

News Release



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Agriculture

Economic Accounts for Agriculture 2005

Income in the agricultural sector fell in 2005, mitigated by subsidies to producers.

This News Release updates the statistics concerning Economic Accounts for Agriculture for Malta with provisional data for the year 2005

A focal statistic within the Economic Accounts for Agriculture is the factor income at current prices generated by the sector. This income consists of the market value of agricultural output as perceived by producers to which are added subsidies received by the sector and netted of production costs, capital consumption and production losses. Agricultural factor income at current prices is estimated to have declined by 5.0 per cent in 2005 to stand at Lm25.8 million, as shown in Table 1. This reflected mainly a drop in the gross value of production coupled with an increase in operational costs, which were in part contrasted by subsidies to the sector. This led to a contraction in entrepreneurial income in the sector (see Table 2).

A Lm1.0 million decline in the market value of gross agricultural production was registered for 2005. As Table 3 shows, the poultry industry accounted for a significant share of the decline in the value of gross production, conditioned by competition and by corporate retrenchment in the slaughtering business. The milk industry also experienced a drop in the market value of its output, primarily reflecting a drop in the producer price of milk. The production of potatoes, which is a crop that is typically oriented towards both the local and export markets, was in 2005 adversely affected by weather conditions, which impacted negatively on revenues from both market segments. On the other hand, increases in the market value of output were registered in the case of livestock products with the exception of poultry. The value of forage production rose mainly due to favourable weather conditions.

Total intermediate consumption of the agricultural sector, which indicates the value of operational costs, rose by 2.3 per cent to Lm29 million in 2005, as shown in Table 7. This was primarily due to an increase in the costs of fuel and electricity, conditioned by higher prices.

In contrast to developments in output values and input costs on agricultural income, subsidies received by the sector which are directly related to its production increased by almost 9 per cent to Lm5.4 million in 2005, as Table 5 shows. Milk production was the primary beneficiary of this increase, although producers of pork and of vegetables continued to absorb the largest amounts of subsidies on production. Other subsidies not directly linked with production declined by Lm0.3 million in 2005, implying a marginal net overall increase of Lm169,000 in total subsidies. In 2005, subsidies to agriculture amounted to almost one-third of the factor income of the sector ■

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Table 1. Factor income at current market prices (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|----------------------------------------------------------------|---------------|---------------|---------------|---------------|-------------------|-------------|
| Total gross production at producer prices | 58,136 | 57,721 | 53,215 | 52,146 | 51,161 | -1.9 |
| <i>Less Losses</i> | (2,351) | (2,392) | (2,340) | (2,405) | (2,329) | -3.2 |
| <i>Seeds produced for fodder</i> | (93) | (93) | (93) | (93) | (93) | 0.0 |
| <i>Milk produced for feed</i> | (197) | (194) | (189) | (196) | (179) | -8.7 |
| <i>Grapes produced for wine</i> | (97) | (89) | (100) | (267) | (256) | -3.9 |
| Total final production at producer prices | 55,399 | 54,954 | 50,493 | 49,186 | 48,304 | -1.8 |
| <i>Add subsidies on production</i> | 128 | 799 | 4,051 | 4,950 | 5,392 | 8.9 |
| Total final production at basic prices | 55,527 | 55,753 | 54,544 | 54,135 | 53,697 | -0.8 |
| <i>Less intermediate consumption</i> | (26,840) | (27,563) | (26,291) | (28,322) | (28,979) | 2.3 |
| Gross value added at basic prices | 28,687 | 28,190 | 28,253 | 25,813 | 24,718 | -4.2 |
| <i>Less fixed capital consumption</i> | (1,787) | (1,795) | (1,756) | (1,743) | (1,729) | -0.8 |
| Net value added at basic prices | 26,900 | 26,395 | 26,498 | 24,071 | 22,989 | -4.5 |
| <i>Add other subsidies not directly linked with production</i> | 300 | 429 | 268 | 3,086 | 2,813 | -8.9 |
| Factor income at current market prices | 27,200 | 26,824 | 26,766 | 27,157 | 25,802 | -5.0 |
| Total agricultural labour input ('000 AWU) | 4.5 | 4.3 | 4.3 | 4.3 | 4.1 | -5.6 |
| Factor income at current market prices per AWU | 6,089 | 6,238 | 6,225 | 6,316 | 6,355 | 0.6 |
| GDP deflator | 102.6 | 104.9 | 109.1 | 109.8 | 112.3 | 2.2 |
| Factor income at constant 2000 prices | 26,513 | 25,565 | 24,531 | 24,722 | 22,974 | -7.1 |

