

European Union

Directorate-General for Agriculture and Rural Development

**AGRICULTURE IN THE EUROPEAN
UNION**

***STATISTICAL AND ECONOMIC
INFORMATION***

2007

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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 2007 agricultural year. It includes a wide range of statistical information on agriculture in the 27 Member States and in the accession Countries for EU membership.

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☒ = New table

Remark: The following tables of *The Agricultural Situation in the European Union – 2006* have not been repeated: 4.10.5.1, 4.11.1.1, 4.13.7.5

The 2007 Agricultural Year

Overview

1. The **2007 agricultural year** was marked by a very sharp and remarkable increase in the prices of many agricultural commodities in the EU and world markets. These rises in commodity prices concerned mainly crop and dairy products. They were also found in the poultry sector, whereas beef and pig meat prices showed a decline. In contrast to livestock production, the overall EU crop production fell in 2007. Input prices were also considerably higher in 2007 on average in the EU, mainly due to strongly increased prices for feeding stuffs. Costs for animal feed followed the development in cereals, oilseeds and other forage plants prices. Real prices of energy and lubricants (the main input cost drivers in 2006) decreased by -1.1 % in 2007 as higher oil prices were cushioned in the European Union by the strength of the Euro against the US \$. Generally, price developments were highly variable across sectors and countries. The first estimates sent by Member States show a clear increase in agricultural income by + 4,7 % in real terms as compared to 2006 in the European Union as a whole. The actual range by country varies from – 18.6 % for Bulgaria to + 58.5 % for Lithuania.
2. In the EU, **weather conditions** in the autumn of 2006 were generally favourable for winter crops' sowings. Mild temperatures in winter accelerated crop development by one or two months. Spring was also characterised by high temperatures, in particular in April, and by a deficit of precipitations. These conditions affected the crop potential at the end of winter. Weather conditions at springtime were notably unfavourable in the Eastern part of the EU. Weather conditions in summer were particularly difficult for arable crops, from the point of view of both temperatures and precipitations. Two heat waves affected Central and Eastern Europe, in particular the Balkan region and the Black Sea area. Most affected countries were Romania, Bulgaria, Hungary and Slovakia in the EU, and Serbia, Ukraine, Moldova and Russia. Conversely, over the same period exceptionally low temperatures were observed in the Western part of the EU, in particular in France, in the north of Spain, in Germany, Benelux and the United Kingdom. Rainfall has been particularly unbalanced in summertime reaching very high levels in the northern half of the EU (from the United Kingdom to the north of France and to Central and Northern Europe), exceeding average cumulative values by some 30%. This affected the harvest, in particular in France and Germany.
3. In 2007/08, the demand for **cereals** within the European Union is estimated to increase modestly in line with slightly higher seed use and human consumption and a moderate decrease in feed use. As regards **livestock products**, total meat consumption in 2007 rose slightly in the EU as a result of higher beef, pork and poultry meat demand (only sheep meat consumption was slightly lower than one year before). The strong domestic and world demand for dairy products, coupled with a limited (global) supply led to unprecedented price increases for dairy products (and especially milk powders) in 2007. Both EU and world dairy product prices were well above the 2006 levels throughout 2007.
4. Concerning the **global economic situation**, the outlook for the world economy remains positive, though many downside risks have clearly increased. This is mainly

due to a sharper housing downturn in the US, which has triggered distress in the credit markets. However, the slowdown in the US economy is anticipated to be largely offset by the strong expansion of other regions of the world, in particular Asia. All in all, world GDP growth is projected to ease gradually to 5.1% in 2007. In line with this scenario, world trade growth is also expected to gradually decelerate, from an estimated annual rate of around 9% in 2006 to around 7.8% in 2007. After having eased to almost USD 50/bl in January 2007, oil prices have started to increase again. They are now considerably higher than at the beginning of the year, oscillating around the level of USD 80/bl. In euro terms, however, the increase is much more limited.

5. The **EU and euro-area economies** entered 2007 on a strong note thanks to sound domestic fundamentals and a favourable global growth. Economic growth is being driven by domestic demand, with private consumption taking over as the main engine of growth. Equipment investment is supported by sturdy profits and still favourable demand expectations, while tighter financing conditions are likely to mainly affect construction investment. Economic activity is also supported by a positive, albeit small, net contribution from the external sector this year in the euro area. The international environment is expected to remain supportive, as a more marked slowdown in the US should be largely offset by buoyant growth in the emerging markets. The Euro started at the level of USD 1.32 against the dollar at the beginning of the year, and then showed a gradual increase closing the year at USD 1.47.
6. After the strong increases recorded in 2006, **cereal prices** literally skyrocketed in 2007 and reached unprecedented levels. Poor harvests in key producing countries (in particular in Australia where cereal production reached 22 million tonnes, well below the five-year average of 35 million tonnes) led to a second low global harvest in a row. Combined with a sustained demand, this harvest led to extremely low levels of stocks. The increased demand in emerging economies and the development of the biofuel market in the US (from maize) also contributed to support the rise in cereal prices (in the EU, the use of cereals for the production of bioethanol is still marginal, well below two percent of production). Another important factor was the rush of large importers on the market at the beginning of the marketing year in fear that they could face difficulties to secure their domestic needs.

For wheat, world production is estimated to have reached 603 million tonnes (not dramatically higher than the 2006 harvest of 590.5 million tonnes). Stocks of wheat in the five major exporters would only reach 26 million tonnes (38.1 million tonnes in 2006), the lowest level over the last 30 years. World wheat stocks at the end of the marketing year are forecast at 110 million tonnes, their lowest since 1979/1980. Grain maize production is forecast at 767 million tonnes, an increase of 9.7% in comparison with 2006/2007. The USA would have harvested a record 335 million tonnes thanks to the strong increase in area and favourable climatic conditions. Around 80 million tonnes of maize would be used for the production of ethanol (more than the exports projected at about 60 million tonnes). World production of barley is estimated at 136 million tonnes, three million tonnes less than in 2006.

The world market prices for **soybean and other oilseeds** also reached extremely high levels in 2007 due to continued firm demand and high oil prices.

World market **sugar** prices showed great volatility throughout 2007. Raw sugar prices started the year at 11.5 \$cts/lb and fell by 30% in June when they reached 8.5 \$cts/lb. Then prices started to improve and increased to 10.8 \$cts/lb by the end of the year.

White sugar prices showed even greater volatility as prices moved in a wide range of nearly 100 \$/t. Prices peaked at 352 \$/t in April and then fell to 260 \$/t by September. The prices of white and raw sugar showed a steady price increase towards the end of the year thanks to a massive financial inflow from investment funds (based by the seemingly attractive prices of sugar).

In 2006/07, global sugar production increased by nearly 20 million tonnes to 167 million tonnes, which resulted in a major surplus of around 11 million tonnes. This was primarily due to rapidly increasing sugar output in India where production jumped to 28 million t. The high sugar prices of early 2006 undoubtedly had their effect. The world sugar balance is not expected to improve in 2007/08 either, although global surplus would be probably less than 10 million t.

