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Forecasting of relative change in the value added of agriculture per person employed in 1976

Contents

I. Foreword

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Community results

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

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

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

a) Rounded to the nearest whole percent

b) Rounded to the nearest half percent

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

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

: = figure not available

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1) Gross value added at factor cost

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

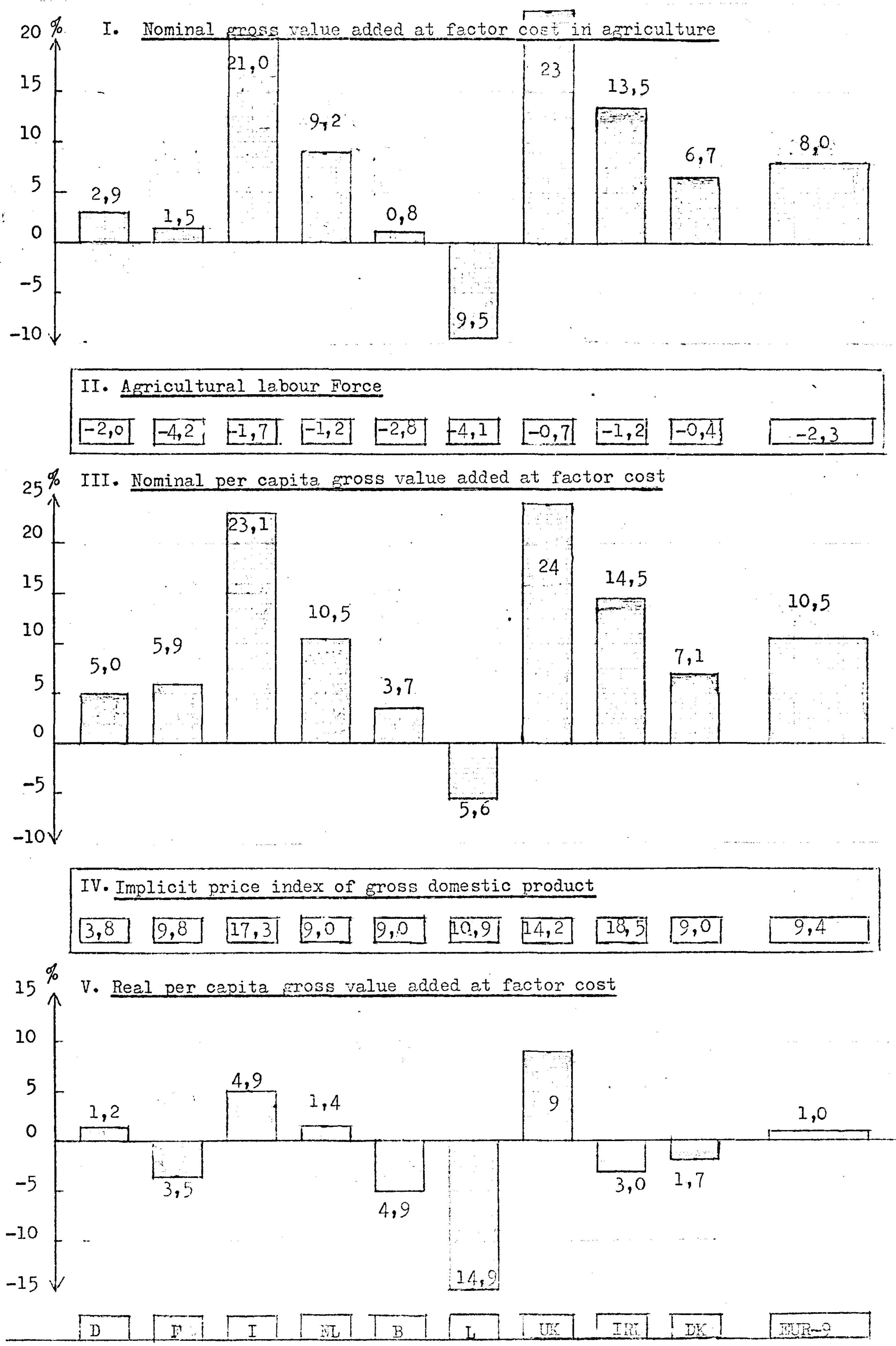
3) Implicit price index for the gross domestic product at market prices.

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

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

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

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



III. Member states results

F.R. of GERMANY

(Estimates at 25 November 1976)

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

1. Final production

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

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

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

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

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

2. Intermediate consumption

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

3. Labour force

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

4. Gross value added.

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

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

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

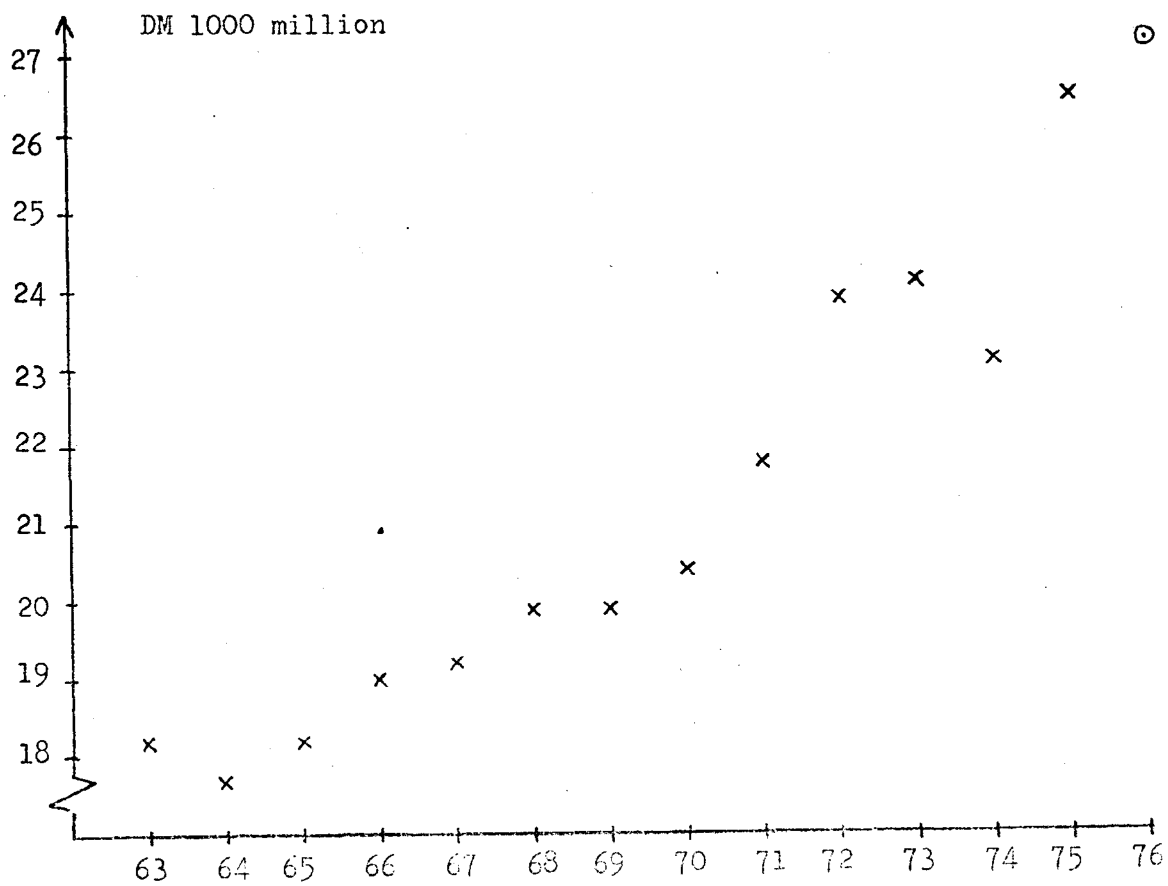
Source: Bundesministerium für Ernährung, Landwirtschaft und Forsten, Bonn

F.R. of Germany

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

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

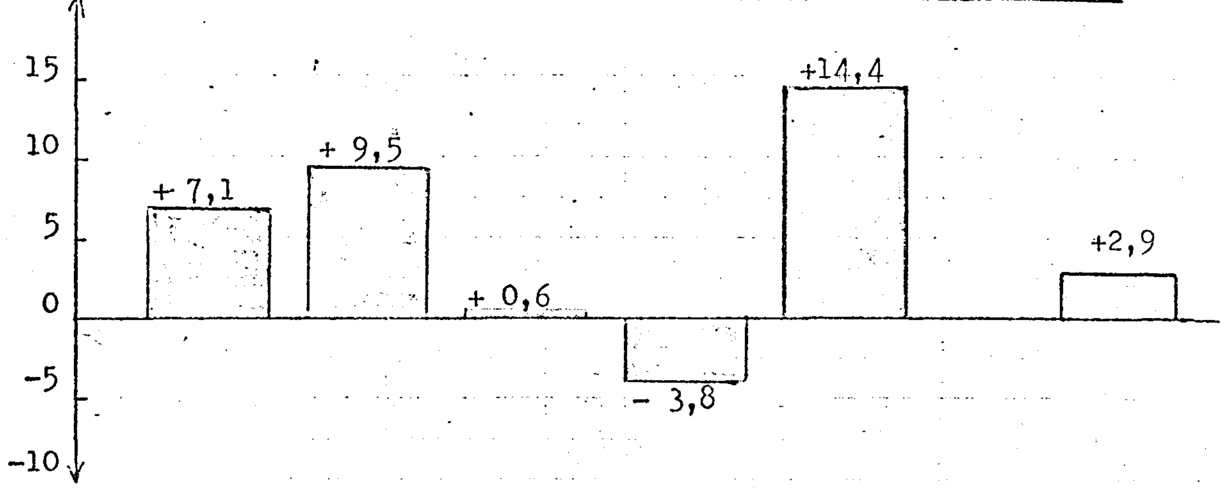
Evolution of gross value added at factor cost



F.R. of Germany

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

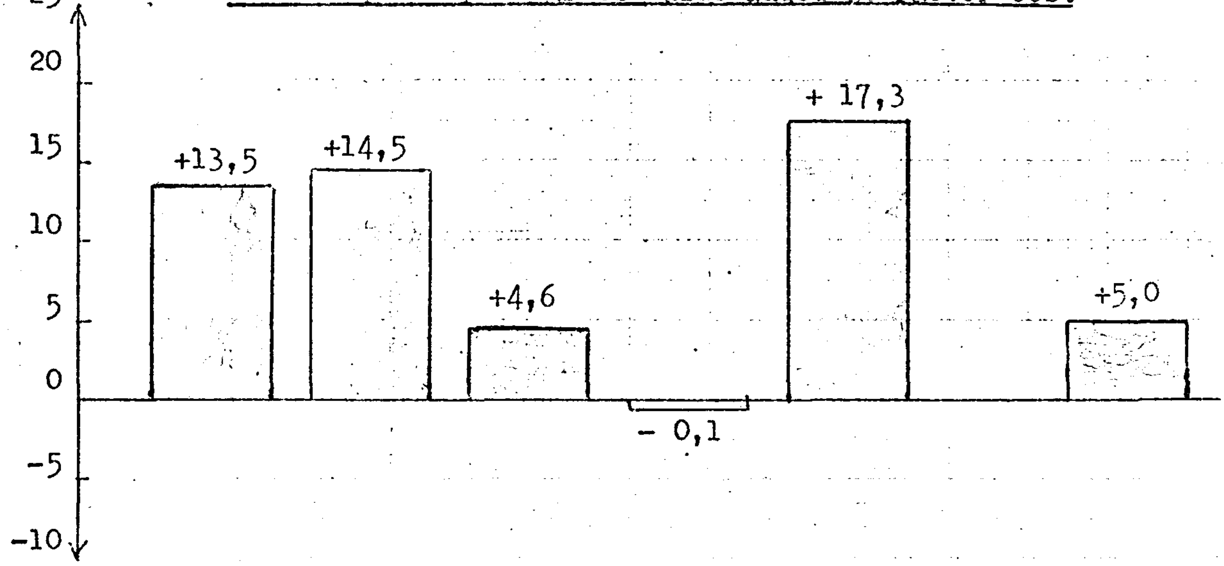
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

