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Directorate-General for Agriculture and Rural Development

AGRICULTURE IN THE EUROPEAN UNION

STATISTICAL AND ECONOMIC INFORMATION

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Foreword

Each year the Commission publishes a report on the agricultural situation in the European Union. A large part of the report is devoted to statistical information on Community agriculture. This is drawn up on the basis of information from Eurostat and data collected by the Directorate-General for Agriculture and Rural Development.

In order for it to be more useful, the statistical information should be as up-to-date as possible and made available to users as soon as it is obtained. Therefore, the Directorate-General for Agriculture and Rural Development has decided to devote a special publication to statistical and economic information on Community agriculture, separate from the Agricultural Annual Report.

The statistical information presented here covers a wide range of subjects: the economic situation in agriculture, structures, trade, markets, financial aspects and rural development. An introductory chapter gives an overview of the 2004 agricultural year. It also includes for the first time a wide range of statistical information on agriculture in the 25 Member States.

Contents

¤ = New table

Remark: The following tables of *The Agricultural Situation in the European Union – 2003* have not been repeated: 3.2.3.1, 3.2.4.1, 3.3.5.2, 3.3.13.2, 3.5.1.4.2, 3.5.2.2.2, 3.7.20, 3.7.22, 4.4.1.2, 4.5.1.2, 4.10.1.2, 4.13.7.10

The 2004 Agricultural Year

Overview

1. The 2004 agricultural year was marked by an increase in crop production and a recovery or a stabilisation of production for livestock products, combined with favourable prices for livestock products and lower prices for crops. Input prices were substantially higher in 2004 mainly due to increased prices for energy, fertilisers and feeding stuff. Price developments were highly variable by sector and country. Under these circumstances agricultural income rose for the European Union as a whole by +3.3 % in real terms. The actual range by country was from -11.5 % for the Netherlands to +107.8 % for the Czech Republic.

2. As far as the weather is concerned, the autumn 2003 **weather conditions** had been generally favourable for winter crops' sowings. A colder than average October was followed by a warmer than average period, particularly in central and eastern EU countries, Russia and Ukraine. Winter was characterised by higher seasonal temperatures in the central and eastern European areas with generally low risk of frost damage due to an extended and sufficient snow cover. Whereas in northern Spain, Portugal and north-west Italy were relatively dry, cumulated rainfall was higher in eastern and central EU countries, southern Spain, north-east Italy and northern Germany.

   During spring 2004 the climatic conditions were satisfactory for crop growth and farming operations. Very scarce rainfall was recorded in France, Portugal and eastern countries, whilst in Mediterranean basin countries (except southern Greece) rainfall was above or exceptionally above historical average with sufficient water supplies for the winter crops. The northern countries recorded seasonable milder temperatures and more solar radiation which favour crop growth. Finally, in June in the western part of Europe higher than average temperatures were recorded particularly in western Ireland, western England, south-western France and Iberian Peninsula.

   The summer 2004 was within the normal thermal conditions. It was drier than expected in the Mediterranean basin (especially in northern and central Italy), the Czech Republic and north-west Hungary. In August excessive rainfalls in the North Sea area (Great Britain, Sweden and the Netherlands) determined good water supply for maize and sugar beets. Short windows without rain allowed winter cereal harvesting. September was significantly drier than expected (except from Germany, Ireland and Northern Greece). These very normal mild weather conditions in winter and favourable to optimal maturity and pre-harvest as well as harvest conditions led to record volumes in cereals production.

3. In 2004/05, demand for **cereals** within the European Union is estimated to stand about 3 % higher than the 2003/04 marketing year almost exclusively in feed grain demand due to the low cereal prices. Only the use of barley was lower in 2004 due to the relatively higher prices for feed barley than for feed maize, feed wheat and feed rye.

As regards **livestock products**, after the very high level of 2003, meat consumption was slightly lower or stable. Despite a slight increase in production combined with higher imports, mainly from South America, and lower exports, the lack of stock availability and higher prices did not allow beef meat consumption to rise further. The slightly decrease in pig meat consumption in the whole EU cause mainly from a decline in the new Member States, due to a drop of pig meat production that was not compensated by higher imports from the EU-15 Member States. Consumption of poultry meat was stable and sheep meat and goat meat consumption was only slightly up (+0.6 %). Overall consumption of milk products continued to show a slight upward growth. A slight increase in demand for butter (+0.5 %) and cheese (+1.3 %) was registered whilst skimmed milk powder consumption declined (-3.5 %) in 2004 in both the new and old EU Member States.

4. Concerning the global economic situation, the world growth has matured in 2004 (expected world GDP growth by 5 %), the fastest pace since the seventies. The surge in economic activity is driven by a number of factors, including supportive macroeconomic policies, historically low interest rates, and particularly strong growth in some emerging economies, such as China. The global recovery has put upward pressure on both fuel and non-fuel commodity prices. Sharp rise in oil process since first quarter of 2004 peaked in October 2004 at about USD 55 per barrel (Brent crude), before declining gradually to 42.1 USD/bl at the end of the year. This implies that the average annual oil price in 2004 will be 38 % higher compared to the price in 2003. Persistence of higher oil prices and their volatility already dented world growth for 2004 and have adverse implications for the growth outlook for the next years.

5. In the European Union economic activity gathered pace this year and the growth rate is projected to have reached 2.5 % in 2004. Besides the external impacts from global demand, the main factors behind this development include accommodative macroeconomic policies, low inflation, supportive financial conditions, widening profit margins and progress in structural reforms. The Euro recorded some highs against the dollar in February, followed then by a more moderate exchange rate before exhibiting again a strong growth against the dollar in the last months of 2004, closing the year at USD 1.36.

6. Record growth in agricultural production exceeded global utilisation and led to lower prices for most cereals in 2004. Global meat and dairy products prices were somewhat above the levels of 2003. In the case of cereals world wheat prices (in dollars) were higher than in 2003 in the first half of the year but subsequently fell significantly given the record world harvest in summer 2004 thanks especially to exceptional production in Europe (EU-25, Balkan countries, Ukraine) and the Russian Federation, but also higher production in Far East Asia (India and China), Africa and South America, despite some decline in Central and North America and Australia. The EU production surplus led to a substantial fall in European cereal prices.

   At the beginning of the year maize prices were substantially higher than in 2003. As a result of favourable crops prospects especially in the United States but also in China, several European countries and Mexico, increased exportable supplies among the major exporters and large feed wheat availability, international maize prices declined substantially since April and remain mostly below the previous year’s level. Weaker demand from Asia also contributed to the decline in prices in recent months.

World market prices for soyabean increased substantially at the beginning of the year due to strong demand from China. In addition the strong Asiatic demand more than doubled freight costs during spring. From the beginning of March prices for soyabean declined very markedly but were still above the 2003 price level.

For meat products, the world market situation in 2004 has been mainly determined by sanitary crises and import restriction, leading to generally higher prices. Outbreaks of Pathogenic Avian Influenza in Far East and increased food safety concerns caused unprecedented drop in poultry meat consumption; consequently production in many disease-affected areas in Asia, particularly in Thailand, Vietnam and Indonesia, collapsed. Imports from Thailand, the second main poultry exporter to the EU, dropped. By contrast, high poultry prices induced strong production and exports gains in South America, particularly Brazil, Argentina and Chile. Despite the increased competition from South America and a decrease in shipments, the US maintained its position as the world’s largest exporter of poultry meat. On the beef market, after the discovery of a BSE case in Canada in 2003, a first case was discovered in the US in 2004, leading to import restrictions for North American beef to Asia, particularly Japan. As a result of the BSE-related import bans on North American beef exports, the countries of South America, particularly Brazil, continued to increase their market shares with exchange rates which still remained favourable. Among the developed countries, Australia and New Zealand have maintained high level of exports but have been not able to cover the increased demand for beef from these countries. The EU, previously a large competitor in international markets, remained a net importer of beef for the second consecutive year. These developments on international markets generated a rise of pig meat output supported by higher prices and lower feed prices in the latter part of the year. The US thanks to a favourable exchange rate but also the EU and Brazil increased their exports of pig meat in 2004. Higher prices for meat during the year limited global meat consumption. The latter is estimated to have increased slowly, mainly due to the higher pig meat output, favoured by limitations on poultry and beef production. Sheep meat prices remained high in general, reflecting low supplies.