In 2007, **global meat markets** gradually recovered from disruptions related to **animal disease** outbreaks that had plagued the sector for the past years. **FMD** was diagnosed in Brazil in October 2005, with several foci in the states of Mato Grosso do Sul and, later, Parana. As a result, a number of countries placed embargoes on Brazil, with different product and geographical scopes. These bans had little impact on total export volumes and values in 2007 as processors managed to source their export requirements from unaffected states. The affected states are expected to be recognised FMD-free with vaccination again at the next OIE General Session in May 2008 and those countries that had imposed an embargo should lift it. The Brazilians are also getting closer to accessing some high value markets to which they have either been completely or partly closed – with a process involving a variety of veterinary inspections. The OIE recognised the State of Santa Catarina as FMD-free without vaccination in May 2007, and the Brazilian objective is to open lucrative markets for pig meat. However, following inspections on traceability and successive decisions taken by the European Commission, conditions for importing meat from Brazil into the EU will become much stricter after 31 January 2008. The initial number of holdings approved for producing meat for export to the EU is likely to be insufficient to maintain the trade flows achieved in recent years. FMD was also diagnosed again in the UK in August 2007 (the virus most probably escaped from a laboratory). Although this relatively minor outbreak was contained, it had an impact on trade from the UK and on sheep prices which fell sharply. FMD remains prevalent in a number of other countries on most continents and regularly limits trade from countries such as China and some southern African countries with EU market access.

Thanks to a significant decrease in the number of cases and efficient control measures, the OIE is to recognise the EU Member States as countries with a controlled **BSE** risk (i.e. in the same category as Brazil, Canada, Chile, Switzerland, Taiwan and the USA). Even though availabilities are quite low, this should pave the way for many markets to reopen for EU beef. In North America, the US-Canadian border was reopened to live over-thirty-month old cattle and respective meat trade from Canada to the USA in November 2007 – after over 4 years.

While **highly pathogenic avian influenza** remains a serious animal health problem with potential risks for human health, demand for poultry meat has recovered markedly in most markets. The number of countries affected in 2007 declined compared to 2006 as control measures seemed to begin to have an impact. However, the risk of renewed outbreaks remains strong with Bangladesh, China, Indonesia and Nigeria particularly being important virus reservoirs. The global producer response to lower avian influenza related disruption was cautious on account of potential demand backlash and

in view of the rise in feed costs. Output increases were relatively modest and, in view of the unexpectedly strong demand, the industry was able to raise prices in most areas, thus helping to offset the higher costs.

In 2007, the **porcine reproductive and respiratory syndrome** (a viral disease first diagnosed in the US) became widespread in China. It led to a reduction in pig numbers and to a sharp drop in production in 2007 which, combined with a firm domestic demand, triggered a strong increase in domestic prices. Since imports remained at relatively low levels, domestic per capita consumption fell sharply.

The **blue tongue disease** is present in a number of countries in the world and has been in much of southern Europe for many years. Blue tongue suddenly appeared in northern Europe in August 2006. The serotype 8 virus quickly disseminated in the Netherlands and Belgium as well as in limited parts of Germany and France in late 2006 but its expansion was even faster when it reappeared during the summer of 2007, extending to all of Germany, most of France, parts of Denmark, the Czech Republic and the UK by the end of 2007. Control measures involving limitations of animal movements led to live cattle trade and beef market disruptions in France in 2006, with a knock-on effect in 2007 when more males were put on the domestic market. The further spread of the virus in 2008 is a serious concern for beef and sheep farmers. A vaccine should be available during the spring 2008, and the timing of the campaign is very sensitive.

Beside animal health related disruptions, **the main drivers** for the global meat markets in 2007 were the **exceptional feed costs** (which put the meat sector under margin pressure), increases in **other costs of production** (energy, regulatory and labour costs), **renewed strength in demand**, the **US-\$ weakness** (causing major competitive advantage to US meat exporters on the one hand and profitability problems for competitors on the other hand) and abundant **Brazilian agribusiness opportunities** in a global environment of higher cereal, oilseed and biofuel prices and generally buoyant beef and poultry export market conditions (higher profitability, access to stockmarket capital, and the stronger Brazilian Real have created conditions for pronounced corporate expansion – with some highly prominent overseas acquisitions by a number of leading companies).

Sanitary issues, market management, and exchange rates have had a profound impact on international trade. **Poultry meat trade** was clearly disrupted in 2006 by the avian influenza disease, but trade picked up sharply in 2007 due to the recovery in global demand. The EU is becoming a net-importer of poultry meat given another considerable influx of Brazilian and Thai product which was facilitated by changes in the tariff rate quota status of slightly-salted and cooked poultry.

The positive developments in the poultry meat sector took place at the expense of **pig meat** (which had been the major winner of the disruptions affecting beef and poultry in 2006). The good years of pig meat profitability (2004-06) are coming to an end with current high pig slaughter availability depressing the meat price at a time of sharply increased feed costs.

Beef trade continued to recover from the BSE and FMD crises, while **trade in sheep meat** declined in 2007 due to the reduced production levels in both New Zealand and Australia as a consequence of the drought and the relatively more favourable profitability prospects in the dairy and beef sectors.

The **gap between EU and world meat market prices** is expected to rise further, making the EU an extremely attractive export destination. Though increasing, Chinese imports remain at a relatively low level, except in the poultry meat sector. They account for 1%, 5%, 6% and 11% of world imports in the beef, sheep meat, pig meat and poultry meat sector respectively. The import share of total supplies within China is even lower so that their impact on domestic prices is negligible.

The world market for **dairy products** showed unprecedented price developments throughout 2007, with the SMP world market price rising for a short while above 5000 \$/t (more than double what is considered the 'usual' price) and the world market price for cheddar also at a historical high of 4700 \$/t. The world butter price also increased significantly (to 3650 \$/t), but unlike milk powders, remained below the EU price level. The reason behind these developments are the continued increase in world demand for all dairy products, driven by growing population and economic growth, and the limited supply of dairy exports due to lower production levels (and increasing domestic use) in most of the major exporting countries.

In the United States production expansion in the first half of 2007 was limited, but a higher rate of increase was expected for the second half as producers were foreseen to respond to the high market prices for milk. New Zealand milk supplies were forecast to increase further, driven by an expanding dairy herd and higher productivity. On the other hand, production in Australia decreased by 5 % in 2006/07, due to the severe weather conditions and should continue to remain constrained in 2007/08. The current export limitations should therefore persist over the short term. Production in Argentina declined due to adverse weather conditions and exports remain restricted by the use of export taxes that are aimed to constrain the growth of internal dairy prices. India's presence on the world market has been limited due to the high level of domestic consumption. Rising SMP exports led the Indian government to impose a total ban on all milk powder exports in the first three quarters of 2007, further limiting the availability of milk protein on the world market.

7. In the first nine months of 2007 the overall value of EU **agricultural exports** increased strongly by 5.3%, with wide divergences across agri-food products. The increase was particularly marked for vegetable products (+250%), oilseeds and oleaginous fruits (+35.6%), dairy products (+24.5%) and cereals (+22.8%). Exports only fell for sugar and sugar confectionary (-55.1%) and, to a lower extent, for the category "other WTO products outside chapters 1-24" (-7.2%). EU cereal exports are forecast to decrease remarkably in volume during the 2007/08 marketing year compared to the previous year's level, while imports would rise strongly. EU net exports of meat are expected to continue decreasing due to the decline in EU exports of beef, poultry and pork. The overall value of **agricultural imports** rose by 9.6 % in the first nine months of 2007 as compared to the same period of 2006. As a result, the EU's agricultural trade balance turned negative with a trade deficit of EUR 657 million, against an overall trade surplus of EUR 1.47 billion in the first nine months of 2006.
8. **Intervention stocks** of cereals have decreased for the third consecutive year in 2007 and are expected to be cleared by the end of the 2007/2008 marketing year, as a result of the high prices and tight cereal balance sheets.

