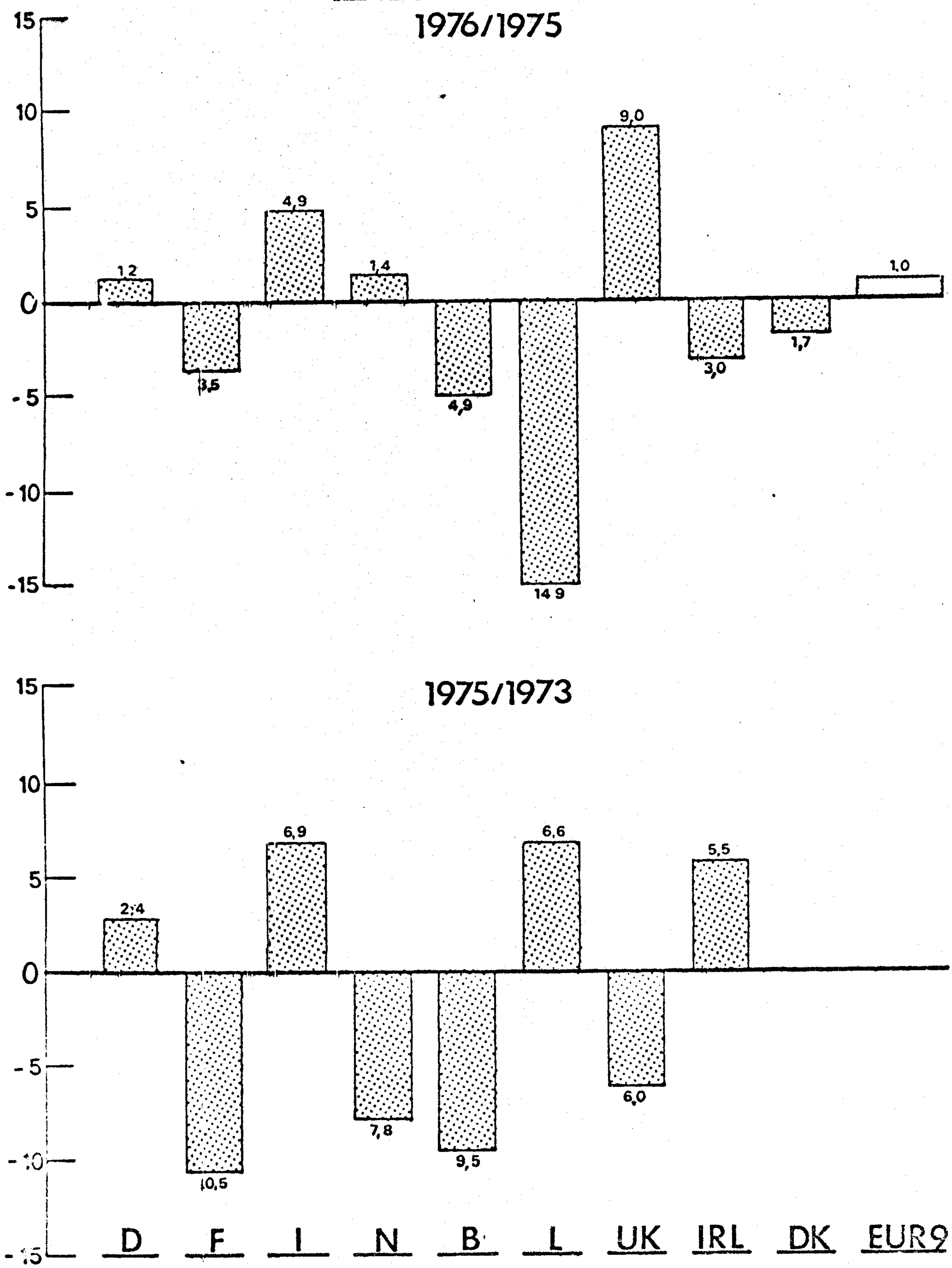
11. According to the most recent provisional estimates (see Annex C p. 55) the value of final agricultural production and that of intermediate consumption increased by 7.7% and 13.1% respectively in 1976 over the previous year. This represents an increase of 2.8% in the gross value added by agriculture at market prices. The rise at current prices in the gross value added at factor cost, was 2.9%. The reduction in the agricultural labour force has slowed considerably during the last few years, the rest of the economy having exerted less of a pull on it than before; nevertheless, for 1976, a decrease of about 2% is forecast. Taking these factors into account, the gross value added at factor cost per person employed full-time in agriculture increased in 1976 by 5% in nominal value and about 1% in real value. In real terms, there was a 9.5% increase in the previous year and a 6.5% drop in 1974.

12. The improvement in incomes during the 1976/77 marketing year will probably be less than average for farms engaged in general agriculture and farms with grazing stock; it will, however, probably be above average for pig and poultry farms.

France:

13. According to the latest macro-economic estimates (see Annex C p. 59) value of final agricultural production and that of intermediate consumption increased by 7.6% and 16.2% respectively in 1976 in comparison with the previous year. This represents a 2.5% increase in the gross value added by agriculture at market prices. In August 1976 the French Government decided to grant special aid to farmers amounting initially to FF 2.2 milliards to prevent a serious reduction in agricultural incomes. In September 1976 this amount was increased to 6 milliards. Only the initial amount of the aid (FF 2.2 milliards) has been taken into account as actually paid to farmers in 1976 in the form of farm subsidies. Expressed in nominal value, the gross value added at factor cost per PEA increased in 1976 by 5.9% over 1975; it decreased by 3.5% in real value.

CHANGES IN THE REAL AGRICULTURAL GROSS VALUE ADDED AT FACTOR COST PER PERSON EMPLOYED IN THE MEMBER STATES OF THE EEC*



* Experimental estimate (see Annex C).

Taking into account the high degree of uncertainty in 1976 surrounding meat and milk production (at the end of the year) the value added in real terms per PEA may be regarded as remaining virtually stable between 1975 and 1976. The trend of value added at factor cost is a poor indicator of the effects of the drought on agriculture, firstly, because of the size of the special subsidies which were granted in 1976, part of which will be paid in 1977, secondly, because the effect on production capacity will not become evident until 1977.

14. An analysis of agricultural incomes in 1976 broken down into main types of farming shows that the gross farm income calculated on the basis of "marketed production", that is minus direct aid and changes in stocks and in the value of livestock, showed little change over the previous year (in constant francs) for all types of farm except for fruit farms whose 1975 income had been particularly low.

15. If one takes into consideration the direct aid actually paid to agriculture in 1976, it becomes evident on the other hand that the gross farm income stayed at the same level for cattle farms (of all sizes) and for milk producing farms of less than 20 hectares); the latter limit results from the fact that the ceiling for aid was 30 adult bovine units.

Taking into account not only the aid granted to agriculture in 1976 but that which will also be paid in 1977, it seems that most types of farm will maintain their income level except general farms of over 50 hectares and viticultural holdings of 20-50 hectares; the gross farm income of the latter two types will have decreased by 30-40%.

16. The types of farming where income problems are in fact likely to occur in 1977 are primarily dairy farming, pig farming and wine-growing (table wine) which will not have been capable of bringing their farm account into complete balance. However, general agriculture, beef cattle and mixed farming with cattle will probably not encounter any difficulties in this respect.

Italy:

17. In 1976 the prices paid to farmers and by farmers rose very sharply. According to recent estimates (see Annex C p.64), the nominal value of final agricultural production increased by 21.0% and by 20.1% for intermediate consumption. The result was a growth in the gross value added at market prices of 21.4%. At factor cost this means a growth rate of 21.0% in nominal value.

The agriculture labour force fell by - 4.7% in 1975 from 1974. In 1976, the rate was - 1.7% compared with 1975. The exodus from the agricultural sector has been curbed by the economic recession; consequently, the change in nominal gross value added at factor cost per head has slowed down somewhat (+ 23.1% in 1976 against + 25.3% in 1975). In 1976, the gross value added at factor cost increased by 4.9% per head in real value.

18. According to the latest estimates the volume of production in 1976 will diminish by about 1% compared with 1975. The drought was particularly severe in the north of the country.

Production of cereals as a whole remained steady; the common wheat crop was down due to the reduction in areas sown, whereas the lower durum wheat crop was the result of a 12% reduction in yields compared with 1975. Barley production was up due to higher yields and an increase in the areas sown. Maize and rice production dropped also, whereas potato production was up in spite of a reduction of the area planted; a large share of this potato production went to the European regions affected by the drought. In general, results for vegetables were negative while the increase in livestock production (cattle and pigs) was mainly due to the upward movement in the number of slaughterings and in the value of herds.

It is still too early to estimate the impact of these developments on incomes in those types of farming most affected.

<u>Netherlands</u>:

19. According to the latest available macro-economic estimates (see Annex C p69), the values of final production and intermediate consumption in agriculture rose by 13.4% and 17.9% respectively in 1976 compared with the previous year, corresponding to an increase of 9.2% in the gross agricultural value added at market prices. The increase in value added at factor cost and current prices is also estimated at 9.2%. The drop in the agricultural labour force is put at 1.2%. On the basis of these factors the increase in gross value added at factor cost per person employed in agriculture is expected to be about 10.5% in nominal terms and 1.4% in real terms.

20. Farm incomes will have varied considerably according to region and type of farming, due in the main to the exceptional drought in the summer of 1976. For cattle holdings in particular the accounting results for the current financial year (1 May 1976 to 30 April 1977) have been seriously affected. Fodder crops have been markedly insufficient. According to estimates for these holdings, production will have increased by about 6% and input by about 18%. Owing principally to the very large increase in the cost of feedingstuffs, incomes of cattle holdings in 1976/77 are expected to be extremely low. On the basis of the price of products for the May/October period 1976 and in particular owing to the rise in the cost of feedingstuffs, a drop in incomes over the preceding financial year is also expected on pig and poultry farms. In contrast, if the selling price levels recorded during the August/October period are maintained, it can be expected that the results of general agricultural holdings will be up on 1975/76.

In the glasshouse horticultural sector the rise in inputs value per m^2 in 1976 compared with 1975 is estimated at about 10% for vegetables and at about 8.5% for flowers. The highest increase, about 27%, has been for fuel. For vegetables the increase for products is estimated at about 14% per m^2 and at about 7% for flowers. Thus, in 1976 the profitability of vegetables under glass is up on 1975, whereas the reverse is true for glasshouse flowers. The increase in inputs for holdings specializing in mushroom growing is put at about 7% per m^2. Yields are also up. Prices have increased substantially owing <u>inter alia</u> to common agricultural policy measures in respect of canned mushroom imports from non-member countries. Consequently, the products of such holdings have increased substantially, estimated at 30%, compared with 1975. Thus, in 1976 incomes on these holdings are expected to be much up on 1975.

Belgium:

21. According to the latest availalbe macro-economic estimates (see Annex C p.73) the values of final production and intermediate consumption in agriculture will have increased by 10.5% and 18.7% respectively in 1976 compared with the preceding year. The outcome is a small rise of 1.9% in the gross agricultural value added at market prices. The increase in the gross value added at factor cost is expected to be only 0.8% in nominal terms which, in real terms, represents a reduction of 7.5%.

Expressed in labour units, the 1976 reduction in the number of persons engaged in agriculture is estimated at 2.8%. On the basis of these factors, the gross value added at factor cost per labour unit is expected to have increased by about 3.7% in nominal terms and dropped by 4.9% in real terms.

22. Micro-economic forecasts for the current financial year 1976/77 are not yet available for Belgium. On the basis of the current prices for products, the substantial rise in the cost of feedingstuffs and the fodder deficit owing to the drought, it must be expected that, compared with 1975/76, incomes will drop in 1976/77 on holdings concentrating on livestock production, particularly cattle holdings. Income disparities within the agricultural sector, according to region, size of holding and type of farming are likely to be greater in 1976/77 than in 1975/76.

Luxembourg:

23. According to macro-economic estimates (see Annex C p.78) the value of final agricultural production and of intermediate consumption should have increased by about 1% and 21% respectively in 1976 compared with 1975. The result is a drop of 12% in the gross agricultural value added at market prices. State subsidies have increased by about one-third so that the gross value added at factor cost is down by 9.5% in nominal terms. The fall in the agricultural labour force in 1976 is put at 4.1%. In view of these factors, the gross value added at factor cost per person engaged in agriculture will have dropped by 5.6% in nominal terms and by 14.9% in real terms.

24. The exceptional drought in the summer of 1976 has had substantial repercussions in all regions of the country. On the basis of a representative sample of Luxembourg holdings the overall effect of the 1976 drought has been estimated at Lfrs 1 214 million or almost 30% of final production in agriculture in 1976. However, this sum covers two financial years (543 million in 1976 and 671 million in 1977).

United Kingdom

25. According to the latest provisional estimates (see Annex C p. 81) value of final production and of intermediate consumption in agriculture are expected to have risen by 23% and 22% respectively in 1976 compared with 1975. Expressed in current prices, the gross value added at factor cost is estimated to have risen by 23%. These increases are primarily due to the rise in prices. The reduction in the agricultural labour force, less than in the two preceding years, is expected to be 0.7%. On the basis of these factors the gross value added at factor cost per person engaged in agriculture is expected to have risen in 1976, compared with 1975, by about 24% in nominal terms and 9% in real terms.

26. Accounting samples bring out substantial differences in the evolution of incomes for different types of farming and by region. Generally, accounts are made up in February. For the 1976/77 financial year (estimates generally based on the situation in November 1976) it is expected that the net average income per holding will have increased for most types of farming; however, there will have been great differences as a result of the drought, especially for dairy, cattle, sheep and crop holdings. Many farms of such types in Scotland, Northern Ireland and Northern England (North of the Humber) will undoubtedly have done better than many holdings in Wales and Southern England.

It is estimated that net incomes will increase on dairy holdings in spite of the higher feedingstuff costs, except in areas affected by the drought. The net incomes of cattle and sheep farmers, in particular on hilly and high-lying land, should increase mainly as a result of the rise in lamb and ewe prices. However the heavy bill for feedingstuffs due to the drought and the high cost of lambs could have reduced the net income of some fatteners. High prices compensated for low yields on most crop holdings and the very high price of potatoes in particular should help to increase the net revenue of such holdings, especially in Scotland. Incomes on pig farms, in particular of pig breeders, and on poultry farms, are expected to have fallen.

Ireland:

27. According to the latest provisional estimates available (see Annex C p. 84), the values of agricultural final production and intermediate consumption are likely to have increased by about 17.5 and 24% respectively in 1976 compared with 1975. The result is an increase in the agricultural gross value added at market prices of about 14%. On the basis of current prices, the gross value added at factor cost is also likely to have increased by about 13.4%. In 1976 the drop in the number of persons employed in agriculture, which was curbed by economic difficulties, is estimated at 1.2%. In the light of these factors, the gross value added at factor cost per person employed in agriculture is likely to be up 14.5% in nominal terms in 1976 and down 3% in real terms on the 1975 figures.

Denmark:

28. According to the latest macro-economic estimates available (see Annex C p. 88), agricultural final production and intermediate consumption increased by 9.7% and 13.1% respectively in value in 1976 compared with 1975. The resulting increase in the gross value added at market prices is 6.7%. Expressed as a nominal value, the increase in gross value added at factor cost is also likely to be 6.7%. It is thought that the number of full-time workers in agriculture will continue to decrease, although the drop is estimated at only 0.4% for 1976. In the light of these factors, gross value added at factor costs per person employed full-time in agriculture is expected to be up 7.1% in nominal terms and down 1.7% in real terms in 1976 compared with 1975.

29. Although the drought particularly affected fodder production (the loss of nutrient, expressed in FU, from this crop compared with the previous year is estimated at 30%), livestock production was not reduced correspondingly, large quantities of feedingstuffs having been purchased which increased expenditure on inputs and reduced the gross income of the holdings concerned by about 5%.

If account is taken of the increase in livestock prices for stock valuations, it is probable that the income of cattle farms will be better than in 1975. If, on the other hand, these increases are ignored, the labour income per ALU in these holdings will be lower than in 1975.

CONCLUDING REMARKS

30. Income is a complex factor for assessing the economic situation and difficult to apprehend. Agricultural income is no exception to the general rule, quite the contrary since the agricultural sector is one of the most complex. These difficulties of apprehension are considerable within one country even when, as is frequently the case, it has a proper accounting system and many years of experience in the matter. But the difficulty becomes extreme when one tries to grasp this factor for a Community which has not been long established.

Great efforts have been made in observing and analysing farm incomes within the framework of the European Economic Community at both the micro-economic and the macro-economic level. That work has provided this report with valuable new reference material. There is, however, still great scope for progress in this field if certain major gaps shown up by this report are to be filled.

Substantial improvements could no doubt be made quickly in this field if, for instance, the Member States which submit an annual report on the agricultural situation in their country could apply certain harmonised income indicators already implemented at the Community level to develop a common basis for their reports and if they could also manage to synchronize publication of these reports. This would definitely improve the chapter of farm incomes in the Commission's annual report on the agricultural situation in the Community.

31. Having scarcely come to grips with the energy and raw materials crises and with its organization affected by the monetary crisis and inflation, Community agriculture had not totally made good the losses suffered in 1974 when in 1976 it was confronted by an exceptionally severe drought. The latter's major effect has paradoxically not been a drop in income for the sector as a whole, since this has been in large part made up by price increases or income aids. But the major effect of the drought consists above all in the considerable increase in income disparities within the sector, between Member States, between regions with a Member State, between types of farming, and even between individual holdings, according to whether or not they were equipped to cope with the difficulties during the critical period, or according to whether or not they could take advantage of the exceptional situation created by this natural disaster, for instance by taking advantage of certain shortage situations and the attendant price increases.

32. The effects of the drought, adverse and beneficial, on farm incomes will doubtless be seen not only in the "1976" accounting year but also in "1977". The disparity in farm incomes is thus liable to continue and may even become worse.

33. The results of the FADN have again brought out income disparities within the sector; there are many reasons for these disparities, including the extreme dependence of agricultural holdings on environmental factors. As soon as general production conditions become more difficult, shortage situations arise and natural handicaps are more difficult to bear. The structure of holdings is another cause of differences in the efficiency with which the factors and means employed are made to interact. All the accountancy data presented bear witness to economies of scale which put large holdings at an advantage over small ones. Finally, the type of farming is a determinant factor for income.

34. The considerable divergence in farm income trends from one Member State to another is a special cause of concern for the common agricultural policy. The reasons for this different development are many; the available data show, however, that most of them lie not so much in differences in the behaviour and capability of farmers as economic agents, as in the general economic conditions which directly influence the basic organization of agriculture and affect the prices actually obtained or paid by farmers.

This report was completed on 20 January 1977.

ANNEXES

ANNEX A

A – I LABOUR INCOME PER ALU IN THE MAIN TYPES OF FARMING AS REVEALED BY FADN RETURNS – COMPARISON BETWEEN "1974" AND "1975" LEVEL

(incomplete and provisional results)

Type of farming	Country	"1975" index ("1974"=100) < 5ha	5–10 ha	10–20 ha	20–50 ha	≥ 50ha	∅ LI/ALU "1975" (EUA) < 5ha	5–10 ha	10–20 ha	20–50 ha	≥ 50ha
112 Horticulture	D										
	F	114					7.077				
	I	129	96				2.909	2.879			
	NL	111					9.361				
	B	122					12.892				
	L										
	UK										
	Irl										
	Dk										
223 Fruit	D										
	F		74	94				3.616	4.423		
	I	60	114				3.921	7.605			
	NL										
	B	100					8.169				
	L										
	UK										
	Irl										
	Dk										
224 Vines (+)	D										
	F	145	169	94	90	106	4.884	3.260	4.611	5.009	5.086
	I	76	80	71			2.705	3.775	4.578		
	NL										
	B										
	L										
	UK										
	Irl										
	Dk										
220 Miscellaneous perm. crops	D										
	F										
	I										
	NL	xx					10.397				
	B										
	L										
	UK										
	Irl										
	Dk										

(+) The accounting sample covers only certain categories of vine-growing holdings; the indices and absolute values are therefore not valid for vine-growing as a whole in the country in question.

xx Group of holdings represented in "1975" only.

Type of farming	Country	"1975" index ("1974"=100) 5-10 ha	10-20 ha	20-50 ha	≥50ha	∅ LI/ALU "1975" (EUA) 5-10 ha	10-20 ha	20-50 ha	≥ 50ha
310 Grazing stock-arable	D								
	F		127	111	99		3.080	4.017	5.555
	I	178	139	148	144	3.878	4.544	7.495	12.029
	NL		xx	xx			7.929	8.048	
	B		117	140			5.428	10.225	
	L			115				5.654	
	UK				155				8.380
	Irl				228				11.512
	Dk			147	150			6.981	9.325
336 Cattle (total)	D								
	F	122	136	129	130	2.691	3.429	4.801	6.454
	I	147	175	172	•	4.208	5.847	8.261	11.264
	NL	130	126	131	•	5.874	7.036	11.500	13.045
	B	127	143	133	•	4.741	6.532	8.461	9.508
	L			124	•			6.940	
	UK		•	242	175			6.174	8.394
	Irl	878	*	*	*	2.216	3.293	5.196	9.019
	Dk	136	159	171	154	6.099	6.623	9.860	10.856
3361 Cattle Milk	D								
	F		126	127	125		3.440	5.017	6.792
	I	161	151	165		3.750	5.120	7.669	
	NL	142	126	131	138	6.285	7.112	11.452	12.841
	B	122	145	137	•	4.392	6.797	9.176	7.244
	L			126				7.882	
	UK			227	184			6.792	8.719
	Irl	323	411	473	585	2.228	3.286	5.996	10.185
	Dk	127	158	177	155	6.601	7.153	9.824	9.920
3362 Cattle Beef	D								
	F		168	147	141		3.421	4.553	6.241
	I	142	273	227		7.022	11.858	12.853	
	NL								
	B								
	L								
	UK			282	163			4.591	7.246
	Irl	Ω	Ω	Ω	Ω	2.028	3.164	4.221	8.417
	Dk								
3365 Milk + beef	D								
	F			119	122			4.611	6.474
	I	138	172	149		4.472	5.044	7.160	
	NL		122				6.614		
	B		127	120	xx		5.034	7.457	10.882
	L			121				6.310	
	UK				166				8.901
	Irl		505	*	479		3.762	5.709	9.307
	Dk		185	165	155		5.821	10.030	10.906
337 Sheep, goats	I			113				2.774	
	UK			*	169			3.726	5.553

• Too few returning holdings
* Index over 1000
Ω LI/ALU negative in "1974"
(indices not valid)

xx Group of holdings represented in "1975" only

Type of farming	Country	"1975" index ("1974"=100) 5–10 ha	10–20 ha	20–50 ha	≥ 50ha	∅ LI/ALU "1975" (EUA) 5–10 ha	10–20 ha	20–50 ha	≥ 50ha
340 Grazing stock – pigs, poultry	D								
	F		119	139			3.274	4.716	
	I								
	NL	179	173	175		7.575	7.897	13.915	
	B		191	169			9.624	9.902	
	L								
	UK			378				7.361	
	Irl								
	Dk	156	175	165	173	6.339	7.367	9.505	11.948
430 Pigs, poultry – Grazing stock	D								
	F								
	I								
	NL	212	187	•		11.615	12.067	16.495	
	B		189				10.457		
	L								
	UK								
	Irl								
	Dk	181	159	177	191	6.679	7.780	10.282	13.570
448 Pigs	D								
	F		205	194			9.483	10.569	
	I								
	NL	232	215			14.235	16.691		
	B	286	236			15.765	14.240		
	L								
	UK								
	Irl								
	Dk		185	165	150		9.751	12.865	17.382
4481 Pig rearing	NL	299				14.835			
	B	298				15.709			
4482 Pig fattening	F		217	200			10.292	10.883	
	NL	196	210			13.466	18.489		
	B	277	242			17.693	15.261		
	Dk		175	162	151		8.880	12.715	17.568
4485 Other (pigs)	Dk		195	206	131		10.297	12.327	14.886
140 Arable – pigs, poultry	I	114				3.728			
	Dk			123	86			7.055	8.953
410 Pigs, poultry – arable	Dk		132	133	122		4.708	8.416	10.465

• Too few holdings in the sample to give a valid index.

Type of farming	Country	"1975" index ("1974" = 100) < 5ha	5–10 ha	10–20 ha	20–50 ha	≥50ha	∅ LI/ALU "1975" (EUA) < 5ha	5–10 ha	10–20 ha	20–50 ha	≥50ha
111 General agriculture	D										
	F				74	78				4.410	8.652
	I		119	131	140	169		3.104	4.332	7.661	17.680
	NL			149	134	170			10.142	15.271	22.931
	B										
	L										
	UK					118					10.173
	Irl										
	Dk				84	82				5.197	9.633
130 Arable – grazing stock	D										
	F				92	99				3.889	9.100
	I		136	167	85	73		3.272	4.529	6.540	10.645
	NL				xx					8.519	
	B				157					10.176	
	L										
	UK					117					9.468
	Irl										
	Dk				126	108				6.452	6.925
110 Gen. agric.– Horticulture	I		107					4.708			
120 Arable – perm. crops	I	⊕	142	78			1.992	3.701	2.941		
210 Perm. crops – arable	I	169	115	110			2.300	3.597	3.807		
225 Olives	I	104	22				2.118	2.095			
230 Perm. crops – grazing stock	I	158	158	168			3.947	3.185	5.292		
320 Grazing stock – perm. crops	I		113	159				3.398	4.836		

xx Group of holdings represented in "1975" only.
⊕ Sample completely renewed in "1975".

