EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate L. Economic analysis, perspectives and evaluations
L.3. Microeconomic analysis of EU agricultural holdings

EU FARM ECONOMICS OVERVIEW REPORT 2005

EXECUTIVE SUMMARY

The Farm Accountancy Data Network (FADN) is an instrument for evaluating the income of agricultural holdings and might be used to study the impacts of the Common Agricultural Policy (CAP). Based on this data base, this report analyses the economic results the EU farms in 2005 at the same time as addresses the evolution along the last ten years.

The agricultural holding **income**, measured in terms of FNVA/AWU[1] and FFI/FWU[2] per farm, for EU25 in 2005 are € 17 085 and € 14 495, respectively. Denmark, the Netherland and Belgium are the Member States (MSs) with the largest FNVA/AWU, while Slovenia, Latvia and Poland show the lowest values for these indicators. Granivore holdings share the largest FNVA/AWU and FFI/FWU in 2005 with € 30 077 and € 30 374, respectively. Mixed holdings, otherwise, are those with lower FNVA/AWU and FFI/FWI, with respectively € 11 785 and € 8 673.

The **multi-factor productivity ratio** (total output-to-total input) is the largest for Greece, Spain and Italy (over 1.4, meaning that for every Euro spent with the farm inputs, more than € 1.4 is obtained with the outputs), while Finland, Slovakia and Sweden show the lowest. Other permanent crops exhibit the largest productivity ratio in 2005 (1.58), followed by wine, horticulture and granivores (all above 1.2). In contrast, fieldcrops, mixed and grazing livestock remain with a productivity ratio around 1.

Direct payments (DP) on total receipts (which show the importance of public support in the total farm receipts) are 15.1% for EU25 in 2005, Finland being the MS with the largest percentage (41.5%) and the Netherlands that with the lowest, with 4.42%. The highest level of dependence on DP is found in grazing livestock, with 28.4 %, and the lowest level in horticulture, with 1%.

Denmark is the MS with largest **wages** (18.9 €/hour), while Latvia shows the lowest wages (1.4 €/hour). In 2005, Ireland and Greece spend more money with respect to the total inputs

[1] Farm Net Value Added (FNVA) is obtained when Total intermediate consumption (farm specific costs and overheads) and Depreciation is deducted from the farm receipts (Total output and Direct payments of the farm). When expressed per Annual work units (AWU) it takes into account differences in the labour force to be remunerated per holding.

[2] Family Farm Income (FFI) is calculated on the one hand from the addition of Direct payments on investment to FNVA, and on the other hand the deduction of Total external factors (Interest, Wages and Rent paid). When calculated per Family work units (FWU) it takes into account differences in family labour force to be remunerated per holing.

on **contractual work per farm** (7.8% and 7.7%, respectively) and Lithuania the MS with lowest (1%). In the same year, the share of farms with contractual work on the total of holdings in the sample varies from 98.4% in Luxembourg to 22% in Lithuania. In 14 MS, more than 80% of holdings have contractual work, and only in Malta, Portugal and Lithuania contractual work is less than 50%.

Average **net worth** (total capital of the farm minus its total debts) values for FADN farms for EU25 are € 246 860 in 2005. Slovakia shows the highest net worth value (€1 401 175), while Lithuanian average farm has € 53 678. None of the total assets averages per type of farming show a financial structure based in more than 40% liabilities, milk, granivores and horticulture holdings being those with the largest percentage of liabilities. Milk farmers show the largest net worth per farm (€ 469 120), while farms dedicated to other permanent crops have the lowest (€ 143 519).

Solvency (liabilities-to-assets ratio, indicating the proportion of liabilities (debts) used to finance assets) is 15% for both EU15 and EU25, Greece and Italy being the MS with most solvent farms (as low values of this ratio assure better options for farms to meet their payment obligations, with ratio values lower than 2%) and Denmark, France and Sweden the least solvent (with ratio values higher than 30%). FADN holdings dedicated to horticulture are the least solvent both in EU25 in 2005, (32.3%). In contrast, farms focused on other permanent crops are the most solvent ones (4.8%).

Denmark is the MS with largest value of **liabilities-to-net worth ratio** (1.33, which means that Danish farms rely more on debt to finance their assets (57%) than in net worth (43%)) followed by France (0.62, meaning that French farms' assets are in a 38% financed by debts). Greece and Italy are the MSs with lowest ratio (0.004 and 0.01, respectively). Horticulture is the type of farming that showed higher ratio in 2005 (0.48). Other permanent crops holdings exhibit the lowest ratio with 0.05 in 2005.

Liquidity (current assets and current liabilities) per EU25 farm shows a value of 4.7 in 2005. Belgian and Italian farms have the highest liquidity (and therefore could face better any sudden financial difficulty by selling current assets), while the Netherlands, Germany and the UK register the lowest. Holdings based on other permanent crops production present the largest current ratio (14.7). Horticulture farms seem to be the least liquid of the EU25, with current ratios of 2.6.

Latvian farms are the most profitable in terms of **Return on assets** (ROA, FNVA divided by average total assets, as Latvian farms obtain the largest income from their assets (before wages, interest and rent are paid)), while Irish ones are the lowest in 2005. Horticultural holdings present the largest ROA per EU25 farm (24%). The other types of farming remain in a range of 15.4% and 7.8% in 2005, grazing livestock holdings being those with lowest profitability.

In general terms, in most of the cases these indicators of the farm performance experienced an improvement from 1995 to 2005, apart from the productivity ratio and the liabilities-to-net worth ratio, which have worsen over the period and the ROA that experienced a slight decrease. This improvement occurs parallel to an increase in average farm's size. The productivity decrease can be partly explained by the subsequent CAP reforms, which implied a progressive decrease in price support, while DP have been progressively introduced. This price support is captured in the output and any reduction in it involves a productivity drop.

The decline of the liabilities-to-net worth ratio shows a turn in the financial structure of the farm towards an increase in debts. All in all, the profitability of the farms seems to remain fairly stable.

The **Farm Accountancy Data Network (FADN)** is a European system of sample surveys that take place each year and collect structural and accountancy data on the farms, with the aim to monitor the income and business activities of agricultural holdings and to evaluate the impacts of the Common Agricultural Policy measures.

The FADN field of survey covers only the farms exceeding a minimum economic size (threshold) in order to cover the most relevant part of the agricultural activity of the EU Member States, i.e. at least the 90% of the total Standard Gross Margin (SGM) covered in the Farm Structure Survey (FSS). For 2005 data, the sample gathers approximately 75 000 holdings in the EU-25, which represent 4 millions farms out of a total of about 10 millions farms (40%) included in the FSS.

