

## PRELIMINARY ESTIMATE OF THE ECONOMIC ACCOUNTS OF AGRICULTURE | YEAR 2019

# In 2019 agricultural production dropped

In 2019, agricultural production decreased by 1.3% in volume. Gross value added at basic prices decreased by 2.7% in volume and labour input units decreased by 0.1%. The drop was noticeable for wine (-12.0%) while a significant recovery was recorded for olive oil (+32.0%). Also the production of fruit (-3.0%) and cereals (-2.6%) declined while a positive trend was confirmed for secondary activities (+1.3%) and services activities (+0.4%).

Compared to 2018, the increase in producer prices (+0.7%) and in prices related to costs (inputs) incurred by farmers (+0.9%) was less pronounced.

# 31,9

billion euros

**The value added of agriculture in Italy**

Italy confirmed its first position in the EU28, before France (31.0 billion euros) and Spain (26.5 billion euros).

# 188,1

billion euros

**The value added of agriculture for the EU28 countries**

# -2.6%

**The agricultural income indicator for Italy**

In contrast with the EU28 (+2.0%).

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## Wine production decreased while olive oil production recovered

Istat disseminates the preliminary estimate of the trend in the agricultural sector for the past year. In 2019, agricultural production decreased by 1.3% in volume. The decline was mainly due to unfavorable weather factors.

Negative results were recorded for the production of wine (-12.0%, in 2018 it increased by 14.3%). Other sectors suffered significant drops such as: fruit (-3.0% against + 1.4% in 2018), cereals (-2.6%, + 3.5% in 2018), industrial plants (-1.6 % against + 7.0% in 2018) and livestock production (-0.3%, -0.5% in 2018).

On the other hand, 2019 was a favorable year for oil production, which increased by 32.0% after in 2018 (-36.9% down in 2018). Positive dynamics also for forage crops (+ 3.5%), potatoes (+ 2.0%) and vegetables (+ 1.1%). The positive trend of secondary activities (+ 1.3%) and services activities (+ 0.4%) was confirmed.

Compared to 2018, the increase in both producer prices (+ 0.7% versus + 1.4% in the previous year) and those relating to the costs (inputs) incurred by farmers (+0, 9% against + 4.4%) was less pronounced. The combined trend of output and input prices led to a slight deterioration in terms of trade for the agricultural sector in 2019 (-0.2%).

Overall, the gross value added at basic prices decreased by 2.7% in volume.

The Labour input suffered a modest decrease (-0.1%), a synthesis of an increase in employees (+ 0.4%) and a decrease in self-employed workers (-0.4%).

The production subsidies received by the sector increased by 3.8%, following the strong increase of 16.8% recorded in 2018.

The factor income decreased by 2.2% in value and the agricultural income indicator decreased by 2.6%.

## AGRICULTURE: KEY NUMBERS. Year 2019 millions of euros, percentage values

AGGREGATES	Millions of euros	Volume changes 2019/2018%	Price changes 2019/2018%	Value changes 2019/2018%
Crop output	30,878.7	-2.4	+0.4	-2.1
Animal output	15,861.8	-0.3	+1.1	+0.8
Agricult. Services	5,098.8	+0.4	+1.5	+1.9
<b>Agricultural output</b>	<b>51,839.3</b>	<b>-1.5</b>	<b>+0.7</b>	<b>-0.8</b>
Non-agricult. Second. Activities	4,739.9	+1.3	+0.9	+2.2
<b>Total output</b>	<b>56,579.2</b>	<b>-1.3</b>	<b>+0.7</b>	<b>-0.6</b>
Total intermediate consumption	24,716.4	+0.6	+0.9	+1.5
<b>Gross value added</b>	<b>31,862.8</b>	<b>-2.7</b>	<b>+0.6</b>	<b>-2.1</b>
<b>Net value added</b>	<b>20,028.3</b>	<b>-3.7</b>	<b>+0.3</b>	<b>-3.4</b>
<b>Factor income</b>	<b>24,414.0</b>			<b>-2.2</b>
<b>Labour input (in 1000 AWU)</b>	<b>1,125.5</b>			<b>-0.1</b>
Agricultural income indicator				-2.6

## Value added of Italian agriculture still at the top of the European ranking

In 2019, the agricultural sector recorded an increase in production volume of 0.8% for all EU28 countries. As for the main European countries, the strongest growth occurred in the United Kingdom (+ 3.9%) and Germany (+ 2.6%). The production volume, on the other hand, decreased in France (-1.8%) and in Italy (-1.3%) while it remained substantially stable in Spain (+ 0.1%).

