

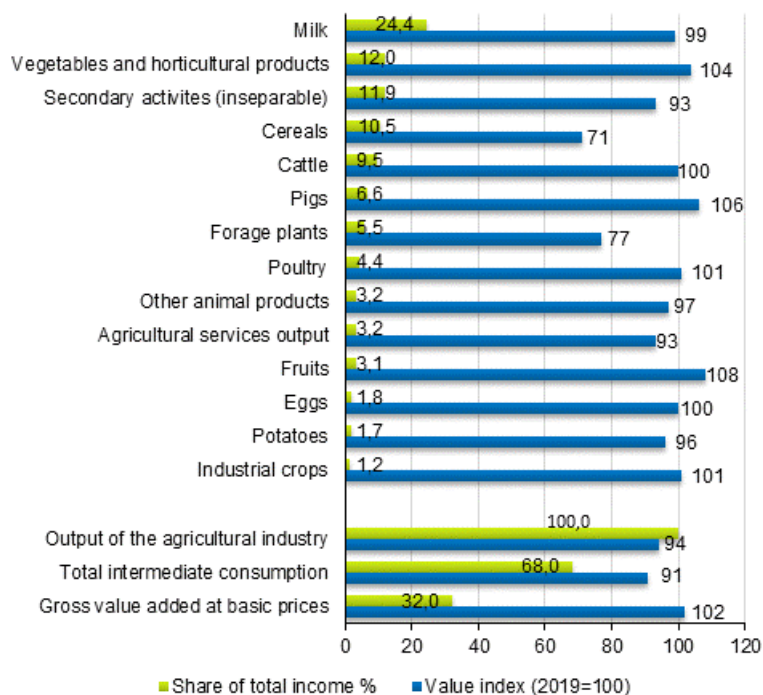
Economic Accounts for Agriculture (EAA) 2020

Value added in agriculture this year on level with the previous year

The current priced value of cereals and forage plants plummeted in 2020 by nearly 30 per cent compared with 2019. The volume of cereal production¹⁾ decreased less sharply than the current value, by 13 per cent. In other respects, the decrease in the current priced value was due to the drop in cereal prices. By contrast, volumes and prices remained almost on level with the previous year in other product groups of agriculture. Although the output of agriculture calculated at current prices contracted by around EUR 300 million, according to the current estimate, the value of intermediate products will also decrease to such an extent that the current priced value of gross value added in agriculture and the volume will remain almost on level with 2019. The data derive from the Economic Accounts for Agriculture that are now published.

1) Volume refers to data from which the effects of price changes have been eliminated. Volume=quantity of reference year*price of comparison year. The volume change is usually made using a product or expenditure-based deflator. The volume sums are calculated by summing up as are current priced items.

Share of agricultural product groups of total output %, and the current value index (2019 = 100) in 2020



The share of milk corresponds to nearly 25 per cent of the output in agriculture. The volume of milk output fell by just under one per cent from the previous year, and this year the price has been slightly higher than in 2019, so the current priced value of milk is assumed to remain almost on level with the previous year. Vegetables and horticultural products (12 per cent share of total agricultural output) and fruits (3.1 per cent share) are accounted for separately in the economic accounts for agriculture. The current-price value of both these product groups is estimated to grow this year. Thus, the significance of horticulture continues to grow in the income formation of agricultural and horticultural enterprises.

The current-price value of secondary production and ancillary activities practised by agricultural enterprises corresponds to nearly 12 per cent of the output of agriculture. Secondary production includes, for example, machine contracting and further processing of agricultural products. This year, the value of secondary production is estimated to contract slightly from last year.

The combined value of the output of cereals corresponds to nearly 10 per cent of the output of agriculture. In 2020, only the volume of oats grew slightly from the previous year, but due to lower prices than last year, the current value of oats decreased by good 10 per cent. The volume of wheat and barley dropped by around 20 per cent and the current priced value by about 35 per cent. The volume of rye production absolutely plummeted by good 60 per cent from the year before.

Meat production accounted for good 20 per cent of the agricultural output (beef 9.5%, pig husbandry 6.6% and poultry 4.4%). In addition, the share of egg production was 1.8 per cent. Both the price and volume of pork increased to such an extent that the current priced value is expected to rise by around six per cent from the previous year. The value of other meat production is expected to remain on level with the previous year. The group other animal products (the share 3.2%) includes such as fur farming. This year, the line of production in question has suffered considerably from the effects of COVID-19.