A - II

BREAKDOWN OF FADN RETURNING HOLDINGS
ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1974)

Type of holding { Type of farming : 336/Cattle
UAA : 5-10 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK		%
≥ 17 000		-	-	-	-			-	-	-	-
16 000 - 17 000		-	-	-	-			-	-	-	-
15 000 - 16 000		-	-	-	-			-	-	-	-
14 000 - 15 000		-	-	-	-			-	-	-	-
13 000 - 14 000		-	-	-	-			-	-	-	-
12 000 - 13 000		-	-	1	-			-	-	1	1
11 000 - 12 000		-	-	-	-			-	-	-	-
10 000 - 11 000		-	1	1	-			-	-	2	1
9 000 - 10 000		-	-	-	-			-	1	1	1
8 000 - 9 000		-	-	-	-			-	-	-	-
7 000 - 8 000		-	-	1	-			-	1	2	1
6 000 - 7 000	DATA NOT AVAILABLE	-	2	1	2			-	3	8	5
5 000 - 6 000		1	2	4	3			-	1	11	7
4 000 - 5 000		-	2	4	7			-	5	18	12
3 000 - 4 000		4	10	8	2			-	3	27	19
2 000 - 3 000		10	10	-	4			-	1	25	17
1 000 - 2 000		5	11	2	1			5	2	26	18
0 - 1 000		4	2	1	1			8	1	17	12
- 1 000 - 0		-	-	-	-			7	1	8	5
- 2 000 - - 1 000		-	-	-	-			2	-	2	1
- 3 000 - - 2 000		-	-	-	-			-	-	-	-
< - 3 000		-	-	-	-			-	-	-	-
TOTAL (no.holdings)		24	40	23	20			22	19	148	100

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1975)

Type of holding { Type of farming : 336/Cattle
UAA : 5-10 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK		%
≥ 17 000		-	-	-	-			-	-	-	-
16 000 - 17 000		-	-	1	-			-	-	1	1
15 000 - 16 000		-	-	1	-			-	-	1	1
14 000 - 15 000		-	-	-	-			-	-	-	-
13 000 - 14 000		-	1	-	-			-	-	1	1
12 000 - 13 000		-	-	-	-			-	1	1	1
11 000 - 12 000		-	-	-	-			-	-	-	-
10 000 - 11 000		-	1	1	-			-	-	2	1
9 000 - 10 000		1	-	1	-			-	-	2	1
8 000 - 9 000		-	2	1	2			-	2	7	5
7 000 - 8 000	DATA NOT AVAILABLE	-	-	3	1			-	3	7	5
6 000 - 7 000		-	2	2	3			-	2	9	6
5 000 - 6 000		-	3	6	5			-	3	17	11
4 000 - 5 000		2	9	1	2			1	3	18	12
3 000 - 4 000		4	13	2	4			6	2	31	21
2 000 - 3 000		9	5	3	2			7	2	28	21
1 000 - 2 000		5	3	-	-			5	-	13	9
0 - 1 000		2	-	1	1			3	1	8	5
- 1 000 - 0		1	1	-	-			-	-	2	1
- 2 000 - - 1 000		-	-	-	-			-	-	-	-
- 3 000 - - 2 000		-	-	-	-			-	-	-	-
< - 3 000		-	-	-	-			-	-	-	-
TOTAL (no.holdings)		24	40	23	20			22	19	148	100

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1974)

Type of holding { Type of farming : 336/Cattle
UAA : 10-20 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
≥ 17 000		–	–	1	–		–	–	–	1	0
16 000 – 17 000		–	–	–	–		–	–	–	–	–
15 000 – 16 000		–	–	–	–		–	–	–	–	–
14 000 – 15 000		–	–	–	–		–	–	–	–	–
13 000 – 14 000		–	–	–	–		–	–	–	–	–
12 000 – 13 000		–	–	3	–		1	–	–	4	1
11 000 – 12 000		–	–	2	–		–	–	–	2	0
10 000 – 11 000		0	2	2	2		–	–	–	6	1
9 000 – 10 000		1	–	4	–		–	–	1	6	1
8 000 – 9 000		1	1	4	4		–	–	1	11	2
7 000 – 8 000		1	–	19	3		–	–	1	24	4
6 000 – 7 000	DATA NOT AVAILABLE	4	1	14	15		1	–	7	42	6
5 000 – 6 000		13	9	12	14		–	–	3	51	8
4 000 – 5 000		17	9	23	14		1	–	5	65	10
3 000 – 4 000		35	12	15	14		–	3	9	88	13
2 000 – 3 000		50	14	10	8		1	6	7	96	14
1 000 – 2 000		46	11	4	4		3	32	2	102	14
0 – 1 000		28	4	2	0		3	53	–	90	13
– 1 000 – 0		3	–	–	–		3	52	–	58	9
– 2 000 – – 1 000		–	–	–	–		1	15	1	17	3
– 3 000 – – 2 000		1	–	–	–		–	–	–	1	0
< – 3 000		0	0	1	2		–	2	–	5	1
TOTAL (no.holdings)		200	63	116	80		14	163	37	673	100

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1975)

Type of holding { Type of farming : 336/Cattle
UAA : 10-20 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
≥ 17 000	DATA NOT AVAILABLE	1	1	-	-		-	-	-	2	0
16 000 - 17 000		-	-	1	1		-	-	-	2	0
15 000 - 16 000		-	-	2	-		1	-	1	4	1
14 000 - 15 000		-	-	2	1		-	-	-	3	1
13 000 - 14 000		-	-	1	1		-	-	-	2	0
12 000 - 13 000		-	1	7	1		-	-	1	10	1
11 000 - 12 000		-	2	7	2		-	-	4	15	2
10 000 - 11 000		-	1	4	2		-	1	2	10	1
9 000 - 10 000		1	2	8	5		-	2	2	20	3
8 000 - 9 000		1	4	13	16		-	1	1	36	5
7 000 - 8 000		9	9	18	8		1	3	6	54	8
6 000 - 7 000		12	9	16	4		-	8	5	54	8
5 000 - 6 000		17	4	13	17		1	8	3	63	9
4 000 - 5 000		26	10	9	10		1	25	4	85	13
3 000 - 4 000		39	7	4	6		4	31	4	95	14
2 000 - 3 000		48	6	4	3		4	42	1	108	17
1 000 - 2 000		39	4	4	1		-	30	2	80	12
0 - 1 000		6	3	1	1		2	11	1	25	4
- 1 000 - 0		-	-	2	-		-	1	-	3	1
- 2 000 - - 1 000		-	-	-	1		-	-	-	1	0
- 3 000 - - 2 000		-	-	-	-		-	-	-	-	-
< - 3 000		1	-	-	-		-	-	-	1	0
TOTAL (no.holdings)		200	63	116	80		14	163	37	673	100

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1974)

Type of holding { Type of farming : 336/Cattle
UAA : 20-50 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
≥17 000		-	-	5	-	-	1	-	-	6	-
16 000 - 17 000		-	-	3	-	-	-	-	-	3	-
15 000 - 16 000		-	-	5	1	-	-	-	-	6	-
14 000 - 15 000		-	-	7	1	-	1	-	-	9	1
13 000 - 14 000		2	p	6	1	-	-	-	-	9	1
12 000 - 13 000		1	-	8	-	-	-	-	3	12	1
11 000 - 12 000		3	-	5	1	1	-	-	5	15	1
10 000 - 11 000	DATA NOT AVAILABLE	2	-	8	6	-	-	-	1	17	1
9 000 - 10 000		5	-	23	5	2	-	-	4	39	3
8 000 - 9 000		7	1	18	12	2	4	-	7	51	4
7 000 - 8 000		15	4	13	6	2	3	-	9	52	4
6 000 - 7 000		26	3	22	8	6	2	2	17	86	7
5 000 - 6 000		64	6	16	19	5	9	-	10	129	11
4 000 - 5 000		75	8	9	7	3	17	-	15	134	11
3 000 - 4 000		97	3	5	7	2	30	4	10	158	13
2 000 - 3 000		104	10	2	4	1	24	15	6	166	14
1 000 - 2 000		53	2	1	1	2	40	24	7	130	12
0 - 1 000		28	-	-	-	-	23	37	2	90	7
- 1 000 - 0		3	-	1	1	-	17	42	1	65	5
- 2 000 - - 1 000		-	-	-	-	-	6	18	-	24	2
- 3 000 - - 2 000		2	-	-	-	-	4	4	-	10	1
<- 3 000		-	-	-	-	-	3	5	-	8	1
TOTAL (no.holdings)		487	37	157	80	26	184	151	97	1.219	100

BREAKDOWN OF FADN RETURNING HOLDINGS
ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1975)

Type of holding { Type of farming : 336/Cattle
UAA : 20-50 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
⩾ 17 000		4	1	21	4	-	1	1	5	37	3
16 000 - 17 000		-	-	13	2	-	1	-	3	19	2
15 000 - 16 000		-	-	2	4	-	1	2	3	12	1
1; 000 - 15 000		1	-	12	1	-	3	-	6	23	2
13 000 - 14 000		2	1	10	3	-	5	2	4	27	2
12 000 - 13 000		5	3	13	4	-	-	-	5	30	2
11 000 - 12 000		9	1	10	4	1	2	4	7	38	3
10 000 - 11 000		14	3	12	7	-	8	5	13	62	5
9 000 - 10 000		16	5	16	6	4	9	2	8	66	5
8 000 - 9 000		14	2	15	10	3	14	2	17	77	6
7 000 - 8 000		25	2	13	9	6	19	8	5	87	7
6 000 - 7 000		62	8	7	8	4	21	15	7	132	11
5 000 - 6 000	DATA NOT AVAILABLE	58	3	6	3	5	17	24	6	121	10
4 000 - 5 000		67	4	2	5	2	24	21	4	129	11
3 000 - 4 000		94	4	2	5	-	23	22	3	153	13
2 000 - 3 000		61	-	2	-	1	17	18	-	99	8
1 000 - 2 000		36	-	-	5	-	10	20	-	71	6
0 - 1 000		13	-	2	-	-	5	3	1	24	2
- 1 000 - 0		3	-	-	-	-	3	2	-	8	1
- 2 000 - - 1 000		3	-	-	-	-	1	-	-	4	0
- 3 000 - - 2 000		-	-	-	-	-	-	-	-	-	-
< - 3 000		-	-	-	-	-	-	-	-	-	-
TOTAL (no.holdings)		487	37	157	80	26	184	151	97	1.219	100

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1974)

Type of holding { Type of farming : 336/Cattle
UAA : ⩾ 50 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
⩾ 17 000	DATA NOT AVAILABLE	1	–	1	–	–	–	1	–	3	0
16 000 – 17 000		1	–	–	–	–	–	–	–	1	0
15 000 – 16 000		–	–	–	–	–	3	–	1	4	1
14 000 – 15 000		–	–	–	–	–	–	–	–	–	–
13 000 – 14 000		1	–	–	–	–	2	–	2	5	1
12 000 – 13 000		1	–	–	–	1	1	–	2	5	1
11 000 – 12 000		2	–	1	–	–	3	–	3	9	1
10 000 – 11 000		2	–	1	–	–	7	–	6	16	2
9 000 – 10 000		2	2	–	–	–	7	–	5	16	2
8 000 – 9 000		7	–	2	–	2	19	1	6	37	6
7 000 – 8 000		11	–	–	1	–	18	–	7	37	6
6 000 – 7 000		22	1	–	1	–	34	1	3	62	9
5 000 – 6 000		28	–	–	–	1	32	3	3	67	10
4 000 – 5 000		34	1	–	1	–	47	2	4	89	14
3 000 – 4 000		28	–	–	–	3	54	3	7	95	14
2 000 – 3 000		21	–	–	–	–	49	7	5	82	12
1 000 – 2 000		15	1	–	–	–	33	6	2	57	9
0 – 1 000		4	–	–	–	–	16	6	–	26	4
– 1 000 – 0		–	–	–	–	1	7	8	1	17	3
– 2 000 – – 1 000		3	–	–	–	–	1	8	–	12	2
– 3 000 – – 2 000		1	–	–	–	–	2	3	1	7	1
< – 3 000		–	–	–	–	–	1	9	–	10	2
TOTAL (no.holdings)		184	5	5	3	8	336	58	58	657	100

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO 22 CATEGORIES OF LABOUR INCOME PER ALU

Provisional constant sample "1974 - 1975"
(accounting year 1975)

Type of holding { Type of farming : 336/Cattle
UAA : ⩾50 ha

CATEGORIES OF LABOUR INCOME EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
⩾17 000		2	–	2	–	–	17	5	7	33	5
16 000 – 17 000		2	–	–	–	–	3	4	4	13	2
15 000 – 16 000		2	–	–	–	–	4	–	4	10	2
14 000 – 15 000		–	–	–	–	–	4	2	3	9	1
13 000 – 14 000		2	–	1	1	–	12	1	3	23	4
12 000 – 13 000		6	4	1	–	–	12	2	3	28	4
11 000 – 12 000		8	–	–	–	1	20	5	3	37	6
10 000 – 11 000	DATA NOT AVAILABLE	8	–	1	–	–	15	5	4	33	5
9 000 – 10 000		9	–	–	–	–	32	3	3	47	7
8 000 – 9 000		19	–	–	–	3	36	4	7	69	10
7 000 – 8 000		10	1	–	1	–	36	1	4	53	8
6 000 – 7 000		22	–	–	–	–	34	5	2	63	10
5 000 – 6 000		33	–	–	–	1	33	5	5	77	11
4 000 – 5 000		23	–	–	1	–	30	8	3	65	10
3 000 – 4 000		12	–	–	–	–	24	3	1	40	6
2 000 – 3 000		8	–	–	–	2	12	1	1	24	4
1 000 – 2 000		8	–	–	–	–	10	1	1	20	3
0 – 1 000		3	–	–	–	1	1	–	–	5	1
– 1 000 – 0		4	–	–	–	–	–	–	–	4	1
– 2 000 – – 1 000		–	–	–	–	–	–	–	–	–	–
– 3 000 – – 2 000		1	–	–	–	–	1	–	–	2	0
< – 3 000		2	–	–	–	–	–	–	–	2	0
TOTAL (no.holdings)		184	5	5	3	8	336	58	58	657	100

A - III

BREAKDOWN OF FADN RETURNING HOLDINGS
ACCORDING TO THE DIRECTION AND EXTENT OF CHANGE IN THEIR LI/ALU
FROM "1974" TO "1975"

Provisional constant sample "1974 - 1975"

Type of holding : 336/Cattle 5-10 ha

LI/ALU SPREAD BETWEEN "1974" AND "1975" EUA	Country								Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
≥ 10 000	DATA NOT AVAILABLE	-	-	-	-			-	-	-	-
9 000 - 10 000		-	-	1	-			-	-	1	1
8 000 - 9 000		-	-	-	-			-	-	-	-
7 000 - 8 000		-	-	-	-			-	-	1	1
6 000 - 7 000		-	-	1	-			-	-	1	1
5 000 - 6 000		-	-	-	-			1	-	1	1
4 000 - 5 000		-	3	-	1			-	1	5	3
3 000 - 4 000		1	4	3	1			5	3	17	11
2 000 - 3 000		2	7	5	3			4	2	23	16
1 000 - 2 000		2	8	3	4			11	7	35	24
0 - 1 000		9	11	5	8			1	3	37	25
- 1 000 - 0		9	4	2	1			-	1	17	11
- 2 000 - - 1 000		1	-	3	1			-	2	7	4
- 3 000 - - 2 000		-	3	-	1			-	-	4	3
- 4 000 - - 3 000		-	-	-	-			-	-	-	-
- 5 000 - - 4 000		-	-	-	-			-	-	-	-
- 6 000 - - 5 000		-	-	-	-			-	-	-	-
- 7 000 - - 6 000		-	-	-	-			-	-	-	-
- 8 000 - - 7 000		-	-	-	-			-	-	-	-
- 9 000 - - 8 000		-	-	-	-			-	-	-	-
- 10 000 - - 9 000		-	-	-	-			-	-	-	-
< - 10 000		-	-	-	-			-	-	-	-
No. returning holdings constant sample		24	40	23	20			22	19	148	100

AVERAGE LABOUR INCOME PER ALU (total available accounting sample)

	D	F	I	NL	B	L	UK	IRL	DK	Total	
No. returning holdings complete sample		24	139	24	24	-	-	43	21	275	← Total
LI/ALU "1975" complete sample		2.691	4.208	5.874	4.741	-	-	2.216	6.099	4.138	ø total
Index (LI/ALU ø = 100)		65	102	142	115	-	-	54	147	100	///

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO THE DIRECTION AND EXTENT OF CHANGE IN THEIR LI/ALU

FROM "1974" TO "1975"

Provisional constant sample "1974 - 1975"

Type of holding : 336/Cattle 10-20 ha

LI/ALU SPREAD BETWEEN "1974" AND "1975" EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
≥ 10 000		1	2	–	–		1	1	–	5	1
9 000 – 10 000		–	–	–	–		–	1	1	2	0
8 000 – 9 000		–	–	–	–		–	–	–	–	–
7 000 – 8 000		1	1	1	–		–	1	2	6	1
6 000 – 7 000		–	2	3	2		–	11	2	20	3
5 000 – 6 000		1	3	4	6		–	14	2	30	4
4 000 – 5 000		4	2	12	7		2	12	2	41	6
3 000 – 4 000		13	9	14	8		1	32	7	84	12
2 000 – 3 000	DATA NOT AVAILABLE	23	13	19	12		3	35	6	111	16
1 000 – 2 000		38	14	21	17		3	42	4	139	22
0 – 1 000		61	4	21	14		2	12	6	117	18
– 1 000 – 0		37	6	11	14		–	2	2	72	11
– 2 000 – – 1 000		13	5	6	2		–	–	1	27	4
– 3 000 – – 2 000		5	1	3	1		–	–	–	10	1
– 4 000 – – 3 000		1	1	–	–		1	–	1	4	1
– 5 000 – – 4 000		1	–	–	–		–	–	–	1	0
– 6 000 – – 5 000		–	–	–	–		–	–	1	1	0
– 7 000 – – 6 000		–	–	–	–		1	–	–	1	0
– 8 000 – – 7 000		–	–	–	–		–	–	–	–	–
– 9 000 – – 8 000		–	–	–	–		–	–	–	–	–
– 10 000 – – 9 000		–	–	–	–		–	–	–	–	–
< – 10 000		1	–	1	–		–	–	–	2	0
No.returning holdings constant sample		200	63	116	80		14	163	37	673	100

AVERAGE LABOUR INCOME PER ALU (total available accounting sample)

	D	F	I	NL	B	L	UK	IRL	DK	Total	
No.returning holdings complete sample		266	160	139	99	–	*	231	47	942	← Total
LI/ALU "1975" complete sample		3.429	5.847	7.036	6.532	–	*	3.293	5.623	4.947	∅ total
Index (LI/ALU ∅ = 100)		69	118	142	132	–	*	67	131	100	

* The data available relate to only one division (390 in Northern Ireland).

BREAKDOWN OF FADN RETURNING HOLDINGS

ACCORDING TO THE DIRECTION AND EXTENT OF CHANGE IN THEIR LI/ALU

FROM "1974" TO "1975"

Provisional constant sample "1974 - 1975"

Type of holding : 336/Cattle 20-50 ha

LI/ALU SPREAD BETWEEN "1974" AND "1975" EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nbre	%
≥ 10 000		5	1	4	1	–	5	9	6	31	3
9 000 – 10 000		3	1	–	1	–	6	3	2	16	1
8 000 – 9 000		5	1	5	1	–	3	6	5	26	2
7 000 – 8 000		3	1	8	1	1	6	9	11	40	3
6 000 – 7 000		8	1	4	2	–	15	15	3	48	4
5 000 – 6 000		14	1	11	7	–	16	17	11	77	6
4 000 – 5 000		19	5	17	8	2	22	23	10	106	9
3 000 – 4 000		41	7	17	14	2	22	26	11	140	11
2 000 – 3 000	DATA NOT AVAILABLE	59	6	29	9	3	34	20	12	172	15
1 000 – 2 000		84	9	17	9	5	20	16	8	168	14
0 – 1 000		87	2	22	12	5	21	6	8	163	13
– 1 000 – 0		77	2	10	7	4	9	1	7	117	10
– 2 000 – – 1 000		41	–	4	4	4	3	–	1	57	5
– 3 000 – – 2 000		14	–	5	1	–	–	–	1	21	2
– 4 000 – – 3 000		–	–	–	1	–	1	–	1	12	1
– 5 000 – – 4 000		10	–	1	–	–	–	–	–	11	1
– 6 000 – – 5 000		5	–	1	–	–	–	–	–	6	0
– 7 000 – – 6 000		1	–	2	2	–	–	–	–	5	0
– 8 000 – – 7 000		1	–	–	–	–	–	–	–	1	0
– 9 000 – – 8 000		–	–	–	–	–	–	–	–	–	–
– 10 000 – – 9 000		1	–	–	–	–	1	–	–	2	0
< – 10 000		1	–	–	–	–	1	–	–	2	0
No. returning holdings constant sample		487	37	157	80	26	184	151	97	1.219	100

AVERAGE LABOUR INCOME PER ALU (total available accounting sample)

No. returning holdings complete sample		587	81	229	109	28	242	253	119	1.648	Total
LI/ALU "1975" complete sample		4.801	8.261	11.500	8.461	6.940	6.174	5.196	9.860	6.875	Ø total
Index (LI/ALU Ø = 100)		70	120	167	123	101	90	76	143	100	

BREAKDOWN OF FADN RETURNING HOLDINGS
ACCORDING TO THE DIRECTION AND EXTENT OF CHANGE IN THEIR LI/ALU
FROM "1974" TO "1975"

Provisional constant sample "1974 – 1975"

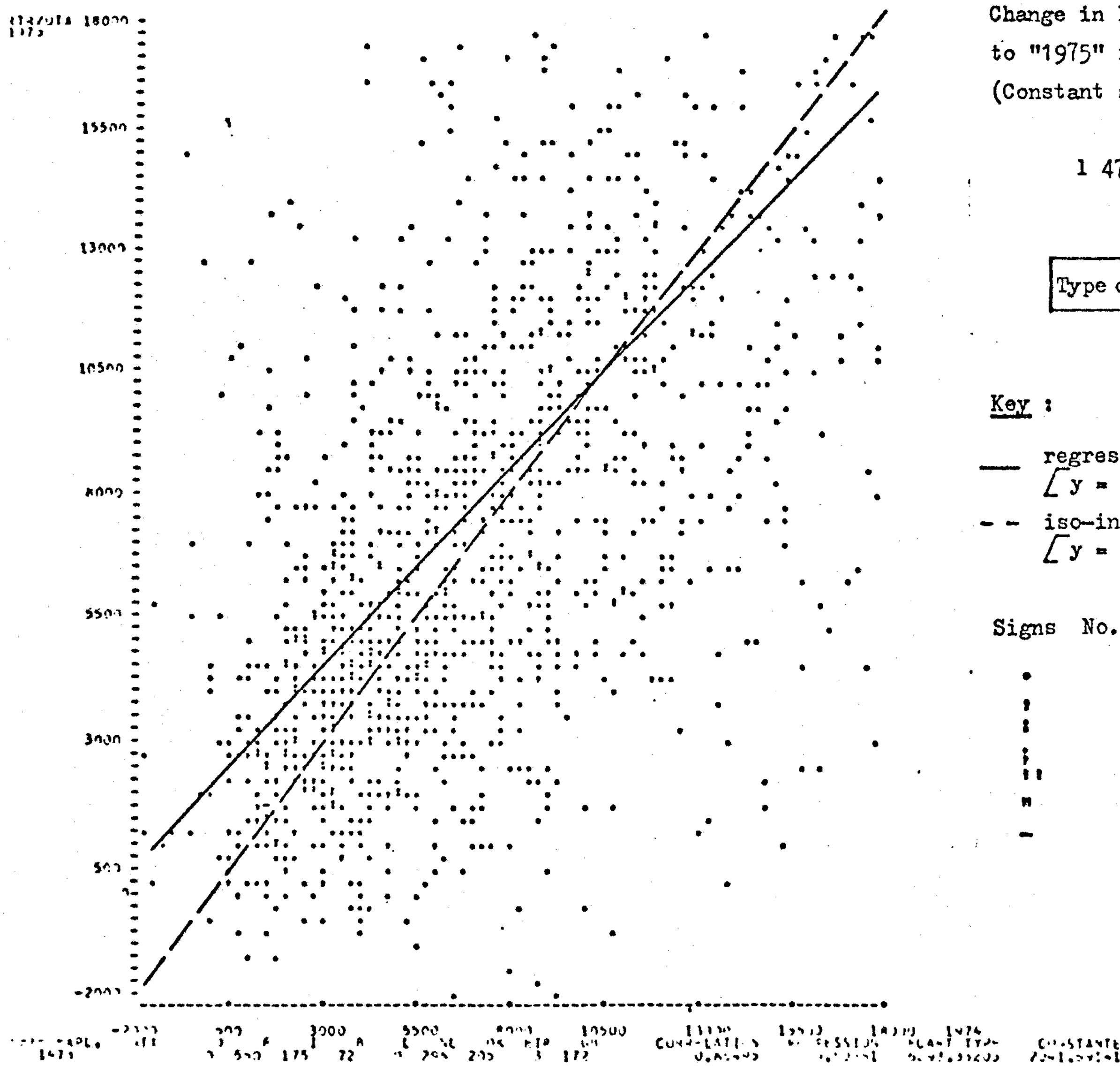
Type of holding : 336/Cattle ⩾ 50 ha

LI/ALU SPREAD BETWEEN "1974" AND "1975" EUA	Country									Total	
	D	F	I	NL	B	L	UK	IRL	DK	Nombre	%
⩾ 10 000	DATA NOT AVAILABLE	4	1	–	–	–	18	21	5	49	7
9 000 – 10 000		–	–	–	–	–	8	2	–	10	2
8 000 – 9 000		–	–	–	–	–	14	8	5	27	4
7 000 – 8 000		7	0	0	0	0	11	3	1	22	3
6 000 – 7 000		4	–	–	1	–	14	5	6	30	5
5 000 – 6 000		13	1	1	–	–	29	5	6	55	8
4 000 – 5 000		14	–	2	–	–	45	4	4	69	11
3 000 – 4 000		15	2	1	–	–	38	5	6	67	10
2 000 – 3 000		17	1	1	–	3	48	4	9	83	13
1 000 – 2 000		23	–	–	–	1	36	–	5	65	10
0 – 1 000		33	–	0	2	1	39	–	4	79	13
– 1 000 – 0		26	–	0	–	2	15	–	3	46	7
– 2 000 – – 1 000		11	–	–	–	–	8	1	–	20	3
– 3 000 – – 2 000		5	–	–	–	–	7	–	2	14	2
– 4 000 – – 3 000		7	–	–	–	–	2	–	–	9	1
– 5 000 – – 4 000		–	–	–	–	1	2	–	1	4	1
– 6 000 – – 5 000		1	–	–	–	–	–	–	–	1	0
– 7 000 – – 6 000		2	–	–	–	–	–	–	1	3	0
– 8 000 – – 7 000		1	–	–	–	–	2	–	–	3	0
– 9 000 – – 8 000		–	–	–	–	–	–	–	–	–	–
– 10 000 – – 9 000		–	–	–	–	–	–	–	–	–	–
< – 10 000		1	–	–	–	–	–	–	–	1	0
No. returning holdings constant sample		184	5	5	3	8	336	58	58	657	100

