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WHAT TYPE OF AGRICULTURAL STATISTICS WILL BE NEEDED  
IN THE NEXT TEN YEARS?

Invited paper submitted by the Federal Ministry  
of Food, Agriculture and Forestry, Germany\*

Summary

What can a future system of agricultural statistics look like? This question concerning the future information requirements depends on which economic and agricultural policy framework conditions are to be expected in the years 2005 and 2010. I will, therefore, first outline some selected policy areas (eastward enlargement of the EU, further liberalization of agriculture, agriculture and environment, position of agriculture in rural areas). It becomes apparent that in the future additional information will be required in many fields of agricultural statistics. In most countries, however, agricultural statistics must contribute to cost savings so that additional surveys can only be conducted by dispensing with existing statistics. Agricultural statistics must be shaped in this area of conflict - a challenge which should give rise to a discussion between agricultural politicians and statisticians.

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## **Introduction**

1. The issue of the further development of agricultural statistics is highly diverse and complex. In my contribution I will try to outline from the user's viewpoint the requirements liable to influence the future orientation of agricultural statistics. I am going to use the term "agricultural statistics" in a broad sense (figures of agricultural statistics, administrative data, market information).

2. As a user in the German Agriculture Ministry I see the issue of future agricultural statistics as closely linked with that of the future development of agricultural policy, of course. Decision-making in agricultural policy is based on data provided mainly by agricultural statistics. On this basis agricultural policy can shape the framework conditions for the agricultural sector and influence the economic flows in the agricultural sector with a view to the objectives of agriculture, but also of society as a whole.

3. We currently have a comprehensive and interlocked system of different statistics giving a more or less correct picture of agriculture all in all. The survey results supplied at regular intervals provide a basis in the political decision-making process, also allowing an assessment of policy measures in retrospect. This is of particular importance to the agricultural sector, marked by a high density of state regulations; around half of EU budget expenditure goes into the agricultural sector.

4. Reflecting on the future orientation of agricultural statistics one has to consider that savings must to be made in most countries in the field of agricultural statistics. Therefore, speculations on future agricultural statistics are like a tightrope walk between wish and a reality (that can be financed).

## **Future tasks of agricultural policy - challenges to agricultural statistics**

5. Which course should the further development of agricultural statistics take to be able to meet the information requirements of farmers, agricultural politicians and scientists in the future, too?

6. To answer this question, I would first like to make some observations on which challenges in agricultural policy are in store for us in the years to come. Future information requirements will ultimately depend on which economic and agricultural policy framework conditions we can expect in the years 2005 or 2010.

7. With the 1992 agricultural reform and the agricultural reform package „Agenda 2000“ we are on our way to curbing the high degree of state control in the field of market and price policies. Agenda 2000 prepares European

agriculture for the accession of Central and East European countries, while increasing its exposure to international competition.

8. In the following I would like to outline a few important fields of agricultural policy which will influence the future orientation of agricultural statistics.

#### **Integration of Central and Eastern European countries into the EU**

9. The forthcoming integration of Central and Eastern European countries into the EU is a great challenge, also to the Common Agricultural Policy. In the future member states, agriculture plays a far greater role on average than in the current Community of fifteen states. For example, an integration of the ten associated Central and Eastern European states would increase the arable land of today's EU by over 55%; also the number of persons engaged in agriculture would more than double.

10. It is easy to see that the structure and macro-economic importance of agriculture will be subject to further change in the candidate countries. The Common Agricultural Policy is required to take measures accompanying this development process. Here, too, information on the agricultural sector constitutes the basis for the shaping of policies. It is especially in a broad restructuring process such as we can observe in the Central and Eastern European countries that timely and adequate availability of information to assist political decision-making processes carries such great weight.

11. What does the integration of the candidate countries mean for the future shaping of agricultural statistics? Is it possible to transfer the now existing European statistical system without modifications to the candidate countries and can the efforts for a harmonization of statistics be thus continued in an enlarged Union?