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

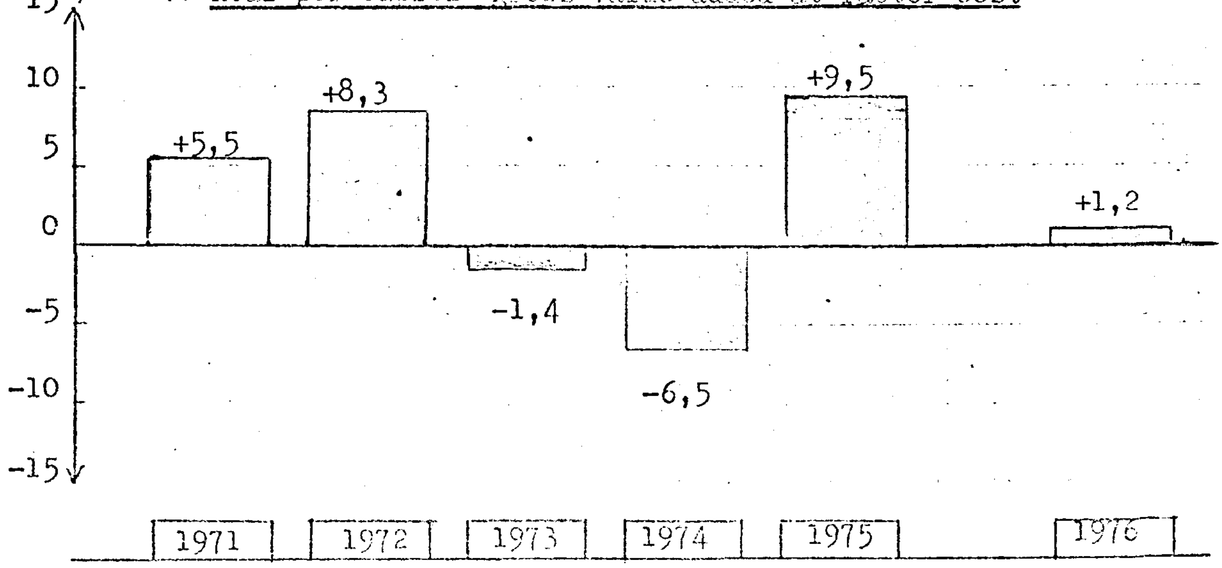
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

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

V. Real per capita gross value added at factor cost



FRANCE

(Estimates at 9 September 1976)

Agricultural Production

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

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

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

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

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

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

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

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

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

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

Intermediate Consumption

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

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

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

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

Value added

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

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

Gross value added at factor cost is 1.5 % up on the previous year: + 5.9 % per person employed in agriculture and - 3.5 % in real terms.

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

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

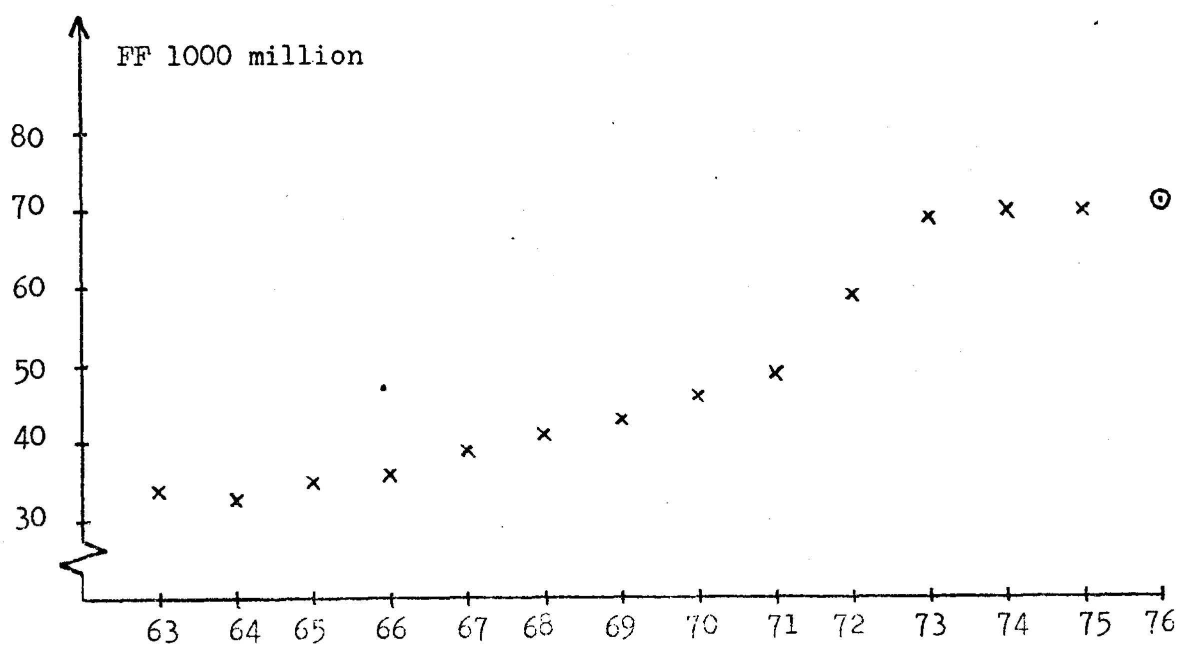
<u>Source:</u> Ministère de l'Agriculture, Paris.

France

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

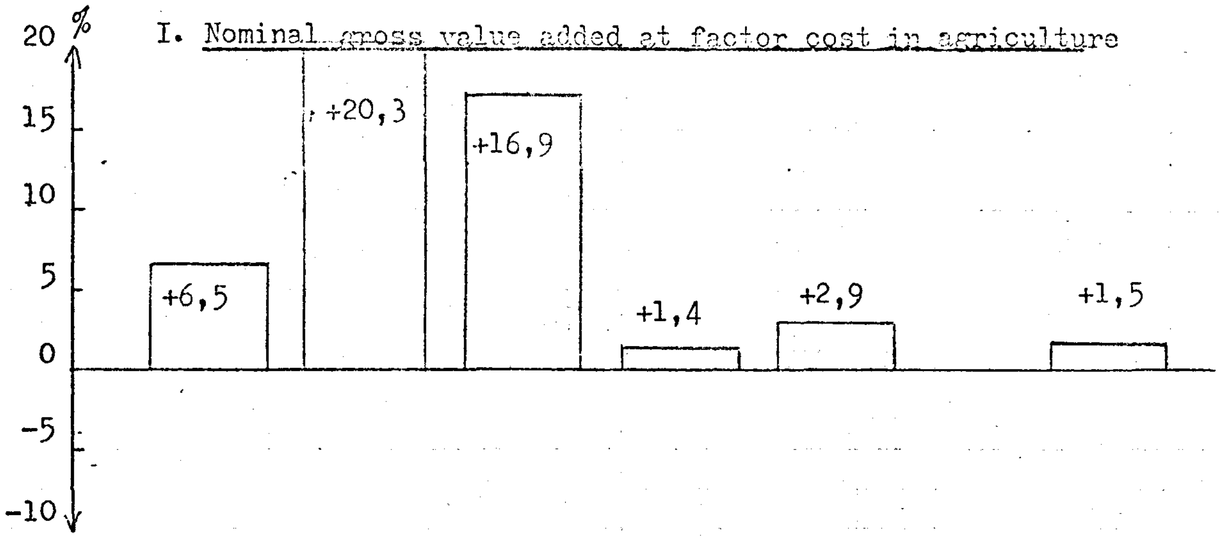
		1975	1976	Change absolute	Change %
	Final production	108 072	116 241	+ 8 169	+ 7,6
	of which: crop deliveries	47 321	51 285	+ 3 964	+ 8,4
	livestock "	60 751	64 956	+ 4 205	+ 6,9
-	Intermediate consumption	39 971	46 433	+ 6 462	+16,2
=	Gross value added at market prices	68 101	69 808	+ 1 707	+ 2,5
+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