AVERAGE LABOUR INCOME PER ALU (total available accounting sample)

	D	F	I	NL	B	L	UK	IRL	DK	Total	
No. returning holdings complete sample		226	16	25	29	–	439	92	78	905	Total
LI/ALU "1975" complete sample		6.454	11.264	13.045	9.508	–	8.394	9.019	10.[illegible]	8.501	Ø total
Index (LI/ALU Ø = 100)		76	132	153	112	–	99	106	12[illegible]	100	[illegible]

ANNEX B



Change in labour income per ALU from "1974" to "1975" in FADN returning holdings
(Constant sample available 20.1.77)

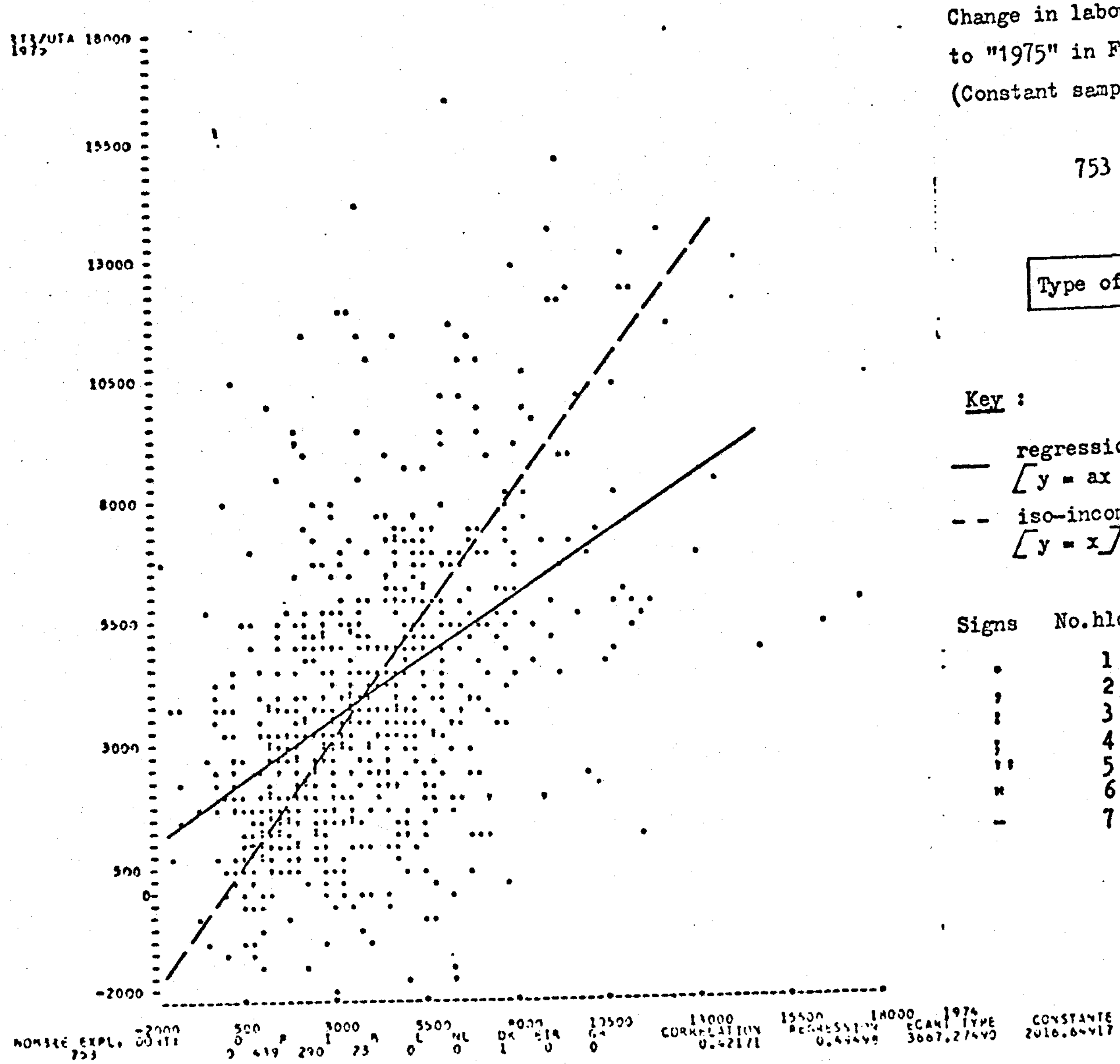
1 473 returning holdings

Type of farming : I - ARABLE

Key :

___	regression line [y = ax + b]	y = LI/ALU "1975"	
- -	iso-income line [y = x]	x = :I/ALU "1974"	
		a = 0,803	
		b = 2 041	

Signs	No.hldgs.	Signs	No.hldgs.
.	1	+	8
:	2	=	9
:	3	#	10
:	4	*	11
::	5	&	12
"	6	à	13
-	7	N	14



Change in labour income per ALU from "1974" to "1975" in FADN returning holdings (Constant sample available 20.1.77)

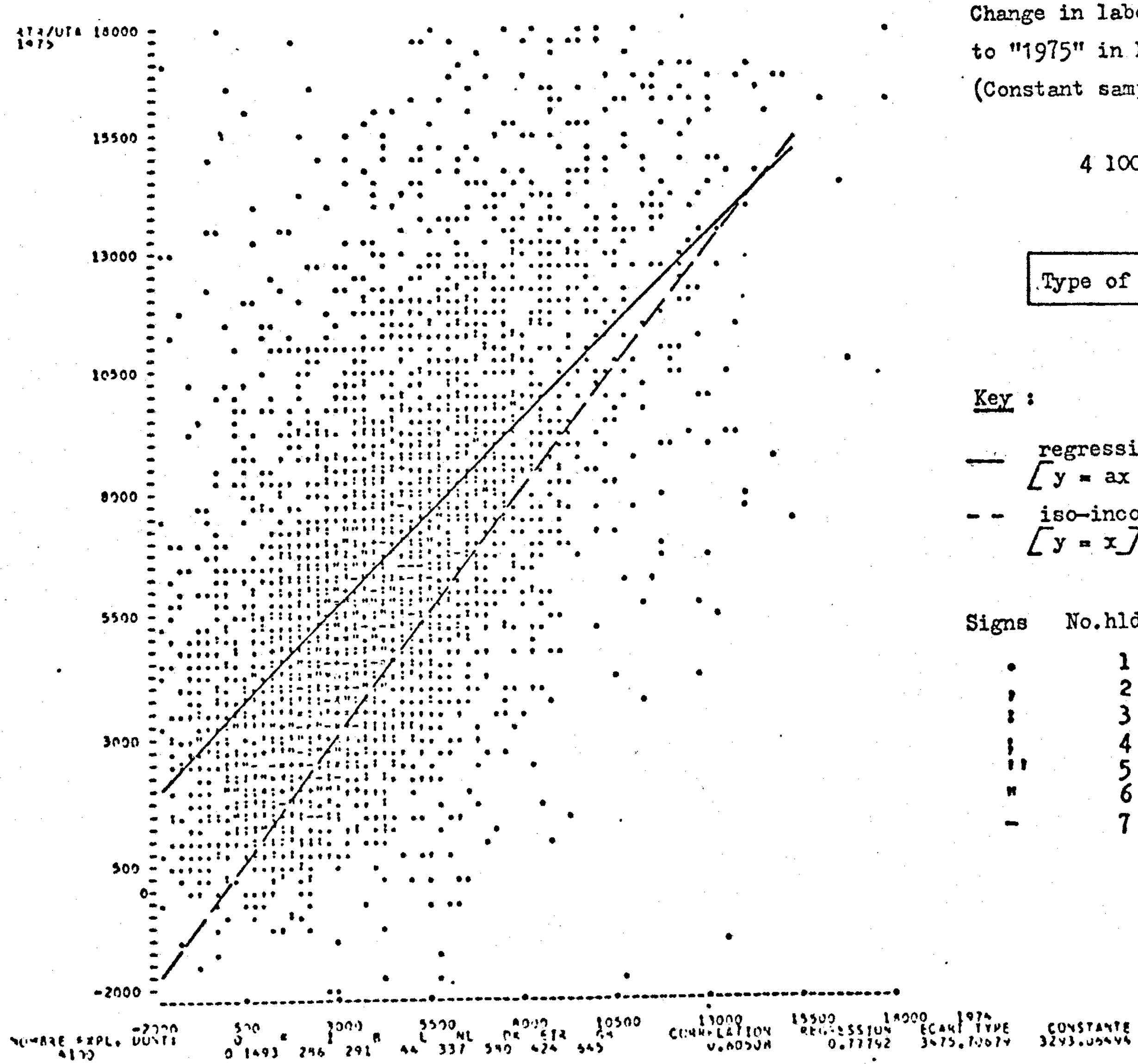
753 returning holdings

Type of farming : II – PERMANENT CROPS

Key :

—	regression line [y = ax + b]	y = LI/ALU "1975"	x = LI/ALU "1974"
– –	iso-income line [y = x]	a = 0,495	b = 2 016

Signs	No.hldgs.	Signs	No.hldgs.
.	1	+	8
,	2	=	9
:	3	#	10
⁝	4	*	11
⁞	5	&	12
×	6	à	13
–	7	N	14



Change in labour income per ALU from "1974" to "1975" in FADN returning holdings
(Constant sample available 20.1.77)

4 100 returning holdings

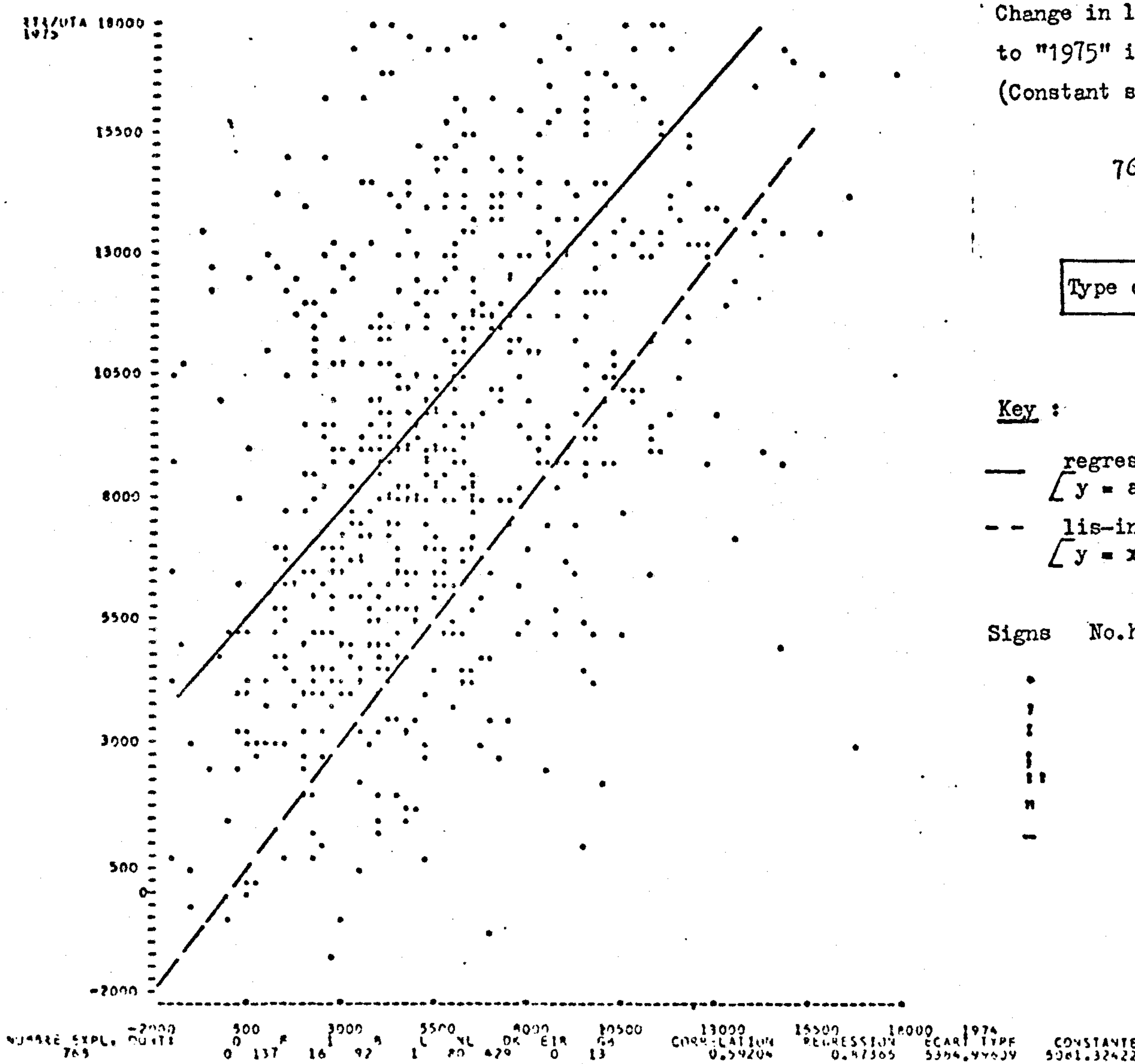
Type of farming : III - GRAZING STOCK

Key :

—— regression line $[y = ax + b]$ y = LI/ALU "1975"
x = LI/ALU "1974"

– – iso-income line $[y = x]$ a = 0,778
b = 3 293

Signs	No.hldgs.	Signs	No.hldgs.
.	1	+	8
,	2	=	9
:	3	#	10
!	4	*	11
!!	5	&	12
"	6	à	13
-	7	N	14



Change in labour income per ALU from "1974" to "1975" in FADN returning holdings (Constant sample available 20.1.77)

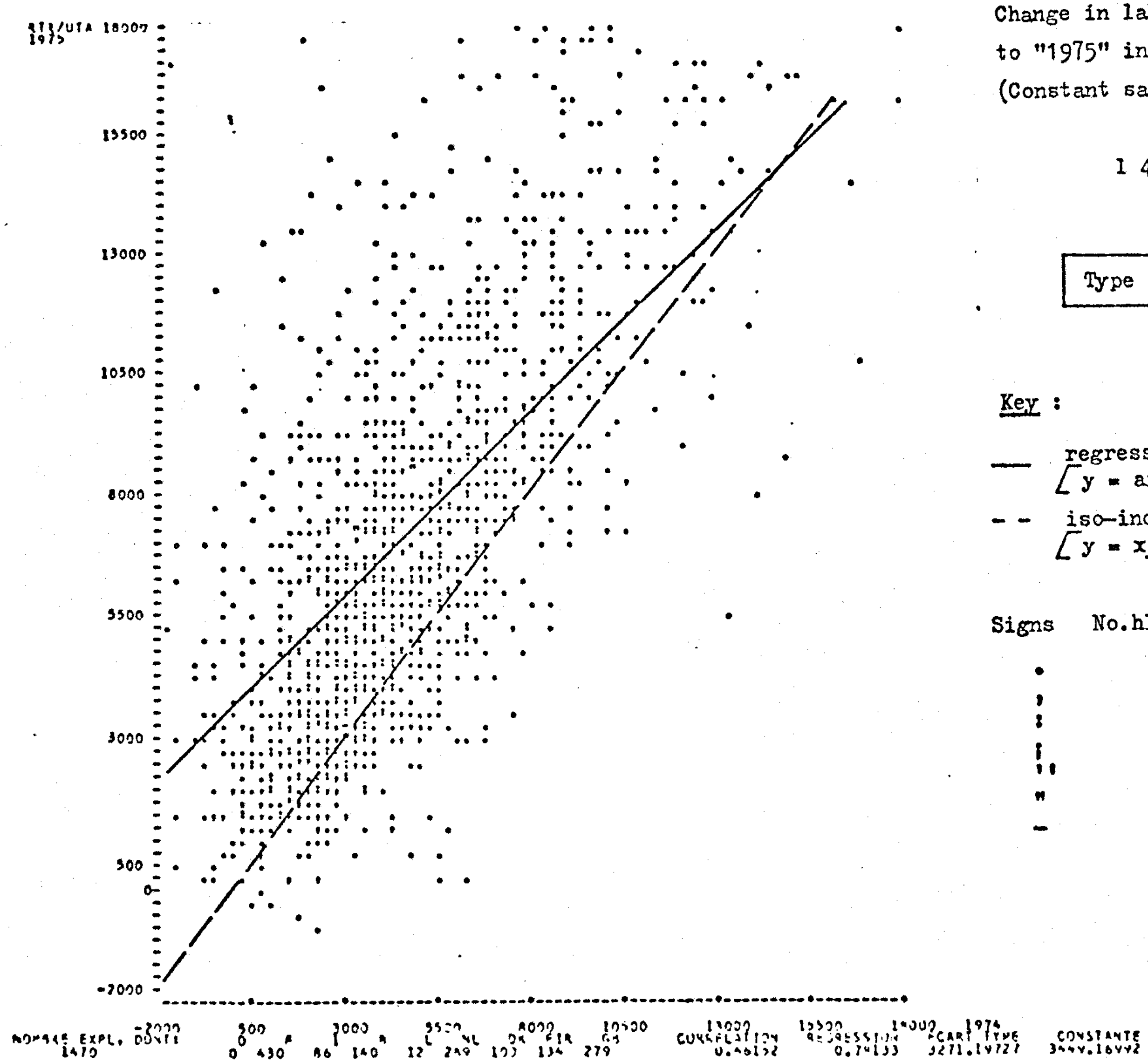
768 returning holdings

Type of farming : IV – PIGS & POULTRY

Key :

——	regression line [y = ax + b]	y = LI/ALU "1975"	x = LI/ALU "1974"
– –	lis-income line [y = x]	a = 0,874	b = 5 081

Signs	No.hldgs.	Signs	No.hldgs.
.	1	+	8
:	2	=	9
⁝	3	#	10
⁞	4	*	11
!!	5	&	12
"	6	à	13
–	7	N	14



Change in labour income per ALU from "1974" to "1975" in FADN returning cattle holdings (Constant sample available 20.1.77)

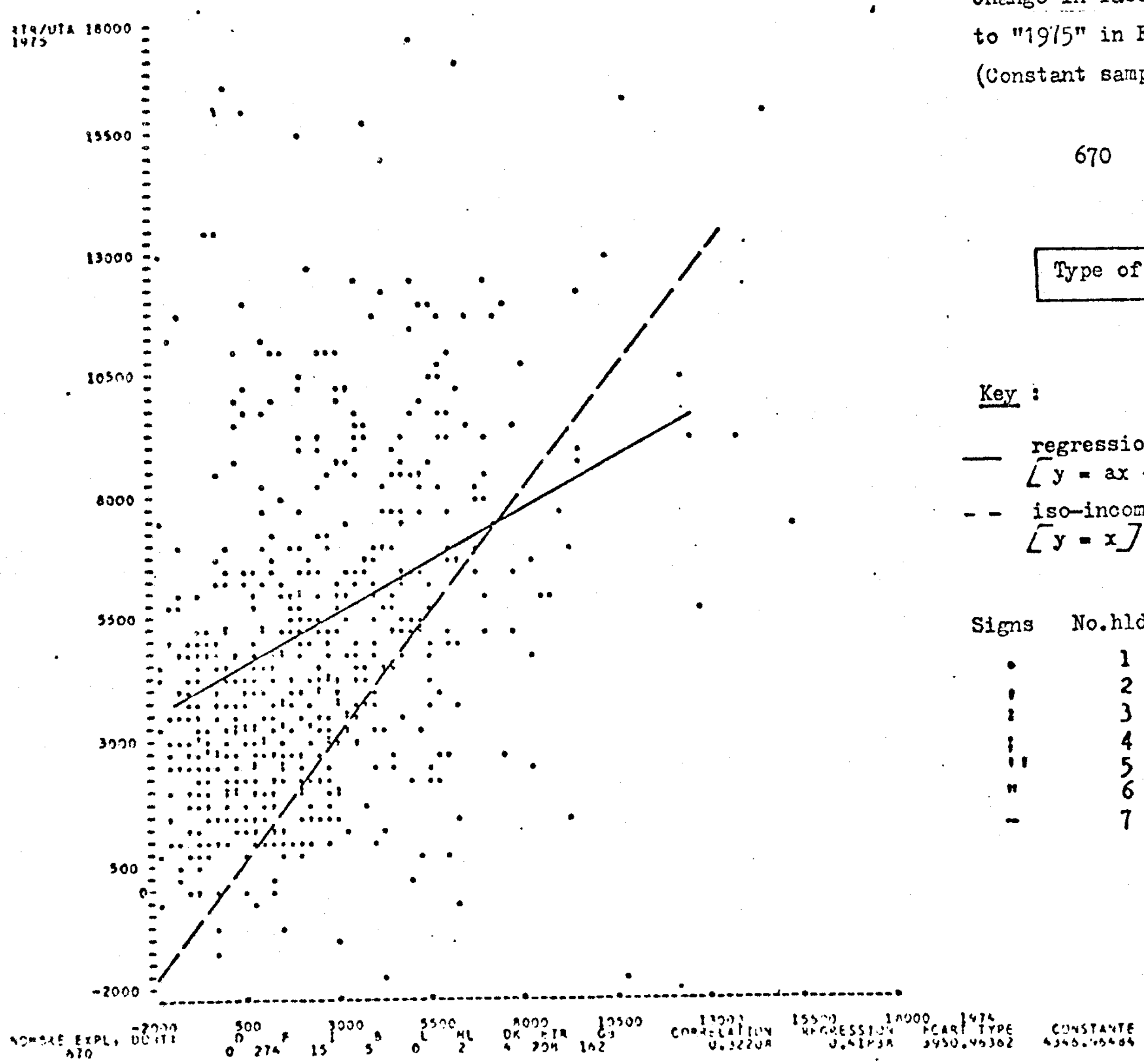
1 470 returning holdings

Type of farming : 3361 - MILK

<u>Key</u> :

——	regression line [y = ax + b]	y = LI/ALU "1975"	x = LI/ALU "1974"
- -	iso-income line [y = x]	a = 0,781	b = 3 449

Signs	No.hldgs.	Signs	No.hldgs.
.	1	+	8
,	2	=	9
:	3	#	10
;	4	*	11
!!	5	&	12
"	6	à	13
–	7	N	14



Change in labour income per ALU from "1974" to "1975" in FADN returning cattle holdings (Constant sample available 20.1.77)

670 returning holdings

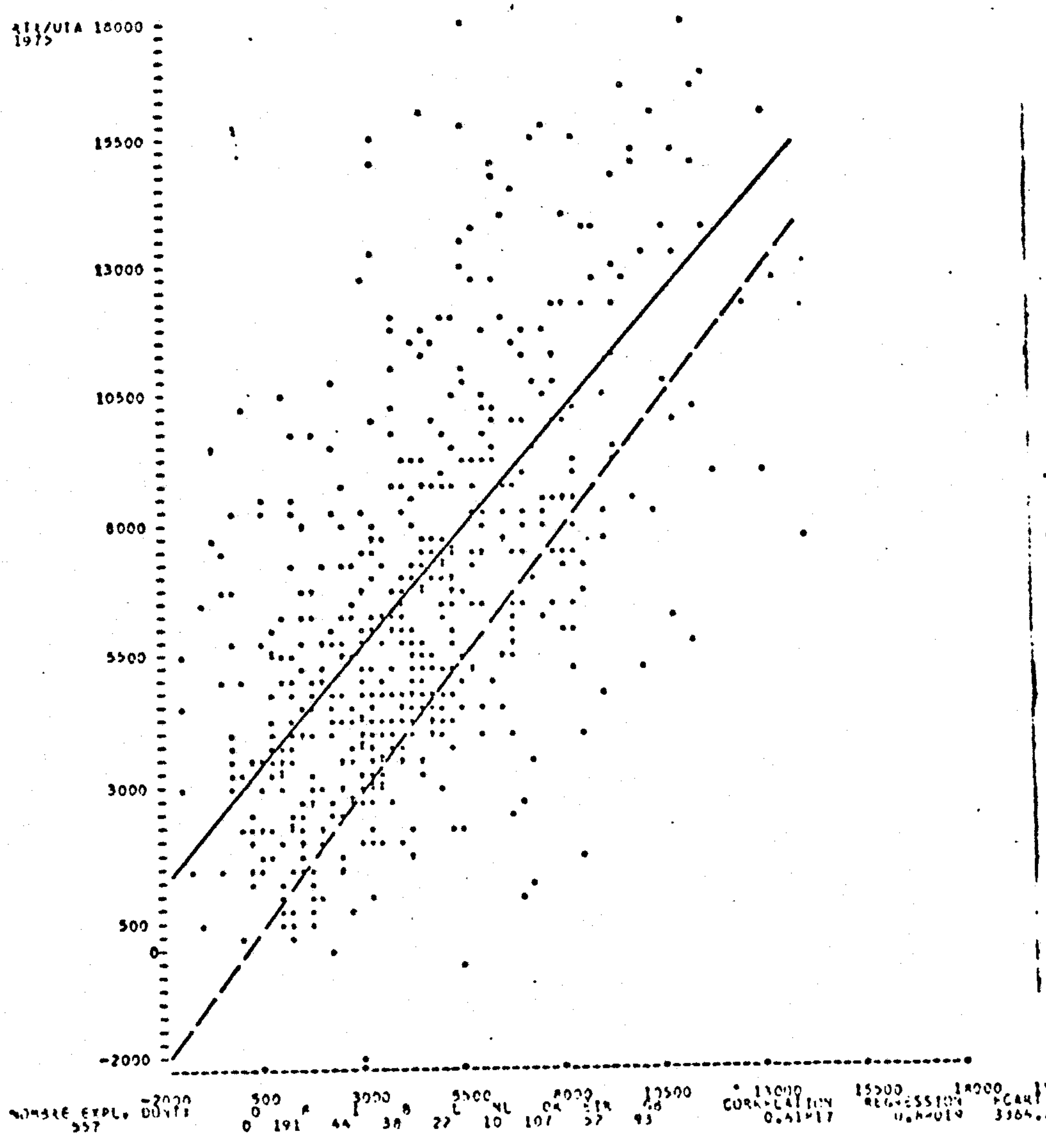
Type of farming : 3362 - BEEF

Key :

— regression line [y = ax + b]   y = LI/ALU "1975" x = LI/ALU "1974"

- - iso-income line [y = x]   a = 0,418 b = 3 446

Signs	No.hldgs.	Signs	No.hldgs.
.	1	+	8
:	2	=	9
⁝	3	#	10
⁞	4	*	11
!!	5	&	12
"	6	à	13
-	7	N	14



Change in labour income per ALU from "1974" to "1975" in FADN returning cattle holdings (Constant sample available 20.1.77)

557 returning holdings

Type of farming : 3365 – MIXED (beef + milk)

Key :

——	regression line [y = ax + b]	y =	LI/ALU "1975"
		x =	LI/ALU "1974"
– –	iso-income line [y = x]	a =	0,880
		b =	2 942

Signs	No.hldgs.	Signs	No.hldgs.
•	1	+	8
'	2	=	9
⁝	3	#	10
⁞	4	*	11
⁞'	5	&	12
"	6	A	13
–	7	N	14

ANNEX C

ESTIMATED RELATIVE VARIATION IN THE AGRICULTURAL VALUE ADDED PER PERSON EMPLOYED IN 1976

This annex contains "in extenso" the report of the working party on the Sectoral Income Index set up by the Statistical Office of the European Communities (SOEC) to determine the exact methodological framework for the updating of the economic accounts for agriculture and to prepare and coordinate experimental estimates for 1976.