12. I believe that the present process of harmonization in the preparation and publication of European statistics must not be interrupted; on the contrary, it should be further intensified. To be able to maintain the functioning of the statistical system, the scope of surveys must be reduced further. A feasible approach could consist in selecting and fixing only a few important surveying features first ("minimum feature programme"). In the process, the selection for the "minimum feature programme" involving the member states should essentially be geared to the need for implementation of the Common Agricultural Policy. With an enhanced deepening and consolidation in the enlarged Community, the "minimum feature programme" can progressively be enlarged.

**Globalization of agriculture**

13. With the conclusion of the Uruguay round in 1992, the EU agricultural market was more strongly integrated in the interlocking of world economic relationships. The agreements reached then increasingly confine the scope of agricultural policy in the EU over the years. Keywords I'd like to mention in this context are progressive tariff reduction, further dismantling of export subsidies, of subsidized export volumes, internal support and granting of a minimum access.

14. In this very year negotiations are to be resumed on a continuation of the international reform process in the agricultural sector. In all probability key negotiating partners will press for a continuation of the process of liberalization which has been initiated.

15. As European agriculture is further integrated into global agriculture, the importance of international competitiveness will also rise. A key indicator to gauge competitiveness is the price level in the different producer regions. Micro-economic data such as production costs and productivity in regions and enterprises will also become increasingly important. It is only with this data that a complete picture of competitiveness can be drawn.

16. For the agricultural entrepreneur these framework conditions make it necessary to have quick and reliable market information at disposal with greater intensity than before to be able to adapt farm production to arising market opportunities in time.

17. Possible data sources for micro-economic data are farm survey networks such as the Farm Accountancy Data Network (FADN) in the EU, for example. A network of so-called typical farms can be a useful complement so as to view the effects of alternative policy framework conditions also in an international context. Germany for her part recently took first steps to establishing an international information network by setting up the "International Farm Comparison Network" (IFCN). This information network helped for example to establish interesting initial analyses on the international competitiveness of milk production.

18. If the road to a stepped-up integration of agriculture into the market is to be followed also in the future, maybe some of the current statistics chiefly carried out to monitor market organization measures won't make sense any longer. This could release capacities to collect and provide the additional information outlined above.

### **Rewarding of environmental services**

19. Apart from the competitiveness of agriculture, the ecological soundness of agricultural production will gain momentum.

20. There are diverse interrelations between agriculture and the environment. On the one hand, agriculture uses environmental media as production factors, on the other hand it influences the state of these environmental media through the type and intensity of land management. Taking the positive as well as negative external effects of agricultural production into account is a further great challenge of the coming years besides the globalization of agriculture. With the progressive development of service economies, in particular, besides the mere production of goods agriculture will play a greater role also in the field of the environment.

21. With the 1992 agricultural reform at the latest, specific agri-environmental programmes were introduced in the EU Member States as measures flanking the changes in the market and price policies. Agenda 2000 continues these measures, while expanding the environmental aspect. It is intended to couple the granting of transfer payments to the rendering of specific minimum environmental services (cross-compliance). In this way an objective method to measure environmental services rendered by agriculture will gain in importance.

22. These policy measures, but also the possible subject of negotiations „international environmental standards“ within the framework of the forthcoming WTO round illustrate the increased relevance of reliable data on the environmental status. We are just starting with our efforts to set up environmental statistics. Alongside the measuring of environment-related agricultural inputs (fertilizer and plant protection products, use of energy) data on product quality are also significant. Large-scale efforts are currently being conducted at OECD level to generally define environmental indicators. This is a key prerequisite for compiling harmonized environmental statistics as a second step.

### **Shaping of policies in rural areas**

23. In the past few years a change could be noted in the field of activities of agriculture in most EU countries. The main aim of food production has given way to a multifunctional range of tasks. In many enterprises and regions, activities in rural tourism, landscape management, direct marketing and crafts now rate highly in the creation of income.