After the heavy fall at the beginning of 2002, world milk prices recovered in 2003 and increased substantially in 2004 owing to a sustained demand in Asia and limited supply availability despite increasing production in Asia, Latin America and New Zealand. The substantial price increase was particularly marked for cheese, butter, skimmed milk powder and whole milk powder as dairy markets are very sensitive to supply changes. As a result export subsidies fell in both North America and Europe.

7. In the first nine months of 2004 the overall value of Community agricultural exports was relatively stable (+0.2 %), even if the development of exports diverged widely between products. An increase was particularly marked for meat products and products of animal origin, whereas the highest decline in exports was found for cereals, sugar and sugar products and vegetables. The noteworthy drop in cereals export (-50 %) was due to the drought in summer 2003 and subsequent lower harvest in most EU countries. Pig meat exports increased despite the market access restrictions in certain markets (Japan, Russia) and strong competition from other exporters (Brazil), since world market was favoured by the sanitary problems for other meats. After the fall of 2003 due to Avian Influenza epidemic, poultry meat exports recovered slightly in 2004. The overall value of imports rose by 4 % in the first nine

months of 2004 compared to the same period of 2003. In 2004 the European Union remained a net importer of bovine meat for the second consecutive year. Turning to cereals, increased imports and significantly lower exports led to negative cereal trade balance in 2004. The overall trade deficit in agricultural products in the first nine months of 2004 deepened to EUR 3 426 million compared to EUR 1 551 million in 2003.

8. For meat and dairy products intervention stocks fell in 2004, a sign of improved market conditions. On the contrary, cereals stocks are expected to increase significantly. Due to an exceptional harvest in 2004 and low international market prices, cereal intervention stocks are expected to reach 10 million tonnes in 2004 compared to 3.6 million in 2003. Particularly barley and soft wheat stocks would rise to 4.8 and 2.9 million tonnes respectively; on the other hand rye stock would decline from 3.3 to 2.3 million tonnes. Rice stocks declined due to reduced production in the major exporting countries and reached 600 000 tonnes at the end of the year 2004. After several poor harvests in the previous years wine production recovered in 2004 particularly in France and Italy. As a result wine stocks increased by 8 million tonnes in 2004. The stocks of wine alcohol increased slowly to around 2.5 million hectolitres of pure alcohol in intervention stocks at the end of 2004. Intervention stocks of bovine meat were fully disposed. Intervention (public) stocks of dairy products in the EU fell to their lowest levels since the autumn of 2002. Skimmed milk powder stocks dropped significantly over the year from 198 000 to 20 000 tonnes and butter stocks dropped by 53 000 tonnes to reach 170 000 tonnes at the end of 2004.

Production

9. The latest information shows that the EU-25 **cereal area** increased by 2.5 % and reached 52.6 million ha in 2004/05, from which 37.1 million ha in the old Member States. Looking at individual cereal, the area of most cereals increased, particularly for rye (+8 %), wheat (+6 %), durum wheat (+4.2 %) and maize (+2.7 %). On the other hand the area of barley (-1.8 %) and oats (-5.7 %) declined in 2004/05. The most significant increase in cereal area is observed in the new Member States.

   Total cereal production is estimated slightly above **281 million tonnes** for 2004/05, an increase of 21 % (about 50 million tonnes) compared to 2003/04. Cereal production was about 220 million tonnes in the old Member States (+18 % in comparison to 2003/04), and 61 million tonnes in the new Member States (+30 %). This is mainly due to the good and some times excellent climatic conditions in Europe over the whole harvest season, and, to a minor extent, to the reduction in the mandatory set-aside rate. The increase in cereal production ranges from 2 % for oats to 39 % for rye. Significant increases were also estimated for durum wheat (+30 %), maize (+29 %), triticale (+27 %) and soft wheat (+25 %).

   All cereals had higher yield in comparison to last year. Average **cereal yield** was about 5.33 t/ha, 19 % higher than in 2003/04. The highest yield increases are estimated for rye (+28 %), maize (+25 %), durum wheat (+25 %), triticale (+22 %), soft wheat (+18 %) and barley (+12 %). France remained the leading cereal producer in the EU, totalling 69 million tonnes (+25 %) which equals to the record harvest of 1998. It is followed by Germany with 50 million tonnes (+27 %) and Poland with 28 million tonnes (+19 %). Hungary nearly doubled its cereal production from 8.7 million tonnes in 2004/05 to 16.2 million tonnes in 2003/04. Only the Netherlands produced a little less than last year (-0.5 %).

10. **Rice** production was high in 2004 with excellent milling yields. The 2004 production estimate is 7 % higher at around 1.6 million tonnes (milled equivalent).

11. Total EU-25 **oilseed** area was quite stable in 2004 (+1 % compared to 2003) with rapeseed up 5 % to 4.4 million ha, sunflower seed down 5 % to 2.2 million ha and soya bean down 6 % to 275 000 ha. Rapeseed area increased due to good price prospects during sowing and very low frost damages compared to 2003/04. Total oilseed area is currently estimated to stand at 7 million ha, including 200 000 ha of non-food crops (the mandatory set-aside rate was reduced to 5 %). With the excellent weather conditions, yields recovered after the low 2003 yields, by 23 % for rapeseed, 10 % for sunflower seed and even 39 % for soya bean, giving a total production of 19.5 million tonnes, 23 % higher than in 2003/04. Part of the 1.7 million tonnes estimated as non-food, were rapeseed. The 2004/05 crop would be made of 14.6 million tonnes of rape seeds, 4.1 million tonnes of sunflower seeds and 860 000 tonnes of soyabeans.

12. The EU-25 **linseed** area settled at a very low level in recent years (100 000 hectares) and the 2004 production estimate is to reach 125 000 tonnes.

13. The **protein crop** area increased slightly by 2 % to reach 1.43 million hectare. A slight increase in peas yield (3.3 t/ha) combined with a yield stability for beans and sweet lupines (2.8 t/ha) led to a total protein crop production of 4.5 million tonnes (up 4 % compared to 2003/04 marketing year).

14. EU **sugar** production in 2004 is estimated at 18.7 million tonnes (18.4 million tonnes from beet, and 0.3 million tonnes from cane or molasses), 2.7 % above the 18.2 million tonnes of 2003. After the severe drought that hit Southern and Central Europe in 2003, weather conditions have been favourable in most beet growing regions of the enlarged EU in 2004. The moderate decrease in area sown (-1.7 %, down to 2.15 million ha from 2.19 million ha in 2003) has in general been compensated by higher yields, although sugar content has been rather variable due to abundant precipitations. Production has significantly increased in Germany, where 4.1 million tonnes were produced, nearly 10 % more than in 2003 and Hungary (increase by more than 70 % up to 450 000 tonnes compared to 260 000 tonnes in 2003). Among other Member States production has also increased in Italy (increase by 27 % up to 1.15 million tonnes) and Greece (increase by 24 % up to 255 000 tonnes). Production has remained rather stable in the United Kingdom (1.35 million tonnes) and the Netherlands (1.07 million tonnes). In France production has increased moderately by around 100 000 tonnes up to 4.3 million tonnes.

15. **Olive oil** production in 2004 (marketing year 2003/2004) is estimated to reach 2 437 000 tonnes (1 412 000 tonnes in Spain, 685 000 tonnes in Italy, 306 000 tonnes in Greece, 310 000 tonnes in Portugal and 3 000 tonnes in France). This quantity constitutes a new record for the Community.

16. Initial estimates give an increase in **fruit** production from 5 % to almost 50 % depending on the product with the exception of oranges and lemons for which production decreased by 3 % and 8 % respectively. The highest increases in 2004 were

found for stone fruit for which 2003 was a miserable year. Initial figures indicate an increase of the production of peaches of almost 50 %. As regards **vegetables**, production figures are higher for tomatoes, cabbages, onions and carrots. Production of tomatoes for industrial processing increased by 8 % and reached 11.2 millions tonnes in 2004 mainly due to increased areas and favourable weather conditions.

