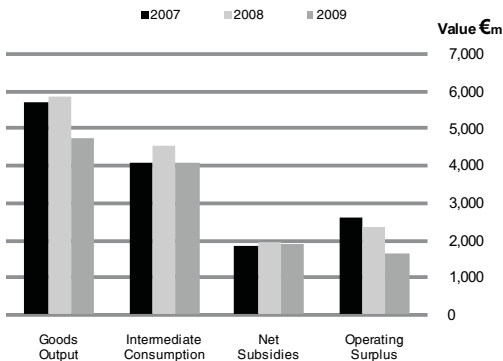


Output, Input and Income in Agriculture 2009 - Preliminary estimate

Selected Income Indicators



| | Goods Output | Intermediate Consumption | Net Subsidies | Operating Surplus |
|--------------------------------|--------------|--------------------------|---------------|-------------------|
| 2007 | €5,701m | €4,058m | €1,841m | €2,608m |
| 2008 | €5,827m | €4,494m | €1,911m | €2,325m |
| 2009 | €4,733m | €4,066m | €1,861m | €1,615m |
| % change (2008 on 2007) | +2.2% | +10.7% | +3.8% | -10.8% |
| % change (2009 on 2008) | -18.8% | -9.5% | -2.6% | -30.6% |

Agricultural operating surplus down 30.6%

The CSO's second estimate of operating surplus in agriculture in 2009 shows an annual decrease of 30.6%. This follows a 10.8% decrease in 2008. The estimate for 2009 is based on the data currently available for the year. *See Table 1.*

Comparing 2009 with 2008 we see that:

- ◆ The value of all goods output by the agriculture sector decreased by 18.8% in 2009.
- ◆ The value of milk output decreased by almost 33% or €529m, due mainly to a decrease in milk prices.
- ◆ The value of cattle output decreased by 11.0% or €183m.
- ◆ The value of pigs output decreased by 10.2% or €34m.
- ◆ The value of cereals output decreased by 53% or €105m.
- ◆ Total Intermediate Consumption decreased by 9.5% or €428m.
- ◆ The value of fertilisers decreased by 18% or €91m.

The value of *subsidies less taxes on production* decreased from €1,904m in 2008 to €1,846m in 2009.

The EU figures on operating surplus in 2009 are given on page 4.

This release updates the Advance Estimate of Output, Input and Income in Agriculture published by the CSO in December 2009. Final estimates will be published in June 2010.

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Table 1 Output, Input and Income in Agriculture, 2009*Preliminary estimate*