Based on the above-mentioned, the output of the agriculture industry at current prices is estimated to fall by just under EUR 300 million from the previous year. However, the value of intermediate consumption is estimated to decrease slightly more, by slightly over EUR 300 million. This estimate is mainly based on the fall in the prices of energy and fertilisers in 2020. In addition, feedingstuffs produced for own final

use are counted as agricultural output after which it is subtracted from output as an intermediate product. The price of feedingstuffs produced for own final use is based on the price of marketable barley, so the lower price of barley compared to last year is visible both as a lower value of output and as a lower intermediate cost for feedingstuffs. When intermediate consumption is subtracted from the output, the result is gross value added. Gross value added at current prices is estimated to grow by around EUR 20 million from 2019. By contrast, the volume change of gross value added is estimated to fall by around two per cent from the previous year.

The data for Economic Accounts for Agriculture (EAA) are produced at Statistics Finland as part of the national accounts calculation. The compilation of EAA accounts is based on accounts harmonised and regulated by the EU. The accounts are compiled with uniform methods in all EU Member States. Data on all Member States can be found in Eurostat's database.

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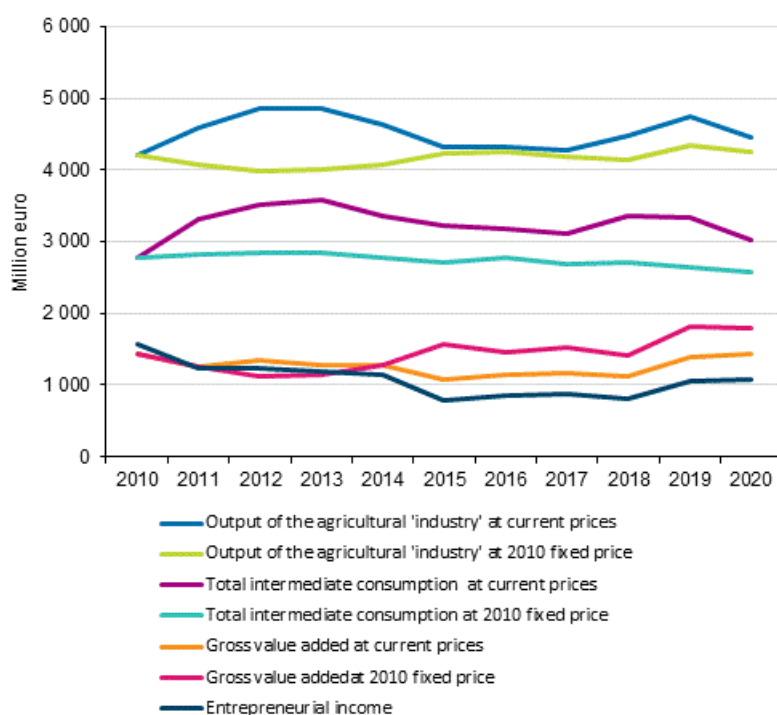
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Long-term examination

The figure below shows the output, intermediate consumption and the development of their difference, i.e. the value added, in agriculture from 2010 to 2020, both at current prices and as a volume series. The volume series describes changes in numbers and quality (volume).

The current price series of agricultural output largely follows the development of the producer price index of agricultural products. The prices went up clearly in the early years of the decade, but the price development made a downturn in 2014 and returned in 2015 to 2017 to the same level as in 2010. In 2018 and 2019, the price development was positive for farmers, but the favourable development appears to have made a turn in 2020. When comparing the development of the volume of the total output in agriculture between 2010 and 2020, it can be said that the volume has remained almost unchanged.

Total output, intermediate consumption, value added and entrepreneurial income in agriculture 2010 to 2020



The current value of intermediate consumption rose right at the beginning of the period until 2013, after which the value decreased until 2017. By contrast, the volume of intermediate consumption has decreased fairly steadily throughout the reference period, from 2010 to 2020 the change was around -7 per cent. Among individual intermediate groups, it should be noted that the volume of the use of fertilisers has decreased fairly steadily by over 20 per cent over the 11-year period.