17. The EU **wine** production rose 184.5 million hectolitres in 2004. The production in the 10 new Member States stood at 7.0 million hectolitres, whilst wine production in the EU-15 was around 177.5 million hectolitres (up by 13 % compared to 2003 and highest since 1999). The overall EU production masks wide contrasts between producer countries: wine production remained stable in Spain (+2 %) but increased in Italy (+18 %), France (+23 %) and Germany (+28 %). The increase in production is more intense for the table wine market up 14 % compared to 2003 in the EU-15 (+19 % in France and +23 % in Italy).

18. **Bovine meat** production is estimated to stabilise at 8.1 million tonnes, up 0.6 %, for 2004. Falls in some Member States (e.g. France, Czech Republic, etc) were offset by rises in others (e.g. Germany, Italy, United Kingdom, etc).

    The cyclical up of **pig meat** production of 2002 and 2003 is expected to lead to a slight decrease in 2004 (-0.8 % at 21.1 million tonnes). Sharp decreases occurred in the new Member States (e.g. -8 % in Poland and -10% in Hungary) whereas production increases continued in most EU-15 Member States (e.g. +2.5 % in Denmark, +2.4 % in the Netherlands, +1.2 % in Germany, +1 % in Spain), except in France (-0.9 %) and in the United-Kingdom (-2.1 %).

    After the fall in production of 2003, mainly due to the Avian Influenza outbreak and the intense summer heat, **poultry meat** production recovered in 2004, but less than expected. Production is estimated to reach 11.1 millions tonnes (+2.8 %).

    Sheep meat/goat meat production also recovered from the drought conditions of summer 2003. In 2004, falls occurred only in France, Greece and Spain whereas growth was particularly sharp in Italy, in Ireland and in the United Kingdom. For EU-25, the overall increase of production is expected to reach 1 % on 2003.

19. The downward trend in dairy cow numbers in EU-15 is expected to continue and to reach 23.4 million heads at the end of year, a 2 % fall compared to end 2003. The average milk yield on the other hand is expected to increase to 6 031 kilogram, up 1.3 %. This gives a **milk production** figure of 143.0 million tonnes, down 0.9 % compared to 2003. Deliveries to dairies would decrease by 0.6 % to 130.6 million tonnes.

    Butter production is expected to decline by 0.9 % in 2004. **Cheese** production continues to increase although considerably less than during the last few years: this year's overall increase of 1.6 % (well below the historic average of around 2.1 % a year) would result in a production of 7.8 million tonnes. For **milk powder** a significant decrease of 7 %, about 157 000 tonnes, to 2.1 million tonnes in 2004 is expected. The main reason is a reduction of skimmed milk powder production by 19 %.

Prices

Producer prices

20. The figures available in December 2004 show an increase in nominal terms in the **agricultural producer price** index for most EU Member States. Producer prices are expected to increase most in Latvia (+20.9 %), but also in the Czech Republic (+6.9 %), Luxembourg (+4.4 %), the United Kingdom (+4 %), Finland (+3.2 %), Ireland (+2.3 %), Austria (+2.2 %), Denmark (+1.7 %) and Lithuania (+1.1 %), to remain relatively stable in Spain (+0.6 %) and Greece (+0.3 %), but to decline in the Netherlands (-6.7 %), Hungary (-4.7 %), Sweden (-1.4 %) and France (-1 %).

21. Prices of cereals developed differently among the EU Member States. High price drops are expected in Austria (-22.1 %), Hungary (-20.6 %), Ireland (-12.9 %), the Netherlands (-7.1 %) and Belgium (-7 %), but also in Sweden (-4.4 %), Finland (-2.5 %), Luxembourg (-2.4 %) and Denmark (-1.5 %). On the other side prices of cereals are expected to increase significantly in the Czech Republic (+15.9 %), the United Kingdom (+9.8 %), Greece (+5.5 %) and France (+4.8 %), but also in Latvia (+3 %), Spain (+1.4 %) and Lithuania (+0.7 %). After the large falls recorded in 2002 and 2003 sugar beet prices recovered significantly in some EU Member States: Hungary (+47 %), Belgium (+37.7 %), Latvia (+24.2 %), the Czech Republic (+23.4 %) and Denmark (+14.4 %). On the contrary sugar beet price is expected to decrease in Greece (-17.2 %), Finland (-10.3 %), Lithuania (-5.5 %) and Spain (-5.5 %). Wine and olive oil prices increased in nominal terms in most wine producing countries, except from Spain and France were the prices remained almost stable. After rising continuously since 2000, the price index for horticultural products dropped in most EU Member States, except from Luxembourg, Hungary, Finland and Ireland were the nominal prices were up.

22. The overall index for animal products rose in most EU Member States but this masks wide-ranging changes by sector and by Member States. Pig meat price recovered notably from the last years decline in most EU Member States except from Greece where nominal price was down by 1.9 %. Beef and veal prices increased in most EU countries but declined slightly in Sweden (-6.4 %), Belgium (-4.5 %) and Spain (-2.6 %). Poultry meat prices rose or remained stable in most EU Member States but decreased in Lithuania (-5.5 %). Sheep and goats meat price was up in most countries, except from the Netherlands (-3.6 %), the Czech Republic (-5.7 %), Hungary (-5.3 %) and Ireland (-1.6 %). Milk price changes in nominal terms over 2003 varied significantly between countries: while milk price declined in some EU Member States it increased significantly in Latvia (+34.4 %) and Lithuania (+15.3 %), but was also up in Spain (+4.8 %), Belgium (+4.3 %), the United Kingdom (3.2 %), the Czech Republic (+2.4 %) and Greece (+1.8 %). Eggs prices dropped significantly in some Member States such as Belgium (-67.3 %), the Netherlands (-56.4 %), France (-38 %) and Lithuania (-20.2 %) in 2004 after a substantial price increase in 2003 while in other Member States the price change was more moderate.

Market prices

23. In general **cereal** prices stayed at a higher level than in 2003 during the first months of the year 2004 (EUR 164 to EUR 168 per tonne for bread making common wheat, EUR 167 to EUR 175 per tonne for maize and EUR 155 to EUR 165 for feed wheat and malting barley) as a result of last year's poor crop production due to the drought in the summer 2003. Prices then began to decline in May-June when the prospects for a

good harvest in 2004 increased. The record crop production in 2004 then resulted in large falls in all cereal prices from the summer onwards. Prices fell significantly for all cereals and by the end of year they were (per tonne) about EUR 117 for bread wheat and feed barley, about EUR 100 for feed wheat and feed maize, about EUR 90 for bread rye, about EUR 75 for feed rye and about EUR 125 for malting barley. Only prices for quality durum wheat declined less and stayed at the end of the year by EUR 155-165.

24. **Olive oil** prices decreased (-4.5 %) in general compared to 2003 but some increases in extra virgin oil and virgin olive oil prices were registered in Greece.

25. In general, **wine** prices were slightly down in 2004 but this figure masks varying movements by wine category, region and country. Prices decreased in Germany, Luxembourg, the Czech Republic, France and Spain but increased in Italy, Greece and Portugal.

26. In general, **bovine meat prices** continued to improve in 2004. For young bulls (category R3) prices were quite stable, varying from EUR 260 to EUR 275 per 100 kg. During the first 18 weeks of the year they stayed around 1 % to 4 % below the level of 2003. Thus they dropped slightly to EUR 260 when the enlargement took place and recovered progressively during the next 18 weeks. During the last 7 weeks of the year they stayed 3 % to 5 % above the prices of 2003. The price of cows (category R3) rose more or less regularly up to the end of September then started to decline following the seasonal pattern. It must be noticed that from mid-August, they stood at the level of 1999 (before the cut of institutional price introduced by Agenda 2000). After 2 years at low level, steer prices started to recover during the last quarter of 2003. They continued to improve during 2004, reaching record levels in June, and then decreased to stabilise around EUR 267 per 100 kg during the last quarter of the year.

27. Following the low level of 2003, **pig meat** prices improved in 2004 with two remarkable increases during March and during June when they reached EUR 150 per 100 kg. Prices stayed around that level until the second part of October when they declined to EUR 140 kg with a progressive improvement during the end of the year.