The rules applied aim to provide representative data along three dimensions: region, economic size and type of farming. FADN is the only source of micro-economic data that is harmonised, i.e. the bookkeeping principles are the same in all EU countries.

For more information: http://ec.europa.eu/agriculture/rica/index.cfm

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1. NET FARM INCOME

Holding's income is measured by estimating the **Farm Net Value Added (FNVA)**[3], which represents the remuneration of all production factors (land, capital and labour), both owned by the farm and external. It equals Outputs (production value) plus Direct Payments (DP; current DP minus Taxes) minus both Intermediate Consumption and Depreciation. Thus, it is the indicator of economical performance of the farms from which Wages, Rents and Interests still need to be paid, and Subsidies and Taxes on investments need to be added and own labour and capital need to be remunerated. Appendix 1 shows the schemes followed for the calculation of the different income components.

Family Farm Income (FFI)[4] is another indicator of the economical performance of holdings. It remunerates the work, land and capital of the farmer and his family, as well as the entrepreneur's risk. FFI is obtained when Interests and other financial costs, Wages and Rents (Total External Factors) are paid and the Subsidies and Taxes on investment are taken into account. The FFI is an indicator not easily comparable between MSs because, in those MSs in which companies and cooperatives are profuse, many farms do not have any family labour. This means that the FFI is needed only to remunerate the owned capital and land, the labour cost being already covered by the wages. Despite farms may not employ any unpaid labour (family labour), FFI can be calculated. Nevertheless, when the FFI per family working unit (FWU, see chapter 1.1) is calculated, only the farms with family labour are taken into account in the calculation. In addition, when comparing the FFI between MSs, it is to be taken into account that in the MSs where renting land is a common practice (as in France), the FFI is needed to remunerate farmer's capital, but not land.

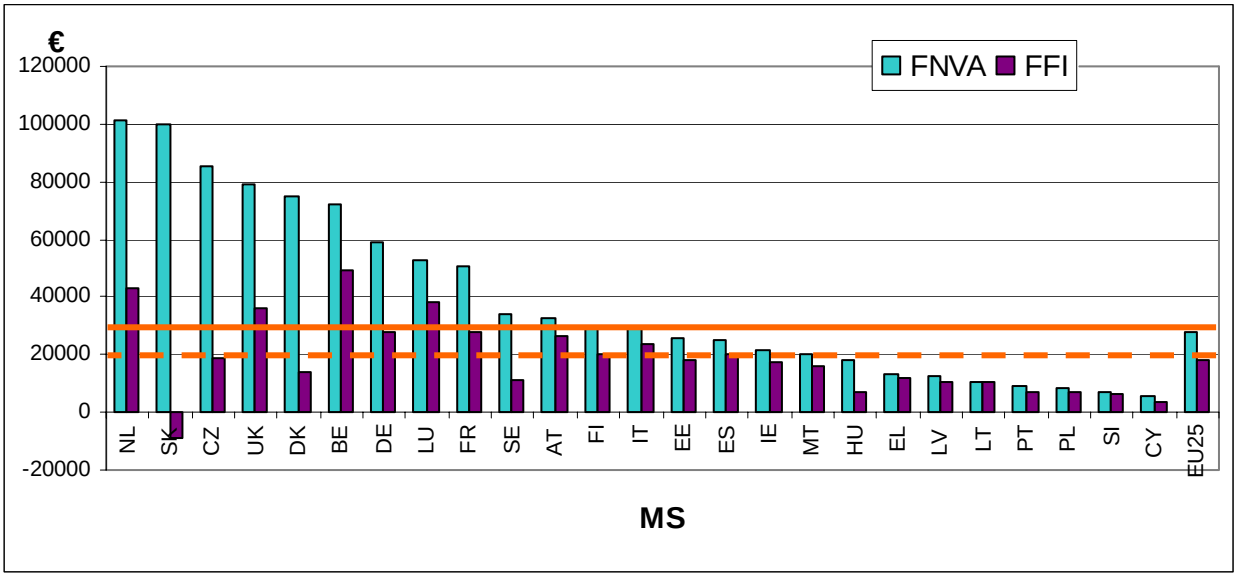
1.1. FARM NET VALUE ADDED AND FAMILY FARM INCOME IN 2005

A. ANALYSIS PER MS

The average FNVA per farm for EU25 is € 27 947 in 2005, the Netherlands being the MS with the largest FNVA (€ 101 452) and Cyprus with the lowest (€ 5 893) (Figure 1). The average FFI per farm for EU25 is € 18 070, with Belgium at the head of the EU (€ 49 305) and Slovakia at the tail (€ - 8 879). The result of Slovakia, where less than 10% of the labour is unpaid, illustrates what was explained in the definition of the FFI: the FFI is negative, but almost all labour is already remunerated (Figure 1).

[3] Farm Net Value Added (FNVA) is obtained when Total intermediate consumption (farm specific costs and overheads) and Depreciation is deducted from the farm receipts (Total output and Direct payments of the farm).
[4] Family Farm Income (FFI) is calculated on the one hand from the addition of Direct payments on investment to FNVA, and on the other hand the deduction ofTotal external factors (Interest, Wages and Rent paid).

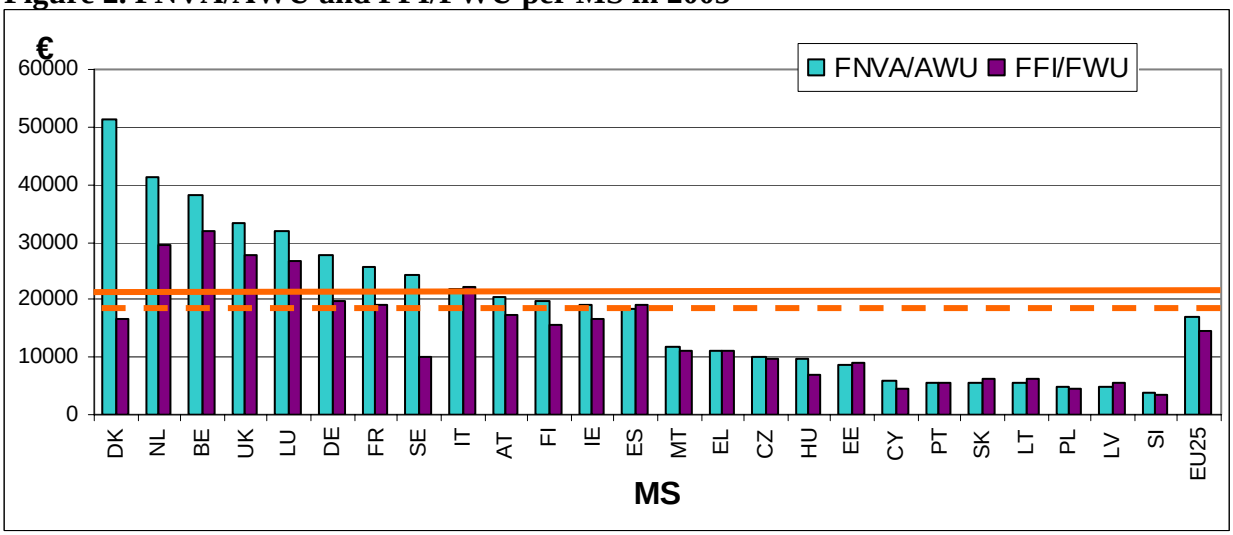
Figure 1. Farm Net Value Added (FNVA) and Family Farm Income (FFI) per MS in 2005