Evolution of gross value added at factor cost



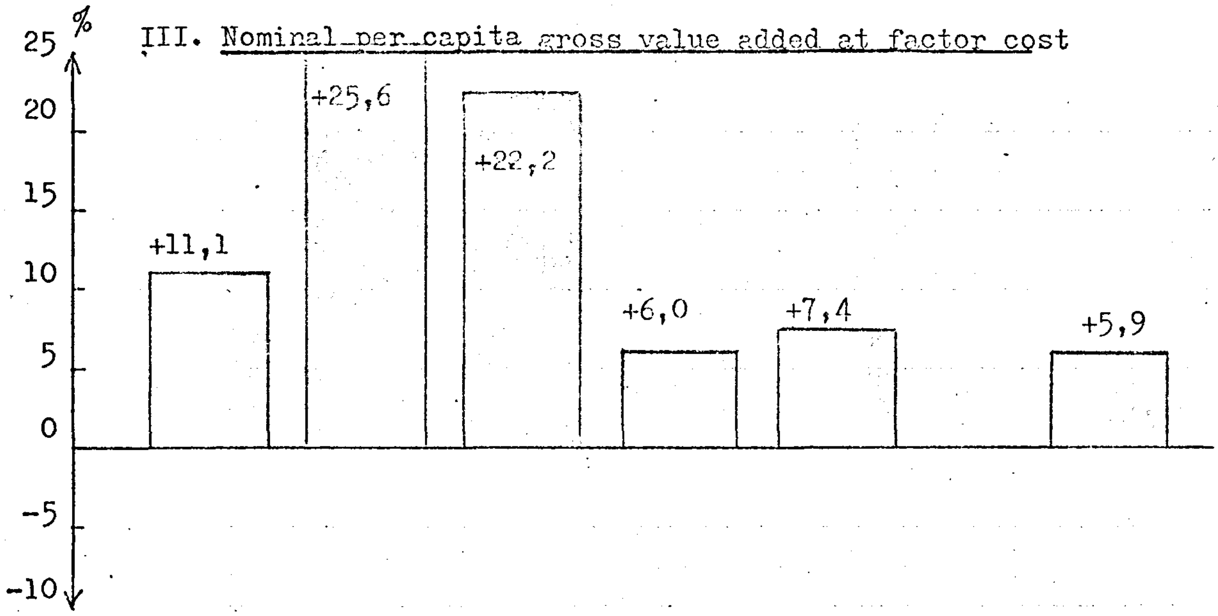
France

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



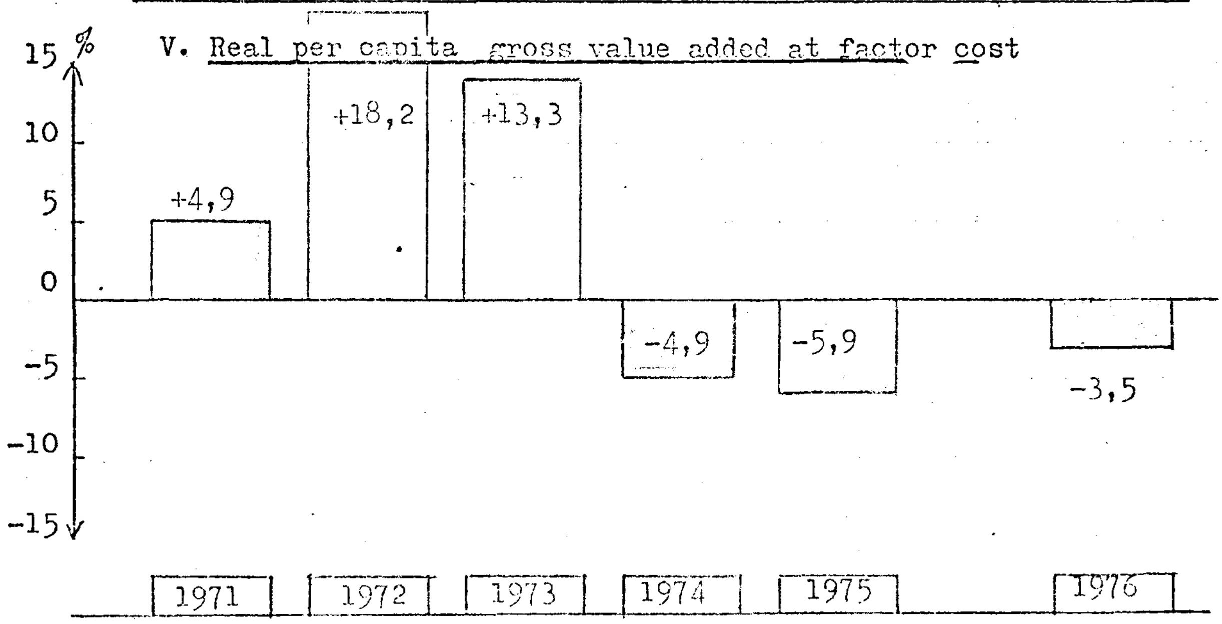
II. Agricultural labour force

-4,1	-4,2	-4,3	-4,3	-4,2	-4,2



IV. Implicit price index of gross domestic product

+5,9	+6,3	+7,9	+11,5	+14,1	+9,8



ITALY

(Estimation at 20 October 1976)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

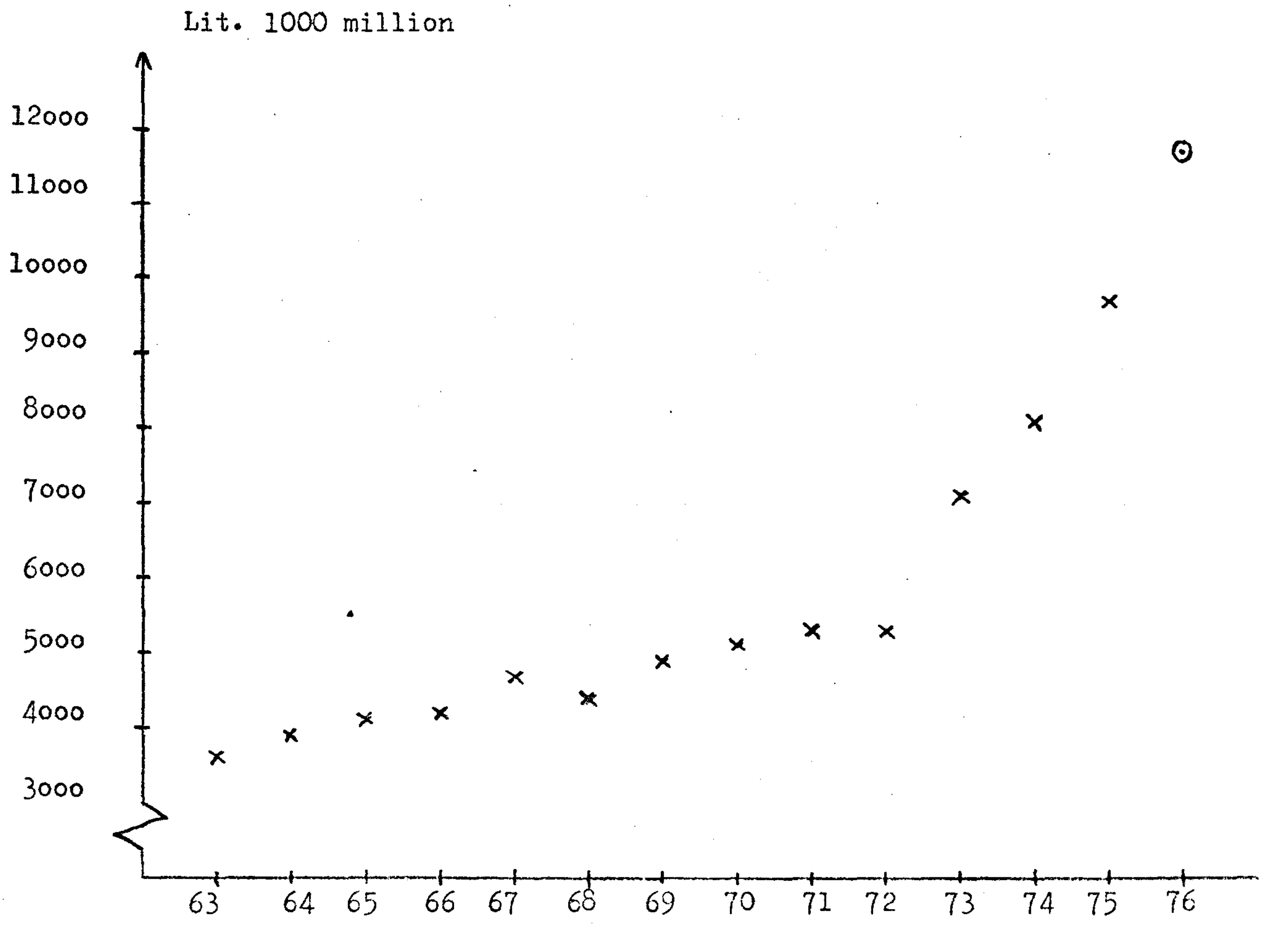
Imports have subsequently been cut back by measures introduced by the Italian government (the no-interest 50% cash deposit decreed on 6 May).

Source: Istituto Centrale di Statistica, Roma

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

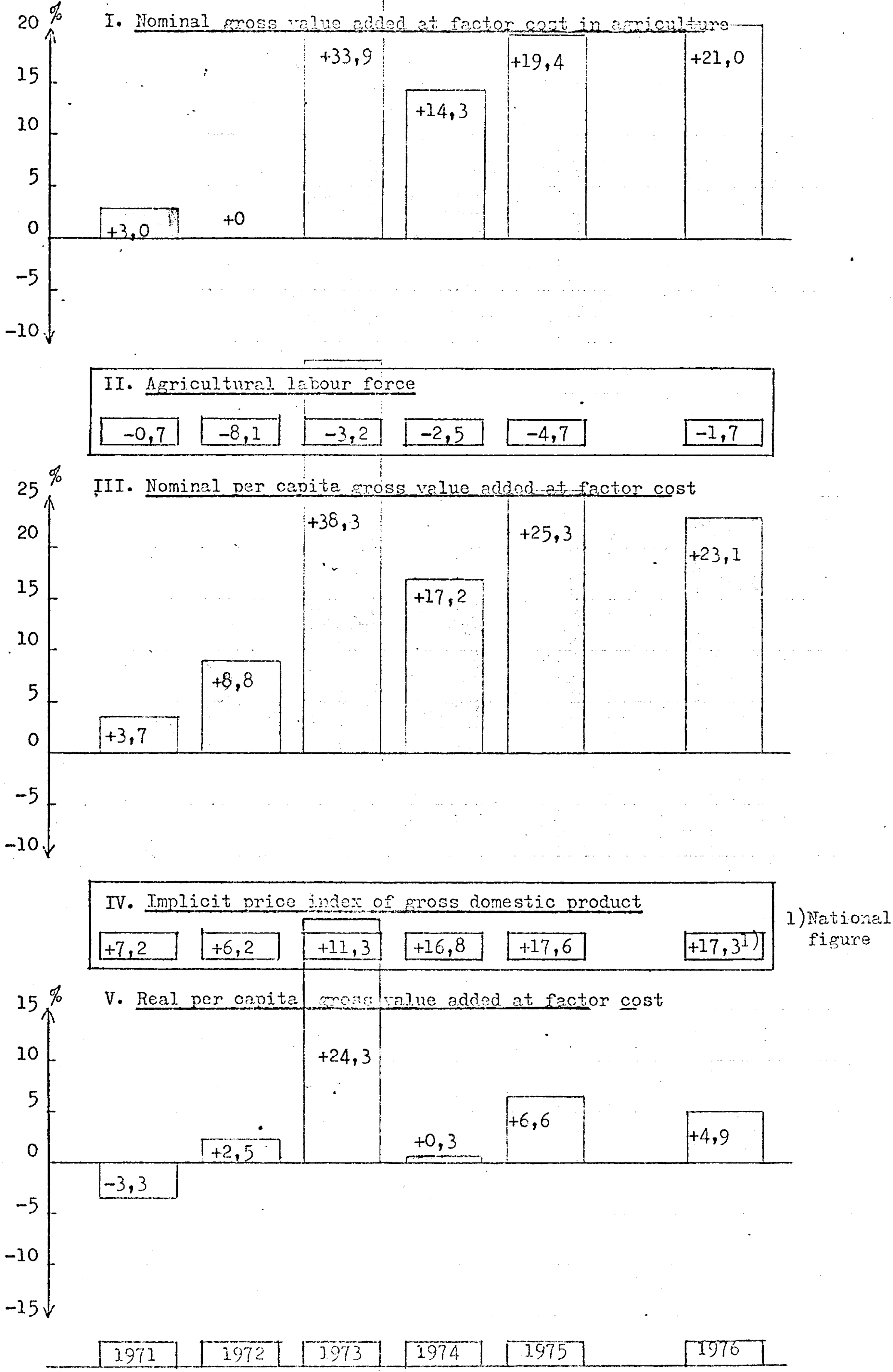
		1975	1976	Change	
				absolute	%
	Final production	12 733,0	15 409,0	+ 2 676,0	+ 21,0
	of which : crop production	7 644,3	8 803,0	+ 1 158,7	+ 15,2
	livestock produc.	5 032,6	6 538,0	+ 1 505,4	+ 29,9
–	Intermediate consumption	3 439,4	4 131,0	+ 691,6	+ 20,1
=	Gross value added at market prices	9 293,6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

Evolution of gross value added at factor cost



Italy

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



N E T H E R L A N D S

(Estimates at 17 November 1976)