28. During the first five months of 2004, **poultry meat** prices improved progressively from EUR 140 per 100 kilo up to EUR 150 per 100 kilo and fluctuated at this favourable level up to the end of the year. After the record level of the end of 2003, egg prices felt sharply during the first half of the year down to around EUR 80 per 100 kilo and even less during August. They did not follow the seasonal pattern of increase in the second part of the year but remained at this low level up to the end of the year.

29. Due to a lack of availability **sheep meat prices** stayed at a high and relatively stable in 2004 for the fourth year in a row. For heavy lamb they fluctuated very close to the levels of 2003, between EUR 374 and EUR 452 following the seasonal pattern. For light lambs, prices were in general lower than in 2003. They decreased regularly from EUR 656 to EUR 453 per 100 kilo during the first part of the year. The seasonal trend took them up to end the year at EUR 613 per 100 kilo, 4 % below the level of 2003.

30. The weak prices for **milk products** experienced in 2002 and 2003 improved during the year 2004 and remained firm even after the EU enlargement on the 1st of May 2004 and the introduction of the first step of the support price cuts agreed within the

CAP reform from July 2003. Domestic prices for butter and skimmed milk powder remained at around 115 % of the new buying-in price. This price environment allowed for substantial sales out of intervention in particular for skimmed milk powder.

Input prices

31. In 2004 the purchase price index for standard consumption goods and services in agriculture rose in most EU Member States in nominal terms over 2003. Prices were particularly higher for feeding stuff, energy and fertilisers. Total input prices increased most in Hungary up 12.4 %, Greece up 7.7 %, the United Kingdom up 7.3 % and the Czech Republic up 7 %. In other countries the index rose more slowly with 5.1 % in Spain, 4.2 % in France, 4 % in Sweden, 3.8 % in Ireland, 3.6 % in Austria, 3.4 % in Denmark, 3 % in Finland, 1.6 % in Belgium and 0.2 % in Luxembourg. Only Lithuania registered a fall in nominal input prices by 3.1 %.

Farm income

32. The first estimates of farm income in 2004 provided by Eurostat on the basis of information sent by the Member States in December 2004, show an average increase of 3.3 % in farm income (measured, in real terms, as the net value added at factor cost per annual work unit) as compared to 2003 for the European Union as a whole. This improvement was caused by a marked increase by 53.8 % in the new Member States, while it rose only slightly by 0.8 % in the old Member States. Incomes were up in nineteen Member States, the strongest rates observed in most new Member States. Agricultural income in the Czech Republic (+107.8 %), Poland (+73.5 %), Estonia (+55.9 %), Latvia (+46.6 %) and Lithuania (+41.8 %) benefited most from the introduction of enlargement. In the old Member States, a significant increase can be observed in Germany (+16.6 %), Denmark (+12.2 %) and Luxembourg (+7.8 %). Income was down in only six Member States. The largest drop in agricultural income is estimated in Belgium (-8.8 %) and the Netherlands (-11.5 %).

33. The main factor behind these changes is a sharp increase in agricultural output quantities as compared to 2003, notably for cereals, oilseed, wine, olive oil and potato sectors. The total volume of crop production rose by 12.5 %, while sharp decrease in real crop prices was recorded (-8.4 %). The real value of animal production, in particular for pork and poultry, increased (supported by lower feed prices). The levels of subsidies granted to the farm sector in the new Member States increased substantially from EUR 1.2 billion in 2003 to EUR 3.0 billion in 2004 (including national top-ups). These favourable developments offset the strong rise in total input prices (energy, lubricants, and fertilizers) linked to the sharp increase in oil prices.

34. Lastly, the structural decline in the agricultural labour force, the final fundamental factor affecting income movement, is assessed at 1.5 % in 2004 for the whole EU. The highest reduction in agricultural labour was recorded in the Czech Republic (-6.1 %), Slovenia (-5.9 %), Estonia (-5 %) and Hungary (-4.1 %).

Changes in nominal farm-gate prices in 2004 and 2003 (%)

Member States	Crop products		Livestock products		Total	
	2004/2003(P)	2003/2002	2004/2003(P)	2003/2002	2004/2003(P)	2003/2002
EU-25	:	:	:	:	:	:
Belgique/België	:	:	0.3	1.9	:	:
Ceská Republika	9.8	-0.9	5.4	-5.0	6.9	-3.7
Danmark	-2.5	3.3	3.3	-5.3	1.7	-4.4
Deutschland	:	6.9	:	-2.9	:	1.0
Eesti	:	:	:	:	:	:
Elláda	-1.2	13.5	2.1	1.3	0.3	9.4
España	-1.1	8.4	3.2	1.3	0.6	5.5
France	-0.7	5.8	-0.1	0.4	-1.0	2.7
Ireland	-11.3	5.8	4.5	-1.3	2.3	-0.4
Italia	:	:	:	:	:	:
Cyprus	:	:	:	:	:	:
Latvija	11.3	4.9	23.8	-12.5	20.9	-2.8
Lietuva	-6.9	-12.7	10.0	-11.9	1.1	-12.3
Luxembourg	3.0	6.1	4.6	-0.1	4.4	1.0
Magyarország	-12.5	19.5	3.4	-7.2	-4.7	6.4
Malta	:	:	:	:	:	:
Nederland	-11.5	5.3	-1.4	-1.0	-6.7	2.2
Österreich	1.8	8.7	2.4	-3.7	2.2	0.4
Polska	:	:	:	:	:	:
Portugal	:	:	:	:	:	
Slovenija	:	:	:	:	:	:
Slovensko	:	:	:	:	:	:
Suomi/Finland	3.2	3.0	3.2	-8.5	3.2	-4.7
Sverige	1.9	1.9	-3.3	-3.2	-1.4	-1.3
United Kingdom	4.8	6.7	3.3	6.8	4.0	6.6

(P) provisional

Source : Eurostat

Changes in nominal purchase prices for agricultural inputs in 2004 and 2003 (%)

Member States	Intermediate consumption		Investment		Total	
	2004/2003(P)	2003/2002	2004/2003(P)	2003/2002	2004/2003(P)	2003/2002
EU-25	:	:	:	:	:	:
Belgique/België	1.8	-0.1	0.4	1.4	1.6	0.1
Ceská Republika	7.8	-2.1	2.2	1.3	7.0	-1.6
Danmark	3.3	-2.1	3.9	3.0	3.4	-1.0
Deutschland	:	0.1	:	0.9	:	0.3
Eesti	:	:	:	:	:	:
Elláda	9.2	4.4	3.5	3.5	7.7	4.2
España	5.2	1.2	2.0	2.9	5.1	1.4
France	4.3	1.0	3.7	2.6	4.2	1.4
Ireland	4.3	2.7	1.6	1.7	3.8	2.5
Italia	:	:	:	:	:	:
Cyprus	:	:	:	:	:	:
Latvija	:	:	:	:	:	:
Lietuva	-3.1	-3.6	:	:	-3.1	-3.6
Luxembourg	0.1	1.1	0.5	1.8	0.2	1.4
Magyarország	13.2	6.8	7.2	7.2	12.4	6.8
Malta	:	:	:	:	:	:
Nederland	:	1.7	:	2.5	:	2.0
Österreich	4.3	2.3	2.2	1.6	3.6	2.0
Polska	:	:	:	:	:	:
Portugal	:	:	:	:	:	:
Slovenija	:	:	:	:	:	:
Slovensko	:	:	:	:	:	:
Suomi/Finland	2.7	1.0	3.6	2.6	3.0	1.4
Sverige	4.0	1.9	3.6	2.9	4.0	2.3
United Kingdom	8.0	2.8	2.8	1.5	7.3	2.6

(P) provisional

Source : Eurostat

Nominal output price indices for agricultural products over the 2000 – 2004 (P) period (2000=100)