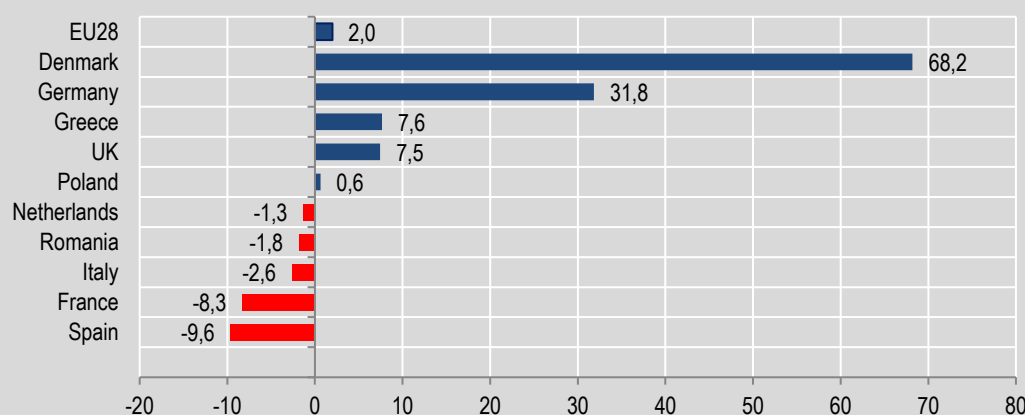
The growth in producer prices (measured in terms of basic price) was 1.4% for the whole of the European Union. The most marked increases occurred in Poland (+ 7.2%) and in Germany (+ 5.4%). Growth was moderate in Italy (+ 0.7%) and in the United Kingdom (+ 0.5%). The drop in prices recorded in Spain was significant (-3.0%).

In the ranking of the value of production at current prices for 2019 France ranked first (75.4 billion euros), followed by Germany (57.0 billion euros) and Italy (56.6 billion euros). In terms of value added, Italy remains in first place with 31.9 billion euros ahead of France (31.0 billion euros) and Spain (26.5 billion euros).

Agricultural income indicator A, which measures labour productivity in agriculture, increased by 2.0% at EU28 level. The trend of the indicator showed an important drop in the main countries of the Mediterranean area, in particular Spain (-9.6%) and France (-8.3%) while it recorded values that consistently recovered in Germany (+ 31.8%), in the United Kingdom (+ 7.5%) and in the Northern Europe area.

**FIGURE 1. AGRICULTURAL INCOME INDICATOR FOR EU28 AND MAIN EUROPEAN COUNTRIES**

Year 2019, annual percentage changes



## Glossary

**Agricultural income indicator:** is the so-called indicator A, defined by Eurostat as the value added of agriculture at the cost of factors in real terms per unit of work. The deflator used is the one of GDP.

**Base price:** is the measure of the actual amount received by the manufacturer. It includes contributions on products and excludes product taxes and any trade and transport margins separately invoiced by the manufacturer.

**Deflator:** is the ratio between an aggregate expressed in nominal terms and the same expressed in real terms. It indicates how much of the growth of the aggregate, expressed in nominal terms, is attributable to price changes.

**Gross salaries:** include wages, salaries and ancillary skills, in cash and in kind, gross of tax and social security deductions, paid to employees directly and on a regular basis, as established by contracts, company agreements and legal regulations in force.

**Income from employment:** is the cost borne by employers as remuneration for the work performed by their employees. The aggregate of compensation of employees includes both gross salaries and social contributions (actual and/or figurative).

**Labor Units (Ula):** are a measure of employment by which part-time jobs (part-time work contracts and second activities) are reported in full-time work units. The work units are calculated net of the redundancy fund.