Stocks of table wine at the end of the 2006/07 wine campaign stood at 64 million hectolitres (of which 41.5 million hectolitres at producer's level). Following the intervention measures decided in 2006 (crisis distillation of 4 million hectolitres), the

level of stocks at producer's level equalled the average of the five last campaigns (41 million hectolitres). However, compared to the period 2002–2004, when the level of EU table wine stocks stood at 33–37 million hectolitres, table wine stocks remain at a higher level, especially in France (14.7 million hectolitres). Stocks of quality wine last year accounted for 99 million hectolitres, of which 69 million at producer's level. The intervention measures decided in 2006 for 1.4 million hectolitres did not reduce the level of stock. Compared to the average level over the last five campaigns, stocks of quality wine remain high, particularly in Italy (+17%), but the situation has improved in Portugal (-10 %).

There was no sugar offered into intervention in 2007. Of the tenders opened for the resale of the intervention sugar stocks, only the export tender attracted any considerable interest. In 2007 a total amount of 316 000 t of sugar was sold out of intervention, with around 470 000 t remaining to be sold at the end of the year.

The decline in milk production in 2007 led to tight market conditions for milk proteins and even butter, thus allowing for an elimination of EU intervention stocks for butter, the lowering of export refunds for all dairy products and all disposal aids for butter, casein production and animal feed set at zero.

Production

9. According to latest information available, the EU-27 **cereal area** is estimated to have declined from 57.1 million ha in 2006 to 56.5 million ha in 2007 (- 0.9%). The main reasons for this decrease are less favourable climatic conditions in some EU regions, especially in summer in Central and Eastern Europe (decline of the maize area by 14.5% in the EU-12) and continuing implementation of the 2003 CAP reform (in particular "decoupling"). Particularly hit were durum wheat (-6.3%) and maize (-7.8%), with also a decrease by 5.4% for sorghum (though this cereal represents a limited area of 0.1 million ha). Common wheat and barley areas were fairly stable (respectively +0.1% and -0.3%). On the other hand the area allocated to rye (+10.6%), oats (+3.6%) and triticale (+3.0%) increased.

Total cereal production is estimated to stand at 257 million tonnes for the 2007/08 marketing campaign, a decrease of 3.3% (about 9 million tonnes) compared to 2006/07. Cereal production stood at 193 million tonnes in the EU-15 (-0.9% in comparison to 2006/07) and 64 million tonnes in the EU-12 (-10.0%). The decrease in cereal production ranges from 3.6% for durum wheat to 15.8% for maize, with soft wheat production down by 5%. Barley production increased by 3.3%, rye by 18.1%, oats by 14.5% and triticale by 10.8%.

Average **cereal yield** fell to 4.55 t/ha, 2.4% lower than in 2006 as the yield declines for maize (-8.7%) and soft wheat (-5%) were not compensated by the increases for the other cereals. For soft wheat, the decline affected both the EU-15 and the EU-12 (-3.3% in Germany, -7.7% in France, -10.0% in the UK, -11.7% in Hungary, and even -32.4% in Bulgaria and -45.3% in Romania). For maize, the shortfall affected mainly the Member States of the EU-12, in particular Bulgaria (-75.3%), Hungary (-44.6%) and Romania (-51.9%).

France remains the leading cereal producer in the EU, totalling 59 million tonnes (-4.3%). It is followed by Germany with 41 million tonnes (-6.8%) and Poland with 27 million tonnes. With a production growth of 25.7% the latter is back to a "normal" production level after the very poor harvest of 2006 (the lowest in more than 15 years).

The heat waves of summer 2007 in South-eastern Europe inflicted major blows to the cereal sector in Bulgaria, Hungary and Romania where production has been cut by 42%, 53% and 34% respectively.

10. **Rice** production, according to provisional estimates, was slightly higher in 2007 as compared with the previous year (+1%), mainly due to an increase of the areas sown (+2%). The first production estimate for 2007 is about 1.6 million tonnes (milled equivalent), while the total area is estimated at around 425 000 hectares. The tendency from previous years for a slight increase of areas sown with japonica rice to the detriment of indica rice continued.
11. Total EU-27 **oilseed** area continued to increase in 2007 (+5.3% compared to 2006) due to the strong increase of 22.7% in rape seed area reaching 6.5 million ha (5.3 in 2006). Soybean area declined from 499 000 hectares in 2006 to 352 000 hectares in 2007 and sunflower seed area declined by 13.8% from 3.9 to 3.4 million hectares. Rape seed area increased due to favourable price prospects during sowing time and the perspectives for greater use for the production of biodiesel. Total oilseed area is estimated to increase to 8.3 million ha, of which 0.8 million ha on non-food set-aside and 0.9 million ha on energy crop area. Due to adverse weather circumstances (low precipitations in springtime in North-western parts of the EU, low temperatures in June and rain during harvest), yields for rape seeds and sunflower seeds were rather low: 2.8 tonne per hectare for rapeseeds (against 3.0 tonnes per hectare in 2006), 1.4 tonne per hectare for sunflower seeds (1.7 in 2006). For soybeans, the yield increased to 2.7 tonnes per hectare (2.4 in 2006). These yields generated a harvest of 23.9 million tonnes, slightly above production level of 2006 (23.8) despite the stronger increase of area of 5.3%. The crop consists in 18.3 million tonnes of rapeseed, 4.8 million tonnes of sunflower seed and 805 000 tonnes of soybean. Rapeseed represents 95% of the 2.4 million tonnes of non-food oilseed production.
12. The EU-27 **linseed** area declined from 124 000 hectares to an estimated 72 000 hectares in 2007, with production falling to 91 000 tonnes against 166 000 t in 2006.
13. The **protein crop** area is expected to continue to decrease in 2007, reaching 1.1 million hectares (-20.3%). Stable yields for peas (2.4 tonnes per hectare) and lower yields for beans and sweet lupins (2.8 tonnes per hectare) led to a total protein crop production of 2.8 million tonnes, i.e. a decline of 22.5% in comparison with 2006.
14. The 2007/08 campaign was the second under the reformed **sugar** CMO. The sugar beet area did not change particularly following the major decrease of the previous year. The beet area, similarly to 2006/07 reached 1.75 million ha in 2007/08. Due to the very good weather conditions in Western and Northern Europe the sugar production exceeded 17 million tonnes in the EU-27.

While the first year of the temporary restructuring scheme was very successful the quotas renounced in respect of 2007/08 remained well below expectations and only reached 500 000 t. Therefore it was decided to make the restructuring fund even more attractive for sugar producers and the relevant provisions were amended.
15. **Olive oil** production in 2007 (marketing year 2006/2007) is estimated to have reached 2.14 million tonnes (1 108 700 tonnes in Spain, 603 000 tonnes in Italy, 370 000 tonnes in Greece, 48 000 tonnes in Portugal, 8 300 tonnes in Cyprus, 3 400 tonnes in

France and 300 tonnes in Slovenia). This quantity represents an 11% increase to the 2005/06 harvest.

16. Initial estimates indicate a decrease in total **fruit** production in 2007. The production of citrus fruit is estimated to have reached 10.1 million tonnes (a decrease by 14% in comparison to 2006). Production of lemons is foreseen to have declined by 21%, oranges by 12% and small citrus fruit by 15%. The volume of production of peaches and nectarines is estimated to amount to 2.7 million tonnes in 2007. This figure shows a strong decrease in production by 40 % in comparison to 2006. The production of pears is expected to stand at 2.4 million tonnes in 2007 (a decrease by 8% in comparison to 2006), whereas the production of apples is foreseen to have reached 8.5 million tonnes (-13 % in comparison to 2006). As regards **vegetables**, there are no consolidated figures yet on total production of fresh tomatoes. The production of tomato for industrial processing is estimated to have reached 8.1 millions tonnes in 2007 (an increase by 2 % in comparison to previous year).
17. First estimates show that the EU **total must production** in 2007 will not reach the level of the previous campaign (-11%). Estimates in December indicate a production of about 168 million hectolitres, of which 160 million will be vinified. A significant decrease in production occurred in Portugal (-23%), Italy (-18%) and France (-14%), while wine production increased in Germany (+20%) and Austria (+13%).