Table 2. Distribution of factor income at current market prices (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|------------------------|---------------|---------------|---------------|---------------|-------------------|-------------|
| Factor income | 27,200 | 26,824 | 26,766 | 27,157 | 25,802 | -5.0 |
| Entrepreneurial income | 25,121 | 24,827 | 24,876 | 25,289 | 23,908 | -5.5 |
| Wages | 1,094 | 1,115 | 1,140 | 1,161 | 1,186 | 2.2 |
| Interest | 694 | 591 | 458 | 415 | 415 | 0.0 |
| Rents | 292 | 292 | 292 | 292 | 292 | 0.2 |

Table 3. Total gross production at producer prices by type of product at current market prices (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|--------------------------------------------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| Total gross production at producer prices | 58,136 | 57,721 | 53,215 | 52,146 | 51,161 | -1.9% |
| Livestock products | 24,053 | 24,287 | 22,034 | 20,945 | 20,548 | -1.9% |
| Beef | 2,032 | 1,850 | 1,486 | 1,432 | 1,651 | 15.3% |
| Pork | 8,143 | 8,171 | 6,600 | 5,692 | 5,974 | 5.0% |
| Sheep and Goats | 108 | 108 | 108 | 104 | 143 | 37.5% |
| Horse-flesh | 64 | 59 | 50 | 50 | 61 | 21.4% |
| Poultry | 4,817 | 5,150 | 5,062 | 4,180 | 3,079 | -26.3% |
| Rabbits | 8,889 | 8,950 | 8,727 | 9,487 | 9,640 | 1.6% |
| Other animal products | 10,695 | 10,495 | 10,336 | 10,322 | 9,754 | -5.5% |
| Milk | 7,310 | 7,232 | 7,001 | 7,251 | 6,575 | -9.3% |
| Eggs | 3,035 | 2,913 | 2,951 | 2,988 | 3,097 | 3.6% |
| Other animal products | 350 | 350 | 385 | 83 | 83 | 0.0% |
| Crop products | 21,034 | 20,635 | 18,186 | 17,583 | 17,579 | 0.0% |
| Forage | 1,772 | 1,968 | 1,532 | 929 | 1,320 | 42.0% |
| Vegetables | 10,869 | 10,750 | 9,237 | 9,860 | 9,875 | 0.2% |
| Potatoes | 5,404 | 4,862 | 4,150 | 3,265 | 2,885 | -11.6% |
| Fruits | 1,994 | 2,101 | 2,288 | 2,349 | 2,333 | -0.7% |
| Flowers and seeds | 903 | 862 | 887 | 1,087 | 1,074 | -1.2% |
| Other seeds | 93 | 93 | 93 | 93 | 93 | 0.0% |
| Secondary activities | 2,354 | 2,303 | 2,658 | 3,296 | 3,279 | -0.5% |
| Wine | 226 | 349 | 350 | 1,067 | 1,025 | -3.9% |
| Cheese | 2,128 | 1,954 | 2,308 | 2,229 | 2,254 | 1.1% |

