

# 10 Economics in agriculture

When describing economics in agriculture usually three levels are of interest (needed):

- Economic data at household level
- Economic data at farm level
- Agriculture at sector level (Agro monetary statistics)

## **Economic data at household level**

Statistics on household level give information on the economic situation and development for the members of agricultural households. In many cases farm families earn their living from different income sources, which must be taken into account in income comparisons between farm households and other socio-economic groups.

A model for a survey on incomes of farm households is the EU *Income of Agricultural Households Sector (IAHS)*.

For Kosovo agricultural households there are at present no statistics, which give information on household economy. The Household Budget Survey (HBS), which is currently carried out by SOK, contains some information which can be used in preliminary calculations of income for agricultural households. Development work in this area is foreseen in the Sida/Statistic Sweden's project: Support to agricultural statistics in Kosovo.

## **Economic data at farm level**

As a basis for agricultural policy making economic data at farm and sector level is important. The EU member states are in special regulations requested to collect data on farm level according to *FADN (Farm Accountancy Data Network)*, which is an EU-administrated bookkeeping survey, harmonized between different countries. Basically the following type of farm level data are needed in FADN:

- Physical and structural data, such as location, crop areas, livestock numbers, labour force, etc.
- Economic and financial data, such as the value of production of the different crops, stocks, sales and purchases, production costs, assets, liabilities, production quotas and subsidies.

In the Agricultural Household Surveys (AHS) performed in 2001 and 2002 some economic data were collected, i.a. rental fees, costs for seeds, seedlings, fertilizers and other inputs, income from livestock and crops sold etc. Physical data regarding the farm unit were also gathered.

A pilot FADN is planned in connection with the ASPAUK project.

## **Agriculture at sector level (Agro monetary statistics)**

The statistics describe the contribution of agriculture to the gross national product. In other words the statistics shall give information on the role of agriculture in the total

economy as described in the National Accounts. According to EU standards data are needed in the following fields:

- Economic Accounts for Agriculture (EAA)
- Agricultural Labour Input Statistics (ALI)
- Agricultural Price Statistics (APS)

Economic accounts for agriculture give information on the total economy for the agricultural sector in a country. The calculations inform on the total revenue and costs and value added for the sector. A special system for calculations in these respects is in use within EU, the so-called EAA-calculations.

Basic data for the EAA calculations are produced quantities, costs of production, rents, prices, interests paid and received and labour input in terms of AWU (Annual Work Unit).

In the EU statistical system the *Agricultural Labour Input Statistics* (ALI) and *AWU calculations* are important in connection to EAA for deriving the Income Index. The general Labour Force Survey of Kosovo does not go very deep into the agricultural aspects of the labour market and calculations of AWU are not yet developed.

EAA statistics will also be an important input to National Accounts, as the agricultural sector constitutes a large part of the total economy in Kosovo. Both the Agricultural Household Survey and the Household Budget Survey contain information which can be used for preliminary calculations of EAA statistics. However, the amount of usable information in these surveys are currently too small for calculations of whole EAA.

In the field of *Agricultural Price Statistics* there is need for a review of the entire calculations covering price gathering, weights, compilation of indices etc. There is interdependence between EAA and price indices as the weights normally are based on EAA. There are two groups of agricultural price information. One group is average prices for means of production purchased by farmers and average selling prices for agricultural products sold by farmers. A second group is input and output price indices, which are showing farm-gate price trends for means of production and agricultural products. In the Agricultural Household Survey there are questions about prices for some sold crop products. MAFRD is also collecting some agricultural prices. However this information can not be used for price statistics fulfilling EU rules.

Development of EAA and Agricultural Price Statistics is planned in the Sida/Statistic Sweden's project: Support to agricultural statistics in Kosovo.

## **Data gaps**

This is a field where statistics at present are almost missing entirely in Kosovo and a lot of efforts are needed to fill up all the gaps. The HBS should be used for calculating income of agricultural households and agricultural price statistics should be developed. Development work concerning FADN and EAA have started. With assistance from the ASPAUK project and the Sida/Statistic Sweden's project we hope this new area of agricultural statistics in Kosovo will develop rather fast.