Exports of **wine** have increased in volume as well as in value. During the 2006-2007 campaign (August 2006-July 2007), 18.5 Mio Hl of wine were exported outside the EU, which corresponds to a value of 5.8 billion € During the same period imports of wine accounted for 12 Mio Hl, or 2.6 billion € in value, the net trade balance thus reaching 3.2 billion €
18. In 2007, limited additional supply of mainly cow meat in the UK would no longer overcompensate the negative impact the continuously declining cattle herd has on calve and fattening cattle availability in the EU. Over the past years, dairy cow herds have been decreasing as a result of increased productivity and lower profitability in the dairy sector, while increasing beef herds in some Member States, such as France, are offset by decreasing beef herds elsewhere, for example in Italy and Ireland. EU **beef and veal** production is hence estimated to decline to 8.038 million tonnes in 2007 (-0.3%).
19. **Pig meat** production is expected to increase further to 22.14 million tonnes (1.3%) in 2007. This increase was mainly triggered by a relatively favourable pig meat/feed price ratio during most of the year 2006 (the December 2006 census showed an increase in EU pig numbers of 1.6%, while sow numbers increased by 0.7% compared to December 2005).
20. EU **poultry meat** production partially recovered from the disruptions related to avian influenza in 2006 and is estimated at 11.16 million tonnes in 2007. However, the ongoing threat of new outbreaks and limited numbers of mother birds and hatching eggs kept production low during the first half of 2007. This resulted in record high broiler prices.
21. Reflecting the long-term trend of decreasing sheep herds combined with the effects of recent decoupling of ewe premiums, EU **sheep meat** production is expected to be 1% lower in 2007 than one year before.

22. The downward trend in dairy cow numbers in EU-27 is expected to have continued and to reach 23.9 million heads at the end of the year, a 1.4 % fall compared to the end of 2006. The average milk yield on the other hand is expected to have increased to 6 124 kilos, up 1.2 %. This provided for a **milk production** of 148 million tonnes, down 0.2 % compared to 2006. Deliveries to dairies in EU-27 are estimated to have decreased marginally, by 0.1 % to 133 million tonnes in 2007. A strong expansion in the first quarter of 2007 was followed by a heavy decline over the summer and autumn period. The United Kingdom, Sweden, Finland and Hungary continued to show a production pattern which is structurally below quota.

Following two years of decline in the annual weighted EU producer price, the supply shortage and strong demand for dairy products have led to an increase in the average EU milk producer price throughout the year and particularly in the second half of 2007.

Butter production is estimated to have increased by 1.3 % to slightly above 2.1 million tonnes in 2007. **Cheese** production continued to increase, albeit at a lower rate than in 2006: this year's overall increase of 1.5% resulted in total cheese production of 9 million tonnes. The production of **skimmed milk** powder is expected to have increased significantly (9%), whereas **whole milk powder** output remained expected to have increased twofold and cheese exports by 6 % in 2007. relatively stable. Despite the elimination of export refunds in mid-June, SMP exports

Prices

Producer prices

23. The first estimates available show different developments in nominal terms in the agricultural producer price index for EU Member States. Producer prices are expected to have increased most in Romania (+20.6%), Lithuania (+18.8%) and Bulgaria (+17.6%). Less pronounced price increases were recorded for Greece (+3.1%), Italy (+2.8%) and Malta (+2.7%). Only Belgium shows a decrease in agricultural producer prices by 1.4% in 2007 compared to 2006.
24. Prices of **cereals** have increased in all Member States, but to different extents. Highest increases were recorded for Romania (+93.5%), Ireland (+67.6%) and Bulgaria (+66.7%), while lowest increases occurred in Luxembourg (+33%), Italy (+26.9%) and Cyprus (+0.9%). On the contrary, **sugar beet** prices were estimated to have decreased in most Member States with the exception of Czech Republic (+27.7%), Romania (+11.9%), Latvia (+8%), Belgium (+0.9%) and Slovenia (+0.3%). **Wine** prices increased in nominal terms in most wine producing countries, except from Spain (-1.3%) and Slovenia (-0.1%) where prices decreased. In view of these varying developments the overall price index for **crop products** increased in all EU Member States (+12.5%).
25. The overall price index for **animal products** rose in most EU Member States in 2007 but it masked wide-ranging changes by sector and by Member State. **Pig** prices developed negatively in most Member States with an average annual decrease of 8%, except from Greece (+10.8%), Finland (+4.4 %), Latvia (+2.8%), the UK (+2.3%), Poland (+1.7%) and Estonia (+0.4%) where nominal prices were up. **Cattle** prices decreased on average by 2.7 % in the 27 EU countries. However, the picture varied among Member States, with Bulgaria (+3.1%), Finland (+4.1%) and Belgium (+3.1%) showing price increases and Hungary (-8.7%), Denmark (-8.3%) and Lithuania (-6.3%) showing most pronounced decreases. **Poultry** prices increased on average in the EU-27 in 2007 (+9.9%) as only Latvia (-23.2%) and Romania (-8.5%) recorded

negative price trends. **Sheep and goat** prices developed negatively on EU-27 average (-4.6%), with Romania (-18.6%), Hungary (-11.3%) and Germany (-8%) showing the highest price decreases. **Milk** price changes in nominal terms in 2007 over 2006 are expected to be positive. However, statistical data confirming this trend are not yet available.

Egg price changes were positive in all Member States (+15.6% on EU-27 average) with the only exception of Luxembourg where egg prices decreased by 2.3%.

Market prices

26. In general, **cereal** prices have increased substantially in comparison with 2006. In the first five months of 2007, prices were relatively stable at high levels: the price for soft wheat for bread stood in the range of EUR 156-158 per tonne, the price of durum wheat was in the range of EUR 183-187 per tonne, for maize the price was around EUR 160 per tonne and for malting barley EUR 182-186. Price increases resumed in June, accelerated in July to reach at the end of the year EUR 240-250 for bread wheat, around EUR 265 for malting barley and more than EUR 220 for maize. Prices increased even more for durum wheat, for which the supply situation was tighter, reaching unprecedented levels of more than EUR 400 per tonne in December 2007.
27. Paddy **rice** prices continued to be high in 2007, largely above support price levels. Indica type rice prices ranged on average between 50% and 60% above the support price, japonica rice prices were even higher, ranging between 50 and 90% on average above the support price.
28. During the year 2007, prices of **rape seed** rose to an unprecedented level: in January 2007 rapeseed was quoted at about EUR 275 per tonne (in Rouen) and in December 2007 it went up to EUR 400 per tonne (compared with EUR 169 per tonne in January 2005). In the case of **sunflower seed**, prices rose even more dramatically. While in January 2007 sunflower seeds were quoted at EUR 250 per tonne, in December 2007 they reached a record EUR 390 per tonne. Prices of **soybean** equally registered an important increase: from USD 245 per tonne in Chicago in January 2007 to USD 460 per tonne a year later.
29. The white **sugar** reference price (the institutional price) was EUR 632 per tonne during the 2006/07 and 2007/08 marketing years. It will be reduced to EUR 541 per tonne as from the 2008/09 marketing year. Although the reference price remained unchanged in 2007, market prices started to decrease slowly and fell somewhat below EUR 632 per tonne. This was also reflected by the very limited interest at the tender opened for the resale of intervention sugar on the Community market.
30. In 2006/07 **olive oil** prices decreased strongly (- 26 %) compared to 2005/06 when they reached historical record levels.
31. The market price of table **wines** without geographical indication at producer level is higher than in the same period of the previous year. Spanish red table wines are now marketed at 3 € per hectograde (+10% compared to the same period of last year), French red table wine at 3.20 € (+16%) and Italian red table wine at 3.70€ (+30%). Quotations for white table wines are often based on insufficient volumes to be considered truly representative.
32. On average, **cattle carcass prices** in 2007 were slightly below their level in 2006. However, it should be recalled that for different reasons, prices were at relatively high levels in 2006 (import restrictions on Brazil due to FMD, Argentine decision to suspend

exports temporarily, avian influenza). The average prices for 2007 were well above prices levels in earlier years. Prices for carcasses of adult male bovines seasonally decreased during spring 2007, recovered during summer and early autumn, and reached a level of around 140% of the EU basic price at the turn of the year 2007/2008.