| Description | Estimated Value | | | Change 2009/2008 | |
|--|-----------------|----------------|----------------|------------------|-------------|
| | 2007 | 2008 | 2009 | Value | Volume |
| | €m | | | Percent | |
| Livestock (incl. stock changes) | 2,399.0 | 2,541.0 | 2,250.4 | -11.4 | -3.2 |
| of which: cattle | 1,502.7 | 1,668.0 | 1,485.3 | -11.0 | -1.4 |
| pigs | 293.3 | 333.8 | 299.9 | -10.2 | -2.2 |
| sheep | 182.2 | 171.4 | 161.2 | -5.9 | -9.9 |
| Livestock Products | 1,706.9 | 1,677.5 | 1,142.4 | -31.9 | -3.1 |
| of which: milk | 1,663.4 | 1,629.7 | 1,100.8 | -32.5 | -3.2 |
| Crops (incl. stock changes¹) | 1,595.5 | 1,608.2 | 1,340.4 | -16.7 | -6.7 |
| of which: cereals | 241.8 | 200.0 | 94.5 | -52.7 | -34.2 |
| forage plants | 922.5 | 1,008.1 | 857.5 | -14.9 | -2.0 |
| Goods output at producer prices | 5,701.4 | 5,826.6 | 4,733.2 | -18.8 | -4.0 |
| Contract Work | 288.3 | 281.0 | 269.2 | -4.2 | -8.2 |
| Subsidies less taxes on products | -17.7 | 6.2 | 15.1 | | |
| Agricultural output at basic prices | 5,972.0 | 6,113.8 | 5,017.5 | -17.9 | -4.0 |
| Intermediate consumption | 4,058.4 | 4,493.9 | 4,065.8 | -9.5 | -3.6 |
| of which: feedingstuffs | 1,037.0 | 1,201.3 | 1,069.4 | -11.0 | -1.6 |
| fertilisers | 358.8 | 507.1 | 416.0 | -18.0 | -10.6 |
| energy and lubricants | 320.1 | 344.5 | 300.5 | -12.8 | -0.7 |
| forage plants | 907.2 | 990.8 | 843.6 | -14.9 | -1.9 |
| contract work | 288.3 | 281.0 | 269.2 | -4.2 | -8.2 |
| financial intermediation services indirectly measured (FISIM) ² | 87.0 | 90.0 | 93.0 | 3.3 | 6.2 |
| Gross value added at basic prices | 1,913.6 | 1,619.9 | 951.6 | -41.3 | |
| Fixed capital consumption | 716.0 | 763.0 | 756.1 | -0.9 | |
| Net value added at basic prices | 1,197.5 | 857.0 | 195.5 | -77.2 | |
| Other subsidies less taxes on production | 1,858.8 | 1,904.4 | 1,846.3 | -3.0 | |
| Factor income | 3,056.3 | 2,761.4 | 2,041.9 | -26.1 | |
| Compensation of employees | 448.6 | 436.3 | 427.2 | -2.1 | |
| Operating surplus³ | 2,607.7 | 2,325.1 | 1,614.7 | -30.6 | |

¹Principally cereals and potatoes²FISIM : Financial Intermediation Services Indirectly Measured. (See Background Notes).³This is calculated before deduction of interest payments on borrowed capital and land rental paid by farmers to landowners. The estimates for these items are:

| | |
|-----------------------|---|
| Interest less FISIM:- | 2007, €368.8m; 2008, €445.3m; 2009, €328.0m |
| Land rental:- | 2007, €149.1m; 2008, €153.0m; 2009, €153.0m |

Background notes

- Introduction** This release contains preliminary estimates of agricultural accounts for 2009. Three estimates are prepared in each 12-month period for the agricultural accounts. The first or advance estimates are generally released in early December of the reference year for which the accounts are prepared. In February of the year following the reference year preliminary estimates are prepared. These update the first estimates using the results of the December Livestock Survey and other updated data sources. In June of the year following the reference year the final estimates of the agricultural accounts are prepared. The estimates are based on a methodology arising from the revision of the System of National Accounts in 1995. For details of this methodology see the “Output, Input and Income in Agriculture” release of 2 July 2002. For details of data sources see the corresponding release of 24 June 2004.
- Producer price** This is the price received by the farmer. It is sometimes referred to as the farm-gate or ex-farm price. It excludes VAT.
- Subsidies and taxes on products** Subsidies and taxes on products are those paid or levied per unit on a good or service produced or imported. The subsidy or tax is typically a specific amount of money per unit of quantity of a good or service. Examples of subsidies on products are the suckler cow premium and the special beef premium. The bovine disease eradication levy is an example of a tax on products. These subsidies and taxes are included in the calculation of output.
- Other subsidies and taxes on production** Other subsidies on production are subsidies other than those on products. Examples are the single payment scheme, the rural environmental protection scheme and the area based compensatory allowance scheme. Taxes on production consist of VAT over-/under-compensation from farmers who have opted for the flat rate VAT system, and motor taxation paid by farmers. Other subsidies less taxes on production are not included in the calculation of output, but are included in the calculation of operating surplus.
- Net subsidies** Net subsidies are subsidies on products plus subsidies on production less taxes on products and taxes on production.
- Basic price** The basic price corresponds to the producer price plus any subsidies directly linked to a product minus any taxes on products. VAT is excluded.
- Valuation of stock changes** For each category, the difference between closing year stocks and opening year stocks is valued at the average price for the year.
- Forage plants** The production of forage plants is valued as part of output. Silage and hay are the main items in this category. Direct sales of cereals between farms and use of cereals within farms are also included under forage plants. These items are also treated as intermediate consumption with minor exceptions, such as sales of straw to racing stables.
- Contract work** Activities performed by agricultural contractors directly linked to the production of agricultural products (for example harvesting) are an integral part of agriculture. The value of such work is included as output and also as intermediate consumption. Estimates of the input costs incurred by agricultural contractors in the provision of their agricultural service are included under the appropriate intermediate consumption categories, as well as in the compensation of employees figure.
- FISIM** Financial intermediaries (mainly banks) charge explicit commissions and fees for their services to customers, as well as implicit ones by paying and charging different rates of interest to borrowers and lenders. The revenue from the margin on lending and borrowing by financial intermediaries is described as financial intermediation services indirectly measured (FISIM). The inclusion of FISIM in the table is in line with recommended EU national accounting conventions. It is a reallocation to intermediate consumption of part of the interest paid by farmers. While the inclusion of FISIM will increase intermediate consumption and decrease gross value added, it will decrease, by the same amount, the figure shown for interest paid.
- Fixed capital consumption** This relates to the foreseeable wear and tear and obsolescence of fixed capital goods. It is calculated on the basis of the probable economic life of the asset. It is not calculated for breeding livestock or for non-produced assets such as land.