Source: DG AGRI EU FADN
Note: EU25 FNVA average expressed by continuous horizontal line. EU25 FFI average expressed by discontinuous horizontal line

The picture showed in figure 1 slightly changes when FNVA and FFI are expressed per AWU (annual working unit) and FWU (family working unit), respectively (Figure 2). As far as EU25 is concerned, the large differences among MSs shown by the results of the analysis are inherent to the structure of their agriculture. MSs with the highest average incomes per AWU are Denmark, The Netherlands and Belgium, which are, in general, those with an important number of large-sized farms specialised in arable crops, dairy or granivores and horticulture. However, the MS with the highest FNVA/AWU, Denmark, has an FFI/FWU only slightly above the EU25 average in 2005, due to the large amount of interest paid by Danish farmers. From EU15, Portugal and Greece, MSs with a large number of small farms, have average incomes below the EU average.

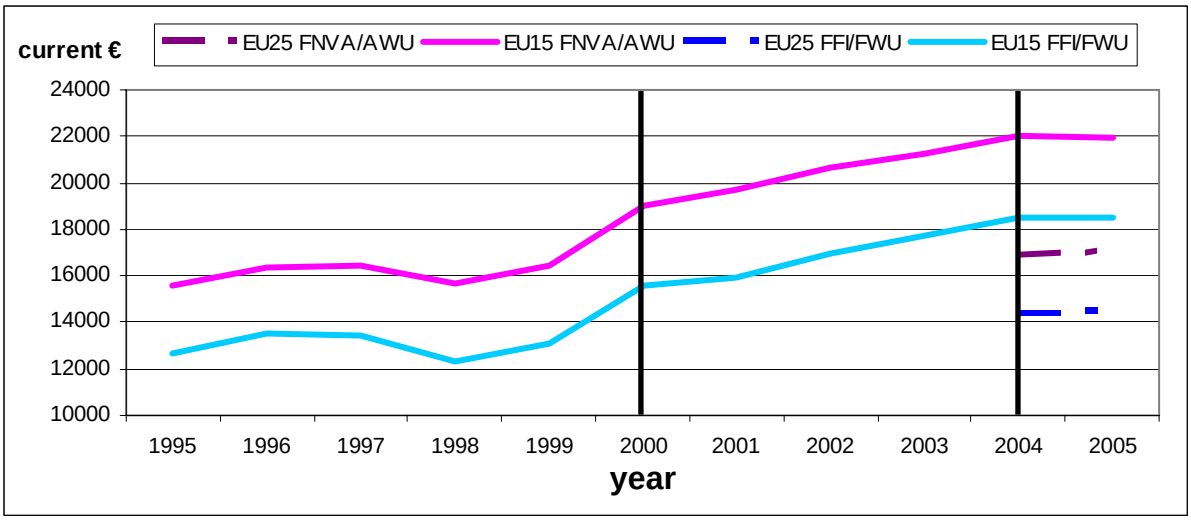
Figure 2. FNVA/AWU and FFI/FWU per MS in 2005



Source: DG AGRI EU FADN
Note: EU25 FNVA/AWU average expressed by continuous horizontal line. EU25 FFI/FWU average expressed by discontinuous horizontal line

Average FNVA/AWU for EU25 is € 17 085 in 2005, while FFI/FWU is € 14 495. Within the EU10, Slovenia, Latvia and Poland show the lowest values for these indicators, with FNVA/AWU ranging from € 4 875 to € 3 663. Despite the average FFI per farm is negative in Slovakia, the FFI/FWU is positive. When calculating the ratio only the farms with family labour are included and the FFI of these farms is positive, which enables the remuneration of the family labour. FFI/FWU and FNVA/AWU show an increasing trend from 1995 to 2005 (Figure 3).

Figure 3. Evolution of income per labour unit (expressed as FNVA/AWU and FFI/FWU) in EU15 from 1995 to 2005

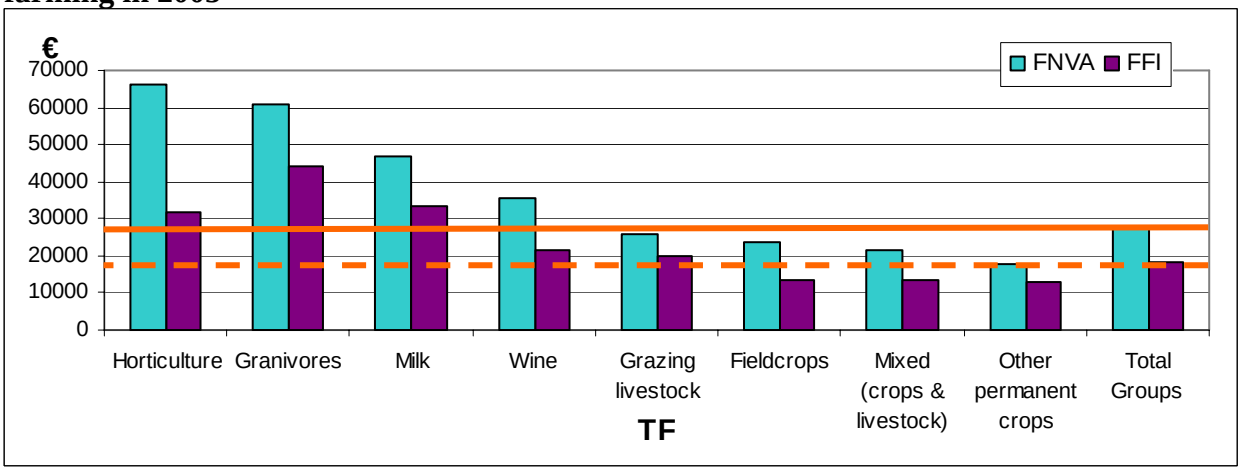


Source: DG AGRI EU FADN
Note: the two vertical lines correspond with the years 2000 and 2004, first years of implementation of the CAP reforms. The first data from the new member states (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, and Slovakia) were registered in 2004.

