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STATISTICAL ISSUES OF AGRICULTURAL ECONOMICS
RESULTS OF WORK ON THE FAO'S HANDBOOK FOR EAA

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Introduction

1. The Statistics Division of the Food and Agriculture Organization of the United Nations, considering the recommendations and suggestions of the Advisory Committee on Statistics released a provisional Handbook of Economic Accounts for Agriculture (EAA) in 1974. This handbook was jointly prepared by the Statistics Division of FAO and the Statistical Office of the United Nations following the recommendations of the UN System of National Accounts (UNSNA, 1968). The work on revision of the 1974 handbook started in 1983. To learn more about the problems confronted by developing countries in the preparation of economic accounts for agriculture, a number of country case studies were commissioned in 1984 to national institutions in selected member countries. These countries were provided with adequate instructions and were requested to fill in a questionnaire on production and capital formation accounts for the years 1978 to 1982 and to state the use and problems encountered during the exercise. Simultaneously, the UN Statistics Division also initiated work on revision of the UNSNA and therefore it was suggested that the revised version of the EAA takes into account the revised version of UNSNA. The draft of the revised version of SNA was released in 1993. Thus the FAO Statistics Division prepared a revised draft of the handbook on EAA, which was discussed at the 22nd Session of the Conference of European Statisticians' Study Group on Food and Agricultural Statistics in Europe at its meeting held in Geneva (3-6 July 1995). This meeting in referring to the relationship between FAO's proposed system of economic accounts for agriculture and the one being planned by Eurostat requested the organisations involved "to ensure full consistency of the two systems and with the 1993 SNA and to report to the next session of the Study Group on the efforts made and results achieved in this regard". Discussion on this matter took place at Eurostat in Luxembourg in November 1995. Taking into account the various suggestions made the handbook was finally released under the title "A System of Economic Accounts for Food Agriculture (SEAFa)" in 1996. Brief details of the system and efforts made to achieve full consistency with the 1993 SNA are given below.

SEAFa

2. FAO's SEAFa has been formulated using the concepts and framework recommended by the 1993 SNA. The foreword of the 1993 SNA mentioned that "The System is a comprehensive, consistent and flexible set of macroeconomic accounts intended to meet the needs of government and private-sector analysts, policy makers and decision takers. It is designed for use in countries with market economies, whatever their stage of economic development, and also in countries in transition to market economies." The basic theme of the 1993 SNA is to provide "a comprehensive accounting

framework within which economic data can be compiled and presented in a format that is designed for purposes of economic analysis, decision-taking and policy-making (The 1993 SNA, paragraph 1.1)". Following this approach the SEAFSA has been designed to meet the analytical needs of policy makers who are dealing with matters like preparation of production plans for agriculture and food, optimum use of domestic resources, minimising import of essential agricultural goods, or stabilisation of the level of prices of food and agricultural products, keeping in view the impact of these policies on the living standards of the population dependent on agriculture. These main objectives of agricultural policies, as given in the "Basic Text of the FAO", can be divided into three broad groups, namely,

- (a) securing improvements in the efficiency of the production and distribution of food and agricultural products,
- (b) bettering the condition of the rural population, and
- (c) raising the level of nutrition and standards of living of people.

3. The SEAFSA uses three kinds of units, namely, institutional units, establishments and products (i.e., goods and services). The structure of SEAFSA is based on partitioning of the institutional sectors, namely household, corporate and quasi-corporate, government and non-profit institutions serving households, taking agriculture as their principal activity, and using the concept of Satellite Accounts included in the 1993 SNA. The System can be considered as a specific application of SNA for organising data for policy makers with a focus on agricultural policies. In view of the objectives given above the emphasis of SEAFSA is more concentrated on agricultural households and food and agricultural products and takes into account FAO's work on Food Balance Sheets and Supply and Utilisation Accounts.

Efforts for finalising FAO's Handbook on Economic Accounts for Agriculture

4. The present version of the handbook draws very heavily on all the work done and efforts made in the Statistics Division since 1974 as well as numerous comments and suggestions received from the national statistical offices of member countries. The process of finalising the handbook included a number of steps to ensure that the system takes into account the relevant details. Some of the important steps taken in this direction are given below:

- (1) In April 1993 FAO organised a regional expert consultation on Economic Accounts for Agriculture at Bangkok;

(2) The document in draft form was presented at various forums e.g. ESCAP's Pacific Seminar on the 1993 System of National Accounts, Canberra, 5-16 September 1994, and the meeting of the Study Group on Food and Agricultural Statistics in Europe (Conference of European Statisticians) held in Geneva, 3-6 July 1995;

(3) In November 1995 FAO engaged Mr. Peter Hill as a technical editor of the handbook in order to ensure that the system, while taking into account relevant details, retains consistency with the 1993 SNA. As it is well known Mr. Hill was closely associated with the UN SNA.

5. As recommended at the meeting of the Study Group on Food and Agricultural Statistics in Europe held in Geneva, 3 to 6 July 1995 a special meeting was organised in Luxembourg in November 1995 between representatives of FAO and Eurostat. OECD and the French Ministry of Agriculture were not present at the meeting as originally planned. However, Mr. Peter Hill was also invited to the meeting by FAO as a Special Advisor. In the meeting the various issues raised were discussed and it was recognised that FAO's handbook reflects a broader prospective as compared to its 1974 provisional handbook and constitutes a guiding framework for organising data related to food and agriculture for various countries within the framework of the SNA. The related work in Eurostat was on the other hand being conceived from two perspectives, namely, "Accounts of the Agricultural Production Activity" and "Statistics on the Total Income of Agricultural Households". The discussion took into account these two perspectives and it was agreed that in order to make a distinction between the broader scope of FAO's present handbook and the conventionally known Economic Accounts for Agriculture a more appropriate title shall be considered. In view of this it was decided to modify the title to "A System of Economic Accounts for Food and Agriculture" (SEAFa).

Future Programme of Work

6. The present publication (SEAFa) is divided into two parts dealing with the "System" and "Sources and Methods". Although the first part presents a global view of the total system (including aspects related to integration of forestry, fishery, natural resources, etc.) the details mainly relate to agriculture and food. The Forestry and Fishery Departments of FAO are in the process of preparing supplements covering their activities. The Statistics Division organized a workshop in Africa (Ghana) to explain the System to the countries in the region and to understand their problems in compiling the accounts. Based on such experiences it is proposed to bring out another handbook on compiling the accounts giving numerical illustrations.