



Complex Agricultural Establishments – Issues and Challenges for EU-FADN

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Structure of the presentation

1. Main features of FADN
2. General issues
3. Selected challenges
4. Conclusions

Main features of FADN

- **Farm Accountancy Data Network** established in 1965
- **Objectives:** - determination of farm income
- business analysis on agricultural holdings
- **Features:** - EU wide annual survey
- representative sample survey (~80.000)
(region x type of farming x size)
- covering « commercial farms »
(i.e. «small» farms excluded)
- limited to farming income
(i.e. not the farm household income)
- participation of farmers on a voluntary basis

Issues for Complex Agricultural Establishments

- **3 aspects:**
 - Sampling and extrapolation
 - Recording of information
 - Harmonisation of differences in legal framework among EU Member States
- Focus on distribution of income and not on production at sector level: concentration of production is not an issue
- But: increasing interest for competitiveness (costs of production and productivity): representativity of production becomes an issue

Challenge 1 : the coverage of large farms

1. The coverage of large farms is a structural issue:

- survey on a voluntary basis
- no need / interest to participate (for accounting or advice)
- administration: in particular for highly integrated poultry farms (e.g. considered as « industry » in German farm accounts)

Challenge 2 : the cooperatives in CEECs

2. The recording of information and economic analysis of large farms in Central and Eastern European Countries (former cooperatives or state farms)

- Maintained as cooperatives in particular in Czech Republic and Slovakia: multiple owners are employed
- Other objectives than profit maximisation:
 - To maintain jobs and provide satisfactory salaries
 - Social agenda (services, products)
- Often widely diversified
- Costs at farm level and not at enterprise level

Challenge 3 : the establishments not restricted to agriculture (1)

3. The recording of information when activity is not limited to agriculture

- It concerns family farms or large companies, in particular the former cooperatives or state farms in Central and Eastern European Countries
 - For family farms: typical historical strategy of small farms supported by policy instruments over the last decade (diversification)
 - For large former cooperatives: to provide more returns from the high levels of assets invested in the agricultural establishments (e.g. buses and trucks, IT services, etc)

Challenge 3 : the establishments not restricted to agriculture (2)

The main difficulties:

- Some assets and overhead costs are used for non agricultural production => risk of incorrect economic assessment of agriculture
- There is an interest to collect household information but high technical difficulties (notably the cost and the farmers' reluctance) => still focus on agriculture
- Very often (not harmonised) national taxation laws require separate accounts for non agricultural activity above a certain level => we have no access to this information

Challenge 3 : the establishments not restricted to agriculture (3)

The proposal under discussion with Member States:

- **To limit the coverage of non-agricultural activities to those directly related to the farm: using its resources or products (tourism, processing, contract work, etc)**
- **To record separately receipts and specific costs**

The main objective: a better assessment of agricultural activity

Challenge 3 : the establishments not restricted to agriculture (4)

Specific technical difficulties:

- **The definition and identification of « other gainful activities directly related to the farm »**
- **The processing of farm products (transfer or purchase of raw products and ingredients)**
- **The trade of products when not limited to products produced or processed on the farm (farm shops)**
- **The definition of the specific costs for the « other gainful activities directly related to the farm »**

Other challenges

- **The production under contract: not recorded separately except receipts from rearing animals**
- **The marketing contracts: not recorded**
- **The multiple ownership of the land: not harmonised « partnership » identified; land companies: land is rented in by the farmers**
- **The use of common land: a difficult issue in some countries and regions – mainly for environmental assessment**
- **The disclosure is an issue for the few cases of very concentrated production**
- **The identification of the farms is an issue to allow combining information from others sources (aids, environment, taxes): very sensitive for some farmers (risk of losing voluntary participation)**

Conclusions

- **The issue of complex agricultural establishments exists also in EU (and in EU-FADN)**
- **However probably to a lower scale than in US and Canada:**
 - **More « family » farms**
 - **Higher role of cooperatives (concentration of production)**
 - **Complex situation in some « new » Member States: many very small family farms (semi-subsistence) and few very large farms (former cooperatives)**
- **The issues and challenges are different for EU-FADN and for sector statistics:**
 - **How to ensure partnership of large farms in the sample when participation is voluntary?**
 - **How to record and assess information when establishments do not limit their activity to agriculture?**

For more information on EU-FADN:
<http://ec.europa.eu/agriculture/rica/>

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