

12 December, 2014

## Economic Accounts for Agriculture 2014

1<sup>st</sup> estimate

### **Agricultural income is expected to decrease 3.2% in 2014**

According to the first estimate on Economic Accounts for Agriculture (EAA) for 2014, the income from Agricultural activity in Portugal, per annual working unit, is expected to decrease 3.2% in real terms, compared to 2013, despite the estimated reduction in agricultural labour input (-3.1%). This behaviour of the agricultural income reflects the evolution of GVA (-2.8%) and Other subsidies on production (-5.2%).

Statistics Portugal releases the first estimate of the Economic Accounts for Agriculture (EAA) for the year 2014, in base 2011. The results for EAA in base 2011 for the period 1980-2013 were published in September 30<sup>th</sup>, 2014. This base replaces base 2006 and is consistent with base 2011 of the Portuguese National Accounts, released on August 29<sup>th</sup>, 2014, which introduced methodological changes resulting from the adoption of the European System of Accounts (ESA 2010). The change in the base of the EAA determined important revisions of some results, reflecting specific methodological changes, notably the reintroduction of wine and olive oil groups of producers and cooperatives following Eurostat's guidelines, and the inclusion of new sources of information (Agricultural Census 2009, Surveys on Horticulture and Floriculture and Ornamental plants).

Further detailed information about methodological changes made in the implementation of base 2011 of EAA may be obtained from the respective methodological document in the Statistics Portugal website, in National Accounts dissemination area (section of satellite accounts), as well as tables with retrospective series. In accordance with the EAA Regulation, until January 31<sup>st</sup>, 2015, a second estimate for the year 2014 will be released.

#### **1. Main results for 2014**

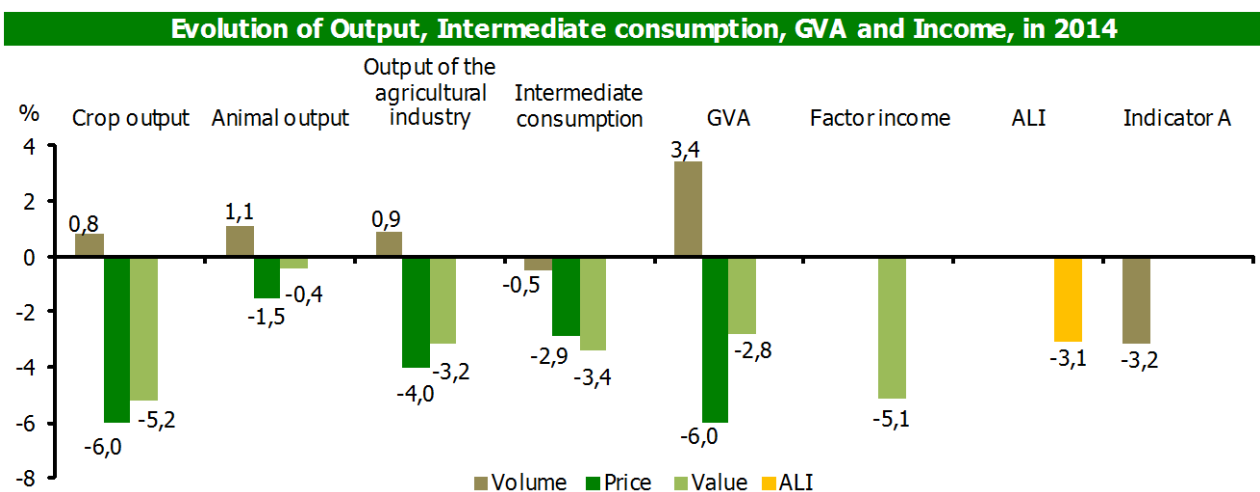
The agricultural activity developed in Portugal during the year 2014 is expected to generate an income, per annual work unit, lower than in the previous year by 3.2% (in real terms). Despite the estimated reduction of agricultural labour input (-3.1%), negative nominal developments expected for Gross Value Added - GVA (-2.8%) and Other subsidies on production (5.2%) determine this reduction in agricultural income.

For the nominal decrease of GVA contributed the negative growth of the agricultural output (-3.2%), attenuated by the more intense reduction in intermediate consumption (-3.4%). In real terms, GVA is expected to increase by 3.4%.