The estimates of the working party relate principally to the change in the gross value added at factor cost per person employed. The better to apprehend the change over the years 1975 and 1976, the working party has extended its researches over a period going back to 1971.

However, between the data already published in the report on the agricultural situation and this new series quite substantial differences can be observed in 1973/74 and 1974/75 as regards the evolution of the gross value added per person employed as defined by the working party and the evolution of the net value added per person employed as published to date. These differences are due not only to depreciations (the factor representing the difference between the two concepts in question) but to the use of the most recent data and a more rigorous harmonization of the data supplied by the Member States. This harmonization has in particular followed the evolution of persons employed in agriculture more closely and been related to the reference period (calendar year for all Member States, including the UK). Thus the evolution reflected in this new series can be regarded as closer to reality.

CONTENTS

I. Foreword

The problem of updating the Economic Accounts for Agriculture is one, which, in recent years, it has become ever more vital to overcome. The most important shortcoming has been the lack of up-to-date figures on income trends in agriculture for the annual debates in the Council of Ministers on agricultural prices and the annual Commission report on the state of Community agriculture. To remove this shortcoming, the SOEC strove during 1975 to work out the methodological and technical features required to update the Economic Accounts for Agriculture, submitting a paper on the subject at the end of the year. The Agr cultural Statistics Committee welcomed this initiative and gave its approval i principle to the "Sectoral Income Index" project. A working party was instructed to prepare and coordinate the detailed methodological framework for the updating project, and experimental estimates for 1976.

The working party has fulfilled its terms of reference, and the results for 1976, approved by the Agricultural Statistics Committee are now presented in this report.

The following points should be borne in mind when considering the information contained in the report:

- The results of this report cover the relative change in gross value added at factor cost in agriculture per worker in the calendar year 1976 compared with calendar year 1975. (Each calendar year, of course, comprises elements of two crop years).
- The exercise is in the nature of an experiment, the results of which have still to be evaluated. In view of certain special features in 1976 (drought), the estimates for this year have been particularly difficult to prepare.
- The estimates were made by the Member states or by experts in the Member states on the basis of a common methodology. The data represent point estimations with no specified margin of error.
- The chapters of this report dealing with individual countries are the responsibility of the Member states or their delegates; the chapter dealing with "Community results" was drawn up by the SOEC.

- The estimates have been drawn up within the methodological framework of the Economic Accounts for Agriculture, a part of the European System of Economic Accounts (ESA). Complete harmonisation of data may not, however, yet have been achieved. In principle the results cover the production branch "Products of agriculture and hunting", and not the activity sector "Agriculture", which may be taken in very general terms to be the total of economic activities on agricultural holdings.

- The gross value added at factor cost in the production branch "Agriculture" is computed as follows :

  Final production
  - intermediate consumption
  = <u>gross value added at market prices</u>
  + subsidies
  - taxes linked to production
  = <u>gross value added at factor cost</u>

- Gross value added at factor cost in agriculture comprises the total of factor incomes in the agricultural production branch and fixed capital depreciation (= the amount of fixed capital used up as a result of normal wear and tear and foreseeable obsolescence).

- Gross value added at factor cost in agriculture is not an indicator for the total household income of farmers. It should be recalled that in addition to their purely agricultural income in the strict sense, agricultural holdings or households may also receive incomes from other sources.

- Statistical data on the relative change in gross value added at factor cost in agriculture per worker do, however, give an important indication of changes in the most important basic factors for the purely agricultural income of farmers.

- The average rates of change presented in this document for agricultural gross value added for the individual Member states and for the Community as a whole give no precise indication of the differences between regions and types of farm within the Member states, these differences being particularly pronounced in 1976 as a result of the drought.

- No comparison in absolute terms of gross value added at factor cost per worker can be made at the present time, principally because labour statistics have not yet been harmonised. Information can, however, be supplied on changes in relative terms - albeit with certain reservations.

- The data on the relative change in real terms of gross value added at factor cost per worker were obtained by deflating the corresponding nominal rates of change by the implicit GDP deflator. The values for this price index were supplied by Directorate-General II of the Commission of the European Communities. The real rates of change contained in this document do not therefore represent the results of a computation in volume terms (values in 1970 prices).

- The data contained in this report on the relative change in gross value added at factor cost in agriculture per worker in 1976 compared with 1975 are based on the best estimates available.

II. Community results

In spite of the serious drought, available figures indicate that value added[1] in agriculture[2] in 1976 will be 8 % up in nominal terms. After adjusting for the average Community rate of price increase (inflation rate)[3], value added in agriculture will show a slight decline in real terms[4] in 1976 of about 1,0 % as compared with the previous year. These figures were calculated on the basis of preliminary estimates (sometimes revised) made by the Member States or by experts in the Member States. They take account of that part of the considerably increased subsidies granted to agricultural holdings in certain countries as a result of the drought which is expected to be paid in 1976.

Anticipated relative change in gross value added at factor cost in agriculture in 1976 (%)

Country and date of last estimate	Total		Per person employed	
	nominal	real	nominal	real
D (25. 11. 1976)	+ 2,9	– 0,9	+ 5,0	+ 1,2
F (9. 9. 1976)	+ 1,5	– 7,6	+ 5,9	– 3,5
I (20. 10. 1976)	+ 21,0	+ 3,2	+ 23,1	+ 4,9
NL (17. 11. 1976)	+ 9,2	+ 0,2	+ 10,5	+ 1,4
B (17. 11. 1976)	+ 0,8	– 7,5	+ 3,7	– 4,9
L (5. 11. 1976)	– 9,5	– 18,4	– 5,6	– 14,9
UK[a] (19. 11. 1976)	+ 23	+ 8	+ 24	+ 9
IRL[b] (17. 1. 1977)	+ 13,5	– 4,0	+ 14,5	– 3,0
DK (19. 11. 1976)	+ 6,7	– 2,1	+ 7,1	– 1,7
EUR-9[b]	+ 8,0	– 1,0	+ 10,5	+ 1,0

a) Rounded to the nearest whole percent

b) Rounded to the nearest half percent

Rates of change of the gross value added at factor cost in agriculture per person employed (%)

Country	nominal				real			
	74 : 73	75 : 74	76 : 75	3-year average	74 : 73	75 : 74	76 : 75	3-year average
D	− 0,1	+ 17,3	+ 5,0	+ 7,4	− 6,5	+ 9,5	+ 1,2	+ 1,4
F	+ 6,0	+ 7,4	+ 5,9	+ 6,4	− 4,9	− 5,9	− 3,5	− 4,8
I	+ 17,2	+ 25,3	+ 23,1	+ 21,9	+ 0,3	+ 6,6	+ 4,9	+ 3,9
NL	− 7,4	+ 20,1	+ 10,5	+ 7,7	− 14,8	+ 8,2	+ 1,4	− 1,7
B	− 5,4	+ 21,2	+ 3,7	+ 6,5	− 16,1	+ 7,9	− 4,9	− 4,4
L	+ 4,9	+ 18,3	− 5,6	+ 5,9	− 7,3	+ 15,0	− 14,9	− 2,4
UK a)	+ 12	+ 22	+ 24	+ 19	− 1	− 5	+ 9	+ 1
IRL	− 5,1	+ 46,6	+ 14,5 b)	+ 18,7	− 11,5	+ 19,2	− 3,0 b)	+ 1,6
DK	:	+ 4,1	+ 7,1	+ 5,6 c)	:	− 6,5	− 1,7	− 4,1 c)
EUR-9	:	+ 17,6	+ 10,5 b)	+ 10,9 d)	:	+ 2,1	+ 1,0 b)	− 0,5 d)

: = figure not available

a) Rounded to the nearest whole percent
b) Rounded to the nearest half percent
c) Average of last two years only
d) Weighted by using 3-year (1973-1975) average of percentage shares of the gross value added at factor cost in agriculture

The number of persons employed in agriculture in 1976 will once again show a decrease - although not of the same magnitude as in previous years - the result being a nominal increase of 10.5 % and a real increase of 1.0 % in the gross value added per person employed in agriculture in the Community.

A comparison of national rates of change in the real gross value added at factor cost per person employed reveals considerable differences from country to country in 1976 as in preceding years. Thus in Luxembourg the value added per person employed at factor cost fell by about 15 % in real terms, despite subsidies being increased by a third; this however followed an increase of 15 % between 1974 and 1975. Good results are, on the other hand reported by the United Kingdom and Italy where the real value added at factor cost per person employed is expected to increase by about 9 and 5 % respectively, but the former showed a 5 % reduction between 1974 and 1975. Slight increases of between 0 and 2 % are expected for the Federal Republic of Germany and the Netherlands. Much less favourable rates of change are anticipated in France, Belgium, Ireland and Denmark where reductions of about 2 to 5 % are to be expected.

The change in the gross value added at factor cost per person employed in 1976 can be traced back to the following basic causes:

- As a result of the widespread drought in the summer of 1976 the agricultural production volume of most Community Member States fell as compared with the previous year. Only in Italy, the Netherlands and Belgium did it virtually remain constant.

- The decrease in production volume was considerably more pronounced for vegetable products than for animal products. In some countries the volume of animal products in 1976 actually increased.

- The negative effect of the decrease in production volume on final production value was, however, compensated or over-compensated in almost all countries by higher prices for agricultural products.

The final production value of agriculture rose in all Member States as a result of this effect as follows:

Increase in value of final production (nominal rates)					
0	to	just	under	5 %	Luxembourg
5	"	"	"	10 %	F.R. of Germany, France, Denmark
10	"	"	"	15 %	Netherlands, Belgium
15	"	"	"	20 %	Ireland
20	"	"	"	25 %	Italy, United Kingdom

- The value of intermediate consumption in agriculture rose steeply, due amongst other factors to the high level of expenditure on additional purchases of animal feedingstuffs. In the Federal Republic of Germany and in Denmark the increase was between 10 and 15%; in France, the Netherlands and Belgium it was between 15 and 20%; and in Italy, Luxembourg, the United Kingdom and Ireland between 20 and 25 %.

- In order to reduce the negative effects of the drought on agricultural income, subsidies in most Member States were raised.

- In most Member States, there was a further reduction in the number of workers leaving the agricultural sector in 1976.

It must be pointed out that the figures available provide no information about regional or type of farming differences in the trend of value added in agriculture in the individual Member States, although these differences may well be very pronounced - as the example of Luxembourg, which is a small country in terms of area, demonstrates.

It is possible that the present statistics do not yet reflect the full consequences of the serious drought of the summer of 1976. For example, the early part of 1977 could see further shortfalls in supplies of feedingstuffs for livestock dependent on coarse fodder if stocks prove to be inadequate. This could result in earlier slaughtering and/or additional purchases of higher cost feedingstuffs. Even the years after 1977 could still be influenced by the consequences of the 1976 drought.

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1) Gross value added at factor cost

2) Production branch 'Products of agriculture and hunting'.

3) Implicit price index for the gross domestic product at market prices.

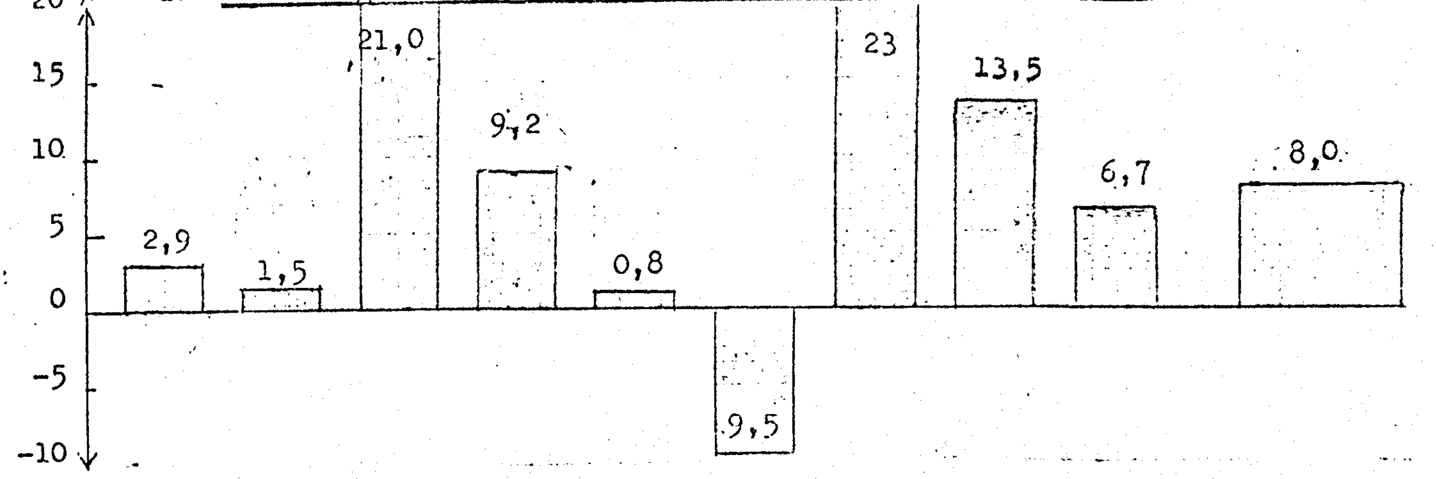
4) The real rates of change for value added of the Community are calculated as a weighted average of the nine national real rates of change. The weighting factors used are the following percentage shares of the gross value added at factor cost in agriculture of the Community in 1975 for each Member State (at current prices):

D	19.2 %	NL	6.5 %	UK	9.6 %
F	29.6 %	B	3.1 %	IRL	2.2 %
I	26.3 %	L	0.1 %	DK	3.4 %

The nominal rates of change for the Community are calculated by inflating the real rates of change.

Anticipated rates of change for the various Member states in 1976 (%)

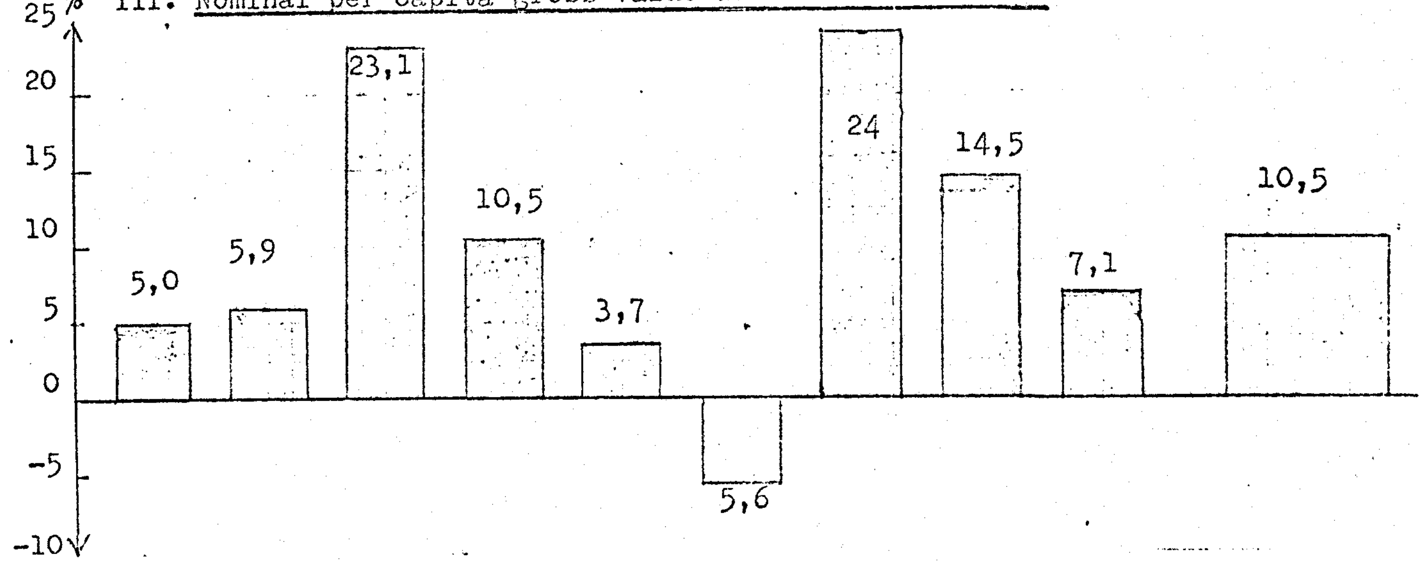
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour Force

-2,0	-4,2	-1,7	-1,2	-2,8	-4,1	-0,7	-1,2	-0,4	-2,3

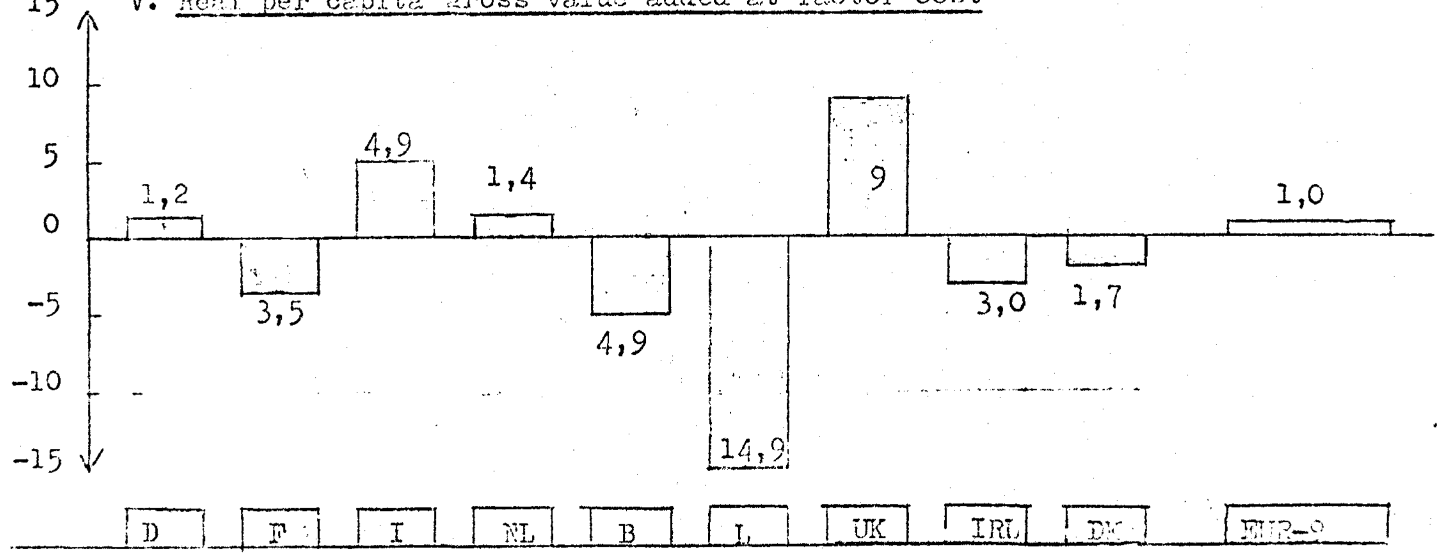
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

3,8	9,6	17,3	9,0	9,0	10,9	14,2	18,5	9,0	9,4

V. Real per capita gross value added at factor cost



III. Member State Results

F.R. of GERMANY

(Estimates at 25 November 1976)

The first preliminary estimate of gross value added in agriculture over a calendar year involves even greater uncertainties than had been anticipated when discussions were held about making such an estimate. The effects of the drought this year intensified the difficulties of making an early estimate because although important data on the harvest are available, it is not yet possible to obtain an overall view of the full extent of the loss. Grassland and intermediate crops recovered rapidly during the autumn, supplying considerable additional amounts of feedingstuffs; nevertheless the effects of the drought on livestock and the extent to which it necessitated additional purchases of feedingstuffs can not yet be fully appreciated.

1. Final production

As a result of the poorer harvest brought about by the drought, there was - apart from a few exceptions - a clear drop in crop production. According to this preliminary estimate, the quantities of cereals sold will be 14 % down on 1975, with a fall of 18% for vegetables and 19 % for fruit. Sales of potatoes are expected to fall by 8 % and sales of sugar beet by 6 %.

In the case of animal products, on the other hand, the quantities are expected to exceed the previous year's results. Deliveries of milk to dairies are expected to increase by around 3 % and domestic slaughtering of cattle and pigs is expected to show an increase of more than 2 %.

The decisive factor for final production is that the effect of decreased quantities is largely cancelled out - in the case of crop products - by higher selling prices. It is expected, for example, that production of cereals as a whole will fall by only 2.7% to DM 3.77 thousand million as a result of the clear rise in prices. In the case of potatoes, the reduction in deliveries will in fact be more than compensated for by higher prices, so that agricultural sales value are expected to rise by around DM 1 thousand million. A further contributory factor is that the 1976 reduction in stocks will be less severe than that in 1975. With sugar beet, too, the reduced yields will be fully compensated for by a higher sugar content and thus higher prices.

Trends in the animal sector will be determined in 1976 by the above-mentioned slight increase in quantities, but mainly by higher prices for pork, milk, poultry and eggs. Whereas final beef and veal production barely differs from the previous year's results, at DM 8.28 thousand million and 0.7 thousand million respectively, higher quantities and higher prices in pork are expected to lead to an increase of around DM 1 thousand million to DM 11.9 thousand million. A similar development is expected in milk, for which final production is estimated at DM 12.4 thousand million.

In total, this preliminary estimate indicates that final production in agriculture in 1976 will reach approximately DM 53.37 thousand million, 7.7% more than in 1975.

2. Intermediate consumption

On the expenditure side the rise in the amount spent on feed is of decisive importance. Increasing herd sizes led right from the beginning of the year to an increase in production of mixed feed, the increase being further accentuated in the second half of the year because of the shortage of basic feed for beef cattle. A total increase of 12 % in the purchase of feedingstuffs may thus be anticipated. Since at the same time prices also increased by around the same amount, expenditure by agriculture on bought-in feed will probably increase by more than DM 2 thousand million to around DM 9.90 thousand million, a figure never reached before. Since no reduction in costs may be expected in the other intermediate consumption areas, the total intermediate consumption costs are estimated at DM 26.67 thousand million, 13 % more than 1975.

3. Labour force

The drop in the number of agricultural workers has become distinctly less severe in recent years, as the pull exerted by other branches of the economy has weakened. Nevertheless 1976 too is expected to show a drop of around 2 %, an estimate which must, however, be regarded with considerable caution.

4. Gross value added.

Gross value added at factor cost, comprising the above-mentioned final production and intermediate consumption together with indirect taxes and subsidies, but excluding depreciation, is expected to amount to DM 27.25 thousand million according to the preliminary estimate for 1976; this figure represents an increase of 3 % over 1975.

The estimated 2 % drop in the number of agricultural workers means that gross value added per person in full-time employment may be expected to rise by 5%, compared with a rise of 17 % in 1975.

The figure, after deflation by the implicit GDP deflator (estimated by the EC Commission to be 3.8%), produces an increase in gross value added per person in full-time employment in 1976 of around 1% in real terms. The 1975 increase was 9.5%, whereas in 1974 gross value added in real terms fell by 6.5%.

