

Economic Accounts for Agriculture in Hungary, 2007

Introduction

Economic Accounts for Agriculture (EAA) is a satellite account of the European System of Integrated Economic Accounts (ESA). It has been published by the Statistical Office of the European Communities (Eurostat) since 1964. However the basic concepts and accounting rules are identical with those laid down in the ESA, the special characteristics and requirements of agriculture are also taken into consideration in the EAA. The methodology for EAA was regulated in 2003¹.

MAIN RESULTS OF THE ECONOMIC ACCOUNTS FOR AGRICULTURE 2007

The main goal of the Economic Accounts for Agriculture (EAA) is to provide a description on the changes in the income level of the producers of agricultural products in the EU countries in an internationally comparable way. Besides, the EAA gives a picture on the main parameters of the agricultural production.

Due to the weather conditions in Southern Europe agriculture's output in 2007, in real value, decreased by 11 percent according to the EAA.

58 percent of the total output was attributed to crop production in 2007. The decrease in **crop output** (20 percent) was mainly the effect of the drop in the production of cereals (33 percent), forage plants (7 percent), industrial crops (7 percent) and fruits (36 percent). There was a slight increase in the output of vegetables and horticultural products (1 percent).

The **animal output** (33 percent of the total agricultural output), after a slight decrease in 2007, increased by half percent. Concerning animal production, the production of pig and cattle increased by 1 and 2 percent respectively while the output of poultry declined by 1 percent. The output of animal products decreased by 1 percent. Milk production remained steady while egg production decreased by 2 percent.

Agricultural services output (5 percent of the total agricultural output) dropped by 6 percent that may be explained by the concentration of the farms. The large holdings that possess machines and other instruments supposedly need less agricultural services for their production activity. The volume of **non-agricultural secondary activities** was 2 percent higher compared to the previous year.

The **intermediate consumption** of goods and services was lower in 2007 than in the previous year (6 percent). There was a decrease in the use of animal feedingstuffs (6 percent) and the consumption of energy (8 percent) while fertilizers (6 percent) and the use of plant

protection products (6 percent) were higher in 2007.

The volume of **gross value added**, that is calculated by subtracting the intermediate consumption from the output, decreased in 2007 by 21 percent compared to the previous year.

The value of **net entrepreneurial income** of the agricultural activity at current prices was 346.7 billion HUF in 2007, which is 8 percent higher than the previous year's value. The nominal compensation of employees paid by agricultural producers increased (200.5 billion HUF in 2007 and 181.9 billion in 2006). The value of rent paid by land users was 54.9 billion HUF in 2007, that means a 11 percent increase.

Agricultural labour input data show a decrease (4 percent) that is lower than the previous year's data. Salaried labour input decreased by 2 percent while non-salaried labour input lowered by 5 percent. These changes are in line with the decreasing number of farms.

According to the results of the Economic Accounts for Agriculture and Agricultural Labour Input statistics, income from agricultural activity per full-time worker equivalent is estimated to increase in 2007 by 7 percent in Hungary when measured by indicator A.

REGIONAL ECONOMIC ACCOUNTS FOR AGRICULTURE, 2006

The production of agricultural goods and services significantly differs, both in value and in proportion, from one region to another in Hungary. The territory of the Great Plain plays a main role in the agricultural production: the share of Southern Great Plain was 27 percent while that of Northern Great Plain was 21 percent in 2006. On the contrary, the share of Central Hungary was only 6 percent.

There are significant regional differences in the structure of production. In Central Hungary, the share of horticulture is high compared to the other regions. In Southern Transdanubia the production of cereals whilst in other parts of Transdanubia animal husbandry is dominant. The production of fruits and industrial crops has the largest share in Northern Hungary, while in the territory of the Great Plain the production of live animals, animal products and cereals are the most important.

Regarding the different product groups, cereal production is the most typical in the territory of the Southern Great Plain and Southern Transdanubia. Industrial crops are mainly produced in the regions of the Great Plain. In the case of horticultural products, the Great Plain and Central Hungary are the most important production regions. Grapes and fruits are mostly produced in Southern Great

¹ Regulation (EC) No 138/2004 of the European Parliament and of the Council of 5 December 2003 on the economic accounts for agriculture in the Community.

Plain and in Northern Hungary. Animal production is the most significant in the territory of the Great Plain.

The highest net entrepreneurial income from agricultural activity in proportion of gross agricultural output was in Southern Great Plain

(31 percent), in Northern Great Plain (28 percent) and in Central Transdanubia (12 percent) in 2006. On the contrary, agricultural production was less profitable in Central Hungary (4 percent) and in Northern Hungary (6 percent).

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