The estimated reduction in the agricultural output at basic prices should be, mainly, the result of a decrease in prices (-4.0%), since volume is expected to slightly increase (+0.9%). The decrease in basic prices was mainly due to the reduction in producer prices (-4.0%). Subsidies on products decreased 11.1%.

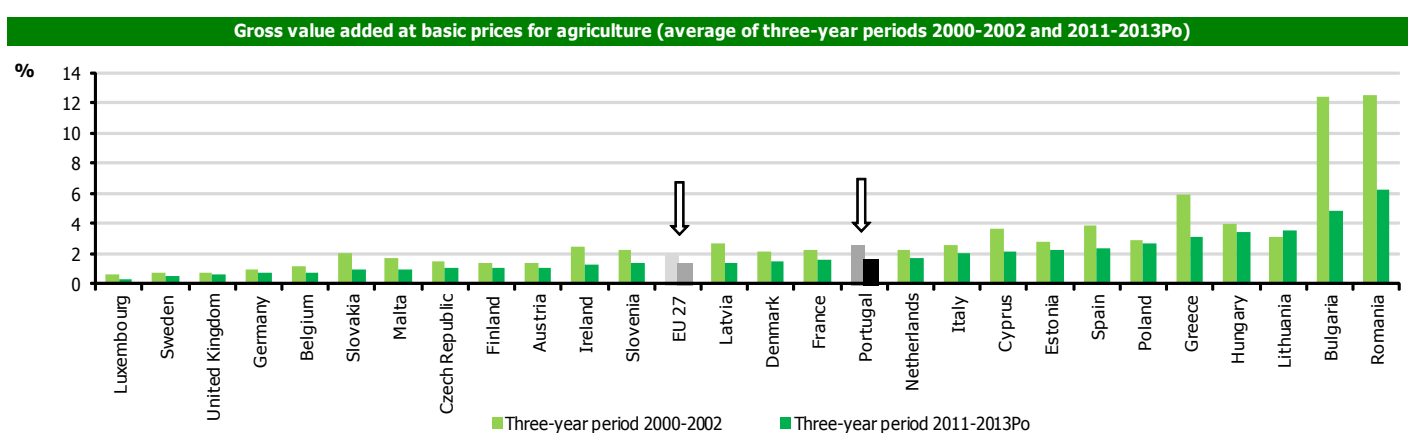
The reduction of agricultural output in nominal terms reflects the negative nominal variations of crop output (-5.2%), since animal output did not change substantially (-0.4%). As far as crop output is concerned, a slight volume increase (+0.8%) and a decrease in basic prices (-6.0%) is envisaged. As for animal output, current estimates point to an almost offsetting change in volume (+1.1%) with the change in prices (-1.5%).

The nominal decrease expected for intermediate consumption (-3.4%) results from negative changes in volume (-0.5%) and prices (-2.9%), compared to 2013. The negative development in volume should be mainly determined by the evolution of feedingstuffs (-0.9%). The behaviour of prices of fertilizers and soil correctives (-7.4%), energy and lubricants (-5.8%) and feedingstuffs (-4.4%) should be decisive in the evolution of Intermediate Consumption prices.



## 2. International Comparison

In general, when comparing the weight of agricultural GVA in national GVA, between the three-year periods 2000-2002 and 2011-2013, in different Member States, a relatively homogeneous behaviour is observed, with an overall reduction of this indicator in the EU27, with the exception of Lithuania. In Portugal, the decrease between these periods (-38.6%) was higher than EU27 average (-25.9%), but lower than in other Mediterranean countries such as Spain (-40.5%) and Greece (-47.7%). Note that this analysis should be made carefully given that not all countries have undertaken the implementation of ESA 2010 in 2014, which can hamper comparability.



Comparing the evolution of the income of agricultural activity per Annual Working Unit - AWU (indicator A), between the periods 2000-2002 and 2011-2013, for the EU27 countries, it appears that the income of agricultural activity in Portugal evolved less favourably (96.9) than the average of the Member States (133.8). However, the situation was more favourable than the one observed in other countries with Mediterranean-oriented agriculture, such as Spain (94.0) and Italy (87.6).