Member States	2000	2001	2002	2003	2004(P)
EU-25	:	:	:	:	:
Belgique/België	100.0	:	:	:	97.5
Ceská Republika	100.0	110.9	100.1	96.4	103.3
Danmark	100.0	107.4	96.9	92.5	94.2
Deutschland	100.0	107.4	100.4	101.4	:
Eesti	:	:	:	:	:
Elláda	100.0	106.1	113.6	123.0	123.3
España	100.0	103.0	100.3	105.8	106.4
France	100.0	103.5	100.1	103.4	102.4
Ireland	100.0	104.3	100.0	99.6	101.9
Italia	:	:	:	:	:
Cyprus	:	:	:	:	:
Latvija	100.0	102.7	99.9	97.1	118.0
Lietuva	100.0	114.7	114.2	101.9	103.0
Luxembourg	100.0	101.8	99.5	100.5	104.9
Magyarország	100.0	106.0	104.1	110.5	105.8
Malta	:	:	:	:	:
Nederland	100.0	105.9	103.7	105.9	99.2
Österreich	100.0	106.7	101.7	102.1	104.3
Polska	:	:	:	:	:
Portugal	:	:	:	:	:
Slovenija	:	:	:	:	:
Slovensko	100.0	:	:	:	103.4
Suomi/Finland	100.0	105.2	103.7	99.0	102.2
Sverige	100.0	105.1	102.1	100.8	99.4
United Kingdom	100.0	108.3	103.3	109.9	113.9

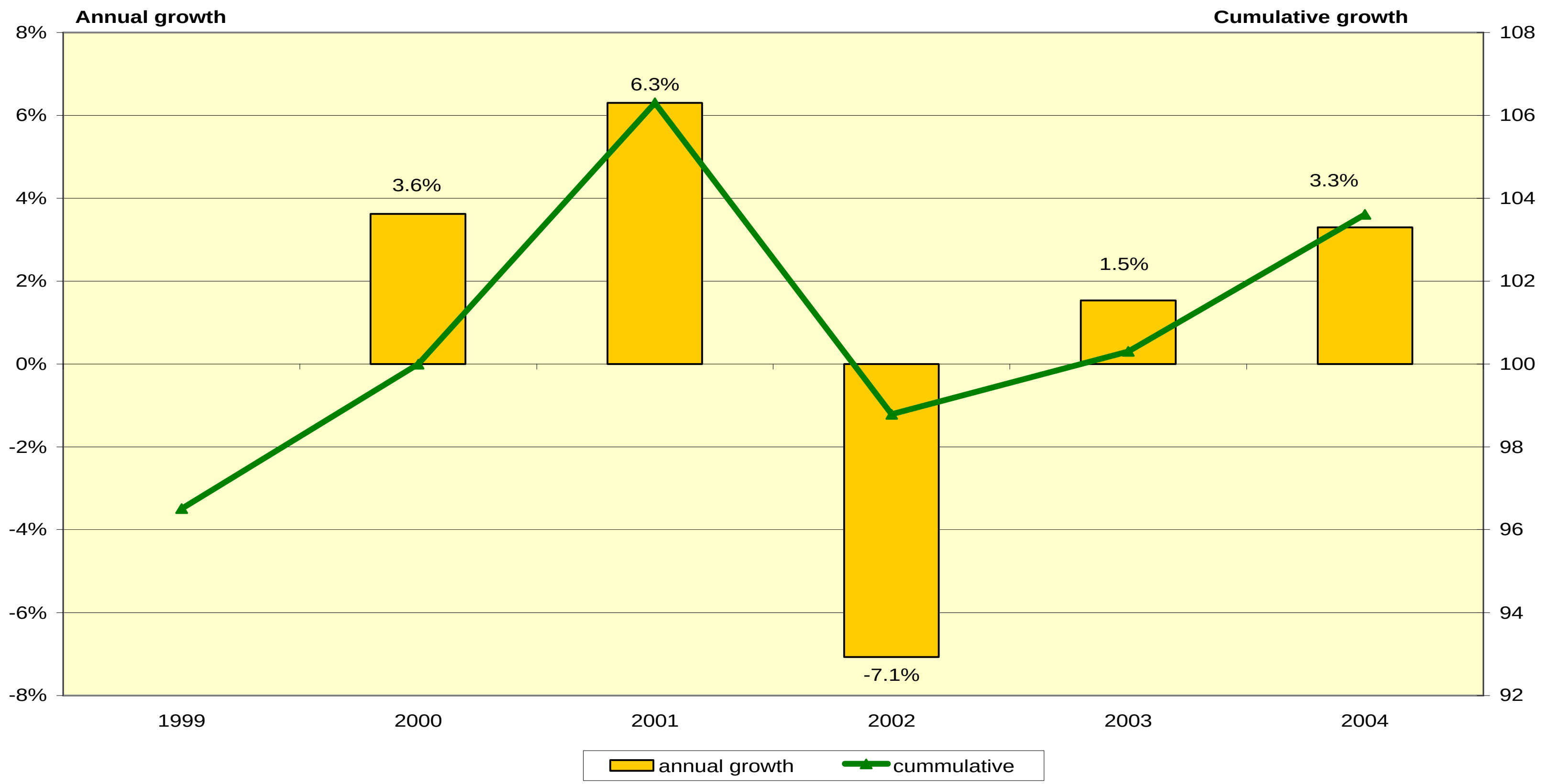
(P) provisional
Source : Eurostat

Indices of nominal purchase prices for goods and services currently consumed in agriculture over the 2000 – 2004 (P) period (2000=100)

Member States	2000	2001	2002	2003	2004(P)
EU-25	:	:	:	:	:
Belgique/België	100.0	102.6	102.8	102.7	104.5
Ceská Republika	100.0	105.1	103.4	101.3	109.1
Danmark	100.0	106.6	107.7	105.6	108.9
Deutschland	100.0	105.2	104.1	104.2	:
Eesti	:	:	:	:	:
Elláda	100.0	101.5	103.7	108.1	117.3
España	100.0	102.2	103.0	104.2	109.4
France	100.0	103.4	103.2	104.2	108.5
Ireland	100.0	104.8	106.1	108.8	113.1
Italia	:	:	:	:	:
Cyprus	:	:	:	:	:
Latvija	100.0	:	:	:	114.3
Lietuva	100.0	96.4	100.4	96.0	92.9
Luxembourg	100.0	104.0	104.5	105.6	105.7
Magyarország	100.0	112.1	112.3	119.1	132.3
Malta	:	:	:	:	:
Nederland	100.0	107.8	108.5	110.2	:
Österreich	100.0	102.0	100.5	102.8	107.1
Polska	:	:	:	:	:
Portugal	:	:	:	:	:
Slovenija	:	:	:	:	:
Slovensko	100.0	:	:	:	115.2
Suomi/Finland	100.0	101.8	101.5	102.5	105.2
Sverige	100.0	105.6	107.2	109.3	113.3
United Kingdom	100.0	104.3	103.7	106.5	114.5