Table 4. Total final production at producer prices by type of product at current market prices (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|--------------------------------------------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| Total final production at producer prices | 55,399 | 54,954 | 50,493 | 49,186 | 48,304 | -1.8% |
| Livestock products | 21,793 | 21,988 | 19,783 | 18,629 | 18,312 | -1.7% |
| Beef | 2,032 | 1,850 | 1,486 | 1,432 | 1,651 | 15.3% |
| Pork | 8,143 | 8,171 | 6,600 | 5,692 | 5,974 | 5.0% |
| Sheep and Goats | 108 | 108 | 108 | 104 | 143 | 37.5% |
| Horse-flesh | 64 | 59 | 50 | 50 | 61 | 21.4% |
| Poultry | 4,336 | 4,641 | 4,556 | 3,762 | 2,771 | -26.3% |
| Rabbits | 7,111 | 7,160 | 6,982 | 7,589 | 7,712 | 1.6% |
| Other animal products | 10,407 | 10,209 | 10,059 | 10,036 | 9,483 | -5.5% |
| Milk | 7,113 | 7,039 | 6,812 | 7,055 | 6,396 | -9.3% |
| Eggs | 2,944 | 2,820 | 2,862 | 2,898 | 3,004 | 3.6% |
| Other animal products | 350 | 350 | 385 | 83 | 83 | 0.0% |
| Crop products | 20,845 | 20,454 | 17,994 | 17,224 | 17,231 | 0.0% |
| Forage | 1,772 | 1,968 | 1,532 | 929 | 1,320 | 42.0% |
| Vegetables | 10,869 | 10,750 | 9,237 | 9,860 | 9,875 | 0.2% |
| Potatoes | 5,404 | 4,862 | 4,150 | 3,265 | 2,885 | -11.6% |
| Fruits | 1,897 | 2,012 | 2,188 | 2,083 | 2,076 | -0.3% |
| Flowers and seeds | 903 | 862 | 887 | 1,087 | 1,074 | -1.2% |
| Secondary activities | 2,354 | 2,303 | 2,658 | 3,296 | 3,279 | -0.5% |
| Wine | 226 | 349 | 350 | 1,067 | 1,025 | -3.9% |
| Cheese | 2,128 | 1,954 | 2,308 | 2,229 | 2,254 | 1.1% |

Table 5. Total subsidies on production by type of product at current market prices (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|--------------------------------------|------------|------------|--------------|--------------|-------------------|--------------|
| Total subsidies on production | 128 | 799 | 4,051 | 4,950 | 5,392 | 8.9% |
| Livestock products | - | 453 | 1,984 | 2,092 | 2,061 | -1.5% |
| Beef | - | - | - | 339 | 214 | -36.7% |
| Pork | - | 358 | 1,519 | 1,474 | 1,544 | 4.7% |
| Sheep and Goats | - | - | - | 7 | 13 | 81.1% |
| Horse-flesh | - | - | - | - | - | - |
| Poultry | - | 95 | 464 | 272 | 290 | 6.6% |
| Rabbits | - | - | - | - | - | - |
| Other animal products | - | 145 | 1,353 | 1,014 | 1,555 | 53.4% |
| Milk | - | - | 469 | - | 793 | - |
| Eggs | - | 145 | 885 | 1,008 | 758 | -24.8% |
| Other animal products | - | - | - | 6 | 4 | -37.8% |
| Crop products | 128 | 201 | 714 | 1,844 | 1,776 | -3.7% |
| Forage | - | - | - | - | - | - |
| Vegetables | 102 | 109 | 615 | 1,451 | 1,356 | -6.6% |
| Potatoes | 11 | 75 | 80 | 239 | 248 | 3.5% |
| Fruits | 15 | 17 | 19 | 153 | 172 | 12.3% |
| Flowers and seeds | - | - | - | - | - | - |
| Other seeds | - | - | - | - | - | - |
| Secondary activities | - | - | - | - | - | - |
| Wine | - | - | - | - | - | - |
| Cheese | - | - | - | - | - | - |