24. The further opening of markets in the EU entails that knowledge about the social and economic situation of persons living in rural areas will become more important. This includes, for example, issues of the succession on farms, vocational training of farmers and social security. In my opinion

it is important to take these features more into consideration in the future orientation of agricultural statistics. Only in this way can targeted measures be taken to promote alternative income sources specifically, notably for disadvantaged areas in terms of agriculture, which would curb production under changed economic framework conditions.

### **Conclusions for the orientation of agricultural statistics**

25. I could only present a few points on the future agricultural policy challenges in the last chapter. The chosen examples reflect the area of conflict in which the further development of agricultural statistics will move in the future.

26. There is still a large information requirement in major areas, the data requirement will also change as agricultural policy develops further. The data is needed to be able to adapt agricultural policy measures to the current situation and to assess the impact of initiated measures in retrospect.

27. Due to the scarce resources expansions of previous surveys or even the introduction of new surveys can only be asserted if corresponding cuts are effected elsewhere in the system. As a result it has to be explained far more convincingly than before what is actually needed and which costs are incurred in obtaining information. In some areas of agricultural statistics, the further development of the Common Agricultural Policy will present without too significant losses of information opportunities to reduce the scope of surveying (e.g. special statistics to monitor diverse market organizations).

### What could a future system of agricultural statistics look like?

28. I cannot outline a comprehensive system here, of course. Yet, I regard the following characteristics of outstanding importance for the future of agricultural statistics.

29. Against the background of scarce financial resources and the eastward enlargement of the EU, the scope of surveying of agricultural statistics must be further reduced. Otherwise there is the danger that a too extensive surveying programme could no longer be financed, become unwieldy and thus inefficient. I see a good opportunity in the integration of Central and Eastern European countries into the EU to simplify the surveying programme of the system of European statistics. At first, statistics should be introduced in the candidate countries which are of special importance to the Common Agricultural Policy. A harmonized surveying and processing programme would guarantee the comparability of information among the member states.

30. Important surveying areas result from the developments of policy fields outlined above. It emerges that price statistics, for example, will gain in importance. A faster availability of information on price development allows short-term adjustments of agricultural entrepreneurs to changed framework conditions on the market. To complete information on international competitiveness, concepts enabling statements on production costs and productivity using micro-economic data should be promoted. The further promotion of the development of agricultural sector models based on agricultural statistics will make it possible to show the influence of alternative political and economic framework conditions on the competitiveness of agriculture. As a result, agricultural statistics could further extend its significance for policy advice.

31. The progressive integration of agriculture in the world market entails that short-term availability of information on land use and crop forecasts becomes increasingly important. The use of modern technologies such as remote sensing and geographical information systems can accelerate the provision of such information and help to lower surveying costs at least in the medium-term.

32. In the further development of agricultural statistics synergies between already existing systems must be exploited more strongly than before. This also encompasses the increased use of administrative data for statistical purposes. The survey on viticulture in the EU is one example for the use of such synergies. Through the use of such data, which are mostly available for other purposes, source surveys of agricultural statistics can be reduced and costs saved.

33. As I see it, in a future system of agricultural statistics we should be free to determine features as representatively as possible or even in a full census; these procedures are frequently too expensive and lead to great delays in the provision of results in some cases. I think that in some areas policy-related information could be given through ad-hoc surveys or panel examinations such as the information network of typical enterprises referred to above. They have the advantage of offering a flexible use and yielding results already after a short processing phase.

34. From the user's perspective, the focus of future agricultural statistics should lie on the establishment of an integrated information system for agriculture, rural areas and environment. They should be flexible in use and provide reliable data also in the short term. The methodical implementation of such a system would certainly come up against methodical limits. It is therefore necessary that agricultural statisticians and users work out the optimum solution between wishful thinking and possibilities of realization in a common process of discussion.

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