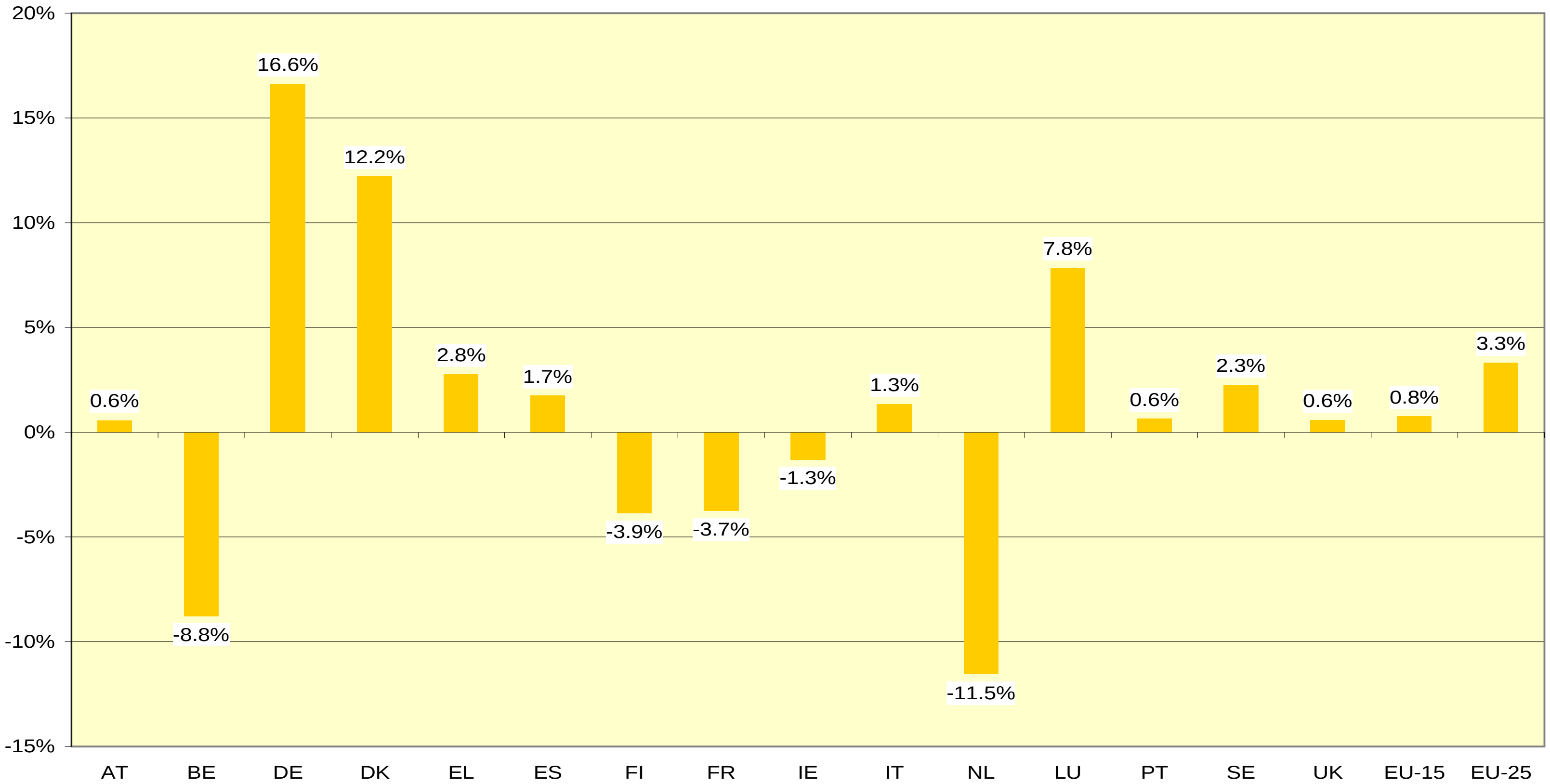
(P) provisional
Source : Eurostat

Development of the agricultural income in the EU-25 over the 1999 - 2004 (P) period, in terms of annual change (%) and cumulative growth (2000=100)



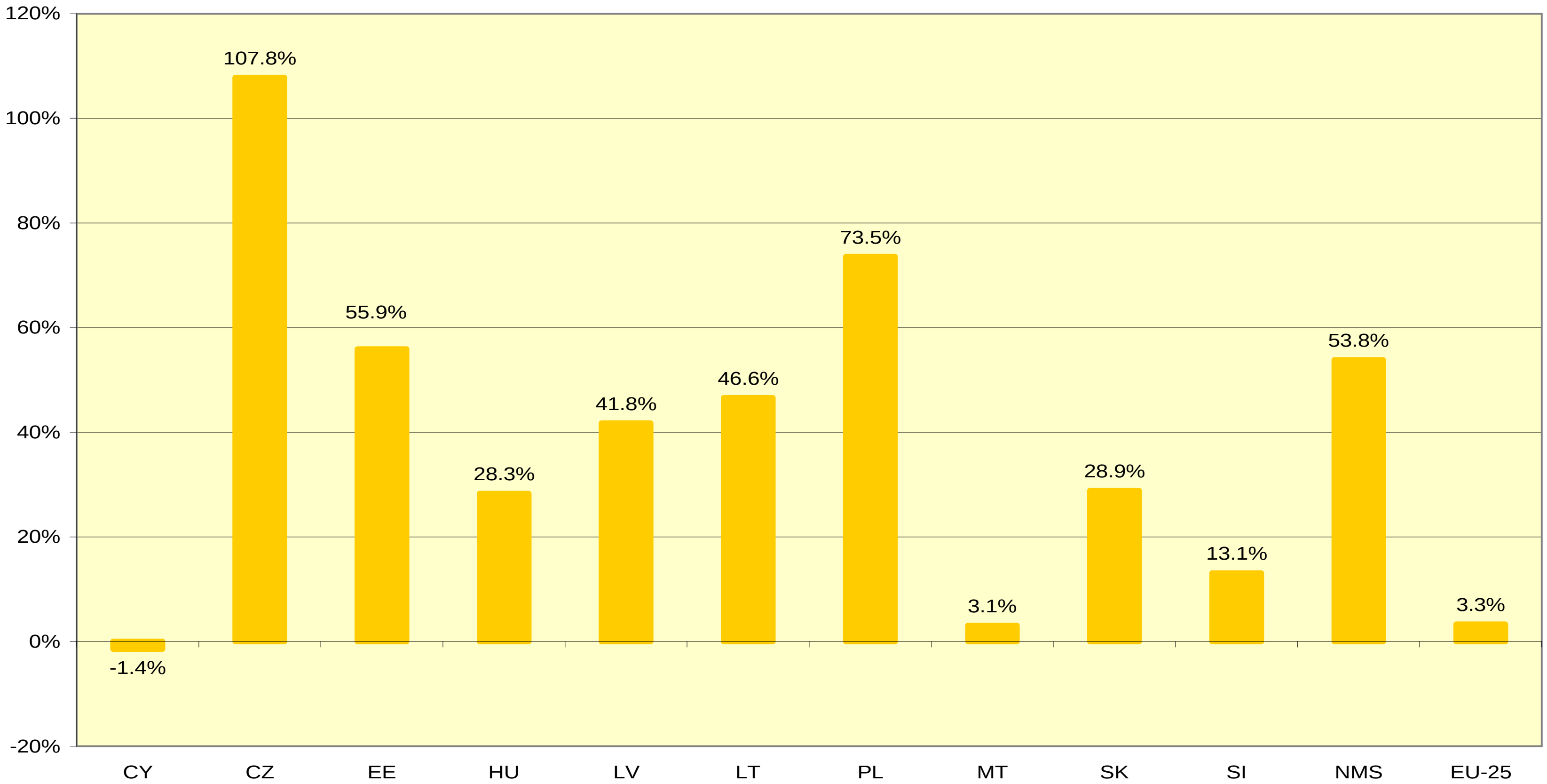
(P) provisional
Source : Eurostat

Development of agricultural income in the EU-15 Member States in 2004 (P) (% change versus 2003)



(P) provisional
Source : Eurostat

Development of agricultural income in the new Member States in 2004 (P) (% change versus 2003)



(P) provisional
Source : Eurostat

Development of agricultural income in the EU Member States over the 1999 - 2004 (P) period

(average 1999-2001=100)

Member States	1999	2000	2001	2002	2003	2004(P)
EU-25	95.6	99.1	105.3	97.9	99.4	102.7
Belgique/België	92.0	99.9	108.1	90.9	91.7	83.6
Ceská Republika	79.3	96.9	123.8	97.3	95.3	198.0
Danmark	83.8	101.7	114.4	85.6	82.6	92.7
Deutschland	79.7	97.9	122.4	89.6	87.3	101.8
Eesti	69.2	103.7	127.1	126.5	178.7	278.5
Elláda	98.2	99.3	102.5	100.0	99.0	101.7
España	91.2	100.3	108.5	105.7	113.3	115.3
France	100.0	99.4	100.6	98.4	97.6	93.9
Ireland	90.5	105.5	103.9	99.0	99.3	98.0
Italia	102.3	98.7	99.1	94.9	95.7	97.0
Cyprus	103.7	99.3	97.0	94.4	98.7	97.3
Latvija	84.1	102.2	113.7	116.7	109.7	155.5
Lietuva	106.9	100.7	92.4	81.8	97.3	142.6
Luxembourg	103.6	98.7	97.7	100.4	96.0	103.5
Magyarország	106.1	93.8	100.2	85.2	85.0	109.0
Malta	105.7	95.1	99.1	99.0	91.1	93.9
Nederland	98.6	99.7	101.6	89.4	93.4	82.6
Österreich	89.7	97.0	113.3	107.8	105.2	105.8
Polska	93.9	95.9	110.2	88.6	82.4	143.0
Portugal	102.9	88.9	108.2	101.1	101.7	102.3
Slovenija	99.8	107.6	92.6	125.6	95.4	107.9
Slovensko	97.2	94.5	108.3	102.3	88.3	113.7
Suomi/Finland	83.4	108.1	108.5	114.8	90.3	86.8
Sverige	92.1	100.0	108.0	108.8	107.1	109.5
United Kingdom	101.1	96.0	102.9	110.3	133.2	134.0

(P) provisional
Source : Eurostat – Economic Accounts for Agriculture (EAA), Agricultural Income Index

Statistical and economic information

Codification of the tables

The choices made for the revision of the tables are reflected in a new codification, established on the basis of the same principle for all the tables. Each of them has been given a code with four digits, the first of which designates the subject to which the table refers (see table of contents following this foreword):

1. Conversion rates,
2. Basic data,
3. Economic tables,
4. Tables on agricultural markets.

The second and third digits refer to specific aspects of the field concerned and their significance varies from one field to another.