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

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

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

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

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

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

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

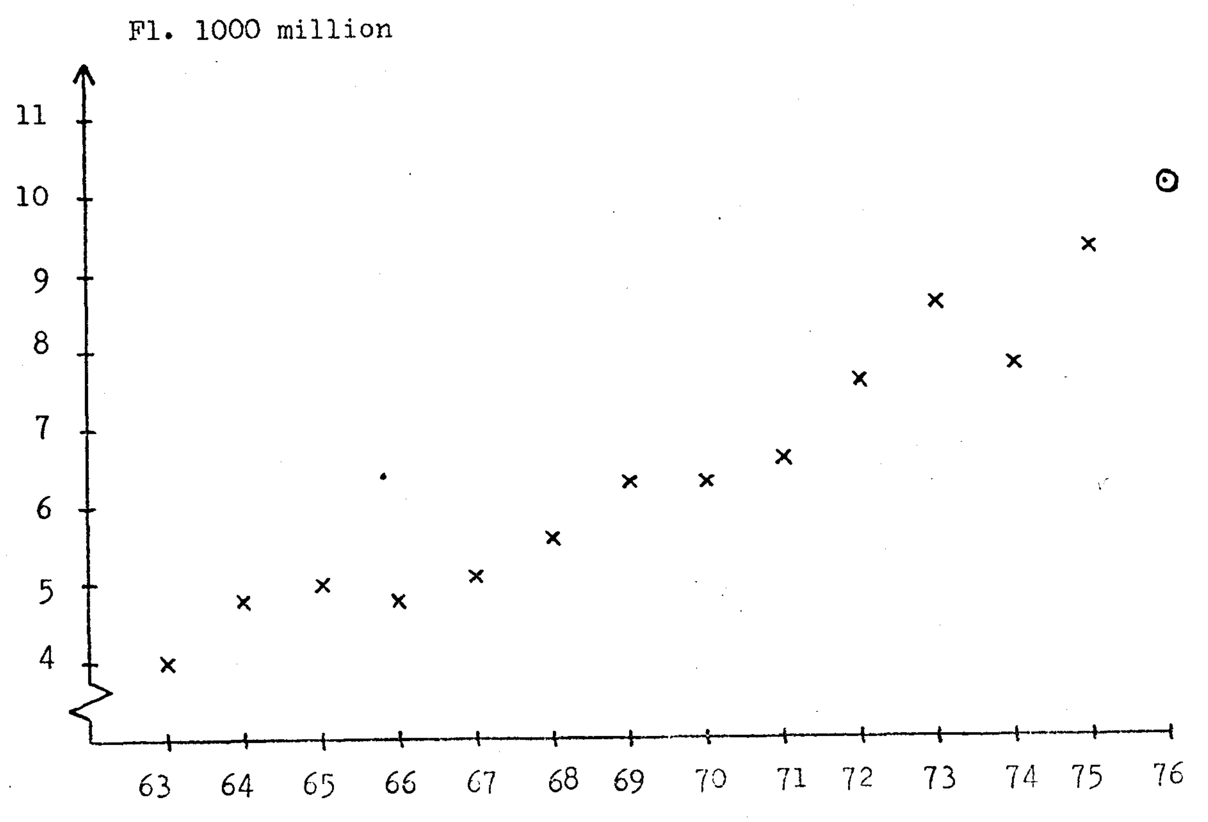
Source: Ministerie van Landbouw en Visserij, 'S-Gravenhage

Netherlands

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

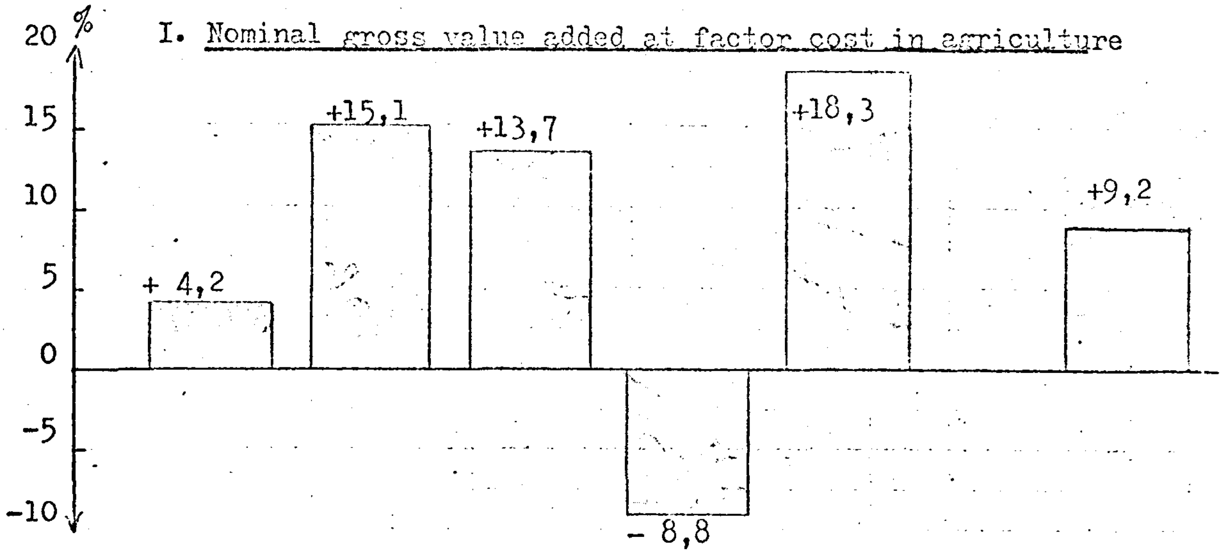
		1975	1976	Change absolute	Change %
	Final production	18 435	20 900	+ 2 465	+ 13,4
	of which: crop production	6 175	7 480	+ 1 305	+ 21,1
	livestock produc.	12 260	13 420	+ 1 160	+ 9,5
-	Intermediate consumption	8 880	10 470	+ 1 590	+ 17,9
=	Gross value added at market prices	9 555	10 430	+ 875	+ 9,2
+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

Evolution of gross value added at factor cost



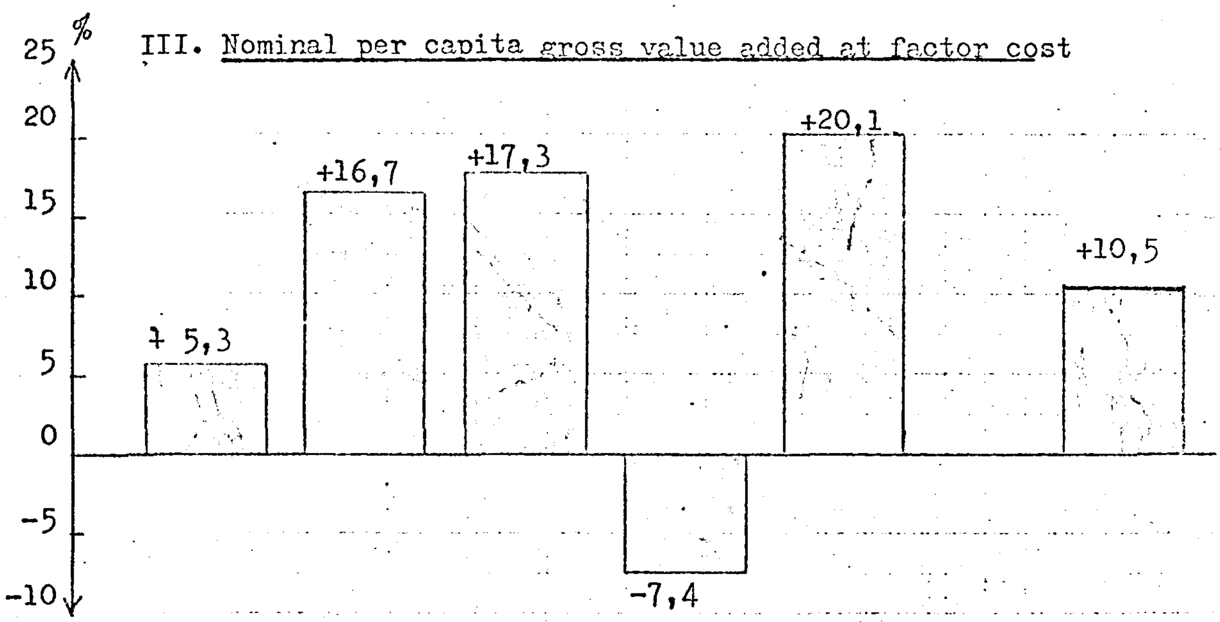
Netherlands

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



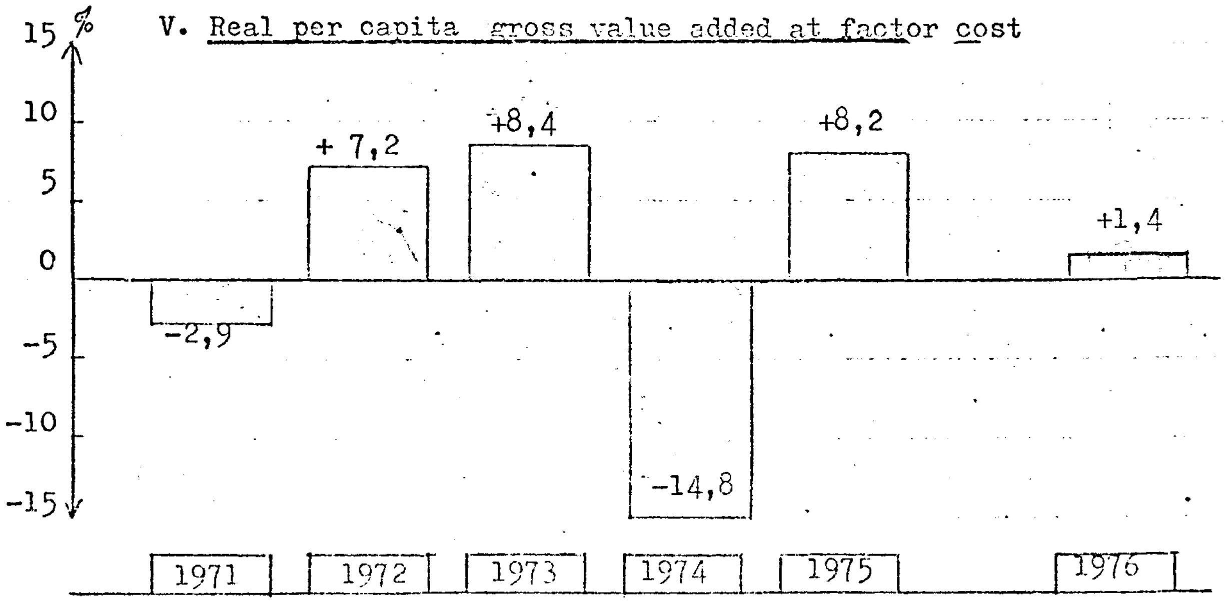
II. Agricultural labour force

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



IV. Implicit price index of gross domestic product

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



BELGIUM

(Estimates at 17 November 1976)