B. ANALYSIS PER TYPE OF FARMING

Horticulture, granivores and milk are the types of farming with the largest FNVA per farm, with € 66 368, € 60 640 and € 46 846, respectively (Figure 4). In contrast, other permanent crops (holdings producing fruits and citrus, olives and other permanent crops) are the holdings with the lowest value of FNVA per farm (€ 17 583). Horticulture exhibits a wide difference between FNVA and FFI, mainly due to its labour intensity.

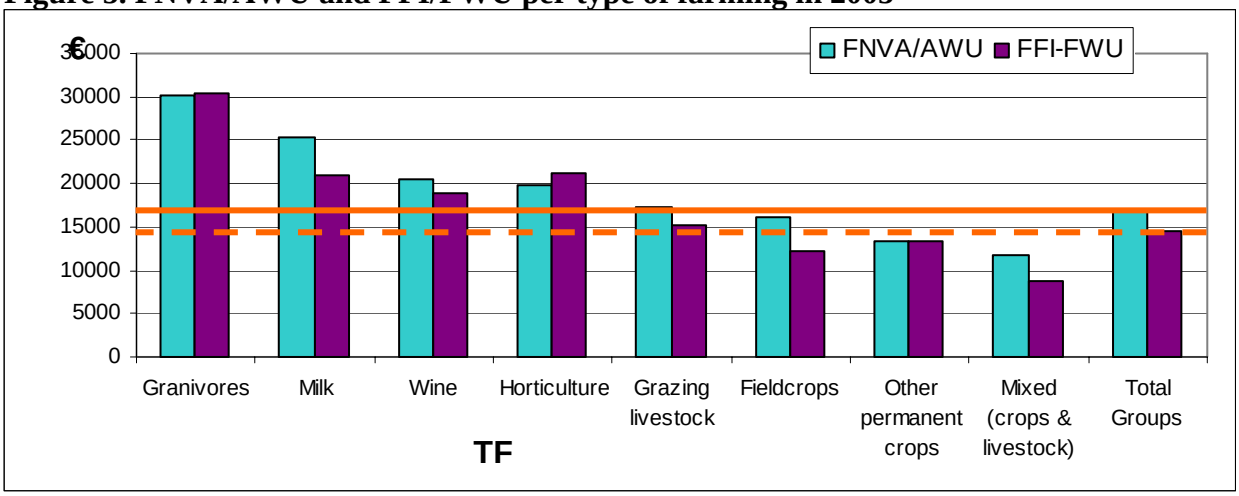
Figure 4. Farm Net Value Added and Family Farm Income for EU25 per type of farming in 2005



Source: DG AGRI EU FADN
Note: EU25 FNVA average for all TF expressed by continuous horizontal line. EU25 FFI average for TF expressed by discontinuous horizontal line. TF: Type of farming.

Granivores (pig and poultry) holdings share the largest FNVA/AWU and FFI/FWU in 2005 with € 30 077 and € 30 374, respectively. Mixed holdings are those with lower FNVA/AWU and FFI/FWU, with respectively € 11 785 and € 8 673 (Figure 5). The value of FFI/FWU is greater than that of FNVA/AWU in case the FWU are smaller than AWU at the farm or when there are no/insignificant costs of interest and rent paid and wages do not represent a large percent of the global farm costs.

Figure 5. FNVA/AWU and FFI/FWU per type of farming in 2005



Source: DG AGRI EU FADN
Note: EU25 FNVA/AWU average for all TF expressed by continuous horizontal line. EU25 FFI/FWU average for TF expressed by discontinuous horizontal line. TF: Type of farming..

1.2. INCOME DISTRIBUTION ANALYSIS

A. ANALYSIS PER MS

Farm's FNVA/AWU and FFI/FWU averages per MSs have been addressed so far. This paragraph tends to give a further insight into the distribution of these two indicators. Such distribution is illustrated by box-plot charts (figures 6 and 7), where the average is displayed by a cross and the median by a line inside the box. Fifty per cent of the holdings receive at least the median income. The lower edge of the box corresponds to 25th percentile and the upper edge to 75th percentile. 50% of the population has income between these two values.

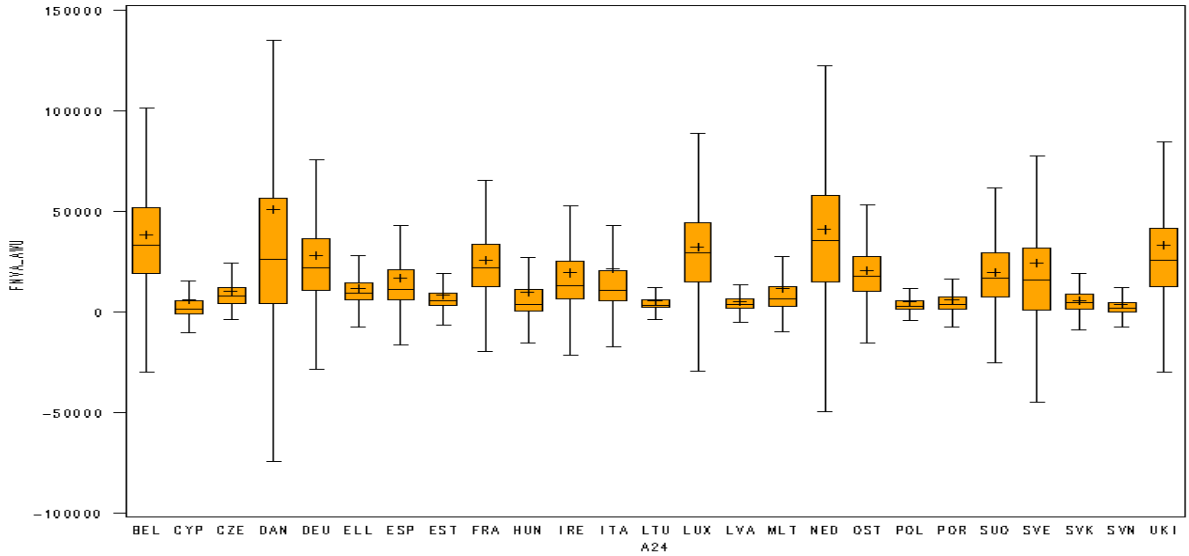
The Netherlands shows the largest median FNVA/AWU, where 50% of holdings has an income higher than € 35 497 and 25 % of holdings receives more than € 57 944 (Figure 6). The second highest level is found in Belgium, where half of the farmers obtains at least € 32 986. A high income is received also by holdings in Luxembourg, Denmark and The United Kingdom. Relatively significant dispersion is observed in Denmark, where 50 % of holdings receives € 26 162, but 25% of farmers has income lower than € 3 989 and 25 % of holdings has income of at least € 56 436. Despite having a large threshold, it may be highlighted that these MSs show a large dispersion. For detailed information about thresholds per MS in 2005, see Appendix 2.

