

Distr.
GENERAL

CES/AC.61/2003/14
6 June 2003

ENGLISH ONLY

**STATISTICAL COMMISSION and
ECONOMIC COMMISSION FOR
EUROPE**

**STATISTICAL OFFICE OF THE
EUROPEAN COMMUNITIES
(EUROSTAT)**

**CONFERENCE OF EUROPEAN
STATISTICIANS**

**FOOD AND AGRICULTURAL
ORGANISATION (FAO)**

**Joint UNECE/EUROSTAT/FAO/OECD
Meeting on Food and Agricultural Statistics
in Europe**
(Geneva, 2-4 July 2003)

**ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT
(OECD)**

**FARM HOUSEHOLD INCOME AND WEALTH – WHAT STATISTICS
AND INDICATORS ARE AVAILABLE IN VARIOUS COUNTRIES?**

Invited paper submitted by Eurostat*

I. INTRODUCTION

1. This paper gives an overview of the present situation concerning the Income of the Agricultural Households Sector (IAHS) Statistics. During more than 15 years, these statistics have been on the agenda of Eurostat working groups, at various levels, but only with mixed results. The calculation of IAHS results now is a regular activity in six EU Member States: Denmark, Greece, the Netherlands, Austria, Finland, and Sweden (with gaps). In the other Member States, IAHS results are produced on a less regular basis, or calculation has been discontinued.

2. Against this background, Eurostat has recently started to review the need for the IAHS statistics, in their present form, and has also started to investigate the possible directions the future development of these statistics could take.

* Prepared by Mr. Ulrich Eidmann, Eurostat.

II. IAHS STATISTICS IN THE MEMBER STATES — OVERVIEW OF PRESENT SITUATION

3. In July 2002, the members of the Eurostat Working Group “Agricultural Accounts and Prices” were asked to shortly describe the state of the IAHS project in their country, and to express their views on the future of this statistics. The result of this exchange of views is summarised in the following table.

Country	Interest in / use of IAHS statistics in the Member States
B	Compiled these data exclusively for ESTAT. Expressed their reservations about these statistics.
DK	Find IAHS statistics relevant, and expect increasing relevance after the next reform of the CAP. New figures on IAHS statistics had just been published in Denmark.
D	Had been unable to provide data for a long time. Expressed their reservations about these statistics; had made this clear also to the European Court of Auditors.
EL	Interested in this kind of statistics. For the period after 1998, data would be transmitted at the beginning of next year.
E	The National Statistical Institute (INE) was in charge of these statistics. Currently there was no project in view; no budget and very limited interest.
F	In principle interesting. But results were not comparable with those of other socio-professional groups. The accounts by socio-professional groups had been abandoned completely. The methodological difficulties seem insurmountable, in particular: field of observation difficult to define, field of observation only partly covered by RICA, fiscal files useable only to a small extent (with many farmers being taxed on a flat-rate basis). There was no request for such data in France. New projects could not be approached before 2003.
IRL	Large interest in Ireland for this kind of statistics. However, the last relevant survey took place in 1999. The next survey was scheduled for 2003 and answers were expected for early 2005.
I	Were interested in these statistics. Are undertaking studies as part of TAPAS 2002 action ⁽¹⁾ . The next Household Budget survey would be exploited to this end.
L	No recent data transmission. Doubted the comparability of socio-professional results. There were no resources to carry out activities in this field.
NL	IAHS statistics were under negative pressure in the Netherlands.
A	Micro-economic data were available but exclusively for agriculture. There was no interest in data on total income of other sectors and there was therefore no financing for an extension of the IAHS statistics. Respondents were often unwilling to provide information.
P	Subject was most interesting but no priority. With diminishing resources it was impossible to make promises.
FIN	Were working on the transmission of t-2 results. No major problems concerning comparability.
S	A new model had been developed. Data up to 1999 had been delivered. Intended to carry out calculations for 2000 and then for years before 1998. Understood the interest in and the need for such statistics. But presently there were so many problems and difficulties (methodological problems, lack of organisation, large gaps) that these statistics should not continue in this form. Desired further discussion

Country	Interest in / use of IAHS statistics in the Member States
	on the EU need for IAHS.
UK	Had for a long time difficulties with these statistics. Saw the importance but IAHS statistics were not a top priority; were putting in some (but limited) resources. Micro data matching could be a way but it seemed difficult, in particular due to limited resources.
Norway	Quite big demand, especially on micro level. Annual publications. Huge share from household incomes were coming from other sources. The share of agricultural income was declining but this was compensated for by income from other sources.