1. Final production

1.1 Crop production

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

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

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

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

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

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

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

1.2 Animal production

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

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

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

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

2. Intermediate consumption

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

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

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

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

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

3. Gross added value

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

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

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

4. Sectoral Income Index

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

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

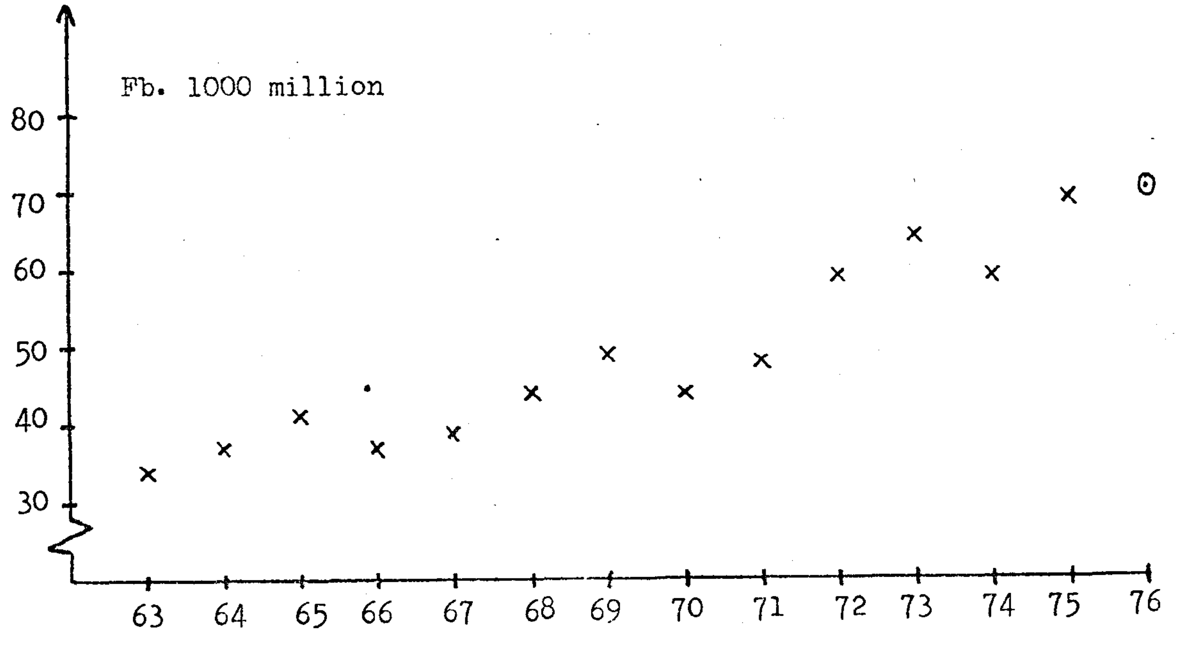
Source: Ministère de l'Agriculture (Institut Economique Agricole), Bruxelles.

Belgium

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

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

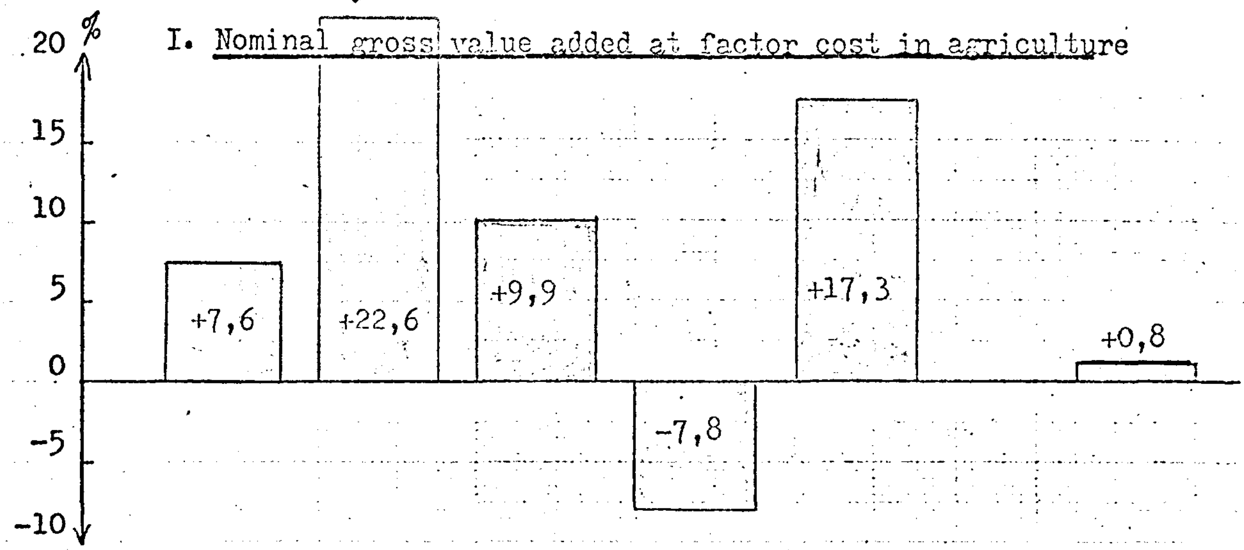
Evolution of gross value added at factor cost



Belgium

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

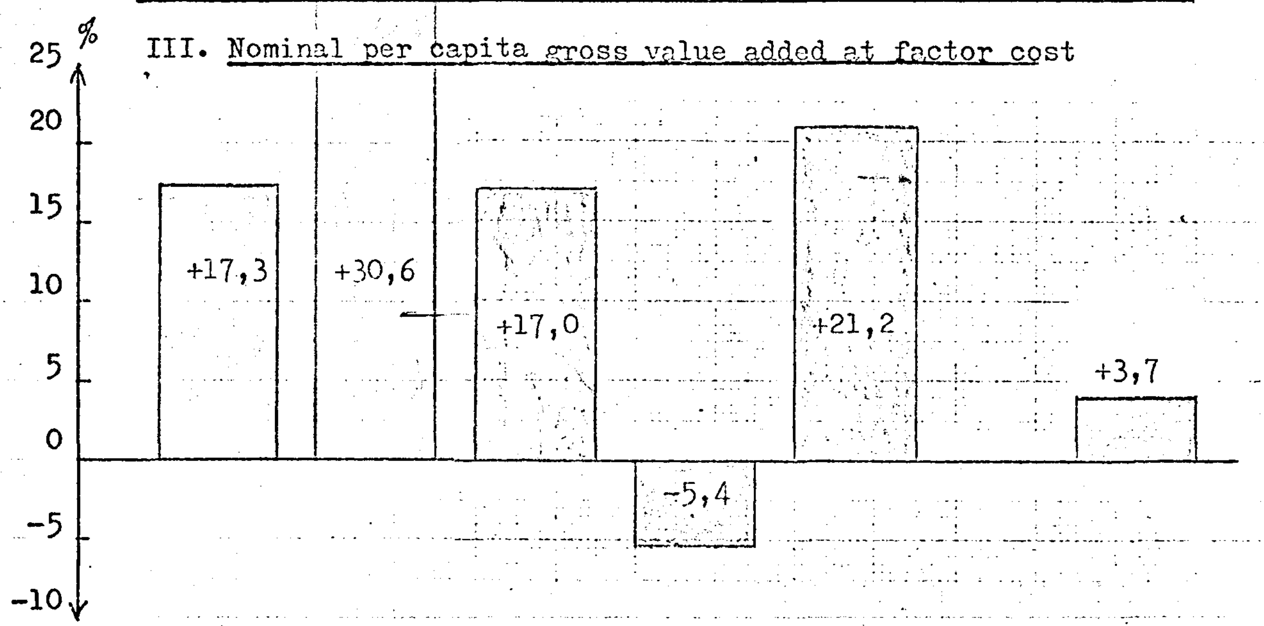
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

1971	1972	1973	1974	1975	1976
-8,3	-6,1	-6,1	-2,5	-3,2	-2,8

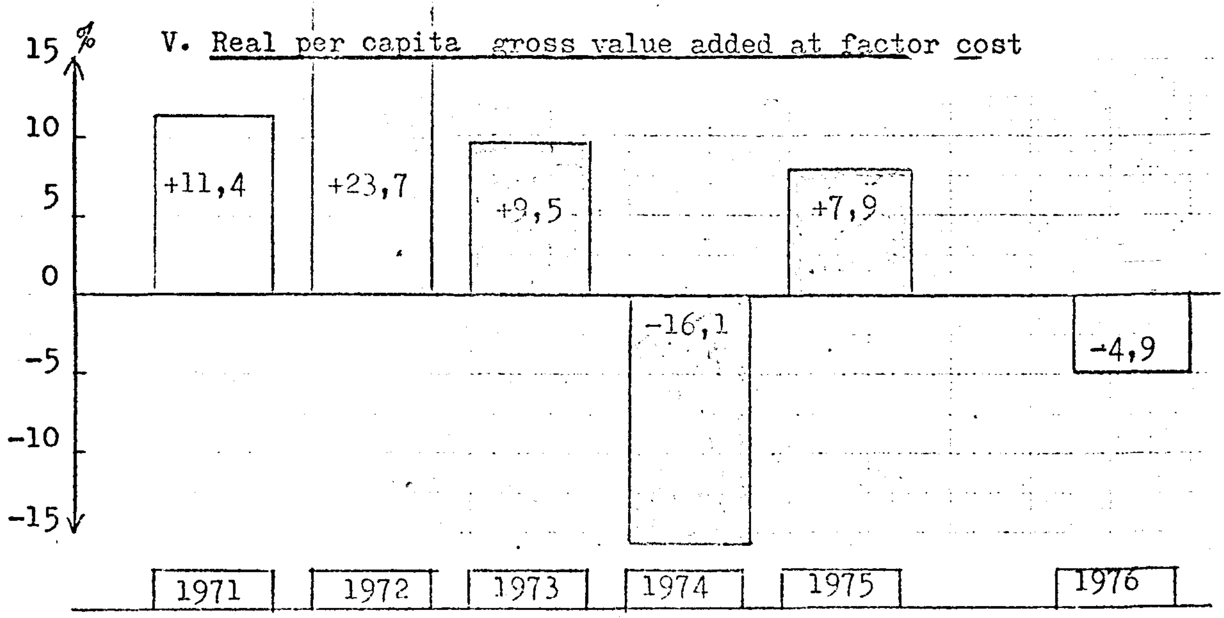
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

1971	1972	1973	1974	1975	1976
+5,3	+5,6	+6,9	+12,7	+12,3	+9,0

V. Real per capita gross value added at factor cost



Luxembourg

(Estimates at 5 November 1976)