The lowest median value of FNVA/AWU is found in Cyprus, where half of the holdings receives less than € 1 354 even though the average income is € 5 938. Besides, the large difference between the median and average illustrates that the majority of the Cypriote farmers have small income per farm, but a small share of the farmers have very good results and make the average rise. Cyprus median is closely followed by the Slovenian one, where

half of the farms obtains € 1 685 even though the average income is € 3 663. Poland also follows Cypriote's tracks, with a median income of € 2 722 and an average income of € 4 875.

FFI/FWU shows a similar distribution to the FNVA/AWU, with some exceptions like Denmark, who becomes the MS with the lowest median FFI/FWU.

Figure 6. Distribution of FNVA/AWU per MS in 2005. Means and medians



Source: DG AGRI EU FADN

Note: Weighted box plot. Outliers are not displayed. Whiskers represent percentiles 5 and 95. BEL: Belgium, CYP: Cyprus, CZE: Czech Republic, DAN: Denmark, DEU: Germany, ELL: Greece, ESP: Spain, EST: Estonia, FRA: France, HUN: Hungary, IRE: Ireland, ITA: Italy, LTU: Lithuania, LUX: Luxembourg, LVA: Latvia, MLT: Malta, NED: Netherlands, OST: Austria, POL: Poland, POR: Portugal, SUO: Finland, SVE: Sweden, SVK: Slovakia, SVN: Slovenia, UKI: United Kingdom.

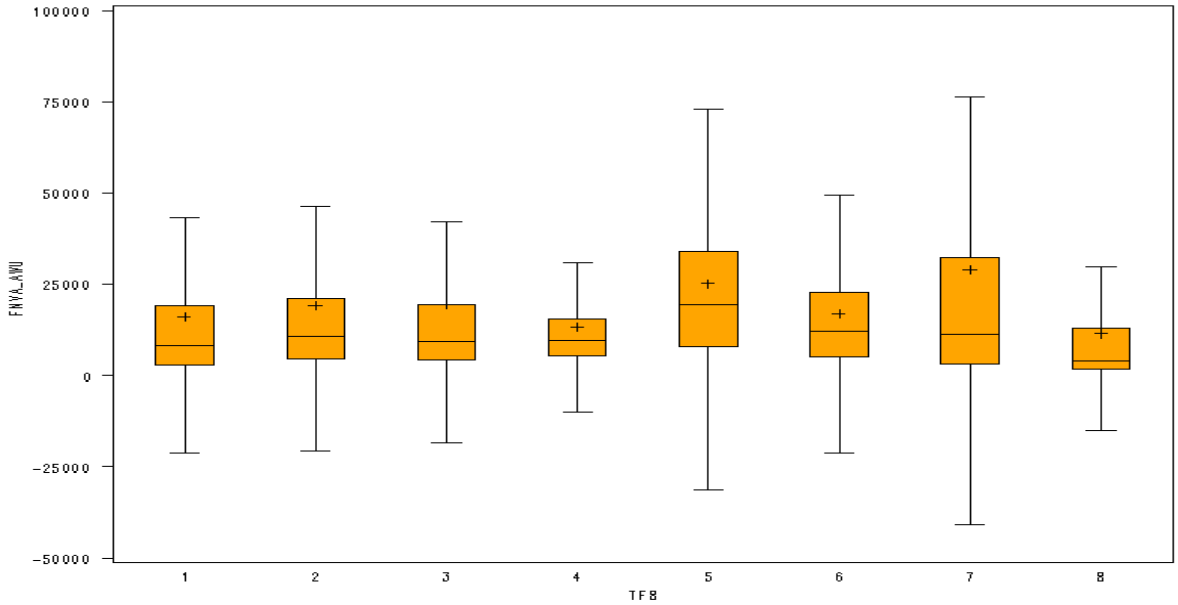
B. ANALYSIS PER TYPE OF FARMING

The lowest dispersion of FNVA/AWU is found in mixed holdings and other permanent crops (Figure 7). FNVA/AWU average of mixed holdings is € 11 785, while 50% of them shows incomes lower than € 3 953 and the lower quartile (25% of the holdings) shows incomes lower than € 1 363. However, there is a significant gap with respect of the average and upper quartile (75th percentile) where 25 % of farms gets at least € 12 843. The largest dispersion of income is observed for granivores and milk specialists. Granivore holdings show the largest FNVA/AWU average-median difference, which is exacerbated by the relative small number of holdings dedicated to this production (see Appendix 3). As a result, it can be concluded that the average-median differences recorded per type of farming are larger than those found per MS. This reveals that the structure differences observed in each MSs have a stronger influence on the income than the type of farming.

The highest median income is obtained by milk holdings, where half of the farms registers at least € 19 356 FNVA/AWU, a quarter of holdings gets less than € 7 804 and a quarter of farms gets more than € 33 876.

The distribution of FFI/FWU is similar to that of FNVA/AWU, again with some exceptions. In comparison with FNVA/AWU, FFI/FWU has a larger dispersion for all types of farming, especially for horticulture.

Figure 7. Distribution of FNVA/AWU per Type of farming in 2005. Means and medians



Source: DG AGRI EU FADN
Note: 1- Fieldcrops. 2- Horticulture. 3- Wine. 4- Other permanent crops. 5- Milk. 6- Grazing livestock. 7- Granivores. 8- Mixed (livestock and crops). Weighted box plot. Outliers are not displayed. Whiskers represent percentiles 5 and 95