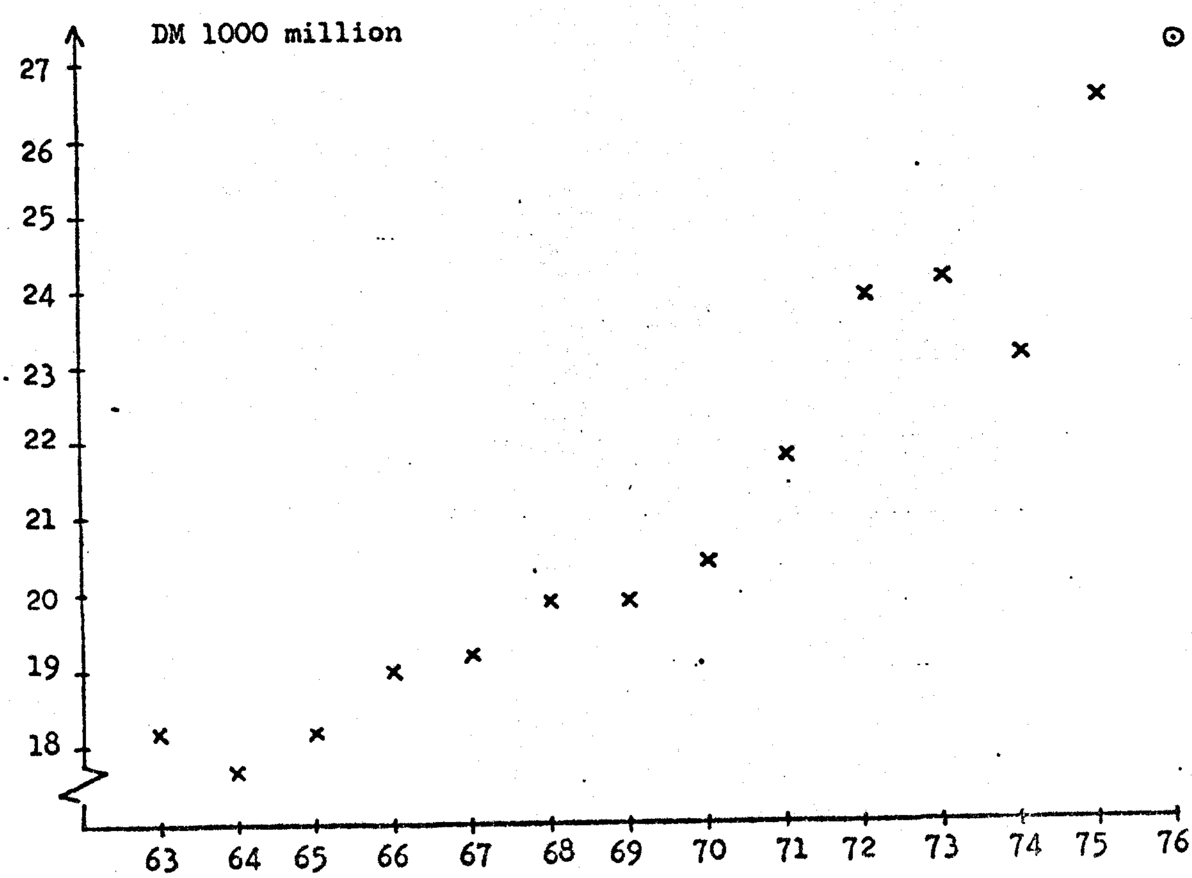
Source: Bundesministerium für Ernährung, Landwirtschaft und Forsten, Bonn

F.R. of Germany

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year(Mio DM).

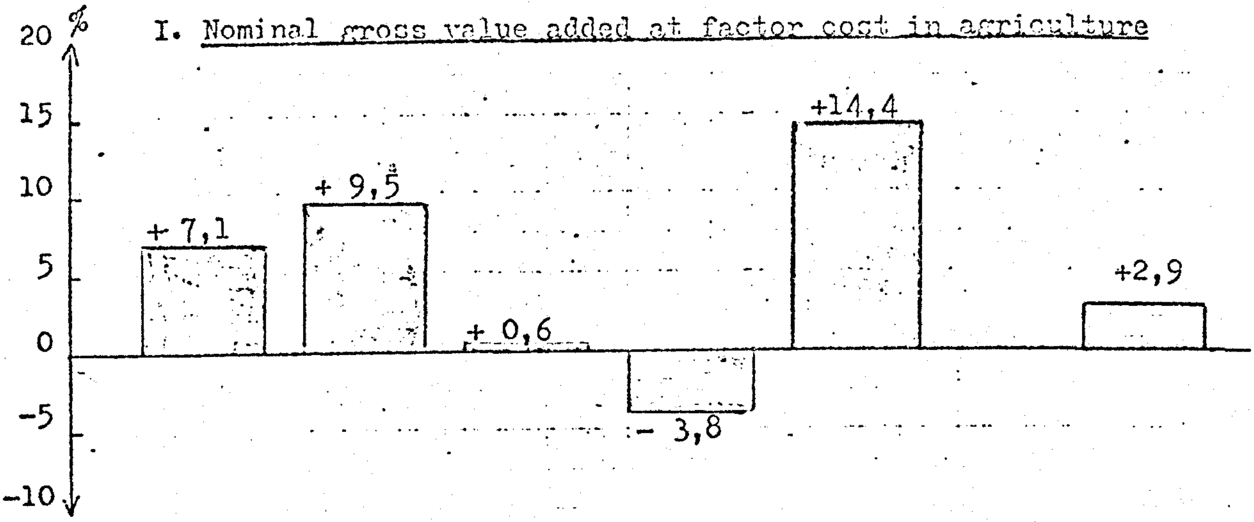
		1975	1976	Change	
				absolute	%
	Final production	49 562	53 370	+ 3 808	+ 7,7
	of which: crop production	14 672	15 780	+ 1 108	+ 7,6
	livestock produc.	34 740	37 420	+ 2 680	+ 7,7
-	Intermediate consumption	23 580	26 665	+ 3 085	+ 13,1
=	Gross value added at market prices	25 982	26 705	+ 723	+ 2,8
+	Subsidies	1 808	1 900	+ 92	+ 5,1
-	Taxes linked to production	1 313	1 360	+ 47	+ 3,6
=	Gross value added at factor cost	26 477	27 245	+ 768	+ 2,9

Evolution of gross value added at factor cost



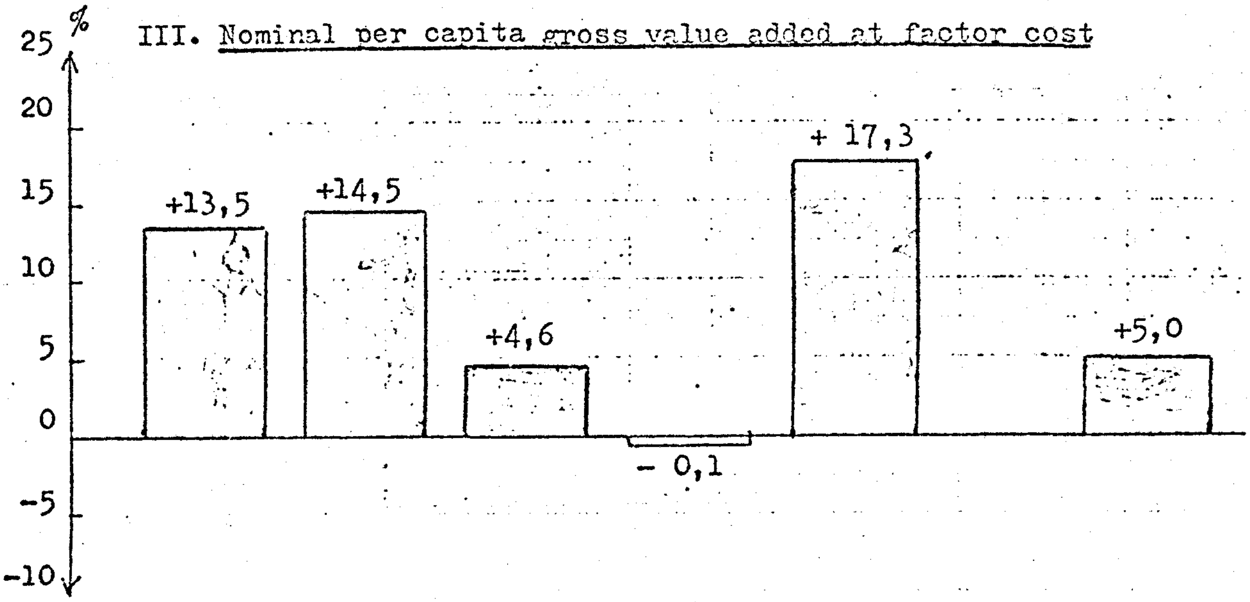
Evolution of rates of change from 1971 to 1976 (%)

F.R. of Germany



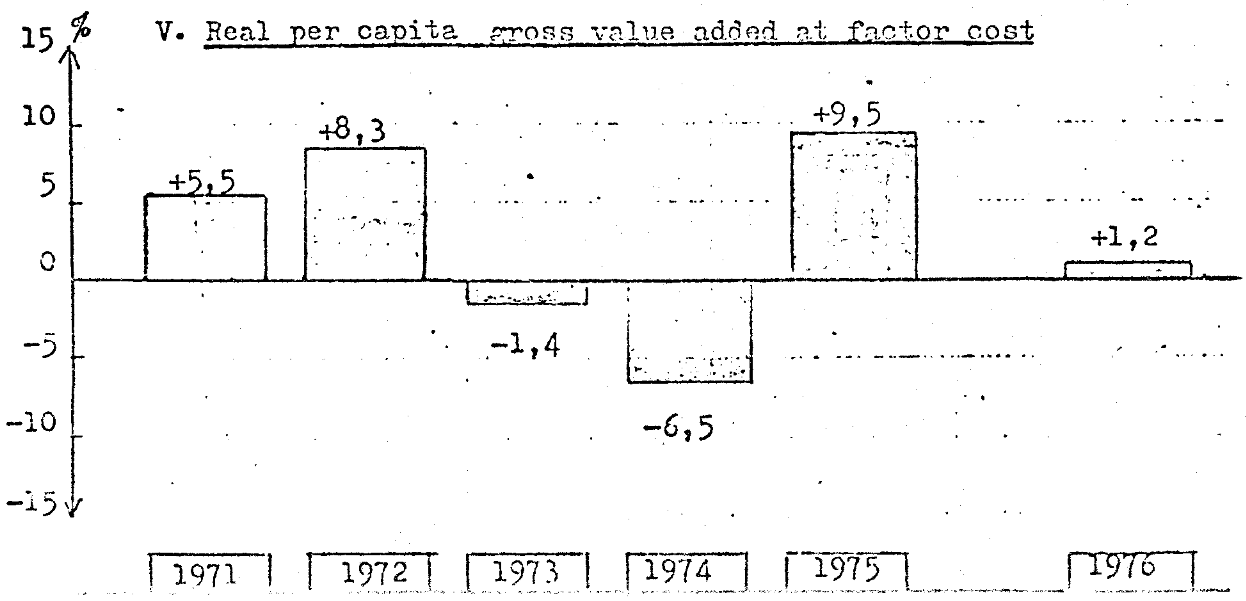
II. Agricultural labour force

-5,6	-4,4	-3,8	-3,7	-2,5	-2,0



IV. Implicit price index of gross domestic product

+ 7,6	+5,7	+6,1	+6,9	+7,1	+3,8



FRANCE

(Estimates at 9 September 1976)

Agricultural Production

The exceptionally unfavourable weather in 1976 has had far-reaching effects on agricultural production.

Production in volume terms is 2.5 % down on 1975, which was itself badly affected by extremes of weather. This drop can be attributed primarily to crop products, whereas supplies of animal products recorded a rise over the previous year.

Agricultural prices are subject to market forces and prices of crop products and animal products in 1976 are more than 15 % and 7 % higher respectively than in 1975.

Production of cereals, particularly spring sown cereals - barley and above all maize - has been seriously affected, with supplies of maize in 1976 expected to be almost 40 % down on the previous year. This will result in an appreciable fall in exports, including those to EEC countries. Anticipated price rises will be between 13 and 16 % depending on the particular cereals.

Production of vegetables has also been affected by the drought, the principal sufferer being potatoes; the fall in volume terms in annual sales has, however, not been quite so steep (- 20 %), while average prices have more than doubled.

The fruit harvest proved to be satisfactory following a very bad year in 1975. Prices are 14 % down, and the volume of production 37 % up.

The grape harvest is better than the previous year's. Sales of table wine slackened off during the year and only the implementation of an inter-trade agreement resulted in an annual average price increase of 11 %. By contrast, prices for quality wines produced in specified regions are 35 % up on last year.

Supplies of full-grown cattle were seriously affected by the drought, being plentiful at the beginning of the year and poor at the beginning of autumn; it is still not possible to predict the level at the end of the year. Over the year as a whole, supplies will be well above those for 1975. Prices have been directly affected by the violent fluctuations in supply, being at various times below the intervention price or close to the guide price. Over the year as a whole, the rise in prices should be very moderate - less than 5 %.

Production of pigmeat is expected to be similar to that of 1975, with prices showing an increase in excess of 10% despite a continuing fall since the spring following the very sharp increase in the course of 1975.

Dairy production was also adversely affected by the drought and is expected to be down on 1975; this had the effect of bolstering up prices, which could be up by as much as 9 % over 1975.

Intermediate Consumption

There will probably be only a modest increase in the volume of intermediate consumption in 1976, mainly it seems as a result of economic caution or need on the part of farmers. Even sales of fertilizers, consumption of which had fallen sharply in 1975, show no significant recovery despite a strong upward surge in the first few months of 1976.

Items for which an upward trend can be reported are animal feedingstuffs, other services (transport costs for straw) and, to a lesser extent, oil-based products and capital equipment repairs. These increases can be attributed directly to the drought.

Price increases for the majority of items under intermediate consumption are of the order of 10 to 12 %. Only the price of fertilizers is expected to show little or no change on the previous year.

In total, intermediate consumption (excluding own consumption) shows a rise of 6.9 % in volume terms and of 8.8 % in price terms.

Value added

Gross value added at market prices shows an increase of only 2.5 %. To avoid a drop in the purchasing power of farm incomes, the French Government decided in August 1976 to grant special financial aid to farmers amounting initially to FF 2.2 thousand m. In September this was increased to a total of FF 6 thousand m. At 29 November 1976 it was, however, not yet possible to assess what proportion of this aid would actually be paid to farmers in 1976 in the form of farming subsidies, since the procedure for allocating aid is extremely decentralised. It was therefore decided to include under the heading 'subsidies' only the initial amount of FF 2.2 thousand m., which, when added to the total of ordinary subsidies of FF 1.8 thousand m., makes a total of FF 4 thousand m.

The increase in taxes is largely due to the recouping of the 1974 deficit.

Gross value added at factor cost is 1,5 % up on the previous year: + 5.9 % per person employed in agriculture and - 3.5 % in real terms.

In view of the unusually high degree of uncertainty in 1976 with regard to meat and dairy production (at the end of the year), gross value added in real terms per person employed may be regarded as remaining virtually stable between 1975 and 1976.

The trend of value added at factor cost is a poor indicator of the effects of the drought on agriculture: on the one hand, because of the size of one-off subsidies which were necessary to bolster up income, and on the other hand, because of the effects of the drought on productive capacity which will not become evident until 1977.

Source: Ministère de l'Agriculture, Paris.

France

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year(Mio FF).

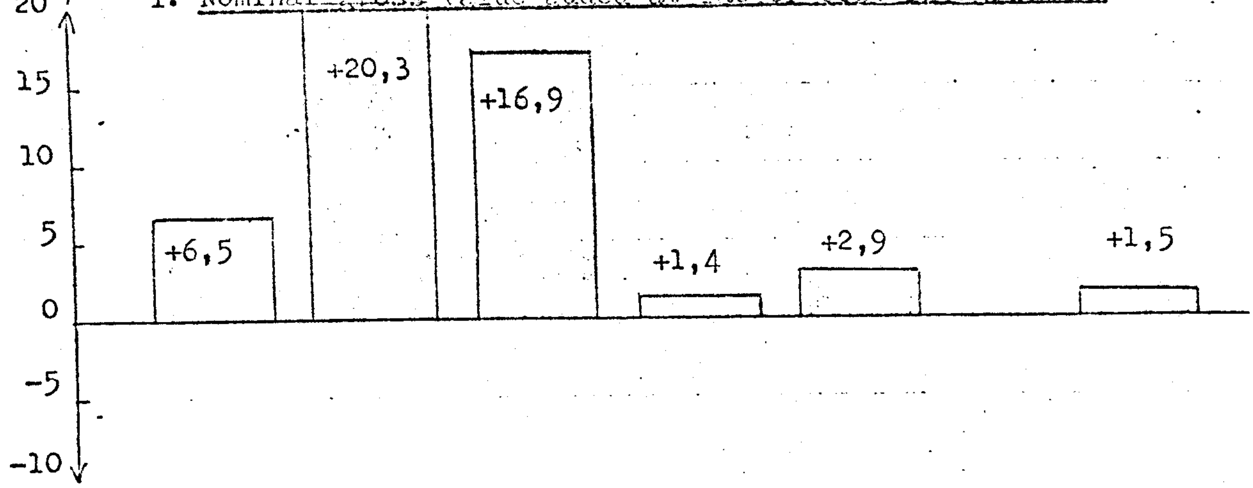
		1975	1976	Change absolute	Change %
	Final production	108 072	116 241	+ 8 169	+ 7,6
	of which: crop deliveries	47 321	51 285	+ 3 964	+ 8,4
	livestock "	60 751	64 956	+ 4 205	+ 6,9
−	Intermediate consumption	39 971	46 433	+ 6 462	+16,2
=	Gross value added at market prices	68 101	69 808	+ 1 707	+ 2,5
+	Subsidies	4 084	4 000	− 84	− 0,2
−	Taxes linked to production	2 149	2 700	+ 551	+25,6
=	Gross value added at factor cost	70 036	71 108	+ 1 072	+ 1,5

Evolution of gross value added at factor cost

France

Evolution of rates of change from 1971 to 1976 (%)

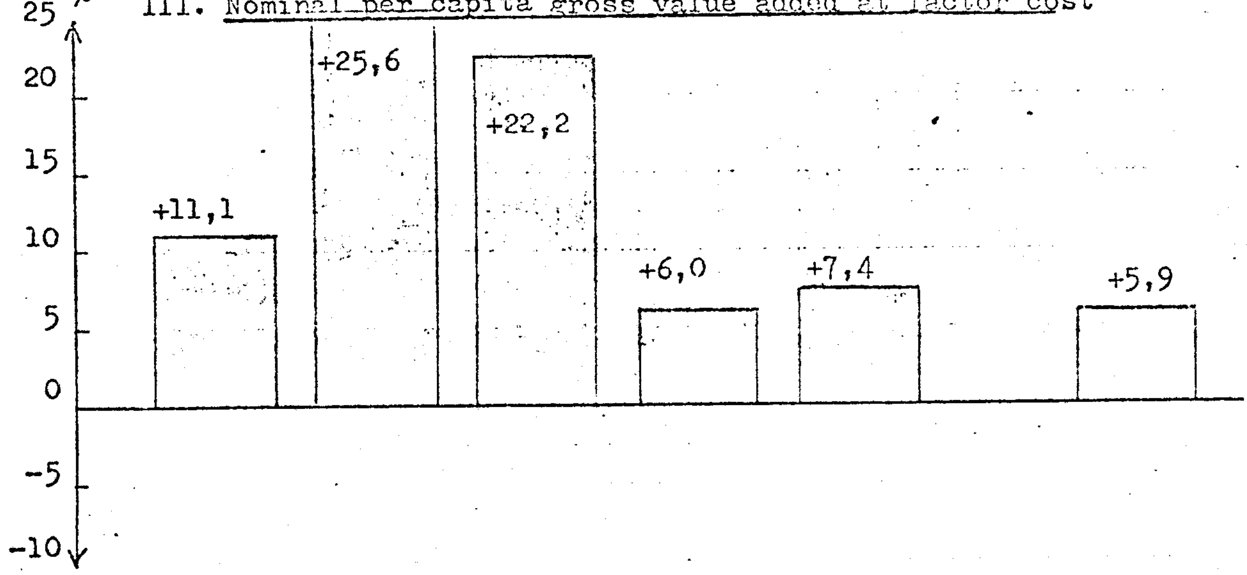
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

1971	1972	1973	1974	1975	1976
-4,1	-4,2	-4,3	-4,3	-4,2	-4,2

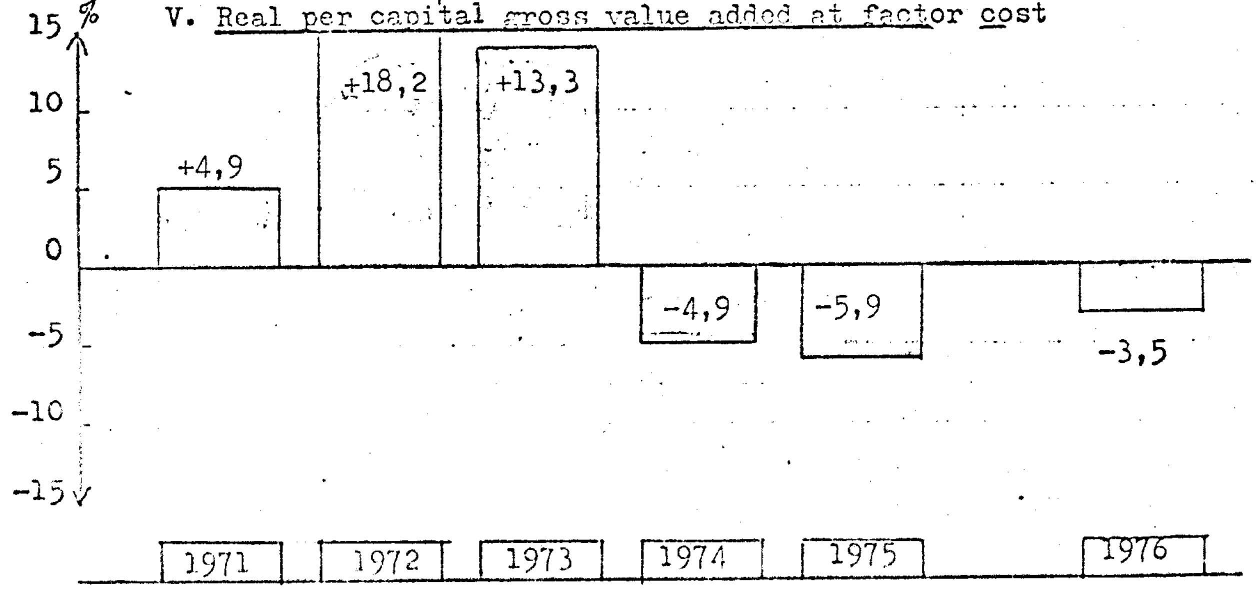
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

1971	1972	1973	1974	1975	1976
+5,9	+6,3	+7,9	+11,5	+14,1	+9,8

V. Real per capital gross value added at factor cost



ITALY

(Estimation at 20 October 1976)

The data collected during the relevant forecasts survey of agricultural crop trends and other indicators available for the first seven months of the year show that value added in agriculture should amount to 11 278 000 million lire at current rates in 1976, an increase of 21.4% over the previous year. In view of the steep rise in prices (+ 24.1%), the results for the branch surveyed are on the whole negative, revealing a drop in value added of 2.2% at constant prices.

Moving on to the analysis of the individual sectors, a general fall in quantitative terms can be observed in agricultural crops, fruit being the only exception, and a further increase in livestock production.

The upward pressure on the general price level during the last two months of 1975 has persisted into 1976, affecting some products more than others. The steepest rise involves herbaceous crops and livestock.

The cereals sector has declined, with falls in the production of common wheat, durum wheat, paddy rice and maize. The drop in the production of durum wheat and hybrid maize varieties should be particularly noted since more acreage had been given over to these crops.

The level of prices in this sector is rather high and the price of common wheat in particular, was already moving upwards in August 1975 during a marketing season which opened with initial supplies unable to meet domestic demand on account of the poor harvest that year. Nevertheless, between August and December prices rose rather less sharply, demand being cautious in view of the heavy financial burden of bank credit and therefore cuts in purchasing programmes were necessitated. By the beginning of 1976, the milling industry had stepped up stockpiling, sending prices shooting up; these prices have subsequently remained high as the lira's poor performance on the exchange market combined with inflatory domestic trends have prompted holders to reduce sales. Soaring price levelled off following moves to restore a better balance between supply and demand.

Durum wheat prices fell below the annual average in the latter half of 1975, reflecting a generally good supply situation and an excellent harvest. Only in February did prices begin to take an upward turn following the events on the money market and a firmer stand by holders.

Prices of paddy rice also went up in the second half of last year, a trend which is still continuing, even though punctuated with downward turns corresponding to greater availability.

The price of maize rose steadily during 1975 without reaching significant peaks. During the first few months of 1976, steeper rises were recorded and these have continued, with peaks being recorded in May and July.

Dry pulse production should be slightly up on last year's while potato and vegetable production should maintain the same level.

The prices of the above-mentioned products show conflicting patterns: dry pulse prices have taken a downward turn in 1976, while, in the potato and vegetable sector, there has been a price explosion which can be put down exclusively to the cost of potatoes which, in the first seven months of 1976, were up 193% over the same period in 1975.

The disappointing results, in quantitative terms, for ligneous crops are above all attributable to the poor olive harvest forecast and, albeit to a lesser extent, to a drop in the production of vine products and citrus fruits; the upturn in the fruit sector, particularly in peaches and almonds, did not offset this drop.

The prices of ligneous crops in 1976 should show an increase of around 10% over 1975 due to a price rise of approximately 17% for fruit, 8% for vine products and to the virtually stationary situation as regards olive growing products.

The expected increase in livestock production as compared with last year is based on the rise forecast in all the component sectors, especially meat and eggs.

The upward trend in beef and veal and pigmeat sectors can be put down to the increase both in slaughterings and in herd size.

Poultry meat production is expected to rise even more than last year.

Livestock production prices continued to remain generally high with significant peaks in the case of pigmeat partly due to demand shifting from beef and veal to pigmeat.

The beef and veal sector can be said to have been conditioned by general economic trends in Italy and by government and Community measures to keep these in check.

The closing of the official exchange market by the Italian authorities and the reintroduction into intra-Community trade of the system of compensatory amounts decided upon by the Commission of the European Communities contributed to substantial uncertainty among operators in this sector.

In addition, imports continued to be substantial during the first six months and proved very expensive; this obviously affected trade on our markets, on which prices remained high, partly because domestic supply continued to be somewhat limited.