For the tables concerning the agricultural markets (Tables 4) a standard codification for all the products has been used for these two digits:

(i) the second digit of the code designates the agricultural product concerned,

(ii) the third digit refers to the nature of the statistic presented:

–.–.0.– livestock numbers,
–.–.1.– area, yields and production (crop products) or slaughterings and production (livestock products),
–.–.2.– world production,
–.–.3.– external trade,
–.–.4.– supply balance,
–.–.5.– prices (producer prices, market prices, consumer prices),
–.–.6.– market management,
–.–.9.– various.

For certain sectors, all the possibilities are used (e.g. cereals). For other products only some are used (e.g. potatoes), either because the data needed are not available or because the features of these sectors in the EU do not justify such an exhaustive presentation in a general document such as this, which, for considerations of space, can provide only the most important information.

Key to symbols, names and abbreviations

Statistical symbols

–	Nil
0	Less than half a unit
x	Not applicable
:	Not available
#	Uncertain
p	Provisional
*	Eurostat estimate
**	European Commission estimate, Directorate-General for Agriculture and Rural Development
r	Revised
s	Secret
?	Average
»2000«	? (1999, 2000, 2001)
2000/01	Marketing year, starting in 2000 and ending in 2001
%	Percentage
% TVA	Annual rate of change (%)

Units

– *Currency*

EUR	Euro	LUF	Luxembourg franc
ECU	European currency unit	HUF	Hungarian forint
USD	US dollar	MTL	Malta lira
NC	National currency	NLG	Dutch guilder
BEF	Belgian franc	ATS	Austrian schilling
CZK	Czech koruna	PLN	New polish zloty
DKK	Danish crown	PTE	Portuguese escudo
DEM	German mark	SIT	Slovenian tolar
EEK	Estonian kroon	SKK	Slovak koruna
GRD	Greek drachma	FIM	Finnish markka
ESP	Spanish peseta	SEK	Swedish crown
FRF	French franc	GBP	Pound sterling
IEP	Irish pound	BGN	New Bulgarian lev
ITL	Italian lira	HRK	Kuna (Croatia)
CYP	Cyprus pound	ROL	Romanian leu
LVL	Latvian lats	TRY	New Turkish lira
LTL	Lithuanian litas		

Geographical abbreviations

EU	European Union
EU- 9	Total of the Member States of the EC (1980)
EU- 10	Total of the Member States of the EC (1981)
EU- 12	Total of the Member States of the EC (1986)
EU- 15	Total of the Member States of the EU (1995)
EU- 25	Total of the Member States of the EU (01 May 2004)
BLEU/UEBL	Belgo-Luxembourg Economic Union
DOM	French overseas departments
ACP	African, Caribbean and Pacific countries party to the Lomé Convention
PTOM	Countries and overseas territories of Member States of the EU

List of Countries

-Member States

Belgique/belgië	Belgium	Luxembourg	Luxembourg
Ceská republika	Czech Republic	Magyarország	Hungary
Danmark	Denmark	Malta	Malta
Deutschland	Germany	Nederland	Netherlands
Eesti	Estonia	Österreich	Austria
Elláda	Greece	Polska	Poland
España	Spain	Portugal	Portugal
France	France	Slovenija	Slovenia
Ireland	Ireland	Slovensko	Slovakia
Italia	Italy	Suomi/Finland	Finland
Kypros/Kibris	Cyprus	Sverige	Sweden
Latvija	Latvia	United Kingdom	United Kingdom
Lietuva	Lithuania		

-Candidate Countries

Balgarija	Bulgaria	România	Romania
Hrvatska	Croatia	Türkiye	Turkey

–

– Other units

cif	Cost, insurance, freight
VAT	Value-added tax
Bn	Thousand million
Mio	Million
t	Tonne
kg	Kilogram
hl	Hectolitre
l	Litre
ha	Hectare
UAA	Utilized agricultural area
LU	Livestock unit
ESU	European size unit
FU	Fodder unit
AWU	Annual work unit
TF	Type of farming
PPS	Purchasing power standard
NUTS	Nomenclature of territorial units for statistics

Sources

Eurostat	Statistical Office of the European Communities
SITC	Standard international trade classification (Eurostat)
Nimexe	Nomenclature of produce for the EU's external trade statistics and trade between its Member States (Eurostat)
ESA	European system of integrated economic accounts (Eurostat)
FADN	Farm accountancy data network (European Commission, Directorate-General for Agriculture)
OECD	Organization for Economic Cooperation and Development
FAO	Food and Agriculture Organization of the United Nations
UNRWA	United Nations Relief and Works Agency
IMF	International Monetary Fund
GATT	General Agreement on Tariffs and Trade
Fefac	European Federation of Manufacturers of Compound Feedingstuffs
Fediol	Federation of Seed Crushers and Oil Processors in the EU
AIMA	Intervention Agency for the Agricultural Markets (Italy)
USDA	United States Department of Agriculture
WTO	World International Organisation
ISAAA	International Service for the Acquisition of Agri-biotech Applications

Currency units used in this report

1. European Monetary System (EMS) – ecu

Entry into force of the EMS on 13 March 1979 (Regulations (EEC) No 3180/78 and No 3181/78 of 18 December 1978) brought in the ecu as sole unit of account for the Community. Its definition is identical to that of its predecessor the EUA except for a review clause allowing changes in its composition. The ecu is a currency unit of the 'asket' type made up of specified amounts of currencies of the EMS member countries determined mainly on the basis of the economic size of each. It is defined by Council Regulation (EC) No 3320/94. The central rates used in this system are rates set by the central banks around which the market rates of the EMS currencies may fluctuate within spot margins.

2. The ecu in the common agricultural policy

– Before 9 April 1979, the unit of account used in the agricultural sector was the u.a. defined by Regulation (EEC) No 129/62 and the representative rates (green rates) were fixed by the Council.
– On 9 April, the ecu began to be used in the CAP (Regulation (EEC) No 652/79) and is still being used (Regulation (EEC) No 3813/92).
– On the changeover from the u.a. to the ecu on 9 April 1979 common agricultural prices and amounts expressed in u.a. and converted into ecus were adjusted by the coefficient 1,208953. The green rates were however adjusted by the reciprocal coefficient 1/1,208953, leaving national price levels unchanged. For example, 100 u.a. ? 3,40 = DEM 340 because ECU 121 ? 2,81 = DEM 340.
– For the recording of world market prices, offer prices are converted at the representative market rate, which is an average of the rates recorded on the market. The common agricultural prices and amounts are set in ecus and converted into national currency at the agricultural conversion rates.
– Since 1 January 1993 these have been adjusted by the Commission whenever their divergence from representative market rates exceeds specified margins.
– Between the beginning of the 1984/85 marketing year and 31 January 1995 all conversion rates used for agriculture were multiplied by a correcting factor under the 'switchover' mechanism the effect of which was to express the common agricultural prices and amounts in a unit of account derived from the ecu, the 'green ecu'. This correcting factor, originally 1,033651, was increased in line with the revaluation of the EMS currency appreciating most among those observing all the rules. On abolition it was 1,207509. As on the changeover from the u.a. to the ecu in 1979 common agricultural prices and amounts were increased in ecus by a factor of 1,207509 on 1 February 1995 and all conversion rates used in agriculture reduced by a factor of 1/1,207509 so making the operation neutral in national currency terms.