1.3 NET FARM INCOME COMPONENTS

A. ANALYSIS FOR EU25, EU15 AND EU10

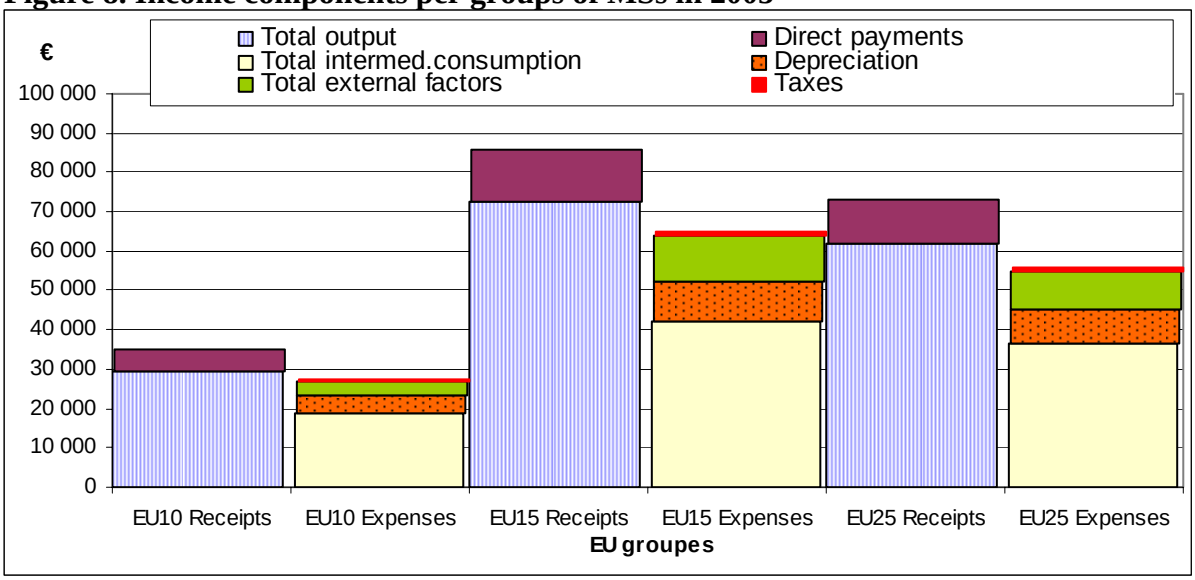
According to the definitions above mentioned, FNVA is calculated from farm Outputs, Intermediate Consumption plus Depreciation (IC + D) and Direct Payments (DP). In 2005, the average **Output** per EU25 farm is € 62 160 (Figure 8) in comparison with € 72 764 for EU15 and € 29 661 for EU10.

Average **Direct Payments**[5] (current DP minus Taxes) are € 11 069 in 2005 for EU25, representing 15% of the total receipts. The average EU15 farm receives € 12 975 DP (15%) and the average EU10 farm receives € 5 227 DP (15%). **IC + D** for average EU25 farm is € 44 998 (81% of the total expenses). Different figures can be seen when the average EU15 farm is considered, in which IC + D expenses are € 52 053 in 2005 (80%). EU10 average farm registers in the same year € 23 337 expenses in IC + D (86%).

Taxes have little impact on the total expenses of EU25, EU15 and EU10 farms, representing in the three groups approximately 1% of the total farm expenses (€ 670, € 772 and € 358, respectively).

[5] Direct payments (DP) include EU coupled and decoupled payments, Less favoured areas (LFA) payments, rural development payments and national Direct payments.

Figure 8. Income components per groups of MSs in 2005



Source: DG AGRI EU FADN

FFI is obtained when Total External Factors and other Subsidies or Taxes on investment not arising from current productive activity in the accounting year are reduced from FNVA. Under the group **Total External Factors**, three cost drivers are included: Wages, Rent and Interest paid. These expenses represent approximately 18% of the average EU25 farm expenses (€ 9 928); in comparison, the average farm total external factors are more remarkable for EU15 (19% of the total farm expenses) than for EU10 (13% of total farm expenses).

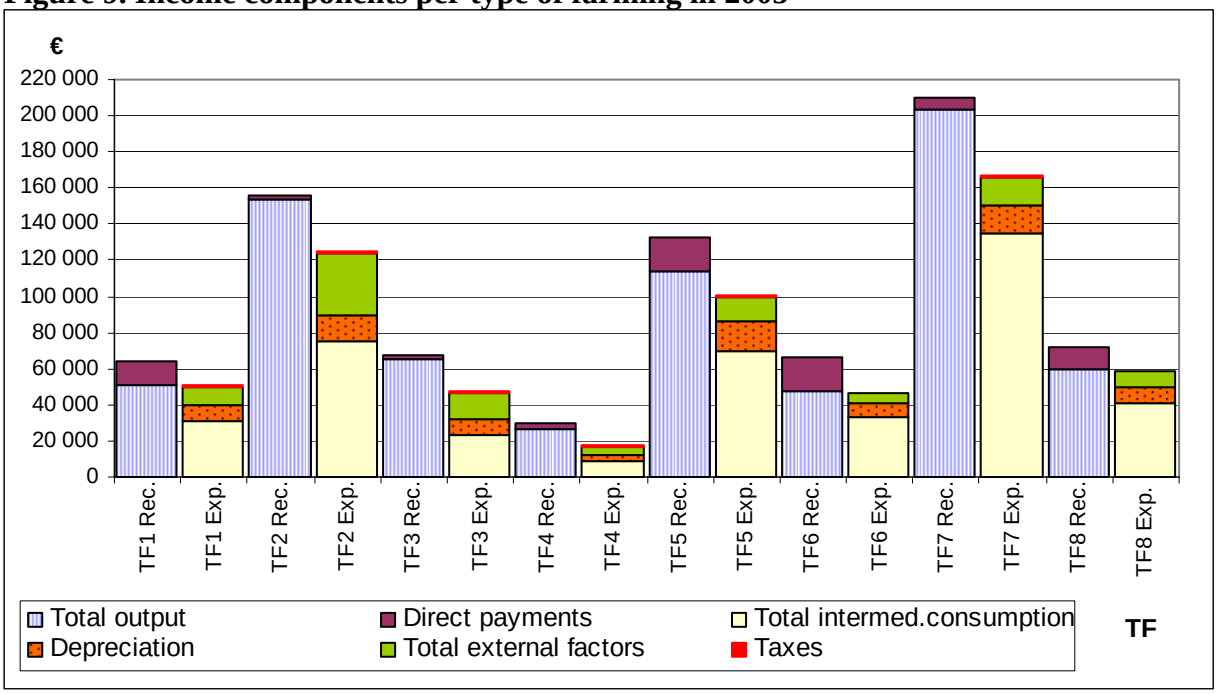
Detailed information per MS can be found at appendixes 4 and 5.

B. ANALYSIS PER TYPE OF FARMING

Firstly, the largest average **Output** per type of farming is shown by granivore holdings, with € 202 867 and the lowest in other permanent crops, with € 26 725 (Figure 9). Secondly, milk holdings receive the highest average **DP** per holding per type of farming (€ 19 422), followed by holdings dedicated to grazing livestock, fieldcrops and mixed (€ 18 869, € 13 625 and € 12 015, respectively). Milk, grazing livestock and fieldcrops receive the highest DP per farm in part because of the implementation of the Common Agricultural Policy (CAP). Horticulture farms receive the lowest DP per farm (€ 1 631). Thirdly, the highest average **Intermediate Consumption plus Depreciation** per type of farming is found again in granivores (€ 149 812) and the lowest in other permanent crops (€ 12 124). Finally, the highest average **FNVA** is presented by horticulture holdings, with € 66 368, and the lowest level by other permanent crops, with € 17 583.