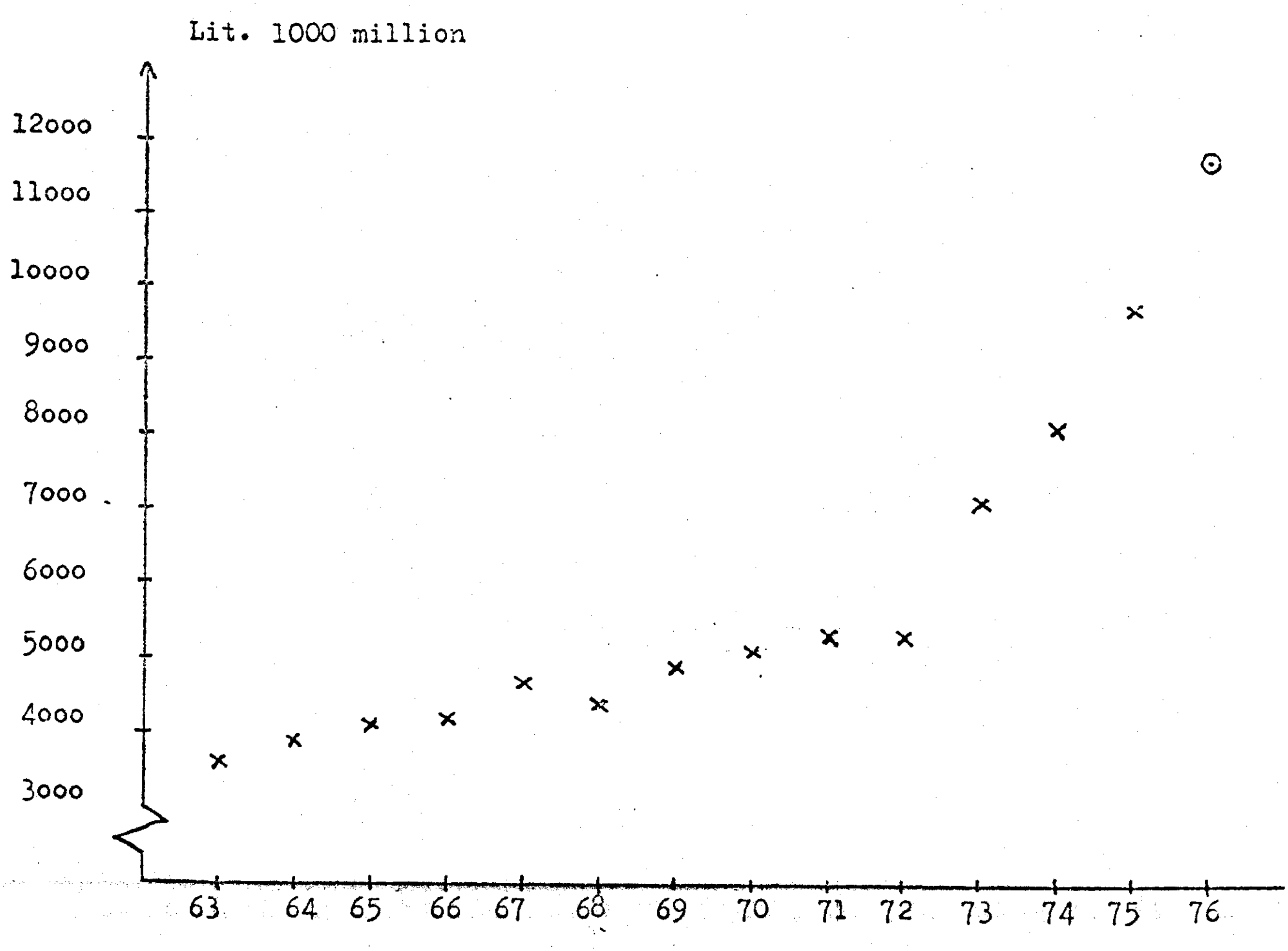
Imports have subsequently been cut back by measures introduced by the Italian government (the no-interest 50% cash deposit decreed on 6 May).

Source: Istituto Centrale di Statistica, Roma

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year (Lit. 1000 million)

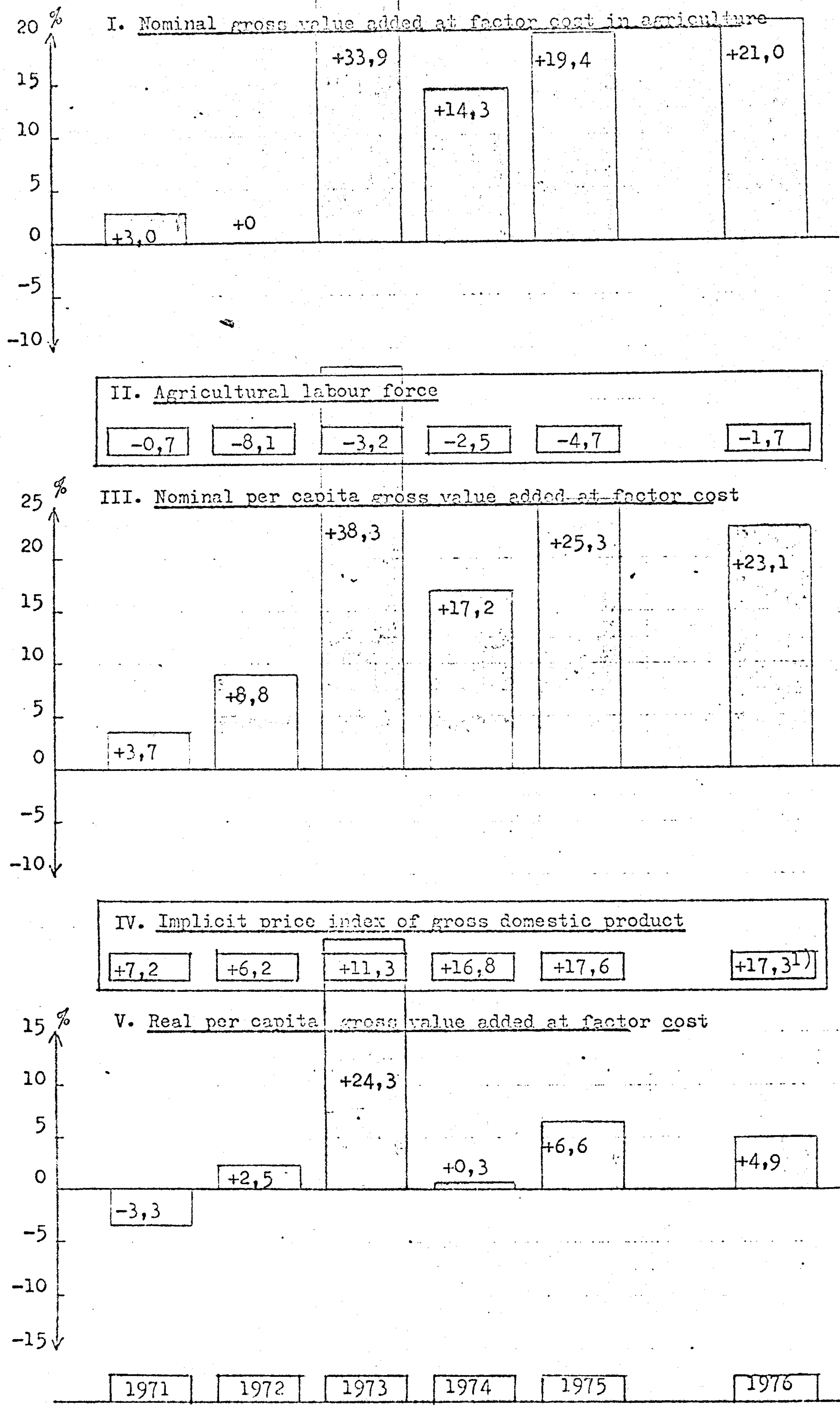
		1975	1976	Change absolute	Change %
	Final production	12 733,0	15 409,0	+ 2 676,0	+ 21,0
	of which : crop production	7 644,3	8 803,0	+ 1 158,7	+ 15,2
	livestock produc.	5 032,6	6 538,0	+ 1 505,4	+ 29,9
–	Intermediate consumption	3 439,4	4 131,0	+ 691,6	+ 20,1
=	Gross value added at market prices	9 293,6	11 278,0	+ 1 984,4	+ 21,4
+	Subsidies	461	522	+ 61	+ 13,2
–	Taxes linked to production	56,1	68,0	+ 11,9	+ 21,2
=	Gross value added at factor cost	9 698,5	11 732,0	+ 2 033,5	+ 21,0

Evolution of gross value added at factor cost



Italy

Evolution of rates of change from 1971 to 1976(1)



1) National figure

NETHERLANDS

(Estimates at 17 November 1976)

The revised estimates show an increase in the gross value added at current prices of 9 %, a fall of 3% compared with the original estimates. This fall is due to the fact that more information is now available on the reduced supplies of rough fodder for the coming winter. Because of this, a considerable reduction must be anticipated in hay stocks.

The value of final production is expected to increase to Fl 20.9 thousand million, a rise of around 13%. Intermediate consumption excluding depreciation, will increase by around 18 % to Fl 10.5 thousand million.

Financial results of individual holdings will vary greatly depending on type of farm and region as a result of the extremely dry weather in 1976.

Because of the extended drought, actual yields for field crops, except wheat and sugar beet, were below the 1975 level. A lower yield level is also expected for field vegetables and fruit. By contrast, the production of ornamental plants and shrubs is expected to increase in volume terms, owing partly to the increased area under cultivation. Meat production will also increase in volume by around 3%, a similar upswing also being expected for milk production.

Prices of vegetable products are expected to arise by around 20 %. This increase is largely due to the extremely high prices for potatoes from the 1975 harvest and - to a lesser extent - from the new harvest.As a result of a small rise in sugar beet production, together with a high sugar content, a larger volume of sugar will probably have to be sold on the world market at considerably lower prices. In the meat sector, an average price increase of the order of 8 % can be expected, due primarily to an upward movement in prices of pigmeat and poultry which was sustained over the whole of the year. The rise in the price of milk is expected to keep pace with the rise in the guide price, whereas the recovery in the price of eggs can be attributed to improved export opportunities.

On the costs side, an increase of around 18% is expected in the value of intermediate consumption. Some 60 % of this increase is the result of price increases.The greatest price rise - just over 20 % - is for energy. The rise in volume terms can be attributed mainly to animal feedingstuffs.

The reduced supplies of rough fodder (see above) will lead to an appreciable increase in the consumption of compound feeds; moreover considerable compound feed was additionally consumed during the summer. On the other hand, consumption of nitrates decreased as a result of the drought.

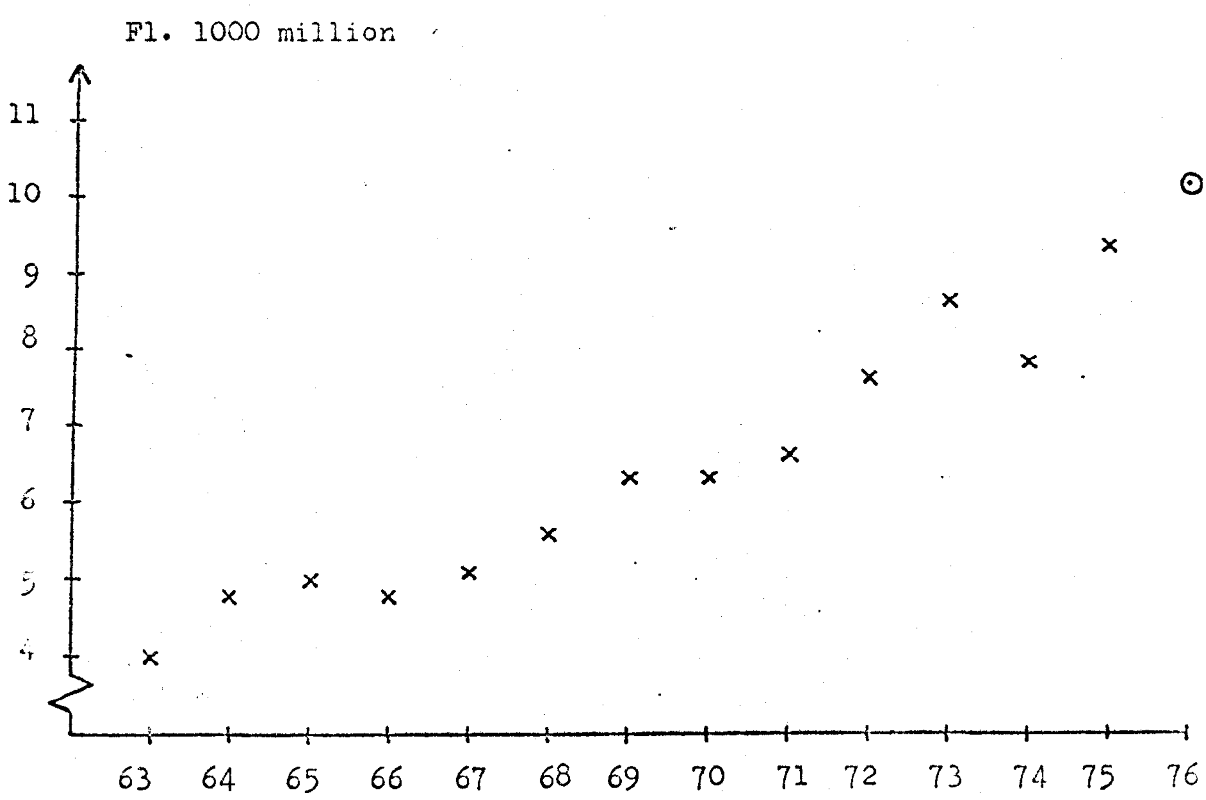
Source: Ministerie van Landbouw en Visserij, 'S-Gravenhage

Netherlands

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year(Mio Fl.).

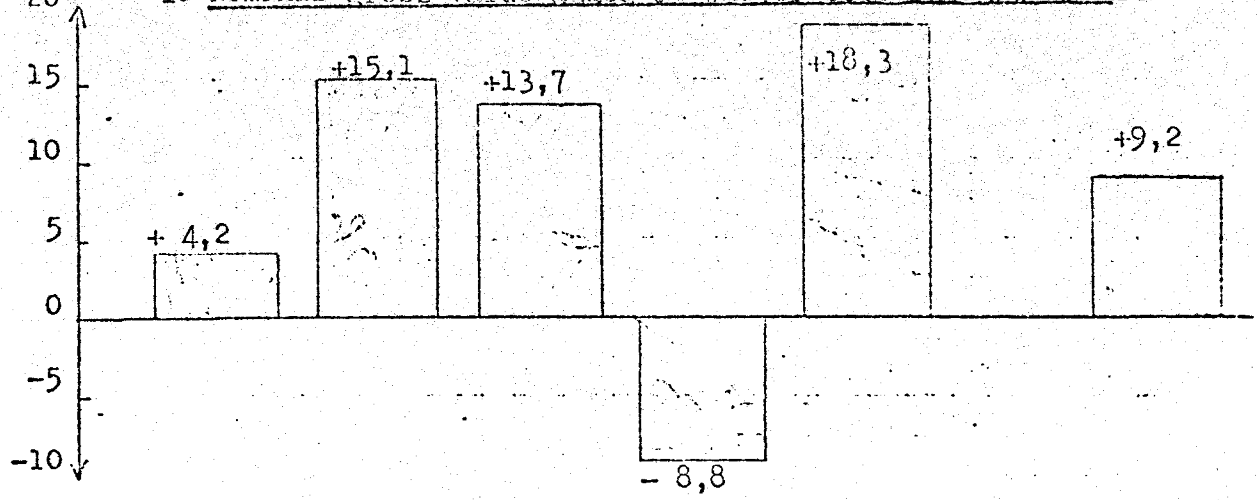
		1975	1976	Change absolute	Change %
	Final production	18 435	20 900	+ 2 465	+ 13,4
	of which: crop production	6 175	7 480	+ 1 305	+ 21,1
	livestock produc.	12 260	13 420	+ 1 160	+ 9,5
-	Intermediate consumption	8 880	10 470	+ 1 590	+ 17,9
=	Gross value added at market prices	9 555	10 430	+ 875	+ 9,2
+	Subsidies	30	40	+ 10	+ 33,3
-	Taxes linked to production	310	340	+ 30	+ 9,7
=	Gross value added at factor cost	9 275	10 130	+ 855	+ 9,2

Evolution of gross value added at factor cost



Evolution of rates of change from 1971 to 1976(*)

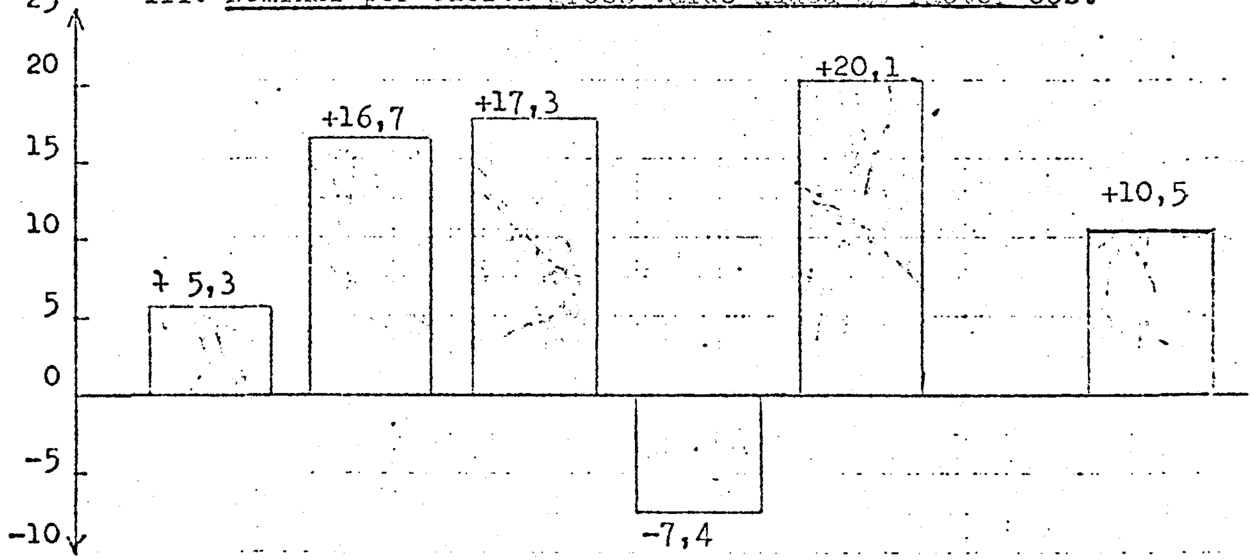
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

-1,0	-1,4	-3,1	-1,5	-1,5	-1,2

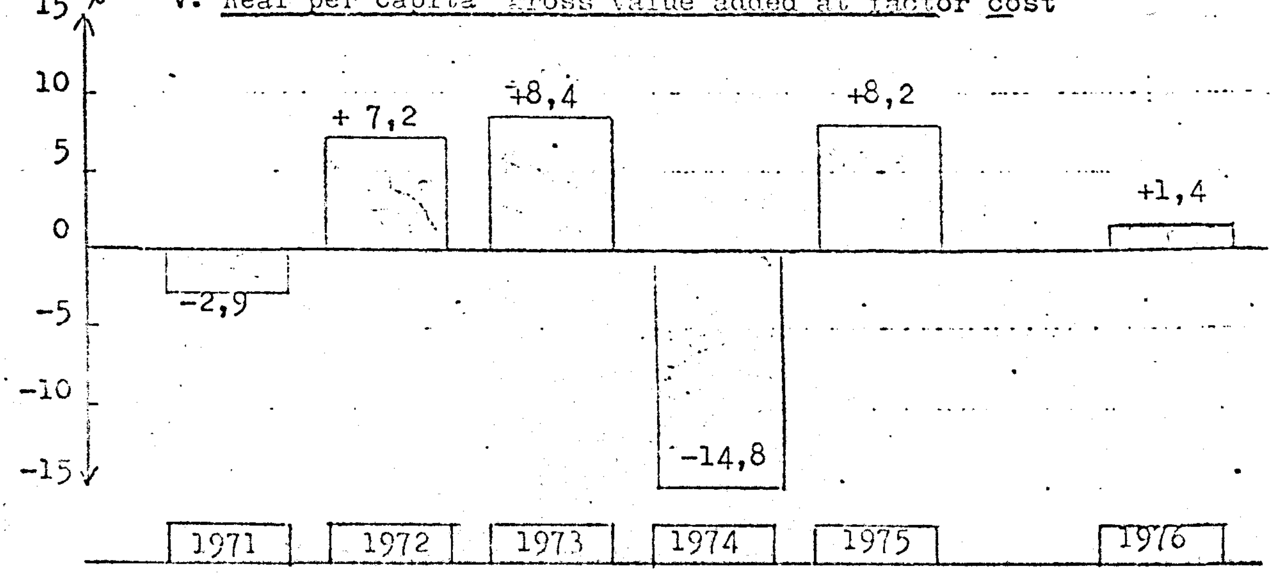
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

+8,4	+8,9	+8,2	+8,7	+11,0	+9,0

V. Real per capita gross value added at factor cost



BELGIUM

(Estimates at 17 November 1976)

1. Final production

1.1 Crop production

1976 was certainly not a good year for main crops. The effects of the drought on production and supplies are not, however, clearly discernible from a comparison of this year's final production with that of the previous year. Indeed, in 1975 it was necessary to make allowances for poor climatic conditions; excessive rain had led to the failure of winter sowings and the drought had already caused serious damage during the summer.

Compared with 1975, the area under winter cereals increased markedly and the damage caused by the drought affected spring cereals worst of all. While cereal production was clearly higher, a larger proportion of it was used at the farm itself. The estimated volume of supplies exceeded that of the previous harvest by 22 %.

The drought damage affected potatoes and sugar beet less than was initially expected. These crops managed to benefit from the rain which arrived towards the end of the season. In spite of the slow-down in growth during the summer, the sugar beet yield is one of the best recorded in recent years; an average of 48 to 49 tonnes per hectare, or 17 % more than in 1975. The average sugar content will only be slightly lower than last year's, but the total area planted was appreciably smaller (down 21 %). Total production is estimated at 4.7 million tonnes, or 8 % less than in 1975.

The total area planted with potatoes was roughly equal to the 1975 figure, but the average yield per ha was 25 % lower. Total production registered is 774 000 tonnes (down 25 %).

Production of leguminous and industrial crops was markedly lower than that for 1975: leguminosae (down 55 %), flax straw, (down 30 %), hops (down 25 %), chicory (down 40 %) and tobacco (down 19 %).

For all main crops, price increases, sometimes substantial, are apparent in relation to prices attained from the previous harvest : wheat (up 8.5 %), rye (up 13.1 %), barley (up 10.8 %), oats (up 25.3 %), leguminosae (up 53 %), sugar beet (up 3.1% in relation to real sugar content) and potatoes (up 81 %).

Precise evaluation of horticultural production is not yet possible because the main products (chicory, cabbage, apples and pears) have only been marketed in small quantities, and surprises in the pattern of price formation cannot be ruled out. The total value of vegetable products is estimated at 15.6 thousand million francs (up 5 %) and that of fruit production at 5.1 thousand million francs (up 16.5 %).

1.2 Animal production

In the first six months of 1976, milk production increased by about 10 % compared with the same period in the previous year. Milk supplies declined markedly at the onset of the drought which had a drastic effect on the supply of provender. Total supplies in 1976 remained at the level of the previous year from that point on.

In the cattle meat sector a reduction in the supply of fully-grown bovine animals may be noted (down 6.3 %), except for cows (up 2.1 %); the supply of calves increased (up 2.8 %). Pig production exceeded by 4.6 % the figure for 1975, while the rise in poultry meat production was of the order of 4 %. Egg production declined (down 1.5 %).

For all livestock farm enterprises, prices were again an improvement on the previous year: milk (up 6.3 %), bovine animals (up 2.7 %), pigs (up 9.9 %), poultry meat (up 12.3 %) and eggs (up 24 %).

The cattle population declined slightly, whereas the pig population showed a very substantial increase.

2. Intermediate consumption

The value of chemical fertilizers employed was 10.9 % above that for 1975. Prices were an average of 12 % higher in relation to the previous production cycle.

In 1976, purchase of animal feedingstuffs increased by 11.5 %; on account of the drought, demand was abnormally high for concentrated feedstuffs for bovine animals, whereas a higher quantity of feedingstuffs was employed as a result of increased production of pigs and table fowls. The price of animal feedingstuffs rose by 10.7 % compared with 1975. Total expenditure increased by 23.4 % in relation to the prévious year.

Expenditure on seeds and plants was considerably higher (up 25 %), mainly because of potato plants, whose price more than doubled in relation to 1975.

Consumption of phytopharmacological products declined due to the drought, and their prices fell, with a resulting decline in expenditure of approximately 16 %.

The increased value of intermediate consumption taken as a whole is approximately 19 %, or virtually double the increase in the value of final production.

3. Gross added value

In view of the unfavourable relation between the rise in the value of final production and that of expenditure, the value added at market prices in agriculture and horticulture shows only a small increase compared with 1975 (up 1.9 %) reaching approximately 68.7 thousand million francs.

Expressed at factor cost, gross value added increased to 69.9 thousand million FB, or a rise of only 0.8 % compared with the preceding year; in real terms, this represents a fall of 7.5 %.

The decrease occurring in agricultural income will be offset thanks to the government's plan to compensate for the losses and additional expenses occasioned by the drought. The total of this public aid is provisionally estimated at 5 thousand million FB. The effective date of the availability of this aid to beneficiaries will be during the course of 1977.

4. Sectoral Income Index

The provisional results of the agricultural survey for 1976 indicate that the number of persons in permanent employment in agriculture and horticulture declined by 3.2 %; casual labour, on the other hand, showed a slight increase. Expressed in work units, the decline in the number of persons employed is estimated at 2.8 %. The gross value added at factor cost per work unit thus increased by approximately 3.7 %.

In relation to 1975, the GDP implicit price index increased by 9 %; a fall, estimated at 4.9 %, in the real value of the gross value added at factor cost per person employed in agriculture and horticulture, must therefore be expected.