Table 6. Total final production at basic prices by type of product at current market prices (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|-----------------------------------------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| Total final production at basic prices | 55,527 | 55,753 | 54,544 | 54,135 | 53,697 | -0.8% |
| Livestock products | 21,793 | 22,442 | 21,766 | 20,721 | 20,373 | -1.7% |
| Beef | 2,032 | 1,850 | 1,486 | 1,771 | 1,865 | 5.3% |
| Pork | 8,143 | 8,530 | 8,120 | 7,166 | 7,517 | 4.9% |
| Sheep and Goats | 108 | 108 | 108 | 112 | 157 | 40.4% |
| Horse-flesh | 64 | 59 | 50 | 50 | 61 | 21.4% |
| Poultry | 4,336 | 4,736 | 5,020 | 4,034 | 3,061 | -24.1% |
| Rabbits | 7,111 | 7,160 | 6,982 | 7,589 | 7,712 | 1.6% |
| Other animal products | 10,407 | 10,354 | 11,412 | 11,051 | 11,038 | -0.1% |
| Milk | 7,113 | 7,039 | 7,281 | 7,055 | 7,190 | 1.9% |
| Eggs | 2,944 | 2,966 | 3,747 | 3,906 | 3,762 | -3.7% |
| Other animal products | 350 | 350 | 385 | 89 | 86 | -2.7% |
| Crop products | 20,973 | 20,655 | 18,708 | 19,068 | 19,006 | -0.3% |
| Forage | 1,772 | 1,968 | 1,532 | 929 | 1,320 | 42.0% |
| Vegetables | 10,971 | 10,859 | 9,851 | 11,311 | 11,231 | -0.7% |
| Potatoes | 5,415 | 4,937 | 4,230 | 3,504 | 3,133 | -10.6% |
| Fruits | 1,913 | 2,029 | 2,207 | 2,236 | 2,248 | 0.6% |
| Flowers and seeds | 903 | 862 | 887 | 1,087 | 1,074 | -1.2% |
| Secondary activities | 2,354 | 2,303 | 2,658 | 3,296 | 3,279 | -0.5% |
| Wine | 226 | 349 | 350 | 1,067 | 1,025 | -3.9% |
| Cheese | 2,128 | 1,954 | 2,308 | 2,229 | 2,254 | 1.1% |

Table 7. Distribution of intermediate consumption at purchase prices by type of expenditure (Lm '000)

| | 2001 | 2002 | 2003 | 2004 | 2005 ^P | % 05/04 |
|------------------------------------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| Losses | 2,351 | 2,392 | 2,340 | 2,405 | 2,329 | -3.2% |
| Total intermediate consumption | 26,840 | 27,562 | 26,291 | 28,323 | 28,978 | 2.3% |
| Cropping | 2,204 | 2,296 | 2,138 | 3,271 | 3,006 | -8.1% |
| Seeds and planting stock | 1,105 | 1,144 | 1,141 | 1,199 | 1,240 | 3.4% |
| Fertilisers and soil improvers | 708 | 756 | 557 | 1,629 | 1,328 | -18.5% |
| Plant protection products and pesticides | 392 | 397 | 440 | 443 | 438 | -1.1% |
| Animal feed | 15,029 | 15,345 | 14,373 | 14,233 | 14,344 | 0.8% |
| Energy and lubricants | 2,217 | 2,381 | 2,316 | 2,760 | 3,364 | 21.9% |
| Electricity | 380 | 416 | 400 | 414 | 498 | 20.4% |
| Other fuels and propellants | 1,837 | 1,965 | 1,916 | 2,346 | 2,866 | 22.2% |
| Various services | 7,389 | 7,541 | 7,464 | 8,059 | 8,264 | 2.5% |
| Maintenance of materials | 2,666 | 2,658 | 2,561 | 2,657 | 2,726 | 2.6% |
| Maintenance of buildings | 1,203 | 1,212 | 1,171 | 1,240 | 1,232 | -0.7% |
| Veterinary services | 572 | 602 | 578 | 632 | 687 | 8.7% |
| Other agricultural services | 2,949 | 3,068 | 3,153 | 3,530 | 3,619 | 2.5% |