4. The main conclusions drawn from this information were twofold:

- **Work in the area of the IAHS Statistics would continue (available information being collected) but any further development would require the clearer definition of the needs for this kind of statistics.** A balance would have to be drawn again in a few months' time, after the mid-term review of the CAP.
- With regard to the **Candidate Countries**, Eurostat confirmed that the IAHS statistics were **not considered a top priority**; the further development and improvement of the Economic Accounts for Agriculture (EAA) was considered to have priority.

III. CONSIDERATIONS REGARDING THE FUTURE DEVELOPMENT OF IAHS STATISTICS

Income of agricultural households or of households living in rural areas?

5. The agricultural household is the basic unit of the IAHS Statistics (²); the scope of these statistics can therefore vaguely be described as the **agricultural community**. However, agriculture is only one element in the countryside. Since Agenda 2000, and even more with the present mid-term review of the CAP, additional requirements to provide separate information about the wider **rural community** ("rural development") have become apparent.

6. These additional requirements imply a much broader coverage of households than is currently attempted by the IAHS Statistics. Bearing in mind the slow progress in the past, it is doubtful whether the enlargement of the IAHS Statistics in this direction would be a viable option.

7. Furthermore, in the broader context of the rural community and its development, income is only one indicator of the wellbeing of rural residents, other variables of interest being living conditions (comprising unemployment, underemployment, poverty, education etc.), housing services, population trends etc.

8. If the IAHS Statistics are thus, on the one hand, insufficient to answer the need for comprehensive statistics on rural development and, on the other hand, are considered an

indispensable part of the system of agricultural statistics (as complementary to the EAA), then the question is not whether one needs one or the other statistics — there is a need for both IAHS and statistics on rural development.

IAHS Statistics need improvement

9. This leaves one however with the question of what needs to be done in order to further the project of the IAHS Statistics so that in future these statistics will be compiled not only by a minority of Member States but that they become an interesting and usable tool for those involved in the process of preparing policy decisions.

10. The European Commission is interested in this kind of statistics but certain improvements have to be made, and possibly certain concepts to be reconsidered:

- The quality of the present IAHS data (in particular in terms of comparability) is often questioned.
- The frequency does not need to be annual. The information provided by these statistics is considered to be “structural”, i.e. the interest lies in the structural changes taking place over a longer period of time. Specific surveys taking place, for instance, every five or ten years could suit that purpose.
- The definition of the agricultural household used as basic unit of these statistics needs to be reconsidered. The following issues (with some overlap) should be re-examined:
 - (1) Narrow definition: is this definition not too narrow? If the major part of the reference person’s (and possibly of the household’s) income is derived from agricultural activity, do not the agricultural income indicators, derived from the EAA, already provide a good approximation of the global income development of these units?
 - (2) Large definition: is this definition not too large? Are we really interested to have detailed information on the global income of households which are only marginally involved in agriculture?
 - (3) When speaking of pluriactivity in agriculture, and this is implicitly the case when we refer to the “global” income of an agricultural household, are we really interested to cover activities which have no link whatsoever with the agricultural holding? Is it not rather the development of activities which are still related to agriculture and the agricultural holding, on which we should focus? Agro-tourism and processing of agricultural raw products are examples for this. However, insofar as these non-agricultural activities are considered inseparable from the main agricultural activity, they are already covered by the EAA.

IWG.AGRI Task Force on Rural Development Statistics

11. These and other aspects related to the development of the IAHS Statistics are likely to be addressed by the IWG.AGRI Task Force on Rural Development Statistics the terms-of-reference of which are subject of a previous item on the agenda of the present IWG.AGRI meeting.
12. A sub-group of this Task Force is supposed to focus on the agriculture household unit. The OECD offered to be co-ordinator for this subgroup.

NOTES

(¹) TAPAS: Annual Technical Action Plans to improve Community Agricultural Statistics.

(²) Within IAHS methodology, there are two target definitions of an agricultural household. The “narrow” definition is based on the main income source of the household’s reference person. Some alternatives to this target are permitted based on the main occupation of the reference person, on the allocation of the reference person’s time or a mixture of time and income. The “broad” definition is where anyone in the household has some income from independent agricultural activity (other than income solely in kind that is of a “hobby” nature).