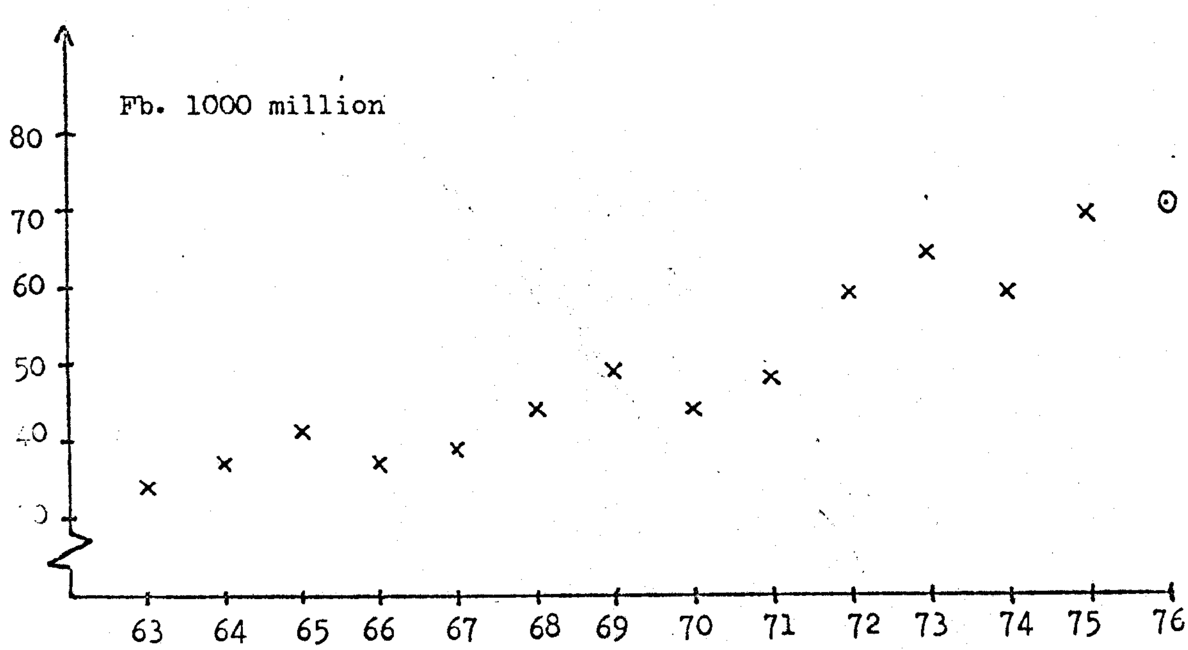
Source: Ministère de l'Agriculture (Institut Economique Agricole), Bruxelles.

Belgium

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year(Mio FB).

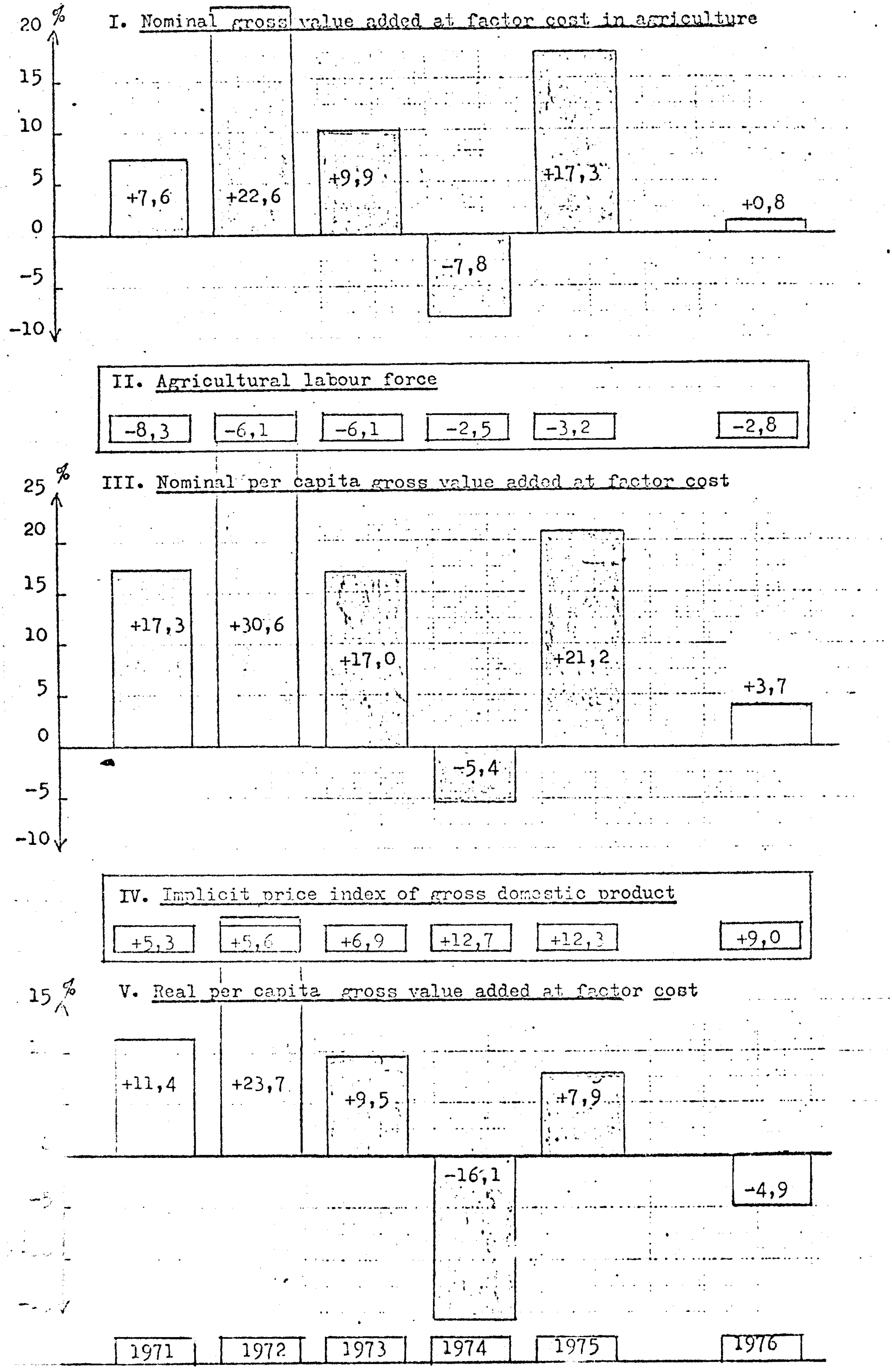
		1975	1976	Change absolute	Change %
	Final production	138 431	153 007	+ 14 576	+ 10,5
	of which: crop production	46 295	51 832	+ 5 537	+ 12,0
	livestock produc.	92 136	101 175	+ 9 039	+ 9,8
-	Intermediate consumption	71 002	84 308	+ 13 306	+ 18,7
=	Gross value added at market prices	67 429	68 699	+ 1 270	+ 1,9
+	Subsidies	2 408	1 706	- 702	- 29,2
-	Taxes linked to production	473	520	+ 47	+ 9,9
=	Gross value added at factor cost	69 364	69 885	+ 521	+ 0,8

Evolution of gross value added at factor cost



Belgium

Evolution of rates of change from 1971 to 1976 (%)



Luxembourg

(Estimates at 5 November 1976)

1976 has been marked by an exceptionally serious drought affecting every part of the country.

The drought had a direct effect on crop production, and the inadequate production of fodder crops has in turn had repercussions on animal products, particularly milk, beef an veal.

Total final agricultural production according to provisional calculations is up by around 1%, due to the fact that reduced production in terms of quantity was, to a large extent, balanced out by increased sale prices.

Expenses increased by more than 20%, due in particular to the higher cost of animal fodder. The cost of fertilizer and seed also showed a sharp increase.

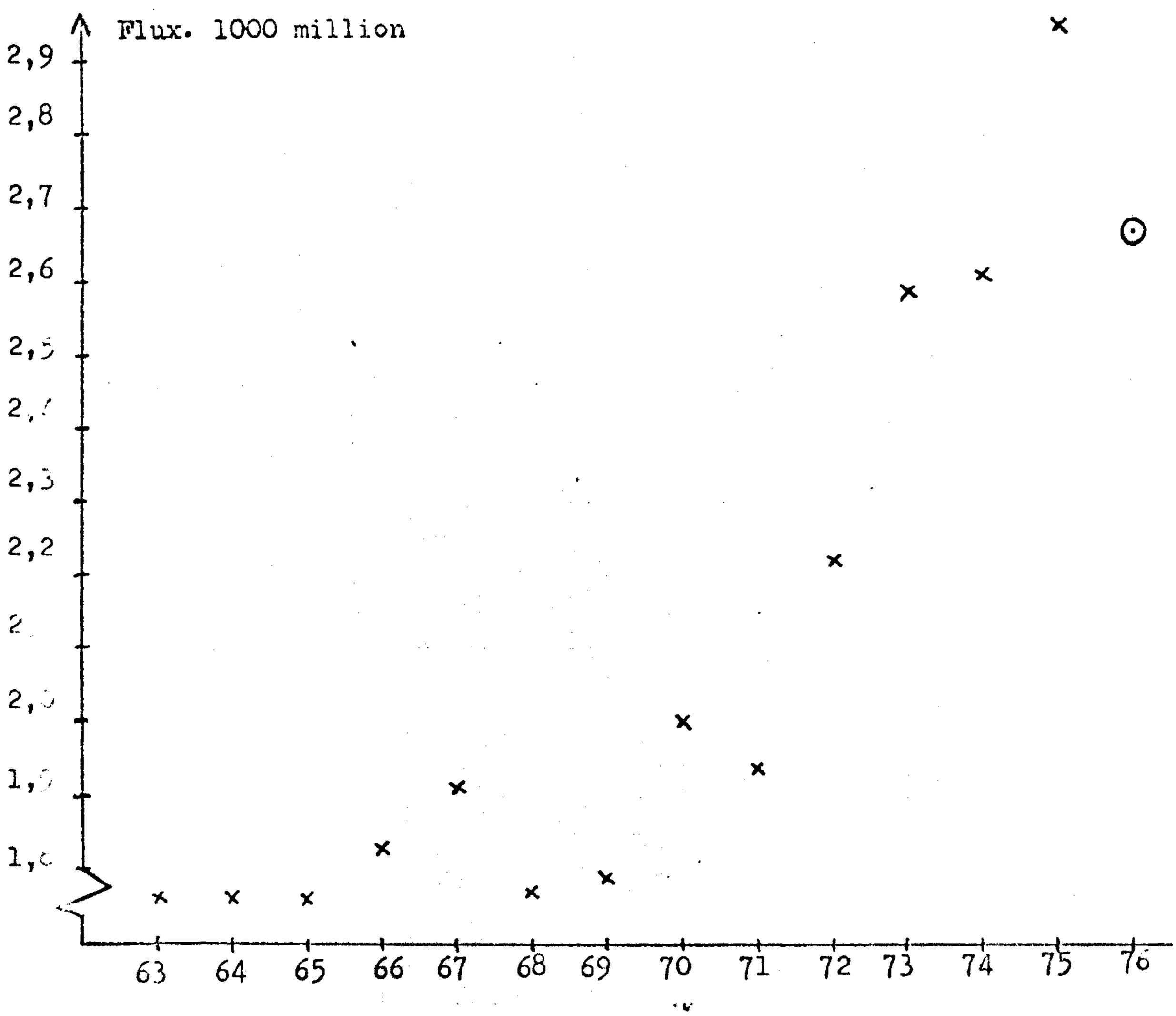
Gross value added at market prices is 12% down on the figure recorded for 1975. State subsidies increased by more than a third however, with the result that gross added at factor cost is 9,5% down on the previous year's figure.

Source: Ministère de l'Agriculture, Luxembourg

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year (Mio Flux).

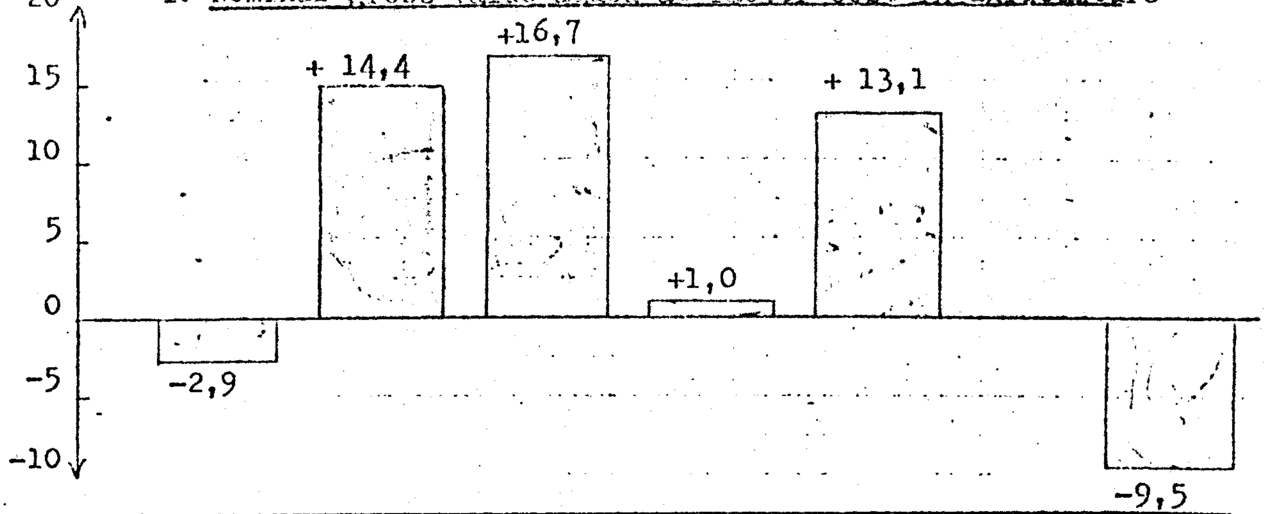
		1975	1976	Change	
				absolute	%
	Final production	4 634,3	4 673,2	+ 38,9	+ 0,8
	of which : crop production	939,7	847,0	- 92,7	- 9,9
	livestock produc.	3 694,6	3 826,2	+131,6	+ 3,6
-	Intermediate consumption	1 810,2	2 187,7	+377,5	+ 20,9
=	Gross value added at market prices	2 824,1	2 485,5	-338,6	- 12,0
+	Subsidies	163,7	222,4	+ 58,7	+ 35,9
-	Taxes linked to production	34,0	34,0	-	-
=	Gross value added at factor cost	2 953,8	2 673,9	-279,9	- 9,5

Evolution of gross value added at factor cost



Evolution of rates of change from 1971 to 1976 (%)

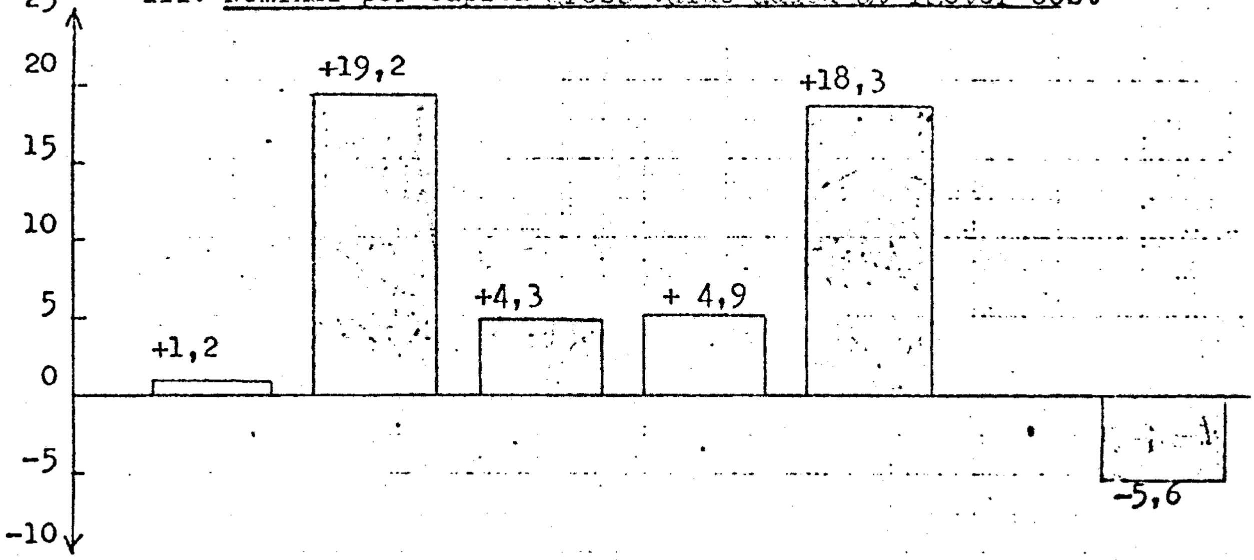
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

-4,0	-4,0	-4,4	-3,7	-4,4	-4,1

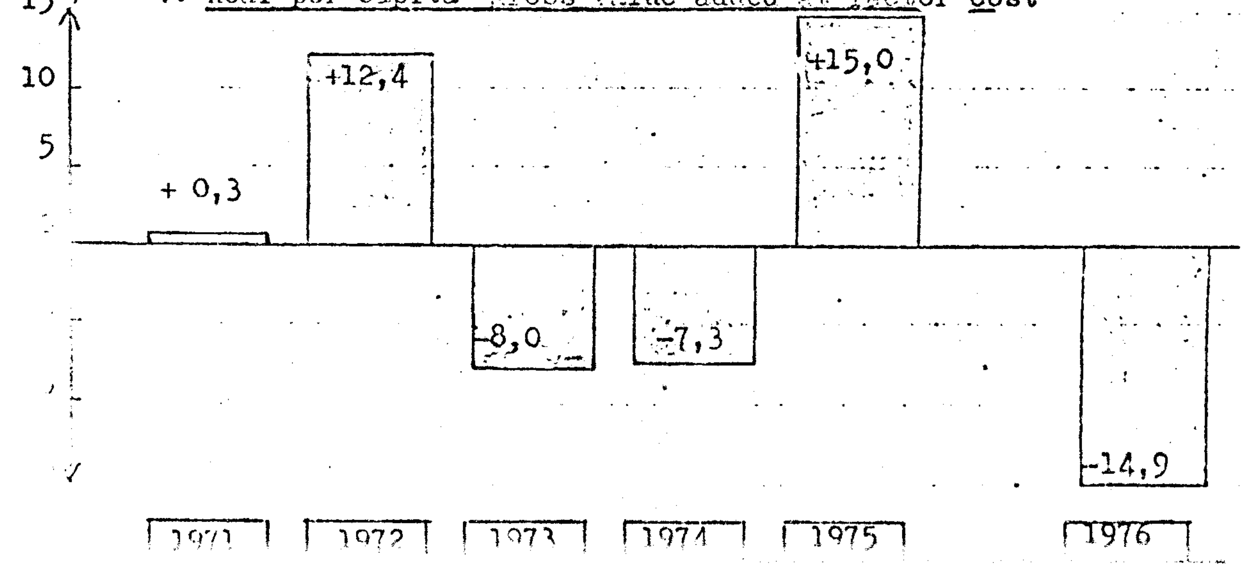
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

+ 0,9	+ 6,1	+ 13,4	+ 13,2	+ 2,9	+10,9

V. Real per capita gross value added at factor cost



United Kingdom (Provisional Results)

(Estimates at 19 November 1976)

The results presented for the United Kingdom in this report are first attempts at constructing calendar year agricultural accounts. They therefore differ from the crop year figures published nationally and in the EEC Volume of Agricultural Account Statistics. They are very provisional and could be subject to major amendment as concepts and methods are refined.

United Kingdom agricultural output in both 1975 and 1976 was badly affected by summer drought with the result that crop yields in both years were significantly below normal, milk yields suffered and shortage of fodder led to extra culling of grazing animals. The effects were to some extend cumulative in the second drought year and comparisons between these two years do not reflect how far they have both deviated from normal expectations. The reductions in volume of output were in a number of cases compensated by higher market prices, particularly for potatoes, vegetables and meat.

In current value terms, the gross value added is estimated to have been some 23 per cent more in the calendar year 1976 than in 1975. Output and consumed inputs increased by much the same proportions. In both cases the increases were mainly due to higher prices. All commodities are expected to have contributed to the increased value of output in 1976. Potatoes, with a decrease in volume of over one quarter, are estimated to have increased in price by 150 per cent. Cereals delivered off the national farm are expected to be down by 10 per cent in volume in 1976 compared with 1975 but 11 per cent more in value - a 20 per cent increase in average price. Significant reductions in the volume of various horticulture crops have been largely compensated by price increases.

On the livestock side milk and cattle sales are expected to have contributed over one quarter of the increased value of total output with another 15 per cent arising equally from sheep, pigs and poultry. Only milk and poultry are expected to show increase in volume.

Because of the drought, farmers had to buy in additional feeding stuffs at ever rising prices. In 1976 expenditure on feed is expected to be a third higher than in 1975. Outlay on fertilisers and lime is likely to have increased by 16 per cent and machinery costs, including fuel, by between 20 and 25 per cent.

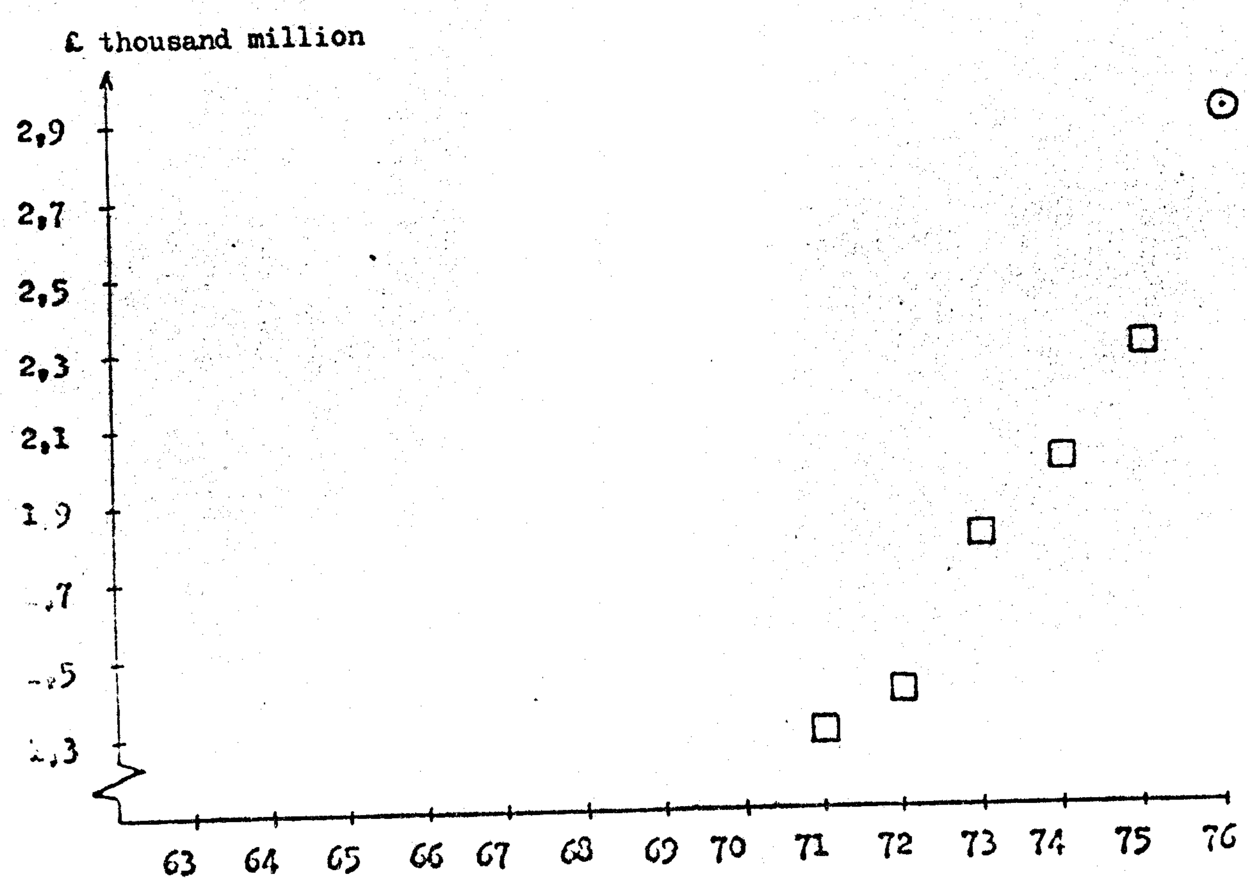
The outflow of labour in 1976 is likely to have been less than in either of the two preceding years.

Source : Ministry of Agriculture, Fisheries and Food, London

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year (Mio £).