Chart 1. Factor income: 2000-2005

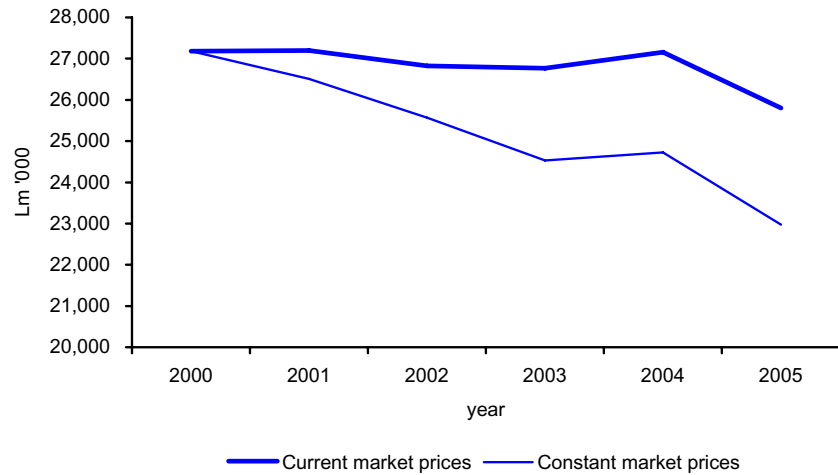


Chart 2. Percentage distribution of factor income: 2005

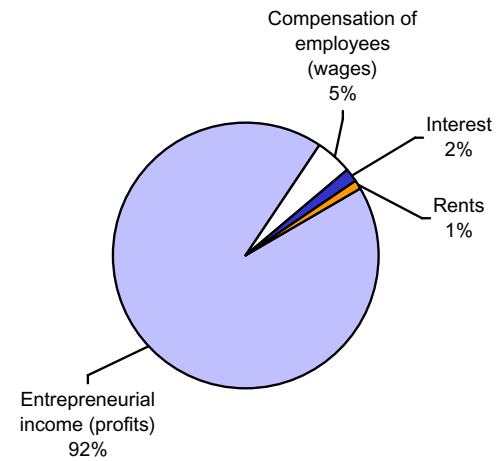


Chart 3. Distribution of final production at basic prices by type

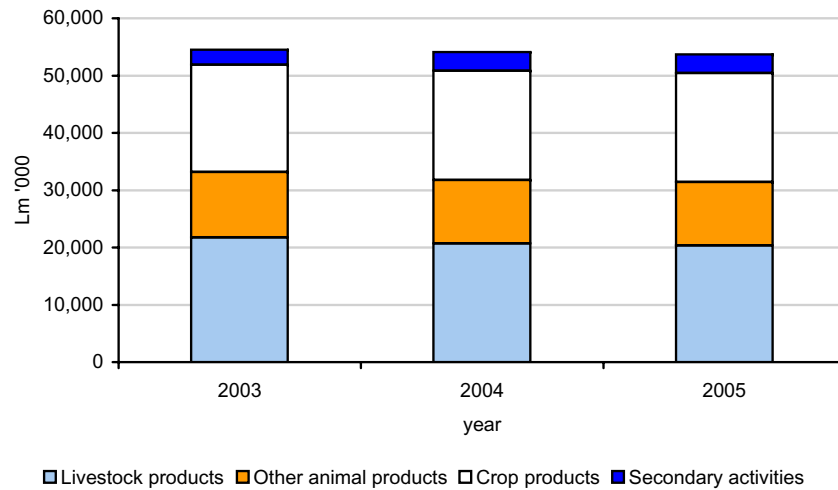
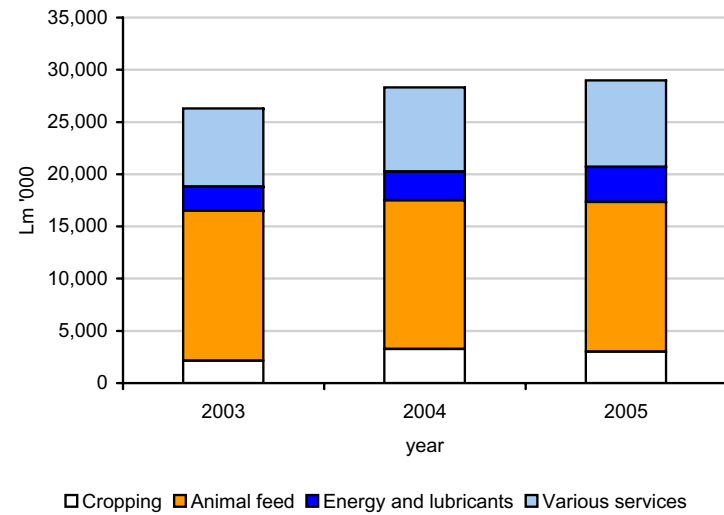