Total External Factors (Wages, Rent and Interest paid) are most important in wine holdings (30% of farm total expenses), followed by horticulture and other permanent crops holdings (28%). The type of farming in which Total External Factors has the least impact is granivore holdings (10%). This maybe linked mainly with the labour intensity and mechanisation of these holdings.

Figure 9. Income components per type of farming in 2005



Source: DG AGRI EU FADN
Note. Rec. stands for Receipts and Exp. stands for expenses.
TF8: TF1-Fieldcrops, TF2-Horticulture, TF3-Wine, TF4-Other permanent crops, TF5-Milk, TF6-Grazing livestock, TF7-Granivores, TF8-Mixed (livestock and crops). TF: Type of farming.

1.4. MULTI-FACTOR PRODUCTIVITY

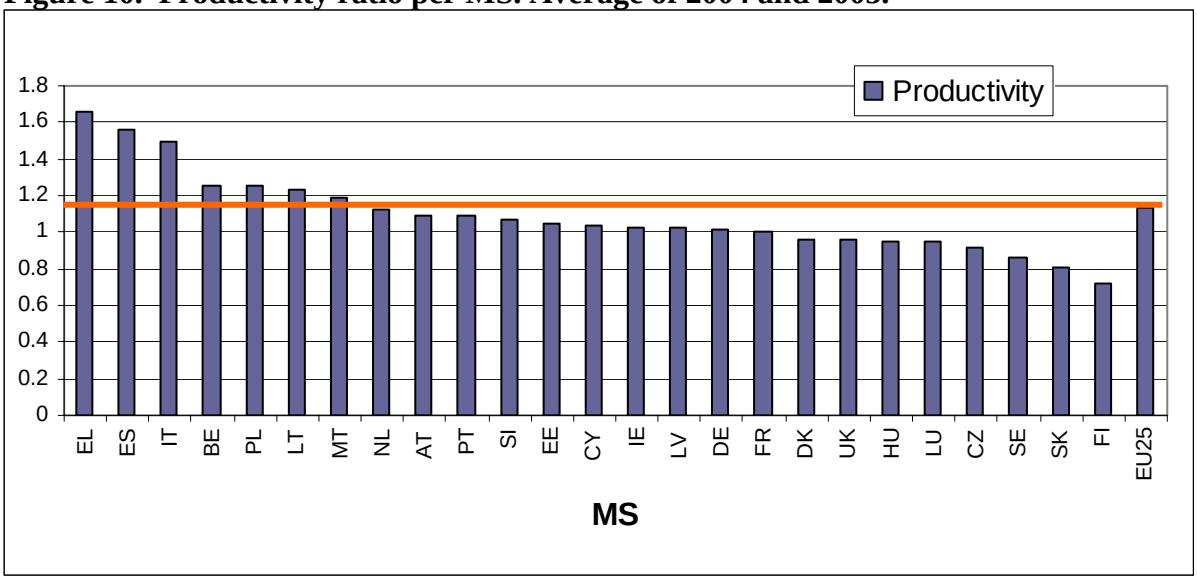
Figures 10 to 12 depict the level of productivity of the EU farms, expressed by the ratio "total output-to-total input". There are several definitions of productivity depending on the variety of input factors involved in the calculations, for example the total factor productivity (relates the output obtained in relationship to capital, labour, land and raw materials used), multi-factor productivity (if only some of these input factors are included) and partial productivity (if a single factor input is included in the ratio, normally labour). For the purpose of the present study the second one has been chosen. Therefore, in the ratio inputs cover total intermediate consumption, depreciation, external factors and taxes. DP have not been included in the output calculation. Multi-factor productivity values larger than one indicate that the inputs used in during the production process are covered by the outputs obtained. On the contrary, values below one indicate a negative situation in which inputs cannot be paid by the obtained outputs.

A. ANALYSIS PER MS

In 2005, for every Euro spent in farming by the average EU25 holding, €1.13 was earned. At MS level, Greece, Spain and Italy have the highest ratio (over 1.4), while Finland, Slovakia and Sweden show the lowest ratio (even below 1, indicating larger inputs than outputs).

This ratio evolves with a decreasing trend during the period 1995 to 2005 for EU25, as well as for EU15 and EU10 in the two last years. Furthermore, the interpretation of the productivity ratio needs to be done carefully, as price support is captured in the output and any reduction in prices support involves a productivity drop. Therefore, part of the productivity decrease observed in the last ten years can be explained by the subsequent CAP reforms, which introduce a progressive decrease in price support, while DP are progressively introduced.

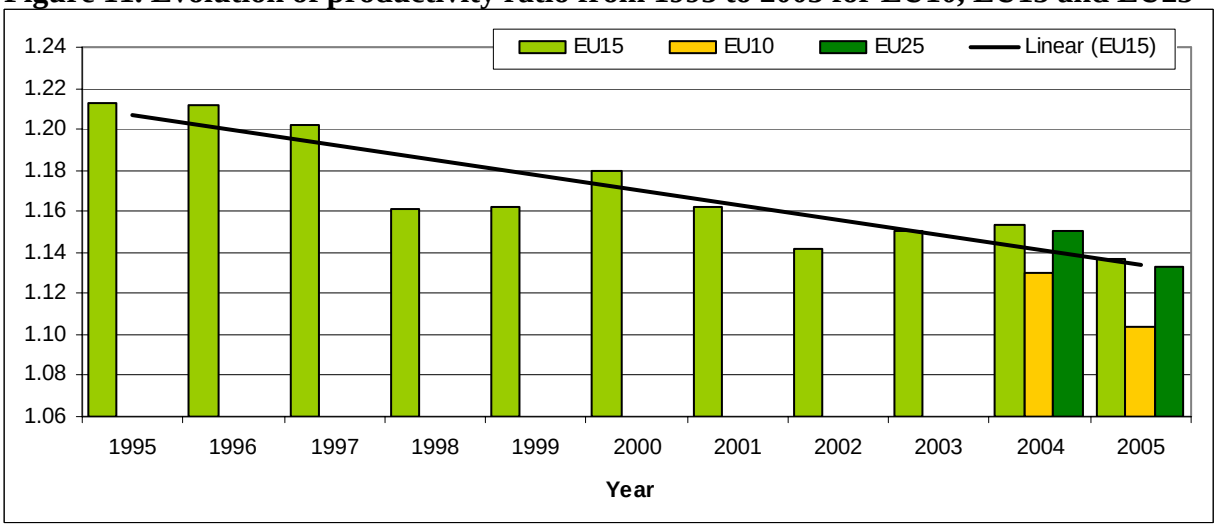
Figure 10. Productivity ratio per MS. Average of 2004 and 2005.