33. **Pig meat prices** in 2007 developed at lower levels than during the year 2006. While prices fell below their five-year-average levels (average 2002-2006) in the first part of 2007, they developed nearly perfectly in line with average prices for the rest of the year. Piglet prices, however, plummeted sharply and reached their lowest level starting of November 2007 (when they stood at only slightly above EUR 25 per head – around EUR 12 below their five-year-average level).
34. The EU average **heavy lamb price** in 2007 was EUR 405 per 100 kg carcass weight, i.e. an increase of 3.2% on the previous year. Developments on individual markets have been quite unusual, reflecting disruptions related to far-reaching blue tongue and FMD outbreak in August 2007. Prices increased in France, the Netherlands and Belgium, countries to which sheep meat deliveries from the UK were interrupted due to disease related movement restrictions. Prices were also higher in Spain.

Average **light lamb prices** in 2007 were 2% below previous year levels. All main markets showed year-on-year lower prices, the Italian price remained rather close to its last year level. The only exception was the Spanish price which was 0.5% higher in 2007.

35. The prices for **dairy products** increased considerably throughout the period January-September 2007. Domestic prices for butter and skimmed milk powder remained well above the intervention buying-in price. At their peak level skimmed milk prices were 117 % and butter price 70 % above the intervention price level. A similar trend was observed for whole milk powder prices, while cheese prices remained relatively stable throughout most of the year and started increasing in the second semester. This favourable price environment allowed for the complete sale of butter out of intervention. Consequently aid levels were reduced to zero for all refunds and internal disposal measures.

Input prices

36. In 2007 the **purchase price index** for standard consumption goods and services in agriculture rose in all EU Member States (+6.8% on average) in nominal terms over 2006 with the exception of Finland (-2%) and Belgium (-1.9%). Prices were particularly higher for feeding stuffs (+14.3%) and seed and planting stocks (+7.5%). Total input prices increased most in Latvia (+18.5%), Hungary (+11.8%) and Slovakia (+11.6%).

Farm income

37. The first estimates of farm income developments in 2007 provided by Eurostat on the basis of information sent by Member States in December 2007, show an average increase of +4.7 % in the income from agricultural activities (measured, in real terms, as the factor income per annual work unit) compared to 2006 for the European Union as a whole. The increase in agricultural income results from a reduction in **agricultural labour input** (-1.9 %), and a growth in **real agricultural income** (+2.6 %). This growth in EU-27 **real agricultural income** in 2007 is itself the result of an increase in **agricultural output at producer prices** in real value terms (+4.6 %,

mainly reflecting higher prices for crop products, particularly cereals and oilseeds) and a rise in **input costs** (+5.3 %, resulting for the most part from higher prices for feedingstuffs). Whereas **depreciation** in real terms remaining stable, the real value of **subsidies** and **taxes** exhibited a moderate increase (+1.3% and +0.1% respectively). Agricultural income per worker in 2007 was above the 2006 levels in **twenty** Member States. The largest increases were observed in Lithuania (+58.5 %), Czech Republic (+20.6 %) and Estonia (+19.4 %), while the largest decreases were recorded in Bulgaria (-18.6 %), Romania (-16.1 %)¹ and Portugal (-5.8 %).

38. The main factor behind these changes was the increase in EU-27 **agricultural output** (+4.6 %), which occurred thanks to a pronounced rise in the value of **crop production** (+8.6 %) and a small increase in **animal production** value (+0.5 %). In crop production a fall in **output volume** (-1.4 %) was more than compensated by the rise in **producer prices** (+10.2 %). The sharpest reductions in crop volumes were recorded for **protein crops** (-16.1 %) and **grain maize** (-11.8 %). Producer prices of **cereals** (+45.4 %), **oilseeds** (+22.4 %) and **forage plants** (+8.2 %) increased significantly. The slight increase in the value of animal output in 2007 results from a rise in **production volumes** (+1.5 %) and a decrease in **producer prices** (-1.0%). The increase in the output volume of **cattle** (+1.8 %, coming mainly from higher numbers of male adult animals sold for slaughter) and **pigs** (+4.3 %, reflecting the peak of the pig cycle) was accompanied by decreases in their producer prices of 5.8 % and 12.3 %, respectively. In the case of **sheep and goats**, both production volumes (-2.4 %, resulting from CAP reform induced de-stocking in previous years) and producer prices (-6.4 %) decreased remarkably. The real value of **poultry** production grew considerably (+11.0 %), due to rises in both output volume (+2.9 %, however, still not fully recovering the pre-Avian Influenza production level of 2005) and producer prices (+7.8 %). As far as animal products are concerned, the output volumes of **milk** (-0.3 %) and **eggs** (-0.8 %) decreased. However, significantly higher producer prices let real values of these products increase by 7.4 % and 9.3 %, respectively. The **volume of input costs** (intermediate consumption) fell by 0.3 %. The most significant decrease was recorded for seeds and planting stocks (-2.5 %). **Real prices of input costs**, however, grew by 5.7 %, mainly driven by the sharp increase in **feeding stuffs** (+13.9 %, resulting from higher prices for cereals, oilseeds and forage plants). It should be mentioned that **real prices of energy and lubricants** (the main input cost drivers in 2006) decreased by -1.1 % in 2007 as higher oil prices were cushioned in the EU by the strength of the euro against the US dollar.
39. Lastly, the structural decline in the **agricultural labour force**, the final fundamental factor having an influence on income movement, is assessed at -1.9% in 2007 compared to 2006 for the whole EU. This moderate reduction constitutes a marked slow down compared to the early 2000s. The highest reduction in agricultural labour was recorded in Lithuania (-9%), Slovakia (-5.4 %), the UK (-5.1 %), and Latvia (-5 %). Agricultural labour increased in Poland (+2.5%), Luxembourg (+1.3%) and Ireland (+0.5 %).

¹ Income estimates for Bulgaria and Romania should be interpreted with caution due to obvious problems in subsidy and labour input accounts (the latter problem also seems to hold true for Poland). Apart from these statistical implications, income development in Bulgaria and Romania was clearly negatively driven by exceptionally bad harvests in 2007.