Chart 4. Distribution of intermediate consumption by type



Methodological Notes:

1. The estimates published in this release are based on the new methodologies for the Economic Accounts for Agriculture and Forestry (EAA/EAF 97, rev. 1.1), which in turn have been based on the ESA 95 (European System of Accounts) and on the revised methodology on Agriculture Labour Input Statistics.
2. The data compiled in this release refers to the output derived on agricultural holdings, and not total disposable income from agricultural households.
3. Data with respect to the output side of agriculture is collected from a number of sources. The Department of Veterinary services provides monthly slaughtering statistics on various types of animals. The four official fruit and vegetable markets provide data on quantities and wholesale values of the produce obtained by the farmer. Private slaughterhouses provide information on the slaughtering of poultry. The Ministry of Agriculture and Rural Affairs provides information on subsidies and on potato exports. Data from tomato processors and vintners is collected directly by the NSO through annual returns.

As for intermediate consumption, the data is compiled through business statistics, trade statistics and a number of in house surveys on different sectors within the agricultural domain.

4. The data is deflated using the implicit price index of GDP.
5. The Economic Accounts and the other economic indicators published in this release refer to calendar years.
6. The data in this release are provisional and subject to revision. Revisions are normally carried out annually in respect of a rolling two-year period.
7. The information can be directly obtained from the NSO website <http://www.nso.gov.mt>.

Concepts and definitions

- *Gross production at producer prices* represents the total value of agricultural goods and services produced over a particular period. Gross production includes losses incurred on the agricultural holding.
- *Final production at producer prices* is the difference between gross production at producer prices and losses incurred. Final production refers to all goods and services actually used.
- *Final production at basic prices* is the summation of final production at producer prices plus all subsidies related to production, net of VAT.
- *Intermediate consumption* represents the value of all goods and services used as inputs in the production process, excluding fixed assets. Products used in intermediate consumption are valued at purchase prices, net of VAT.
- *Gross value added of the agricultural industry* is the actual value added created by all the agricultural holdings before fixed capital consumption (depreciation). This is the difference between final production at basic prices and intermediate consumption.
- *Factor Income* measures the remuneration of all the factors of production.
- *Net entrepreneurial income* measures the compensation of unpaid labour (sole-proprietors and unpaid family members). It is similar to the accounting concept of current profit before distribution.
- Agricultural Labour Input is calculated in *Annual Work Units (AWU)* to take into consideration the level of part-time, hobby farming, and seasonal work in agriculture. One Annual Work Unit is equivalent to the time worked by one full-time employed person in agriculture over a period of one year. One AWU is equivalent to 1800 hours.