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

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

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

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

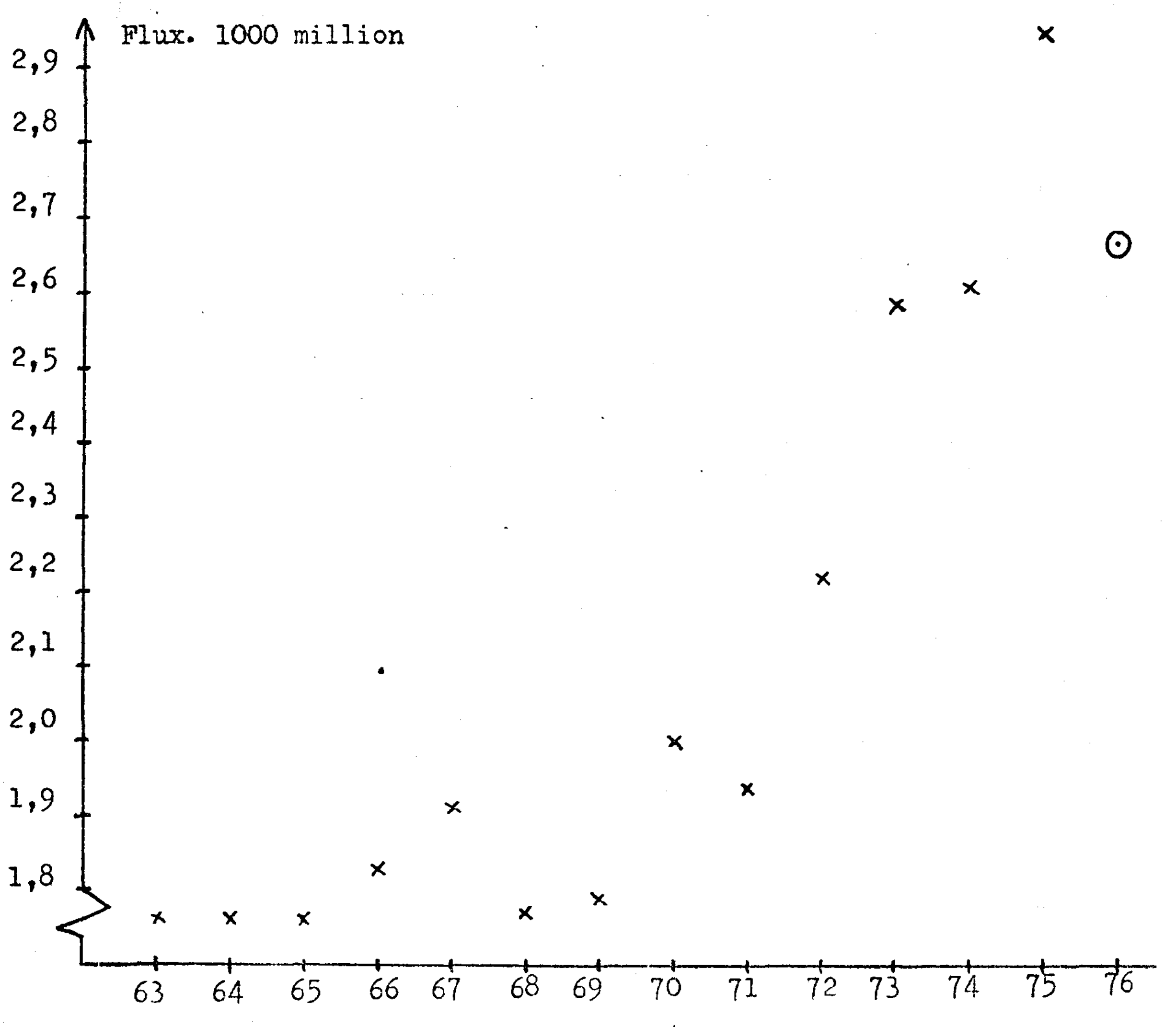
Gross value added at market prices is 12% down on the figure recorded for 1975. State subsidies increased by more than a third however, with the results that gross added at factor cost is 9,5% down on the previous year's figure.

Source: Ministère de l'Agriculture, Luxembourg

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

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

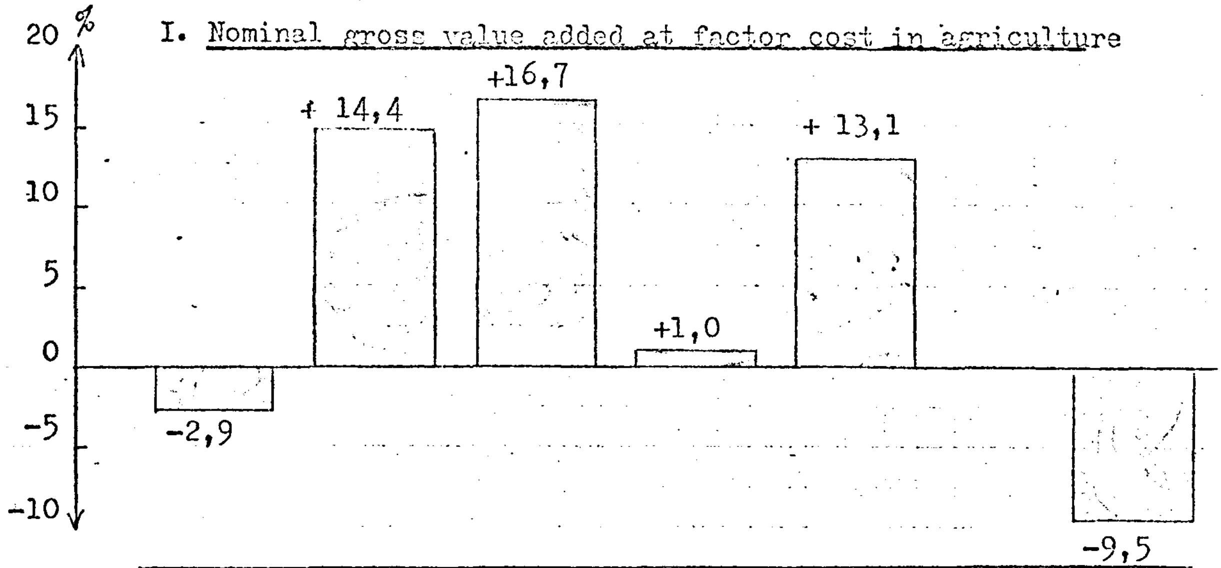
Evolution of gross value added at factor cost



Luxembourg

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

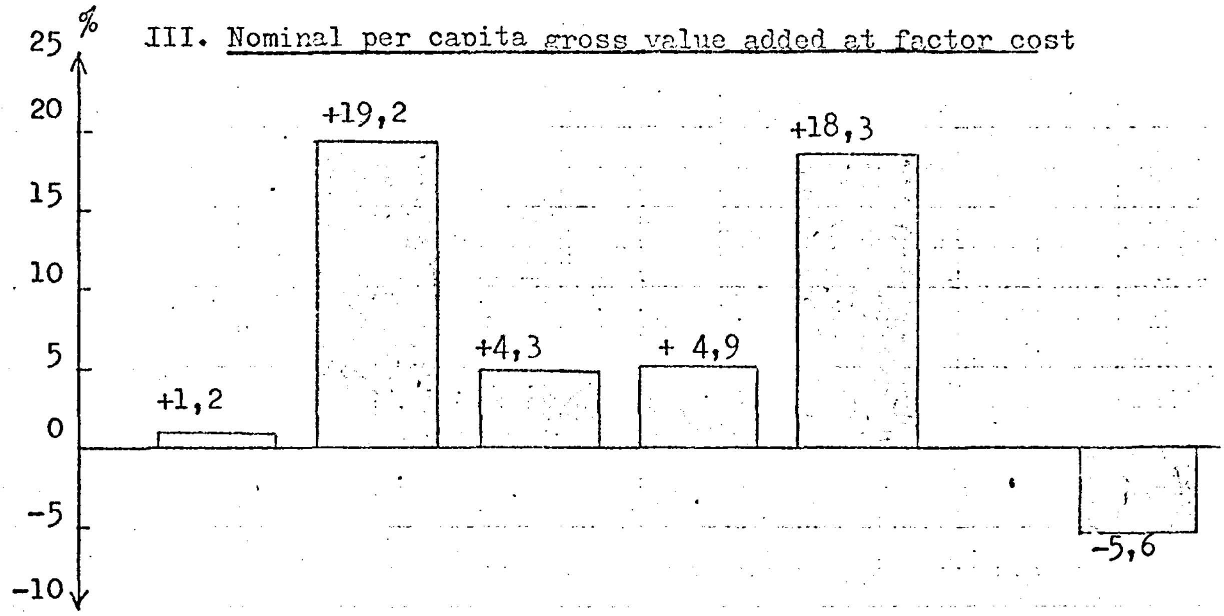
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

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

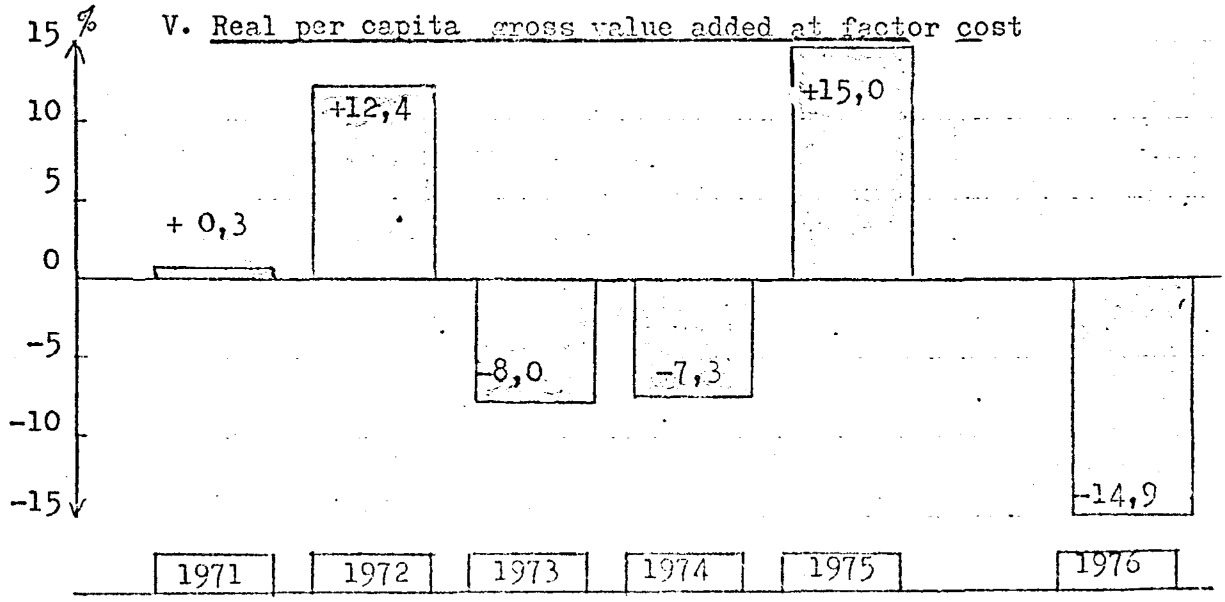
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

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

V. Real per capita gross value added at factor cost



United Kingdom (Provisional Results)

(Estimates at 19 November 1976)

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

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

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

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

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

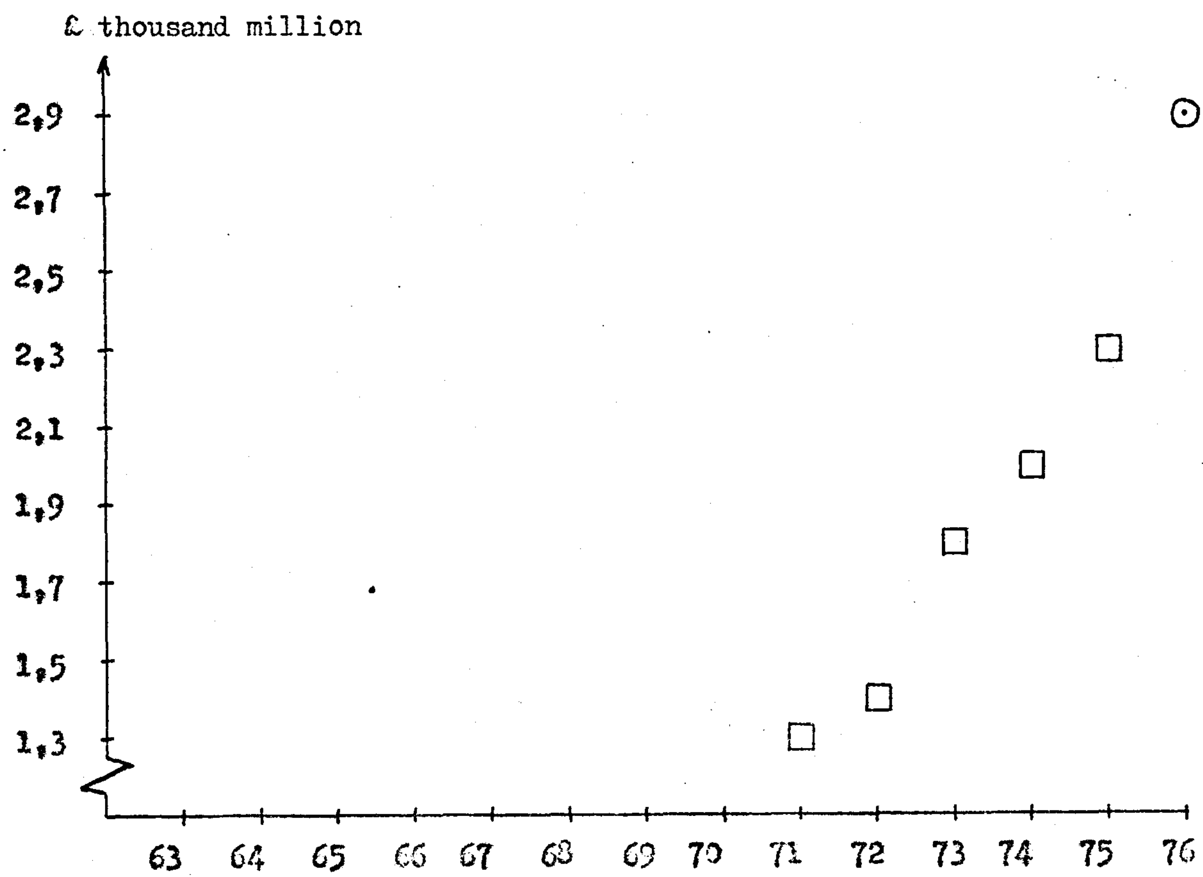
The outflow of labour in 1976 is likely to have been less than in either of the two preceding years.