**Market ratio:** in this context, the market ratio of agriculture is measured by the ratio between the index of producer prices of agricultural products (output) and the index of intermediate consumption prices (input) for domestic producers.

**Value added at basic prices:** is the difference between the value of the production of goods and services and the value of the intermediate costs incurred for this production. Production is valued at base prices, ie net of taxes on products and gross of product subsidies and intermediate costs at purchase prices. It corresponds to the sum of production factors and depreciation.

# Methodological note

## The Economic Accounts of Agriculture

The preliminary estimate of the economic accounts of agriculture in the current year is produced by the month of November by all the EU Member States on the basis of the Regulation (EC) No. 138/2004 of the European Parliament and of the Council. The estimates are then updated in the following months and published in May in the Report on the development of the agricultural economy.

The Economic Accounts of Agriculture (CEA) provide an overview of the activity of the sector. From agricultural accounts derive economic trends by product, changes in basic prices and production volumes by product groups and by production sector. Data are processed according to the methodologies established by the European system of national and regional accounts (Sec 2010) and concern economic aggregates such as production, intermediate consumption, value added and agricultural income. The data has a high level of detail, both territorial and by product.

The methodology used complies with the guidelines recommended by Eurostat.

These calculations are based on the Economic Accounts for Agriculture (EAA) by Eurostat. They differ somewhat from the central framework of National Accounts as they does not include activities of family gardens, small farms and some service activities while it provides information on the inclusion, among agricultural activities, of the production of wine and olive oil processed by cooperatives (which, instead, is not included in the National Accounts as it is attributed to the beverage industry).

## The value of agricultural production

For the definition of the production value, the "quantity by price" method is used. It is obtained by multiplying the quantities of the products by their average annual unit price. This method provides the completeness of the estimates as more than 170 products and activities covering the entire production of the agricultural sector are considered. Calculation procedures are extremely detailed and include every type of product at the 4-digit level of the Nace Rev.2. The quantities are detected starting from the survey "Estimation of surfaces and production of agricultural crops": the survey includes details at provincial level and measures the invested areas, the average yields per hectare, the total production and the collected production and complies with the European Regulation 543/2009. Prices are collected through a specific survey called "Monthly survey of producer price of products sold by farmers" with details for each province; the survey takes into account the seasonality of productions and excludes imported products. The recorded average prices (to the producer) are then increased by any contributions and adjusted with taxes on products, obtaining the basic prices. Using the basic prices, the "quantity by price" method provides the production value for each product.

A similar consideration concerns the estimates of other production aggregates such as secondary activities and support activities. For example, in the estimates of agritourisms the surveys on presence and flows in agritourism companies and on the movement of customers in hotel facilities are taken into account; these estimates are then compared with the evaluations of the sector organizations and with the VAT declarations of the agricultural sector.

## The intermediate consumption of agriculture

The estimate of intermediate consumption of the sector is processed through a methodology attributable to the "quantity by price" approach. In addition to the consolidated cost components (for example technical means such as feed, fertilizers, seeds and phytosanitary), new types of

farm costs have been included such as insurance for structures and animal husbandry, bottling, marketing of the wine produced in the farm, packaging related to the first processing of products and preparation for the markets, routine maintenance for photovoltaic systems and biogas plants, maintenance of parks and gardens, other minor expenses related to farm tourism and related activities and expenses related to other support activities.

The used sources range from specific surveys on technical means, to the monthly survey on prices of products purchased by farmers, and to the Rica-Rea sample survey, which provides basic microeconomic information on farms and includes a specific questionnaire section on costs.

### References

News and in-depth information on "News in agricultural accounts -The revision of the national and regional accounts of agriculture and the changes made with the introduction of the Sec 2010" are available at <http://www.istat.it/it/archivio/162712>.

Information on national accounts (annual and quarterly) and on institutional, territorial and environmental accounts is available at <http://www.istat.it/it/conti-nazionali>. Detailed data at European level are available at <http://ec.europa.eu/eurostat/data/database> under the theme "Agriculture, forestry and fisheries"/"Agriculture"/"Economic Accounts for Agriculture".

## For technical and methodological clarifications

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