Compensation of employees This includes remuneration in cash and in kind. It does not include the remuneration of work undertaken by the farmer or by non-salaried family farm members.

Operating surplus The operating surplus figure is comprised of the operating surplus earned by farmers and that earned by agricultural contractors. The part earned by farmers is an approximation for the income indicator used under the old agriculture accounts methodology. It is calculated before deductions for interest payments on borrowed capital and before deductions for land annuities and for rent paid by farmers to landowners for the use of their land.

Volume indices These are calculated by applying base year prices (2000) to current year quantities. The volume index for 2009 is calculated by comparing the total value in 2009 at average 2000 prices against the total value in 2000 at average 2000 prices.

Operating Surplus, 2008 - 2009

| Country | 2008 | 2009 ¹ | % change |
|--------------------------|----------------|-------------------|---------------|
| European Union 27 | 100,177 | 79,344 | -20.8% |
| Austria | 2,233 | 1,668 | -25.3% |
| Belgium | 1,304 | 1,225 | -6.0% |
| Bulgaria | 1,887 | 1,593 | -15.6% |
| Cyprus | 231 | 241 | 4.4% |
| Czech Republic | 573 | 204 | -64.5% |
| Denmark | 164 | 103 | -37.6% |
| Estonia | 161 | 102 | -36.4% |
| Finland | 1,098 | 1,124 | 2.4% |
| France | 16,210 | 11,475 | -29.2% |
| Germany | 10,038 | 6,917 | -31.1% |
| Greece | 6,515 | 6,676 | 2.5% |
| Hungary | 1,980 | 935 | -52.8% |
| Ireland | 2,325 | 1,615 | -30.6% |
| Italy | 9,303 | 5,329 | -42.7% |
| Latvia | 302 | 248 | -17.9% |
| Lithuania | 440 | 315 | -28.4% |
| Luxembourg | 82 | 54 | -33.6% |
| Malta | 57 | 63 | 10.8% |
| Netherlands | 2,753 | 1,894 | -31.2% |
| Poland | 7,702 | 5,285 | -31.4% |
| Portugal | 1,489 | 1,359 | -8.8% |
| Romania | 4,492 | 3,217 | -28.4% |
| Slovak Republic | 230 | 119 | -48.5% |
| Slovenia | 346 | 308 | -11.2% |
| Spain | 20,706 | 19,353 | -6.5% |
| Sweden | 976 | 720 | -26.2% |
| United Kingdom | 6,578 | 7,200 | 9.5% |

¹Provisional

Source: Eurostat website <http://epp.eurostat.ec.europa.eu> and national data