Source : Ministry of Agriculture, Fisheries and Food, London

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

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

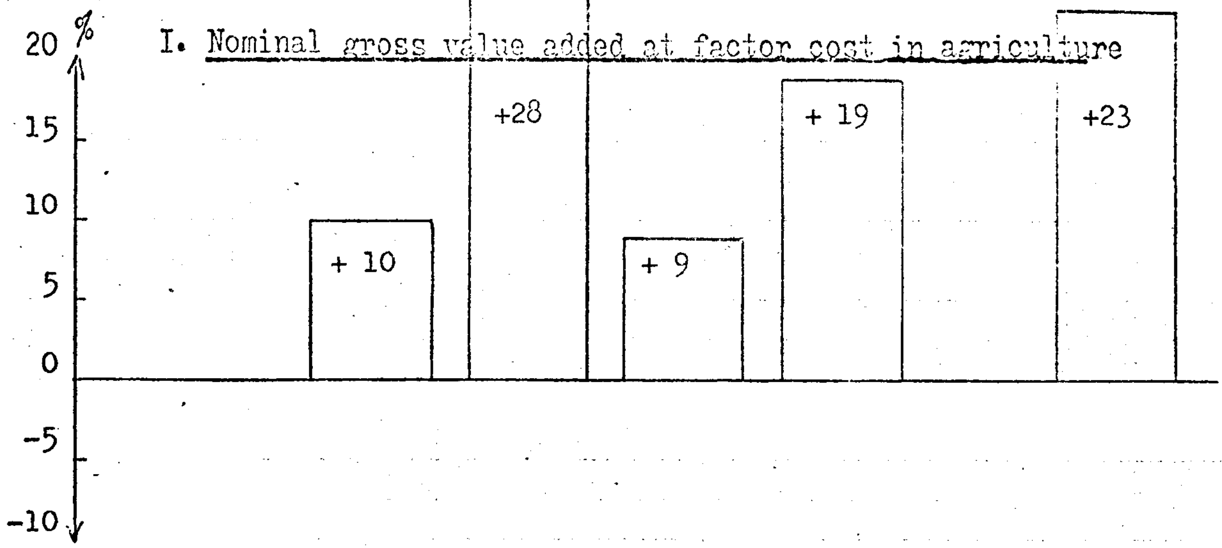
Evolution of gross value added at factor cost



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

United Kingdom

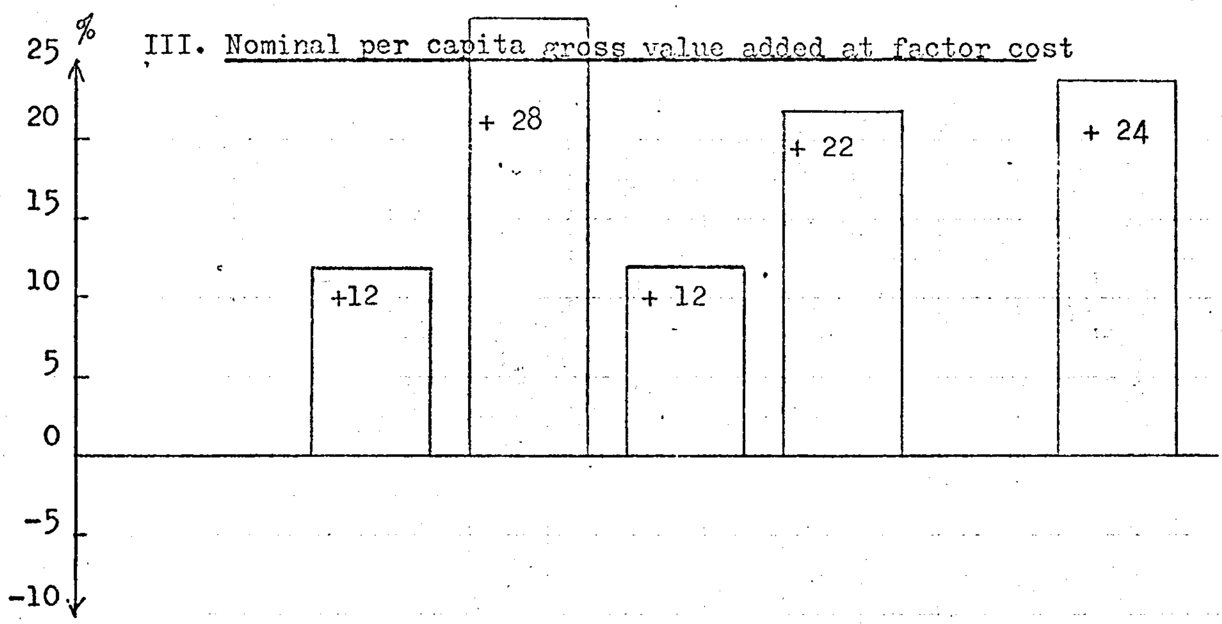
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

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

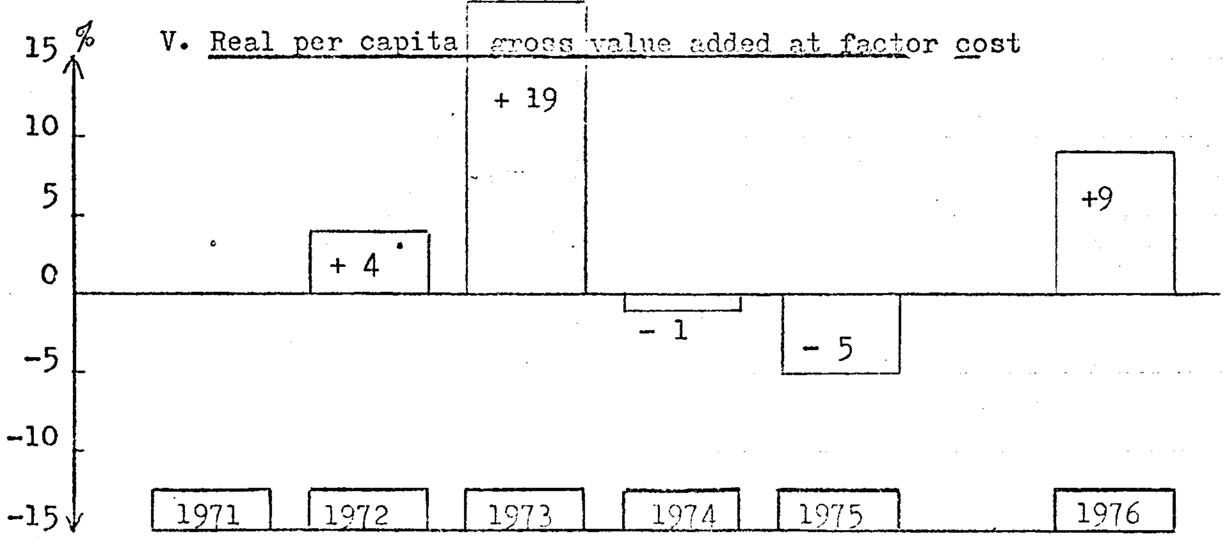
III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

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

V. Real per capita gross value added at factor cost



1) Rounded to the nearest whole percent

IRELAND

(Estimates completed 17 January, 1977)

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

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

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

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

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

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

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

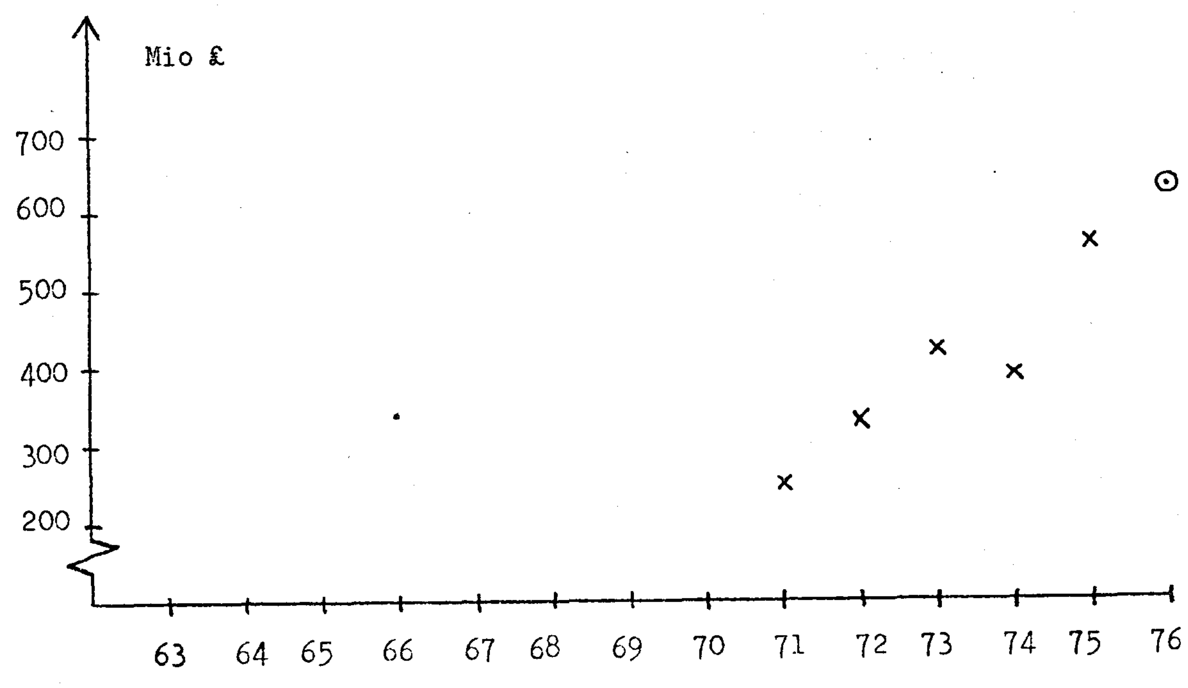
Source : Central Statistics Office, Dublin.