3. Introduction of the euro

On 1 January 1999, the currencies of the 11 Member States adopting the single currency were replaced by the euro but, during the transitional period until the end of 2001, units of national currency will continue to be used as subdivision of the euro. Series in ecus have been left unchanged as far as the past is concerned but are expressed in euros from 1 January 1999. Series in euro are the statistical continuation of series in ecus.

Fixed conversion rates of the euro

The conversion rates irrevocably fixed between the euro and the currencies of the Member States adopting the euro are:

EUR 1	=	40,3399 Belgian francs
	=	1,95583 German marks
	=	166,386 Spanish pesetas
	=	6,55957 French francs
	=	0,787564 Irish pounds
	=	1936,27 Italian lire
	=	40,3399 Luxembourg francs
	=	2,20371 Dutch guilders
	=	13,7603 Austrian schillings
	=	200,482 Portuguese escudos
	=	5,94573 Finnish marks
	=	340,750 Greek drachmas (On 1st January 2001)

According to context, different currency units have been used in this publication. The statistical series in terms of value are also calculated:

– at constant exchange rates, i.e. at the exchange rates obtaining during a specific period (e.g. 1980). These rates are used to eliminate the influences of exchange-rate changes on a time series;

– at current exchange rates (notably for external trade).

To assist the user of this publication wishing to convert units of account into national currencies and conversely, Table 1.0.1, gives the rates to be used. Fuller information is given in specialized publications of the European Commission.

Observations on statistical method

A – Statistics on external trade – explanatory note

Council Regulation (EEC) No 1736/75, of 24 June 1975, on the external trade statistics of the Community and statistics of trade between Member States, includes provisions to ensure that data are not recorded twice:

(i) when goods from a non-member country are first brought into a Member State, that Member State must record the import according to the origin of the goods;

(ii) if the goods are then subject to a legal operation (for example clearance for consumption) and subsequently imported into another Member State, the latter must record the goods according to the Member State from which they were received.

However, to satisfy national requirements, the Member States may, if they wish, operate in parallel with the above system the arrangements they applied previously; this means that a Member State’s national data may be substantially different from the data supplied by Community sources.

For the calculation of the intra-Community trade of the Community as a whole in the supply balances, there were two possibilities: the sum of the Member States’ intra-Community exports (calculation on the basis of goods leaving) or the sum of the Member States’ intra-Community imports (calculation on the basis of entries). Eurostat has chosen the second alternative. Also, exports to non-member countries in the supply balances of the Community as a whole are calculated by deducting intra-Community trade from Member States’ total exports.

As a result, there may be discrepancies between the external trade data given in the supply balances and those given in the specific external trade tables.

Users must also allow for a break in the series of Community external trade statistics in 1977, the date on which Regulation (EEC) No 1736/75 entered into force.

A last point is that, while the data relating to the external trade of the Community of Twelve from reference year 1985 use the same source for all the Member States (Community statistics), those which refer to a previous period may have been obtained from the Community statistics for the Community of Ten and from other sources for the new Member States.

B – Definition of Agricultural Products for External Trade Statistics

Agricultural products are defined as follows:

Chapters 1 – 24 of the Combined Nomenclature excluding fish and fish products:

-	chapter 03	fish and crustaceans, molluscs and other aquatic invertebrates
-	0511 91 90	products of fish and crustaceans, …..
-	1604	prepared fish; caviar, and caviar substitutes prepared from fish eggs
-	1605	prepared crustaceans, molluscs, and other aquatic invertebrates
-	1902 20 10	stuffed pasta, containing >20% fish, crustaceans, ….
-	2301 20	flours, meals and pellets of fish or crustaceans,…..

adding the following products outside the Chapters 1 to 24. ("Other products covered by the Uruguay Round Agreement"):

-	2905 43	mannitol
-	2905 44	D-glucitol (sorbitol)
-	2905 45	glycerol
-	3301	essential oils
-	ex 3302 10	preps containing flavouring agents for beverages
-	3301 to 3305	albuminoidal substances, modified starches, glues
-	3809 10	finishing agents
-	3823 11	stearic acid
-	3823 12	oleic acid
-	3823 13	tall oil fatty acids
-	3823 19	other
-	3823 70	industrial fatty acids
-	3824 60	sorbitol n.e.p.
-	4101 to 4103	hides and skins
-	4301	raw furskins
-	5001 to 5003	raw silk and silk waste
-	5101 to 5103	wool and animal hair
-	5201 to 5203	raw cotton, waste and carded or combed cotton
-	5301	raw flax
-	5302	raw hemp

C – Economic Accounts for Agriculture (EAA): implementation of a new methodology

1. The Economic Accounts for Agriculture are drawn up according to a new methodology, which was published in the "Manual on Economic Accounts for Agriculture and Forestry EAA/EAF (Rev. 1.1)" (EUROSTAT, 2000, ISBN 92-828-2996-0).

2. The introduction of the new methodology has resulted in a number of changes in the data, as a result both of the change in the methodology itself and of the use of new data sources. Some of the changes have had a direct impact on value added and thus on the measurement of agricultural incomes, whereas others have altered only the level of certain aggregates without, however, affecting value added and the measures of agricultural income.

3. The following methodological revisions affecting the measures of agricultural income can be noted:

    a. The recording of secondary, non-agricultural activities of agricultural units where these activities cannot be separated from the main agricultural activity. This mainly concerns the processing of agricultural products and agri-tourism.

    b. The exclusion of the output of units producing solely for own-final consumption (e.g. kitchen gardens).

    c. The exclusion of upstream and downstream production activity involved in seed multiplication.

    d. The recording of the output of wine and olive oil (from grapes and olives produced on the holding).

    e. The recording of various operations according to the principle of rights and obligations, meaning that the amounts are recorded during the year in which the claim or obligation, in the economic sense of the term, is created, transformed or removed. For example, the value of subsidies recorded in the accounts for year n corresponds to aid granted in year n even if all or part of the payment takes place in year n+1 or at a later date.

    f. The reclassification of certain agricultural aid which used to be classed as "operating subsidies" and which will now be recorded as "capital transfers". The value of this aid will no longer enter into the calculation of income.

4. Revisions which have had no impact on the measurement of income (all things being equal) concern:

    a. The valuation of output at basic prices. The basic price is defined as the price received by the producer, after deduction of all taxes on products but including all subsidies on products.

    b. The abandonment of the concept of national farm: besides production sold, stocked or for own-consumption by agricultural units, the production of the agricultural industry will now include a part of output used as intermediate consumption by the same unit (for example, grain or forage used in animal feed).

D – Annual rate of change (% TAV)

1. The annual rate of change (symbol: % TAV) is used throughout this report for the calculation over periods of time of changes in a given aggregate. It measures the compound annual average increase or reduction, as a percentage, of the variable concerned from a base year (T in the following equations).
2. The annual rate of change is calculated as follows:

$$100 \times \text{Anti-Log} \left[\text{Log} \frac{(\text{statistic for year } T + N)}{(\text{statistic for year } T)} : N \right] - 100 = \%\ TAV$$

Where the annual rate of change is calculated over only two successive years, N = 1 and the formula becomes:

$$100 \times \left[\frac{\text{statistic for year } T + 1}{\text{statistic for year } T} \right] - 100 = \%\ TAV$$

3. The following series illustrates the use of this formula:

	1990	1991	...	1995	1996
Series =	100 000	112 000		161 051	177 156

	$\frac{1991}{1990}$	$\frac{1995}{1990}$	$\frac{1996}{1995}$
% TAV	12,0	10,0	10,0

Remarks

1. From 1991 data for the former German Democratic Republic are included in the figures for the Federal Republic of Germany and accordingly in the figures for the EU as a whole.

2. Present report was based on data available on 22/12/2004.

3. From 1 January 1997 statistics for France and Spain have been amended to include the French overseas departments (Guadeloupe, French Guiana, Martinique and Réunion) and the Canary Islands respectively.

4. Data on the Candidate Countries are gradually included in our tables. These data are mostly based on the figures provided by Eurostat and the Directorate-General for Agriculture and Rural Development. The process of harmonising the national statistics in the candidate countries is under way. The figures provided are therefore not fully comparable with the figures for the European Union and are expected to be revised frequently. We are publishing them for information only. The Commission cannot be held responsible for how the figures given for these countries are used or interpreted.