Changes in nominal farm-gate prices in 2007 and 2006 (%)

Member States	Crop products		Livestock products		Total	
	2007/2006 (p)	2006/2005	2007/2006 (p)	2006/2005	2007/2006 (p)	2006/2005
EU-27	12,5	8,3	2,5	2,4	7,5	5,4
Belgique/België	3,9	11,4	-2,5	5,2	-1,4	9,4
Bulgaria	33,8	11,6	5,7	-0,8	17,6	3,7
• eská Republika	24,7	9,0	-1,8	-0,3	12,4	0,9
Danmark	28,6	3,4	-5,7	6,9	3,7	5,9
Deutschland	7,2	18,2	6,2	2,7	6,6	8,8
Eesti	21,3	10,3	2,9	0,5	6,1	2,1
Éire/Ireland	20,6	19,6	7,6	2,2	9,9	4,9
Elláda	3,9	7,1	0,8	4,9	3,1	6,6
España	8,7	-4,6	0,6	4,9	5,3	-0,9
France	18,4	7,9	0,3	0,2	9,1	5,1
Italia	4,2	2,3	0,3	4,5	2,8	3,1
Kypros/K•br•s	10,5	22,6	3,2	-10,3	6,4	5,6
Latvija	26,6	12,4	4,1	5,1	12,6	7,7
Lietuva	26,2	31,0	7,2	2,2	18,8	18,0
Luxembourg	11,1	4,8	0,7	0,9	7,9	1,7
Magyarország	32,4	18,0	0,3	4,0	16,4	10,6
Malta	9,0	-5,9	0,3	5,8	2,7	0,6
Nederland	2,7	18,9	7,7	2,4	4,8	11,3
Österreich	14,8	8,8	-1,1	3,2	4,6	5,1
Polska	18,4	18,1	0,7	-2,3	13,0	7,5
Portugal	5,9	2,6	3,3	4,4	4,8	3,3
România	34,5	24,2	3,7	-5,3	20,6	9,5
Slovenija	11,2	9,9	1,6	2,2	4,8	4,6
Slovensko	20,3	1,1	2,4	-0,7	7,5	-0,2
Suomi/Finland	19,1	4,8	-1,4	4,2	5,4	4,3
Sverige	23,2	7,0	1,2	2,8	10,0	4,4
United Kingdom	18,9	8,7	4,2	2,2	10,3	4,7

(p) provisional – Source: Eurostat

Changes in nominal purchase prices for agricultural inputs in 2007 and 2006 (%)

Member States	Énergy and lubricants		Feedingstuffs		All goods and services	
	2007/2006 (p)	2006/2005	2007/2006 (p)	2006/2005	2007/2006 (p)	2006/2005
EU-27	2,1	6,5	14,3	1,5	6,8	3,1
Belgique/België	0,2	11,6	4,4	0,7	-1,9	4,8
Bulgaria	4,4	:	19,6	-2,5	9,9	:
• eská Republika	-3,9	7,7	11,1	-1,8	3,0	2,7
Danmark	1,0	9,3	18,0	0,1	8,6	1,8
Deutschland	5,0	6,4	20,0	1,4	8,9	3,3
Eesti	3,1	8,1	16,9	2,2	8,7	3,6
Éire/Ireland	2,9	8,7	10,2	1,9	5,4	4,3
Elláda	2,9	8,7	11,6	1,5	6,1	4,2
España	0,8	7,8	11,0	1,1	6,1	3,1
France	-1,5	12,1	13,5	1,4	5,0	3,1
Italia	1,0	9,3	11,8	0,7	8,0	3,1
Kypros/K•brs	0,3	6,7	15,2	-1,1	9,4	1,5
Latvija	9,1	9,4	59,4	7,1	18,5	9,5
Lietuva	-1,9	10,1	15,4	4,8	6,5	7,4
Luxembourg	0,8	9,6	20,9	1,5	7,0	-1,1
Magyarország	-0,3	6,7	26,9	4,7	11,8	5,5
Malta	-4,1	6,6	7,2	-3,9	2,8	-0,5
Nederland	-1,7	20	24,1	4,8	9,2	6,6
Österreich	1,2	5,6	24,6	4,1	6,1	2,4
Polska	3,6	-1,2	15,5	-0,3	7,6	0,3
Portugal	1,9	6,6	11,9	-0,2	6,0	1,5
România	:	:	:	:	:	:
Slovenija	-0,4	7,6	25,7	0,1	10,4	4,6
Slovensko	25,2	19,4	9,6	-2,0	11,6	6,4
Suomi/Finland	0,1	8,2	11,4	3,9	-2,0	5,1
Sverige	-2,0	7,9	18,8	2,3	7,7	2,4
United Kingdom	3,5	8,9	17,4	4,6	7,8	3,5

(p) provisional – Source: Eurostat

**Nominal output price indices for agricultural products
over the 2005–2007 (p) period
(2000 = 100)**

Member States	2005	2006	2007
EU-27	106,5	112,3	120,7
Belgique/België	100,8	110,3	108,8
Bulgaria	100,3	104,0	122,3
Česká Republika	95,9	96,8	108,8
Danmark	93,4	98,9	102,6
Deutschland	98,8	107,5	114,6
Eesti	130,8	133,6	141,7
Éire/Ireland	102,3	107,3	117,9
Elláda	125,0	133,2	137,3
España	110,2	109,2	115,0
France	97,4	102,4	111,7
Italia	105,7	109,0	112,0
Kypros/Kıbrıs	121,9	128,7	137,0
Latvija	140,3	151,1	170,1
Lietuva	116,4	137,3	163,1
Luxembourg	103,1	104,9	113,2
Magyarország	105,2	116,3	135,4
Malta	97,0	97,6	100,2
Nederland	101,0	112,4	117,8
Österreich	102,6	107,8	112,8
Polska	103,7	111,5	126,0
Portugal	109,2	112,8	118,2
România	215,8	236,2	284,8
Slovenija	113,7	118,9	124,6
Slovensko	101,3	101,1	108,7
Suomi/Finland	98,9	103,2	108,8
Sverige	97,5	101,8	112,0
United Kingdom	109,9	115,1	126,9