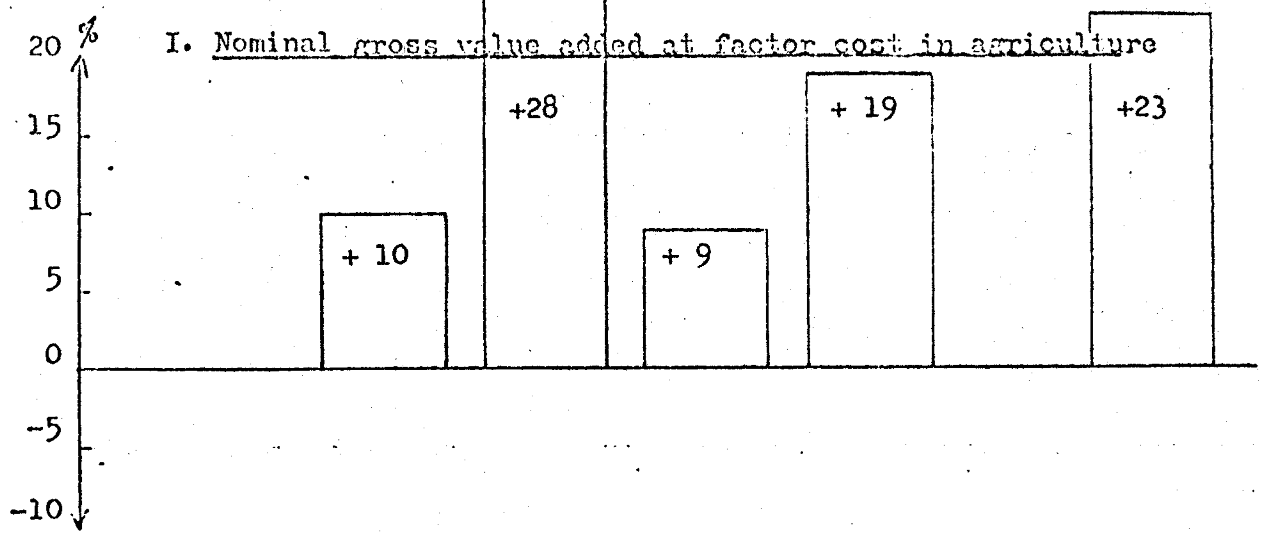
		1975	1976	Change	
				absolute	%
	Final production	4 955	6 074	+1 119	+ 23
	of which : crop deliveries	1 620	1 999	+ 379	+ 23
	livestock "	3 268	3 860	+ 592	+ 18
–	Intermediate consumption	2 634	3 213	+ 579	+ 22
=	Gross value added at market prices	:	:	:	:
+	Subsidies	:	:	:	:
–	Taxes linked to production	:	:	:	:
=	Gross value added at factor cost	2 321	2 861	+ 540	+ 23

Evolution of gross value added at factor cost



Evolution of rates of change from 1971 to 1976 (%) 1) | United Kingdom

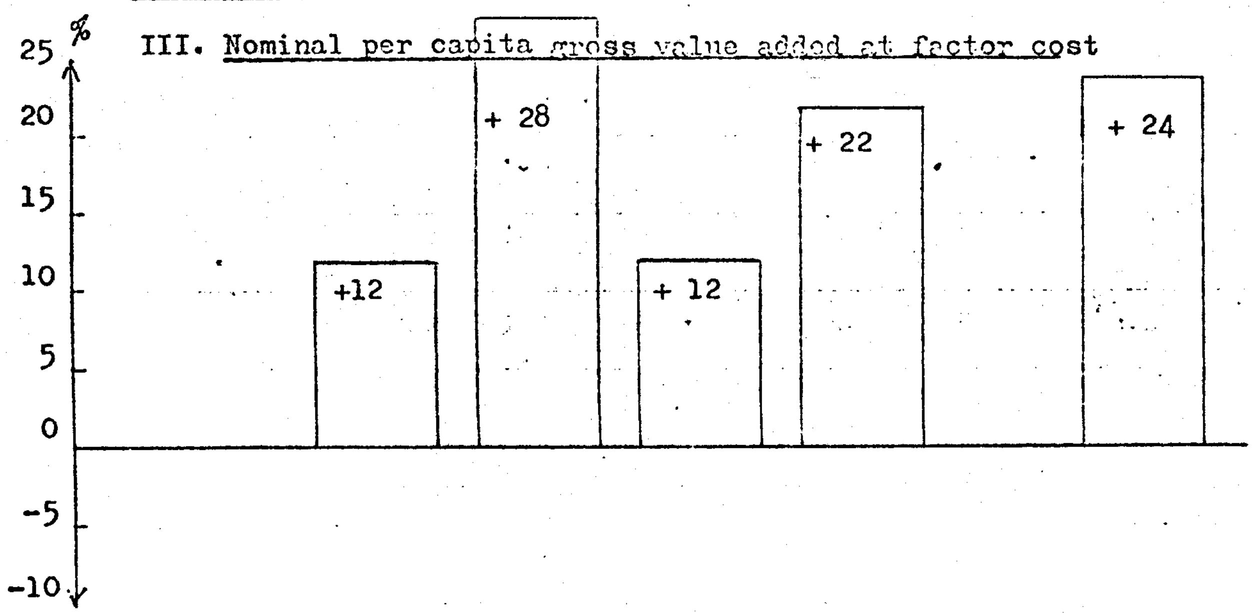
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

1971	1972	1973	1974	1975	1976
	- 1,4	- 0,1	- 2,8	-2,3	- 0,7

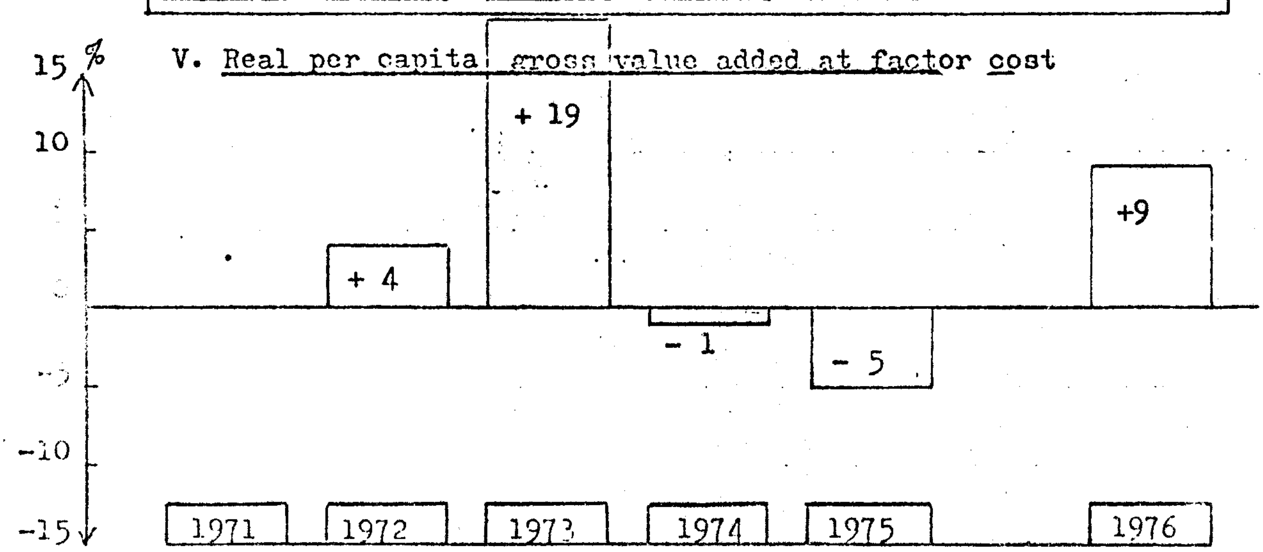
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

1971	1972	1973	1974	1975	1976
+ 8,9	+8,0	+ 7,9	+13,4	+27,8	+14,2

V. Real per capita gross value added at factor cost



1) Rounded to the nearest whole percent

IRELAND

(Estimates completed 17 January, 1977)

It should be recognised that the present estimates are based on provisional and incomplete information and are subject to revisions, some of which may be substantial. The estimates have been prepared prior to the availability of complete information on harvested crops and of data on production and sale of compound feeds and purchases of other inputs in the final quarter of 1976. In particular, the end of year stock figures were not available.

Users of these figures are advised to consider the "estimates" more as order of magnitude estimates than precise values.

In 1976, the value of total final production is estimated to have increased by £148 millions approximately or about 17,5 per cent on 1975. This arose from increases in the value of final production of crops, particularly potatoes, livestock and milk.

Intermediate consumption is estimated to have increased by £69 millions or about 24 per cent on the corresponding 1975 figure, major increases occurred in both feeding stuffs and fertilisers. When allowance is made for subsidies and production taxes, Gross Value Added at factor cost is estimated to have increased by some £75 millions or over 13 per cent on 1975.

In volume terms the expected out-turn in total final production in 1976 is over 4 per cent down on 1975 as a result of volume declines of over 5 per cent in crop production and over 4 per cent in livestock production. For crops the estimated volume of both cereals (principally barley) and root crops (potatoes) declined. As the value increases indicate these declines have been more than offset by increased prices. For livestock, volume declines of about 17 per cent for cattle, and 20 per cent for sheep are estimated. These are offset to some extent by volume increases of about 19 per cent in pigs and some 7 per cent in milk. As in the case of crops, livestock prices have shown substantial increases and the price of milk may have increased by more than 12 per cent. The overall volume and value changes for total final production imply that prices increased by about 23 per cent in 1976.

On the inputs side the volume of feedingstuffs may have risen by about 11 per cent. In 1976, the input of fertilisers increased by 19 per cent, the first increase in fertiliser usage sinc 1973. Other inputs are not expected to show large volume increases following the substantial decline in cattle production and the overall volume decline in final production. Input prices are expected to increase by about 16 per cent. In the case of feedingstuffs, the substantial increases in cereal prices (of the 1976 harvest) may result in higher than estimated feedingstuff prices in the final quarter of 1976.

The index of per capita sectoral income (i.e. gross value added at factor cost per person employed in agriculture) is expected to increase nominally by almost 15 per cent in 1976 on 1975. Deflating the nominal change by the implied price change of Gross Domestic Product at market prices a decrease of about 3 per cent is obtained in real terms.

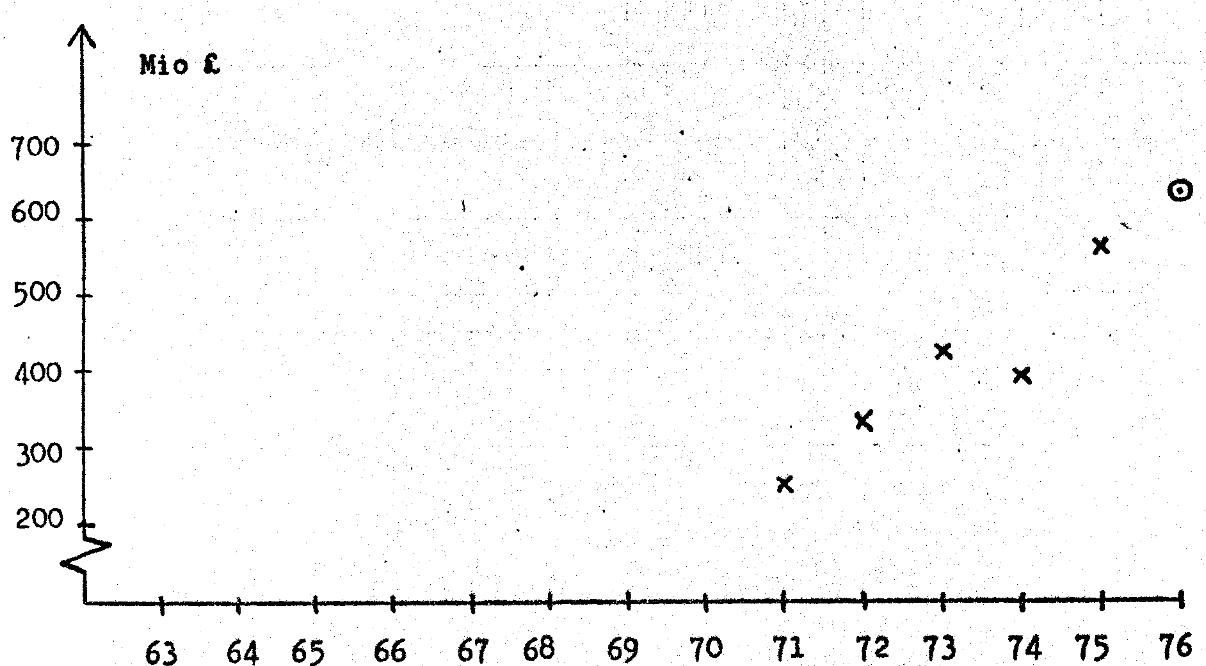
Source : Central Statistics Office, Dublin.

Ireland

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year(Mio £).

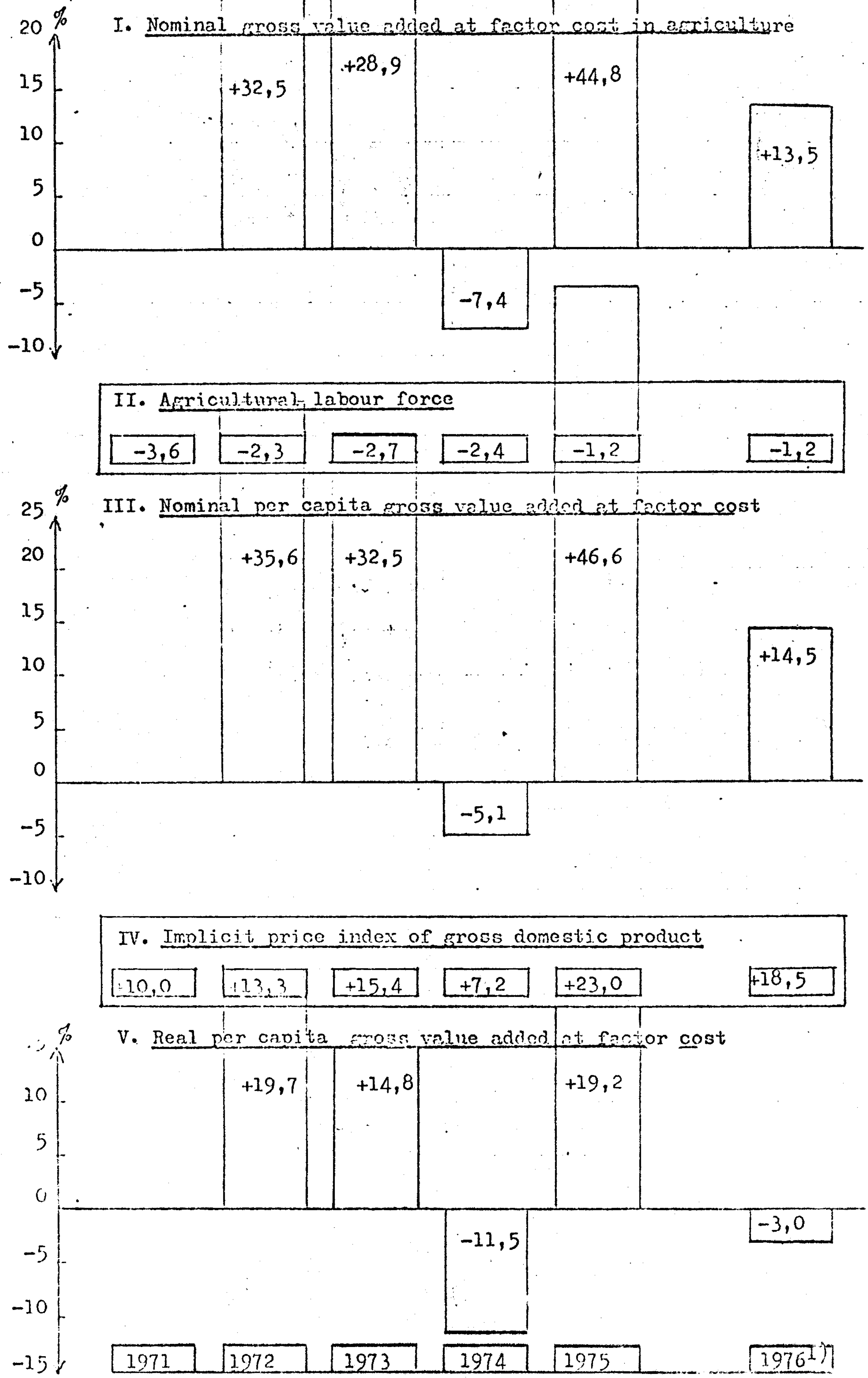
		1975	1976	Change	
				absolute	%
	Final production	848,5	997	+ 148,5	+ 17,5
	of which: crop production	133,4	159	+ 25,6	+ 19,2
	livestock produc.	715,1	838	+ 122,9	+ 17,2
-	Intermediate consumption	289,0	358	+ 69	+ 23,9
=	Gross value added at market prices	559,5	639	+ 79,5	+ 14,2
+	Subsidies	19,4	21	+ 1,6	+ 8,3
-	Taxes linked to production	16,1	22	+ 5,9	+ 36,6
=	Gross value added at factor cost	562,8	638	+ 75,2	+ 13,4

Evolution of gross value added at factor cost



Ireland

Evolution of rates of change from 1971 to 1976(%)



1) Rounded to the nearest half percent

DENMARK

(Estimates at 19 November 1976)

As stated during discussions in the working party dealing with the preparation of the index, the revised estimate for the Sectoral Income Index is subject to some uncertainty, which is further compounded this year by the present difficulty of assessing fully the effects of the drought on the production of milk and the numbers of cattle slaughtered on the demand for feedstuffs.

With few exceptions the drought has led to a reduction in the volume of vegetable production. However, it is expected that, as a result of price increases for cash crops, the production price for cash crops will rise from 5 136 m. Dkr in 1975 to 5 260 m. Dkr in 1976, an increase of 2.4 %.

It is estimated that the price of animal products will rise from 15 543 m. Dkr in 1975 to 17 427 m. Dkr in 1976, a rise of 12.1 %.

According to the revised estimate, the total value of production shows an increase from 20 679 m. Dkr in 1975 to 22 687 m. Dkr in 1976, a growth of 9.7 %.

The cost of basic and auxilary materials is affected by the steep increase in the cost of feedstuffs. According to the revised estimate, feedstuff costs are expected to rise from 4 373 m. Dkr in 1975 to 5 380 m. Dkr in 1976, an increase of 23%. This estimate is subject to considerable uncertainty because of the drought in 1976.

According to the revised estimate, the total cost of basic and auxilary materials shows an increase from 9 690 m. Dkr in 1975 to 10 961 m. Dkr in 1976, a rise of 13.1 %.

It is estimated that subsidies will rise from 186 m. Dkr in 1975 to 200 m. Dkr in 1976.

It is expected that the decline in the number of fully employed agricultural workers will continue, although in 1976 the estimated reduction will be only 0.4 %.

The revised estimate shows an increase in gross domestic product at factor cost from 11 175 m. Dkr in 1975 to 11 926 m. Dkr in 1976, a rise of 6.7 %.

The nominal relative variation in gross domestic product at factor cost per capita in the agricultural sector from 1975 to 1976 shows a rise of 7.1% while the real relative variation in gross domestic product at factor cost per capita in the agricultural sector shows a fall of 1.7% from 1975 to 1976.

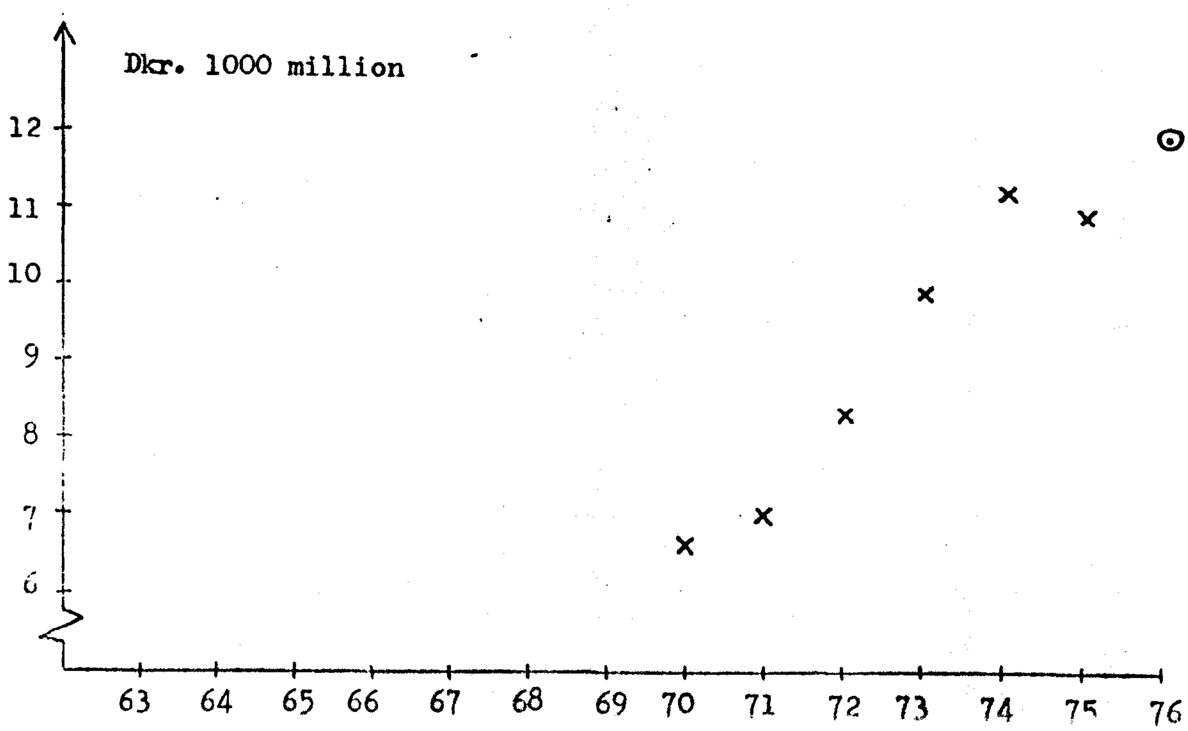
Source: Danmarks Statistik, København

Denmark

Anticipated change in nominal values of the economic accounts for agriculture for 1976 as compared with the previous year(Mio Dkr.).

		1975	1976	Change absolute	Change %
	Final production	20 679	22 687	+ 2 008	+ 9,7
	of which: crop production	5 136	5 260	+ 124	+ 2,4
	livestock produc.	15 543	17 427	+ 1 884	+ 12,1
-	Intermediate consumption	9 690	10 961	+ 1 271	+ 13,1
=	Gross value added at market prices	10 989	11 726	+ 737	+ 6,7
+	Subsidies	186	200	+ 14	+ 7,5
-	Taxes linked to production	:	:		
=	Gross value added at factor cost	11 175	11 926	+ 751	+ 6,7

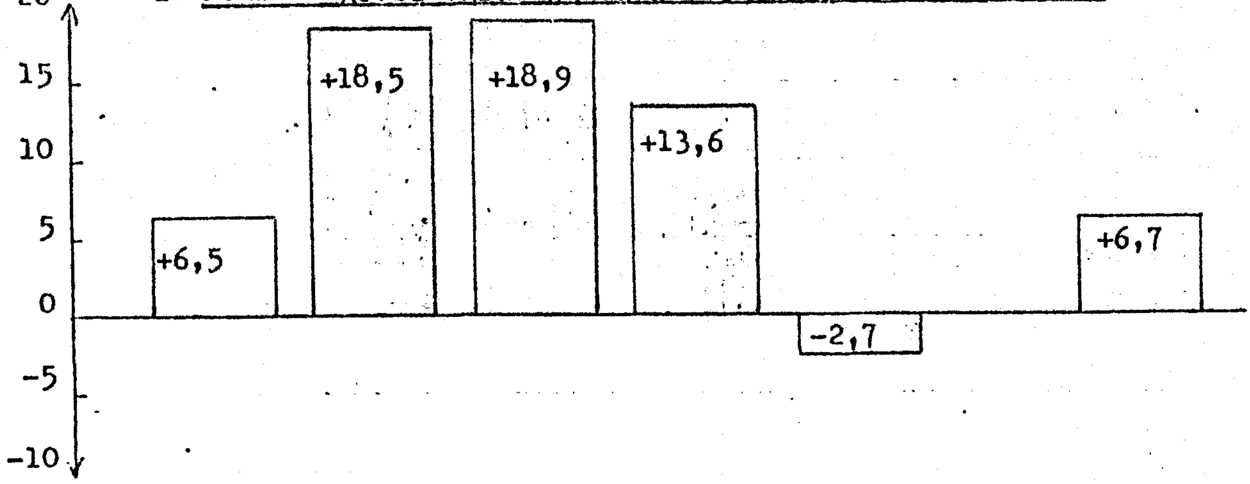
Evolution of gross value added at factor cost



Denmark

Evolution of rates of change from 1971 to 1976 (%)

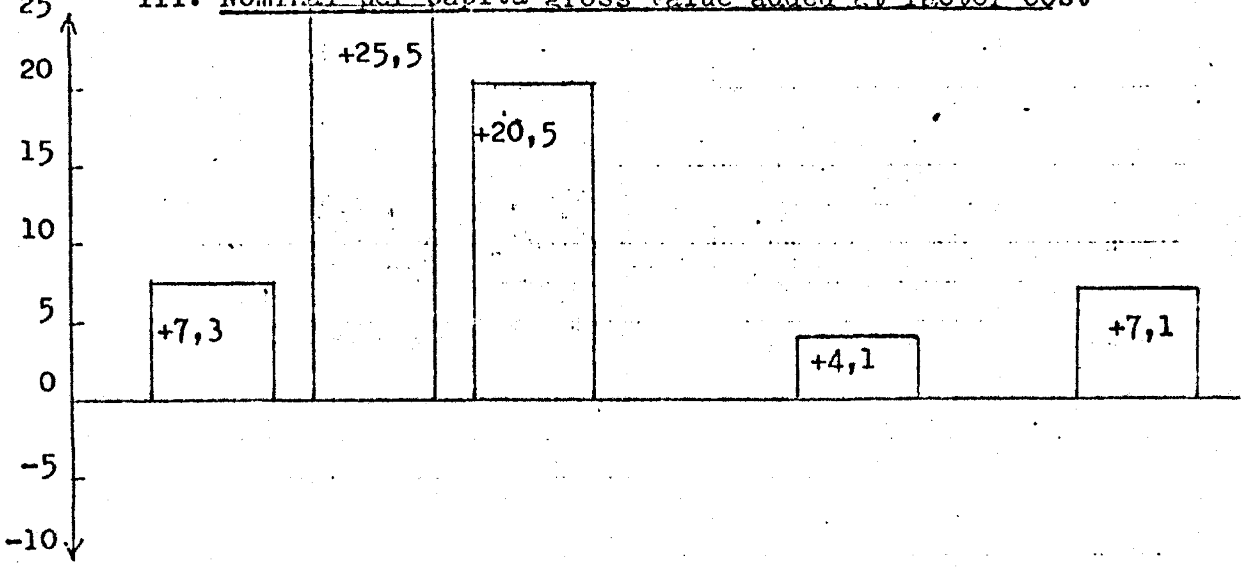
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

1971	1972	1973	1974	1975	1976
-0,7	-5,6	-1,3		-6,5	-0,4

III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

1971	1972	1973	1974	1975	1976
+6,1	+8,6	+10,3	+11,2	+11,4	+9,0

V. Real per capita gross value added at factor cost