Ireland

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

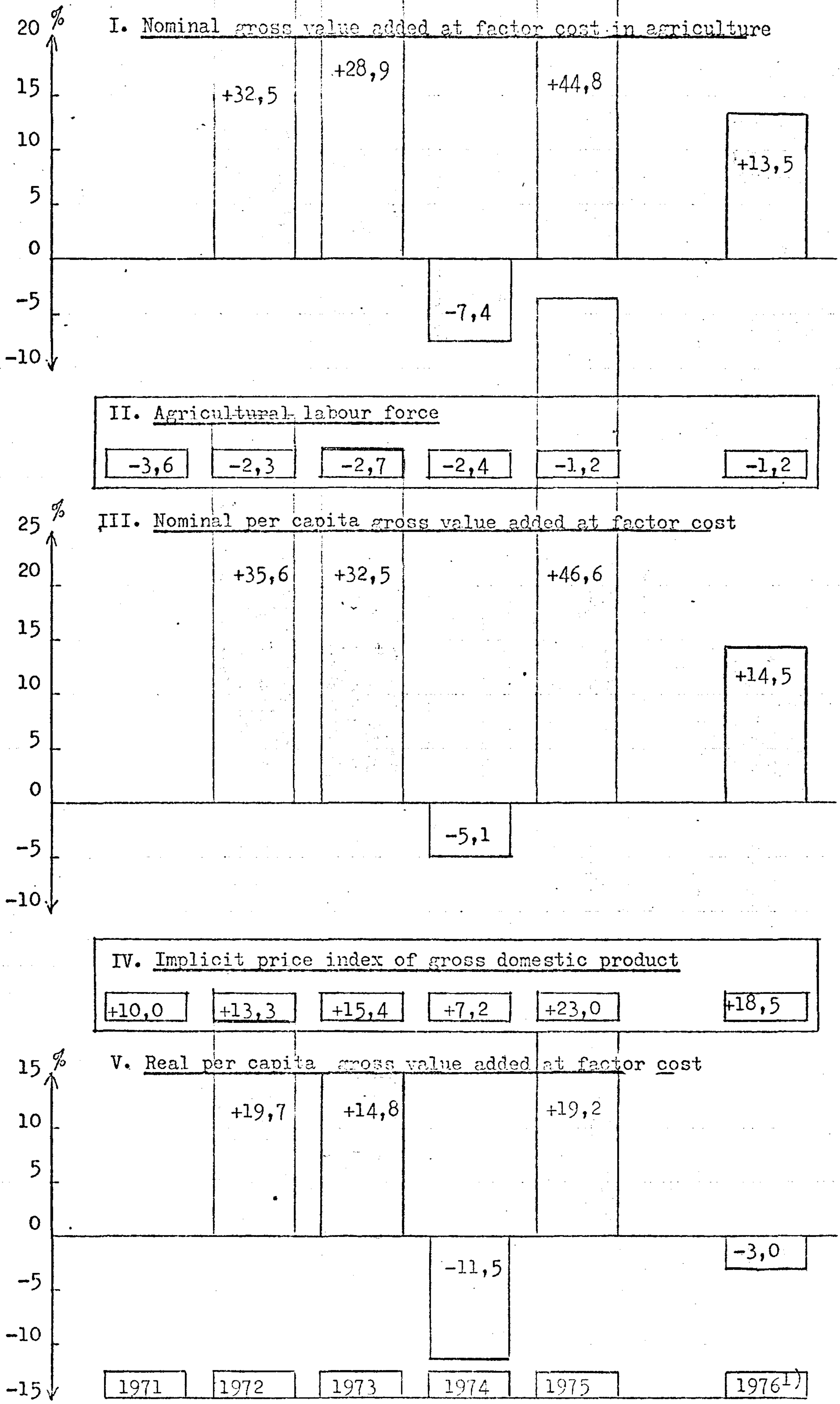
		1975	1976	Change	
				absolute	%
	Final production	848,5	997	+ 148,5	+ 17,5
	of which: crop production	133,4	159	+ 25,6	+ 19,2
	livestock produc.	715,1	838	+ 122,9	+ 17,2
-	Intermediate consumption	289,0	358	+ 69	+ 23,9
=	Gross value added at market prices	559,5	639	+ 79,5	+ 14,2
+	Subsidies	19,4	21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

Evolution of gross value added at factor cost



Ireland

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



1) Rounded to the nearest half percent

D E N M A R K

(Estimates at 19 November 1976)

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

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

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

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

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

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

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

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

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

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

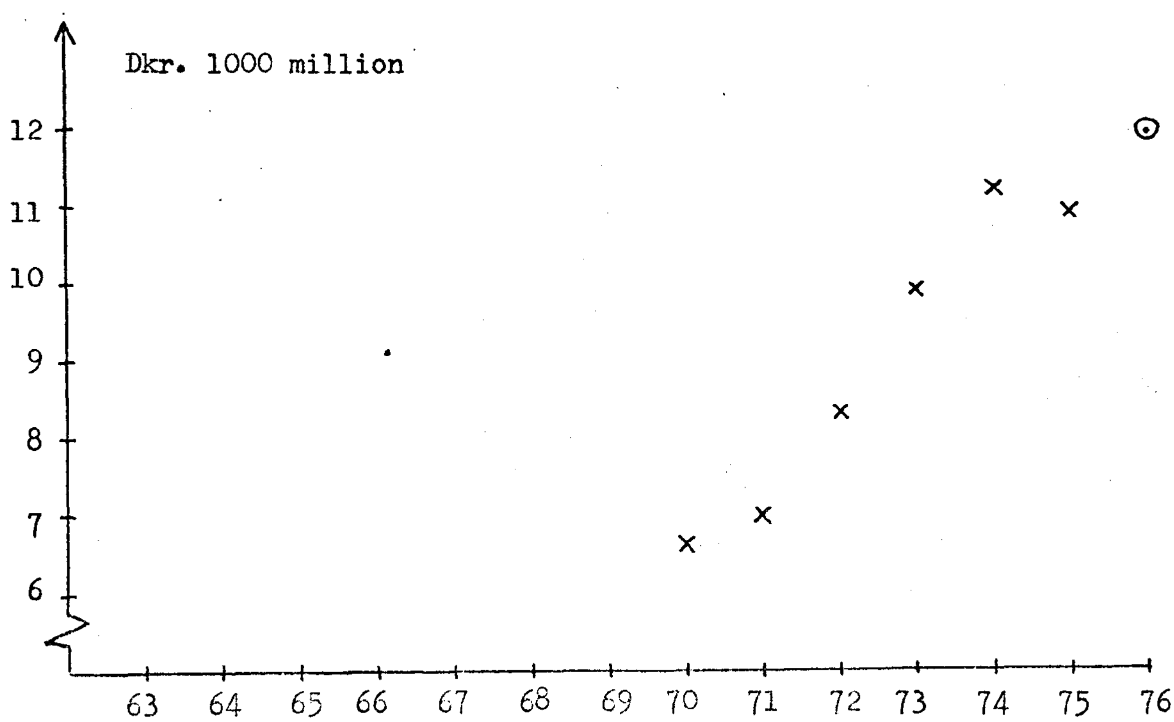
Source: Danmarks Statistik, København

Denmark

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

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

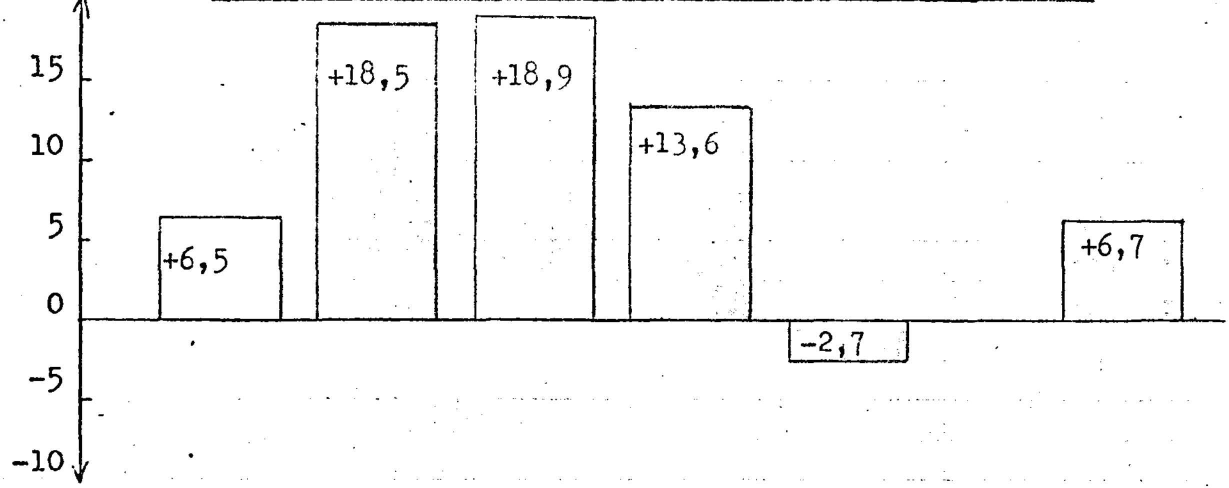
Evolution of gross value added at factor cost



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

Denmark

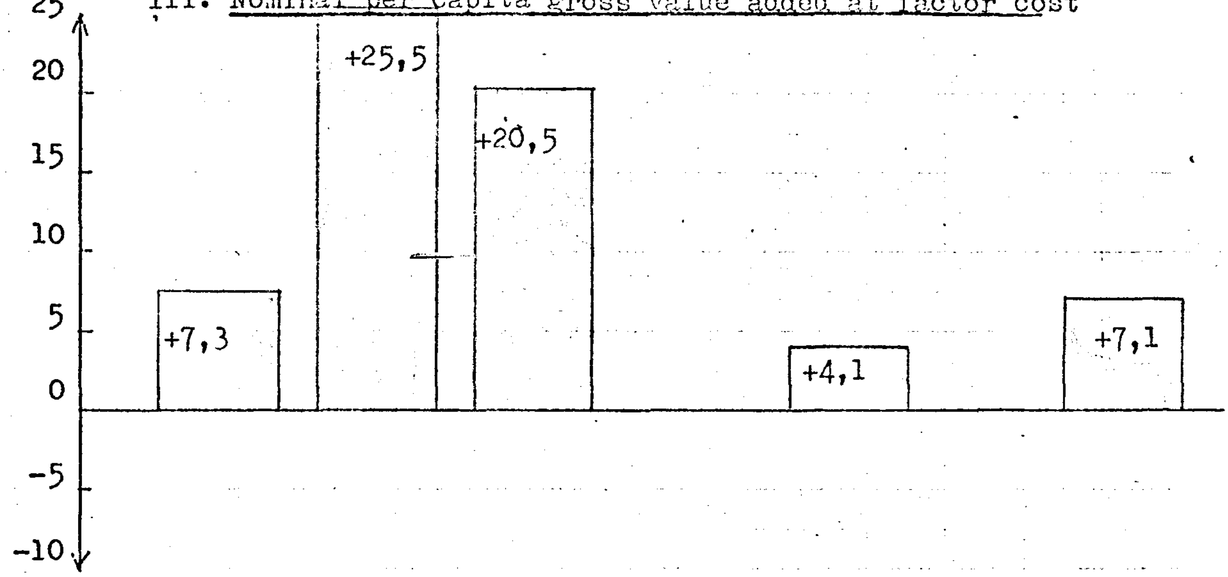
I. Nominal gross value added at factor cost in agriculture



II. Agricultural labour force

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

III. Nominal per capita gross value added at factor cost



IV. Implicit price index of gross domestic product

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

V. Real ~~per capita~~ gross value added at factor cost