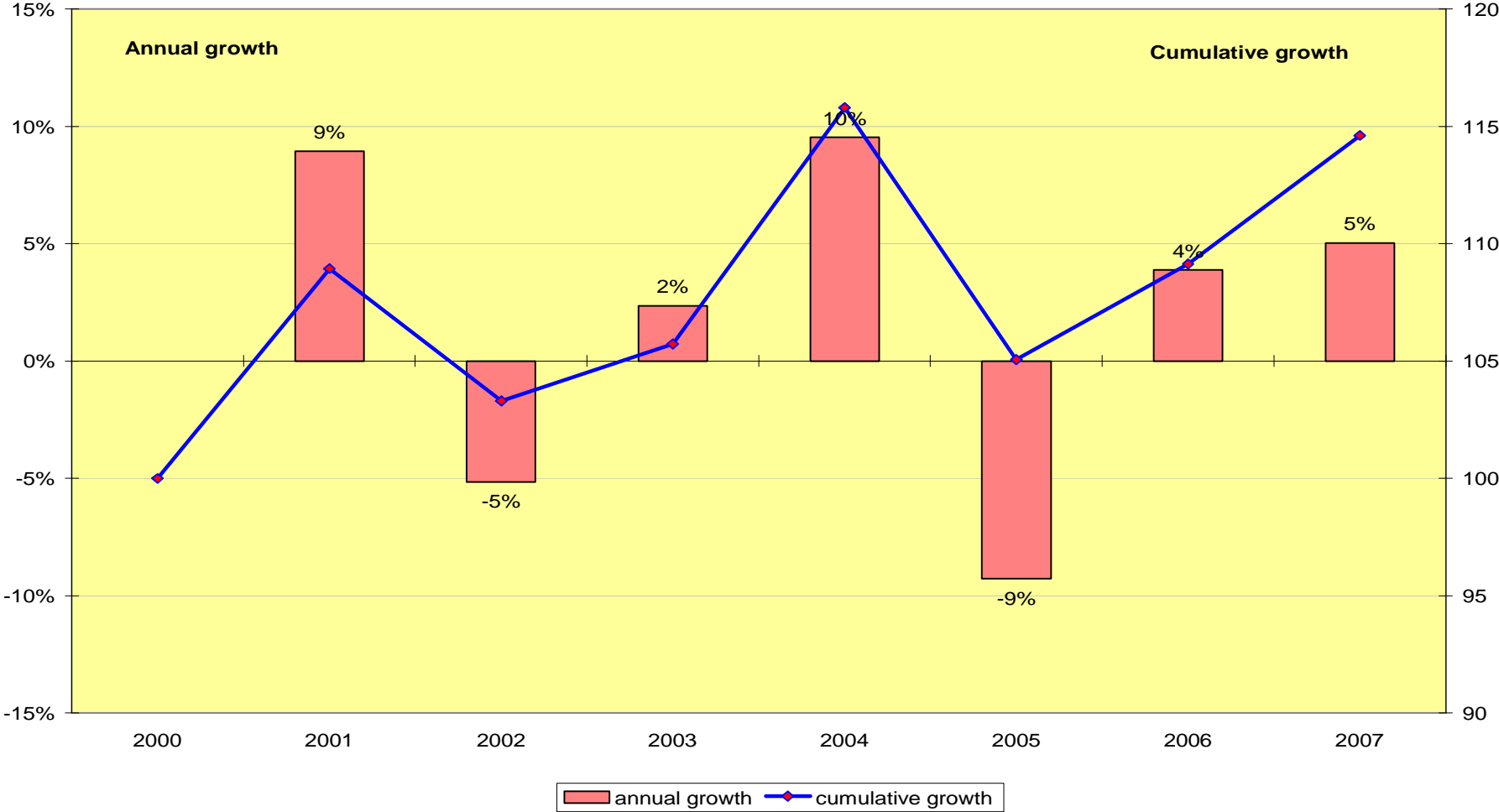
(p) provisional – Source: Eurostat

**Indices of nominal purchase prices for goods and services currently consumed
in agriculture over the 2005–2007 (p) period (2000 = 100)**

Member States	2005	2006	2007
EU-27	112,6	116,1	124,0
Belgique/België	108,0	113,2	111,1
Bulgaria	:	134,0	147,2
Česká Republika	108,7	111,6	115,0
Danmark	109,9	111,9	121,5
Deutschland	108,5	112,1	122,1
Eesti	120,6	125,0	135,9
Éire/Ireland	118,0	123,1	129,7
Elláda	124,4	129,6	137,5
España	109,9	113,3	120,2
France	109,5	112,9	118,6
Italia	109,8	113,2	122,3
Kypros/Kıbrıs	156,7	159,1	174,0
Latvija	134,9	147,7	175,0
Lietuva	101,0	108,5	115,5
Luxembourg	113,9	112,7	120,6
Magyarország	128,2	135,3	151,2
Malta	111,0	110,5	113,6
Nederland	112,4	119,8	130,8
Österreich	106,6	109,2	115,9
Polska	123,9	124,3	133,8
Portugal	113,8	115,5	122,4
România	:	:	:
Slovenija	131,8	137,9	152,3
Slovensko	115,1	122,5	136,7
Suomi/Finland	108,2	113,7	111,4
Sverige	114,6	117,4	126,4
United Kingdom	115,9	120,0	129,3

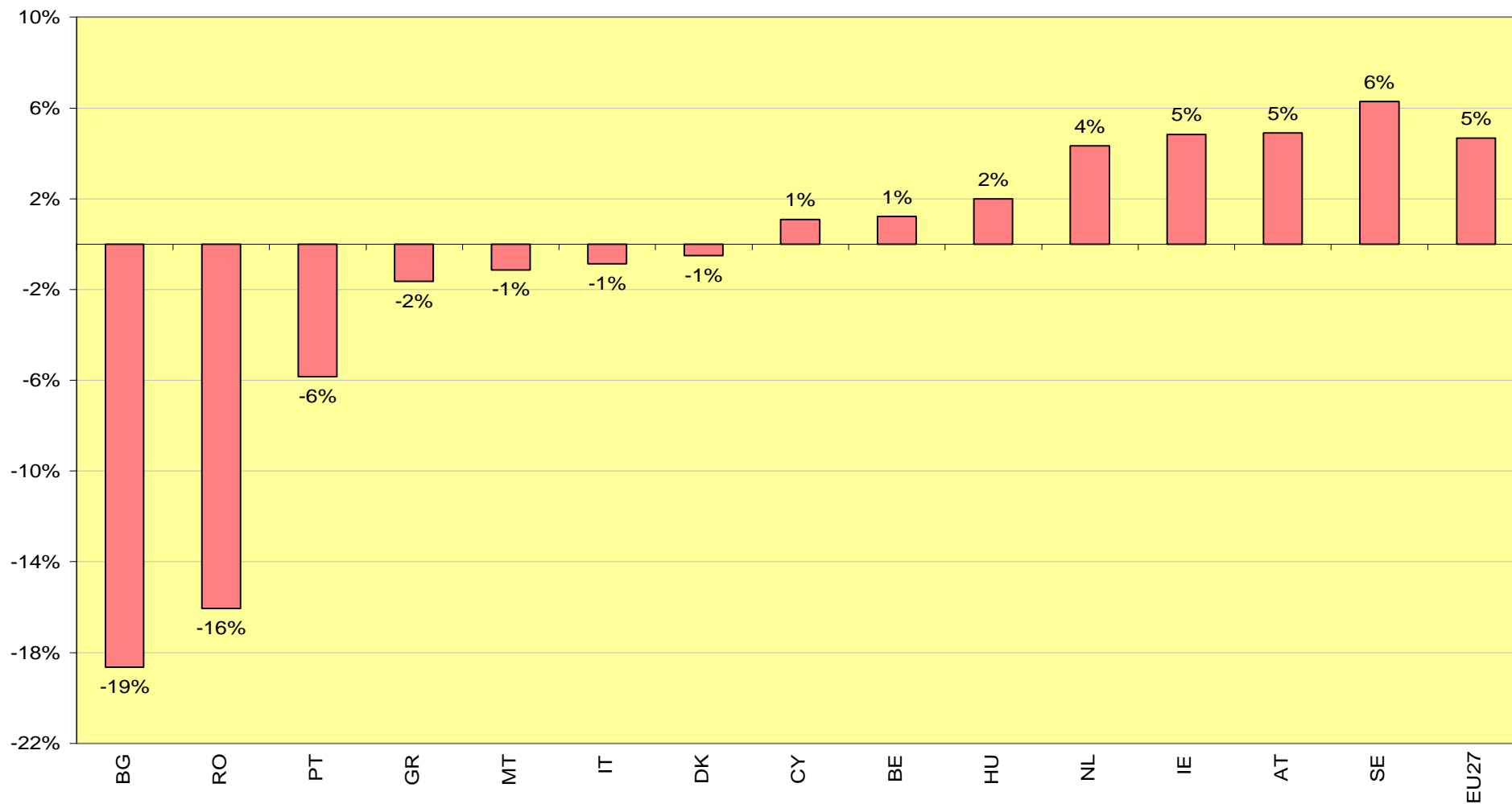
(p) provisional – Source: Eurostat

Development of the agricultural income in the EU-27 over the 2000–2007 (p) period, in terms of annual change (%) and cumulative growth (2000=100)