The volume of gross value added in agriculture rose by around 23 per cent in 2020 compared to 2010. Because the volume of output remained almost unchanged and the volume of intermediate consumption fell by seven per cent between the above-mentioned years, the growth in the volume of value added can be interpreted as being caused by more efficient use of production inputs. However, the old Finnish saying 'the years are not brothers' should be borne in mind particularly when it comes to agriculture: comparison between individual years does not justify making profound conclusions about the growth of productivity in agriculture and the reasons for it.

When consumption of fixed capital, i.e. depreciations, are subtracted from gross value added, net value added is obtained. Entrepreneurial income from agriculture is derived when other subsidies on production are added to and salaries paid, rents paid on land and interest paid are subtracted from the net value added. Other subsidies on production refer to subsidies that cannot be directly linked to a particular product. At this time of the year, with the exception of subsidies on production, very little statistical data are available

for estimating entrepreneurial income in a completely reliable manner. Based on the currently available data, entrepreneurial income from agriculture at current prices is estimated to grow slightly in 2020 compared to the previous year.

The database tables of the statistics contain the current priced values of all product and intermediate items, the values calculated at the previous year's prices, and the volume series of the reference year 2010. All product items have been calculated both at producer prices and at basic prices. The basic price refers to the producer price to which subsidies on products have been added and from which taxes on products have been deducted. In addition, a separate database table describes the numbers of staff-years worked by farmers and salaried agricultural labour force.

Appendix tables

Appendin table 1. Economic Accounts for Agriculture, preliminary data 2020

	Value 2019 Million euro	Volume index	2020 value at t-1 price	Price index	Value 2020 Million euro	Value index
01 Cereals (including seeds)	652	87	569	82	466	71
02 Industrial crops	55	100	55	101	55	101
03 Forage plants	319	94	299	82	245	77
04 Vegetables and horticultural products	516	103	532	101	536	104
05 Potatoes (including seeds)	78	97	76	99	75	96
06 Fruits	128	98	125	111	138	108
09 Other crop products	17	64	11	104	12	67
10 Crop output	1 766	94	1 666	92	1 527	87
11 Animals	931	101	942	100	945	101
11.1 Cattle	425	100	423	100	423	100
11.2 Pigs	277	102	284	103	293	106
11.5 Poultry	195	104	203	97	196	101
12 Animal products	1 323	99	1 312	100	1 311	99
12.1 Milk	1 094	99	1 085	100	1 087	99
12.2 Eggs	80	100	80	100	80	100
12.9 Other animal products total	149	98	146	98	144	97
13 Animal output	2 253	100	2 254	100	2 256	100
14 Agricultural goods output	4 019	98	3 920	97	3 783	94
15 Agricultural services output	155	98	152	95	144	93
16 Agricultural output (14+15)	4 174	98	4 072	96	3 927	94
17 Secondary activities (inseparable)	571	98	560	95	530	93
18 Output of the agricultural 'industry'	4 745	98	4 632	96	4 457	94
19 Total intermediate consumption	3 345	97	3 257	93	3 032	91
19.0.2 Energy lubricants	440	98	429	86	368	84
19.0.3 Fertilisers and soil improvers	326	98	320	93	296	91
19.0.6 Feedingstuffs (intermediate consumption)	1 096	96	1 049	89	934	85
19.0.9 Agricultural services (intermediate consumption)	343	99	339	100	339	99
20 Gross value added at basic prices	1 401	98	1 375	104	1 425	102
21 Fixed capital consumption	1 232	100	1 230	100	1 230	100
22 Net value added at basic prices	169	86	145	135	195	116
23 Compensation of employees	328	..	..	..	330	101
24 Other taxes on production	..	..	..	..	..	..
25 Other subsidies on production	1 548	..	..	..	1 538	99
26 Factor income	1 717	..	..	..	1 733	101
27 Operating surplus/mixed income	1 389	..	..	..	1 403	101
28 Rents and other real estate rental charges to be paid	229	..	..	..	230	101
29 Interest paid	98	..	..	..	98	100
31 Entrepreneurial income	1 062	1 075	101
40 Total agricultural labour input	62	60	98

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Source: Economic Accounts for Agriculture (EAA), Statistics Finland