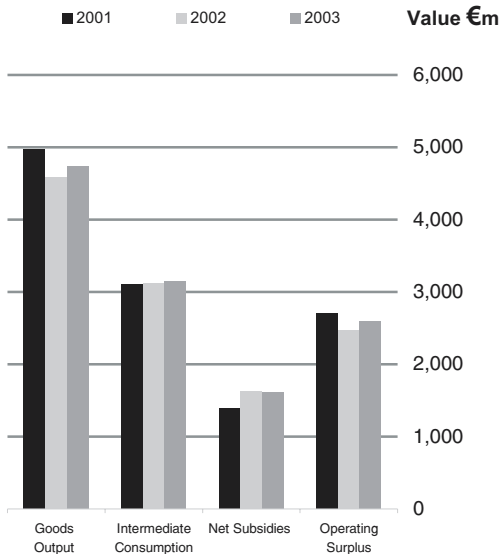




Output, Input and Income in Agriculture 2003 – Preliminary Estimate

Selected Income Indicators



	Goods Output	Intermediate Consumption	Net Subsidies	Operating Surplus
2002	€4,582m	€3,125m	€1,625m	€2,469m
2003	€4,731m	€3,149m	€1,612m	€2,589m
% change	3.3%	0.8%	-0.8%	4.9%

Agricultural income up 4.9%

This preliminary estimate shows that, compared with 2002, agricultural income (operating surplus) in 2003 increased by 4.9% before deductions for interest payments and land rental. *See Table 1.*

These figures replace the advance estimates published in early December 2003. They make greater use of outturn rather than forecast data for the later months of the year. The changes between the advance and preliminary estimates are mainly due to updated subsidy payment and cereal output data from the Department of Agriculture and Food, and to the availability of actual price and volume data for the latter months of 2003 for the calculation of milk output.

The value of milk output increased by 2.1% (€29m), sheep decreased by 4.4% (€9m) and pigs decreased by 5.8% (€17m).

- ◆ The value of cattle output increased by 5.3% or €61m.
- ◆ The value of cereals output increased by 33.4% (€47m) while that of root crops increased by 15.6% (€26m).
- ◆ The cost of feedingstuffs decreased by 4.8% (€46m) while the cost of fertilisers increased by 8.1% (€28m).
- ◆ Net subsidies decreased by 0.8% (€13m). In 2002 net subsidies represented 65.8% of operating surplus. In 2003 it is estimated that net subsidies represent 62.3% of operating surplus.

Estimates for operating surplus for 2002 and 2003 for all EU countries are given on page 4.

Further updated estimates of agricultural income for 2003 will be published in May 2004.

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Table 1 Output, Input and Income in Agriculture, 2003*Preliminary estimate*

Description	Estimated Value			Change 2003/2002	
	2001	2002	2003	Value	Volume
	€m			Percent	
Livestock (incl. stock changes)	2,189.9	2,019.7	2,069.8	2.5%	4.2%
of which: cattle	1,257.9	1,168.1	1,229.5	5.3%	6.4%
pigs	347.5	300.1	282.7	-5.8%	-1.5%
sheep	285.8	202.2	193.3	-4.4%	-3.5%
Livestock Products	1,605.4	1,454.3	1,482.6	1.9%	3.0%
of which: milk	1,567.7	1,415.1	1,444.5	2.1%	3.1%
Crops (incl. stock changes ¹)	1,167.7	1,107.6	1,178.2	6.4%	8.0%
of which: cereals	169.8	141.7	189.1	33.4%	13.9%
root crops	173.9	167.9	194.1	15.6%	16.0%
forage plants	532.7	483.5	478.4	-1.0%	6.9%
Goods output at producer prices	4,963.0	4,581.7	4,730.6	3.3%	4.7%
Contract Work	312.1	287.2	303.6	5.7%	1.3%
Subsidies less taxes on products	685.7	876.7	889.7	1.5%	
Agricultural output at basic prices	5,960.8	5,745.6	5,923.8	3.1%	4.0%
Intermediate consumption	3,109.3	3,124.6	3,148.7	0.8%	0.1%
of which: feedingstuffs	882.5	952.7	906.8	-4.8%	-4.3%
fertilisers	351.3	343.7	371.4	8.1%	4.4%
energy and lubricants	298.4	300.8	317.4	5.5%	-1.1%
forage plants	528.5	479.5	474.5	-1.0%	6.9%
contract work	312.1	287.2	303.6	5.7%	1.3%
Gross value added at basic prices	2,851.5	2,620.9	2,775.1	5.9%	
Fixed capital consumption	609.8	623.6	623.9	0.0%	
Net value added at basic prices	2,241.7	1,997.3	2,151.2	7.7%	
Other subsidies less taxes on production	709.8	748.3	722.8	-3.4%	
Factor income	2,951.5	2,745.6	2,874.0	4.7%	
Compensation of employees	254.4	276.2	284.5	3.0%	
Operating surplus²	2,697.2	2,469.4	2,589.5	4.9%	

¹Principally cereals and potatoes²This 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:- 2001, €254.6m; 2002, €264.5m; 2003, €246.0m

Land rental:- 2001, €195.9m; 2002, €182.3m; 2003, €184.8m

Background notes

- Introduction** This release contains preliminary estimates of agricultural accounts for 2003. 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.
- 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 compensatory aid for arable crops and premiums for ewes. 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 payments for land set-aside, 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.
- 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** This indicator is an approximation for the income indicator used under the old agricultural 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 (1995) to current year quantities. The volume index for 2003 is calculated by comparing the total value in 2003 at average 1995 prices against the total value in 1995 at average 1995 prices.

Operating Surplus, 2002 - 2003

				€ m
Country	2002	2003	% change	
European Union ¹	82,834	82,905	0.1%	
Austria	2,077	1,920	-7.6%	
Belgium	1,967	2,114	7.5%	
Denmark	1,647	1,450	-12.0%	
Finland	1,679	1,558	-7.3%	
France	18,129	18,057	-0.4%	
Germany	6,602	5,012	-24.1%	
Greece	n/a	n/a	n/a	
Ireland	2,469	2,589	4.9%	
Italy	15,344	15,553	1.4%	
Luxembourg	92	91	-1.2%	
Netherlands	4,085	4,053	-0.8%	
Portugal	2,342	2,520	7.6%	
Spain	19,613	20,312	3.6%	
Sweden	1,061	1,005	-5.3%	
United Kingdom	5,728	6,673	16.5%	

Source: Eurostat

¹ EU-15 excluding Greece (from which, due to a strike at the National Statistical Institute, no data have been received).