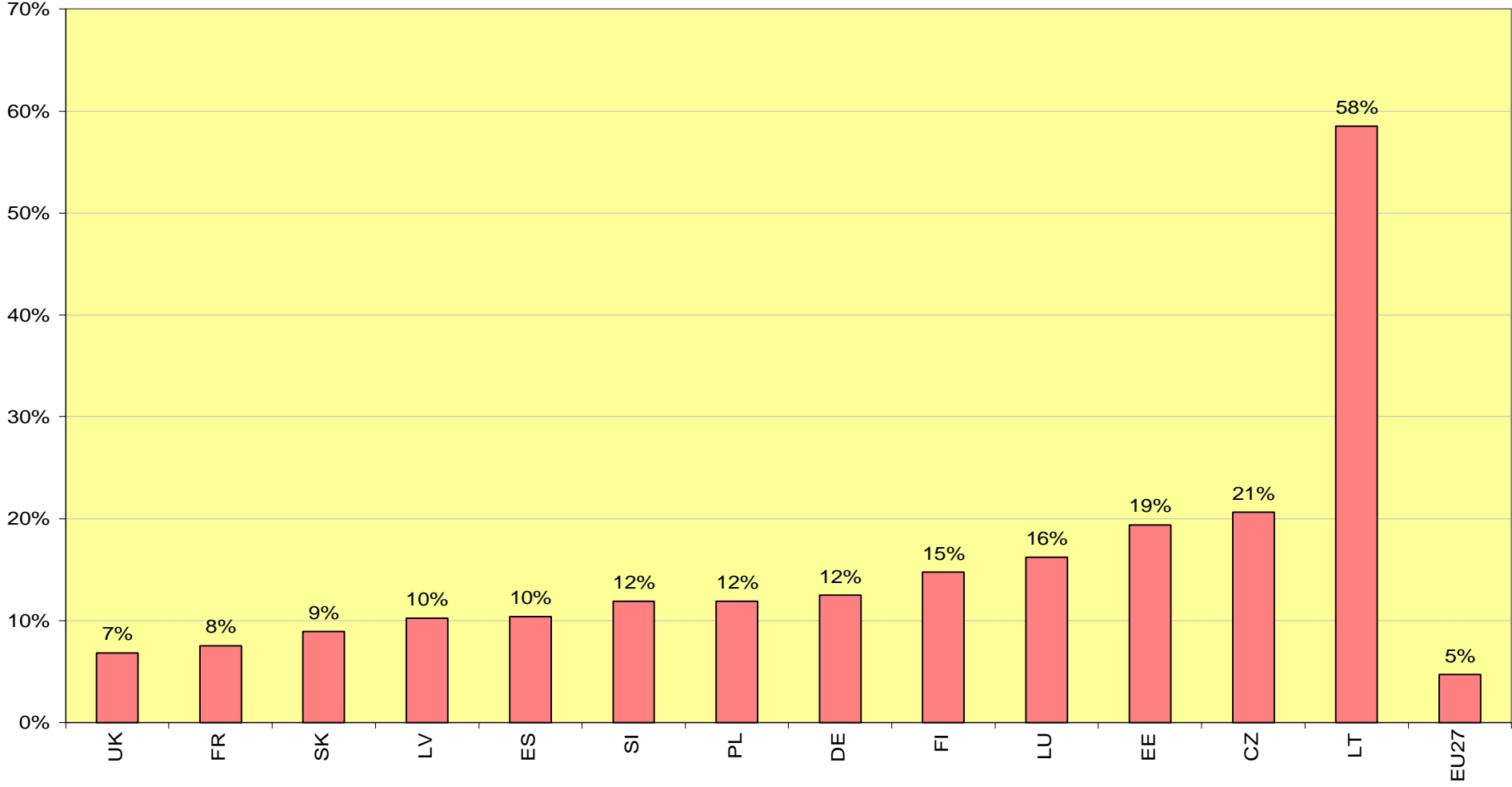
(p) provisional – Source: Eurostat

Development of agricultural income in the EU-27 Member States in 2007(p) (% change versus 2006) 1st part



(p) provisional – Source: Eurostat

Development of agricultural income in the EU-27 Member States in 2007(p) (% change versus 2006) 2nd part



(p) provisional – Source: Eurostat

**Development of agricultural income in the EU Member States
over the 2001–2007 (p) period (average 2000 = 100)**

Member States	2001	2002	2003	2004	2005	2006	2007 (p)
EU-27	108,9	103,3	:	115,8	105,1	109,1	114,6
Belgique/België	91,7	81,1	89,6	91,1	88,1	88,0	89,1
Bulgaria	111,8	89,9	:	91,9	97,9	92,8	75,5
• eská Republika	127,2	99,6	87,3	137,5	152,1	153,9	185,7
Danmark	119,8	85,3	83,3	93,8	95,3	102,5	102,0
Deutschland	124,1	91,3	79,5	119,9	110,6	118,1	132,9
Eesti	116,7	109,2	150,1	222,4	234,1	232,8	278,0
Éire/Ireland	101,7	98,1	90,1	86,5	84,3	83,4	82,0
Elláda	107,9	104,5	118,1	108,6	96,0	95,4	105,4
España	100,8	97,7	95,8	94,4	89,8	98,0	105,6
France	98,6	93,7	89,7	91,9	109,4	97,6	102,3
Italia	98,4	97,0	97,1	97,3	87,3	83,4	82,7
Kypros/Kıbrıs	111,9	113,3	108,3	96,8	95,2	93,5	72,9
Latvija	129,8	127,7	140,0	233,2	243,0	282,6	311,6
Lietuva	92,6	86,0	96,6	152,6	191,8	179,6	284,6
Luxembourg	101,7	104,8	96,2	92,9	92,5	83,3	96,9
Magyarország	105,1	89,1	89,8	141,6	142,0	146,2	149,1
Malta	112,8	112,1	106,1	110,2	106,6	105,8	104,5
Nederland	93,4	79,6	85,5	79,5	81,2	94,7	98,6
Österreich	114,8	107,8	107,8	113,3	110,3	119,4	125,3
Polska	115,0	103,9	96,0	180,8	163,3	187,4	209,7
Portugal	107,3	102,4	103,5	114,4	108,1	116,8	110,0
România	174,6	159,7	192,1	278,9	161,0	148,4	124,5
Slovenija	81,8	107,8	78,9	122,6	125,5	112,2	125,5
Slovensko	113,6	106,7	100,3	129,7	120,9	147,9	161,1
Suomi/Finland	98,6	97,5	96,9	95,2	109,4	100,0	114,7
Sverige	107,8	119,0	117,5	106,5	105,9	105,6	112,2
United Kingdom	106,3	115,9	135,7	126,5	123,7	127,5	136,2

(p) provisional, - Source: Eurostat

**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
»2000«	Average (1999, 2000, 2001)
2000/01	Marketing year, starting in 2000 and ending in 2001
%	Percentage
% TVA	Annual rate of change (%)

Units*– Currency*

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

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)
EU- 27	Total of the Member States of the EU (2007)
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
Bulgaria	Bulgaria	Magyarország	Hungary
• eská republika	Czech Republic	Malta	Malta
Danmark	Denmark	Nederland	Netherlands
Deutschland	Germany	Österreich	Austria
Eesti	Estonia	Polska	Poland
Éire/Irlande	Ireland	Portugal	Portugal
Elláda	Greece	România	Romania
España	Spain	Slovenija	Slovenia
France	France	Slovensko	Slovakia
Italia	Italy	Suomi/Finland	Finland
Kypros/Kibris	Cyprus	Sverige	Sweden
Latvija	Latvia	United Kingdom	United Kingdom
Lietuva	Lithuania		

-Candidate Countries

Hrvatska	Croatia	Türkiye	Turkey
P J R Makedonija	Y R of Macedonia		

—

– *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 $121 \times 2,81 = \text{DEM } 340$.
- 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 1 st January 2001)
	=	239,640	Tolar (pl. tolar)	(On 1 st January 2007)
	=	0,58274	Cyprus pound	(On 1 st January 2008)
	=	0,429300	Maltese lira	(On 1 st January 2008)

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:

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

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

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

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

	1990	1991 ...	1995	1996
Series =	100 000	112 000	161 051	177 156
	1991	1995	1996	
	———	———	———	
	1990	1990	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 25/01/2008.
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.