Source: DG AGRI EU FADN
Note: Calculations have been done taking into account the averages of the years 2004 and 2005 in order to avoid price fluctuation impact. The horizontal line represents the EU25 average

Looking at the evolution per MS (EU15), a constant increasing trend in this ratio can be observed in Spain and after 1998 in Greece. Apart from having the lowest ratio, Finland showed constant decreasing values along the period considered. The evolution of productivity ratio per MS (EU15) from 1995 to 2005 is shown in Appendix 6.

Figure 11. Evolution of productivity ratio from 1995 to 2005 for EU10, EU15 and EU25

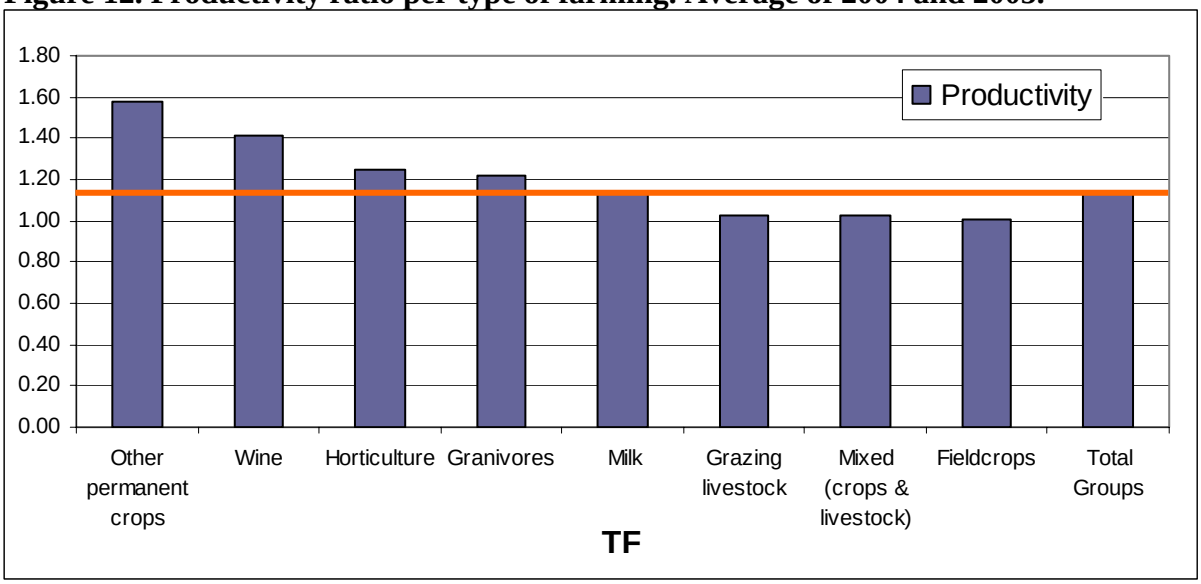


Source: DG AGRI EU FADN
Note: EU10 include the new MSs from 2004 (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia). EU15 include the MSs that conformed the EU until 2003

B. ANALYSIS PER TYPE OF FARMING

Other permanent crops shows the largest productivity ratio in 2005 (1.58), followed by wine, horticulture and granivores (figure 12). All of them stay above the EU25 productivity average (1.13). In contrast, fieldcrops, mixed and grazing livestock remain with a productivity ratio around 1. The interpretation of these results, however, needs to be done carefully, as in 2005 some products still benefits from price support schemes (like milk, sugar beet…)

Figure 12. Productivity ratio per type of farming. Average of 2004 and 2005.



Source: DG AGRI EU FADN

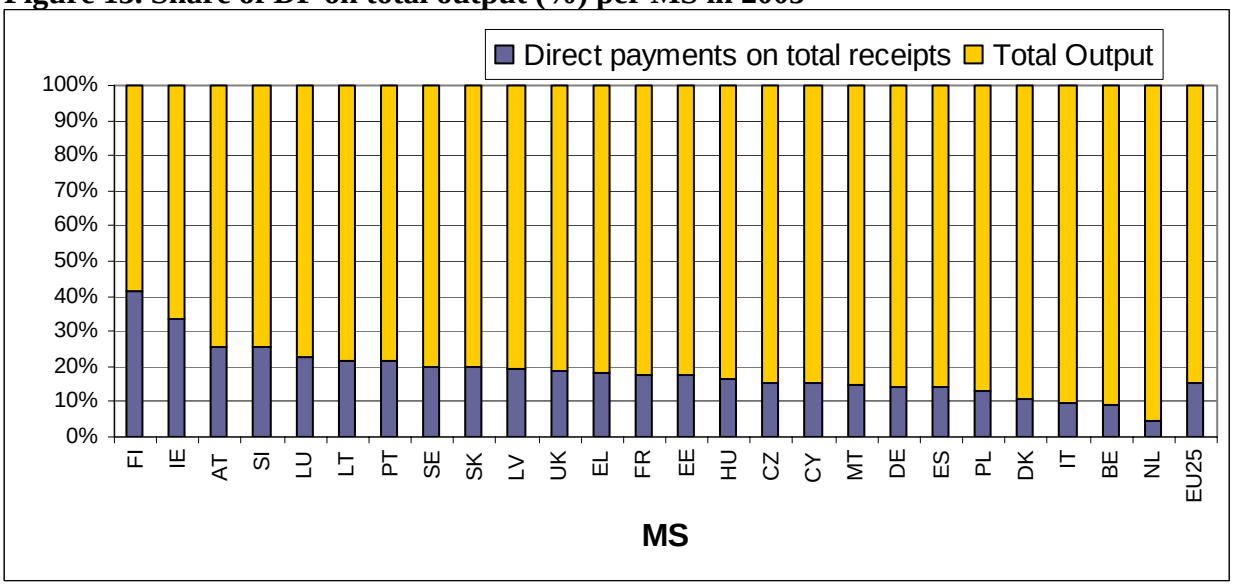
Note. The horizontal line represents the total type of farming value of EU25. TF: Type of farming. Calculations have been done taking into account the averages of the years 2004 and 2005 in order to avoid price fluctuation impact. The horizontal line represents the EU25 average

1.5. LEVEL OF DIRECT PAYMENTS ON TOTAL RECEIPTS (%)

A. ANALYSIS PER MS

By estimating the level of DP (current DP minus Taxes) on Total Receipts, the importance of public support in the total farm receipts can be addressed or in other words, the dependence of farm receipts on the market or DP per MS. Lower percentages of this indicator point out more independence of production from DP. This indicator is 15.12% for EU25, Finland being the MS with the largest percentage (41.53%) and the Netherlands with the lowest, at 4.42% (Figure 13).

Figure 13. Share of DP on total output (%) per MS in 2005

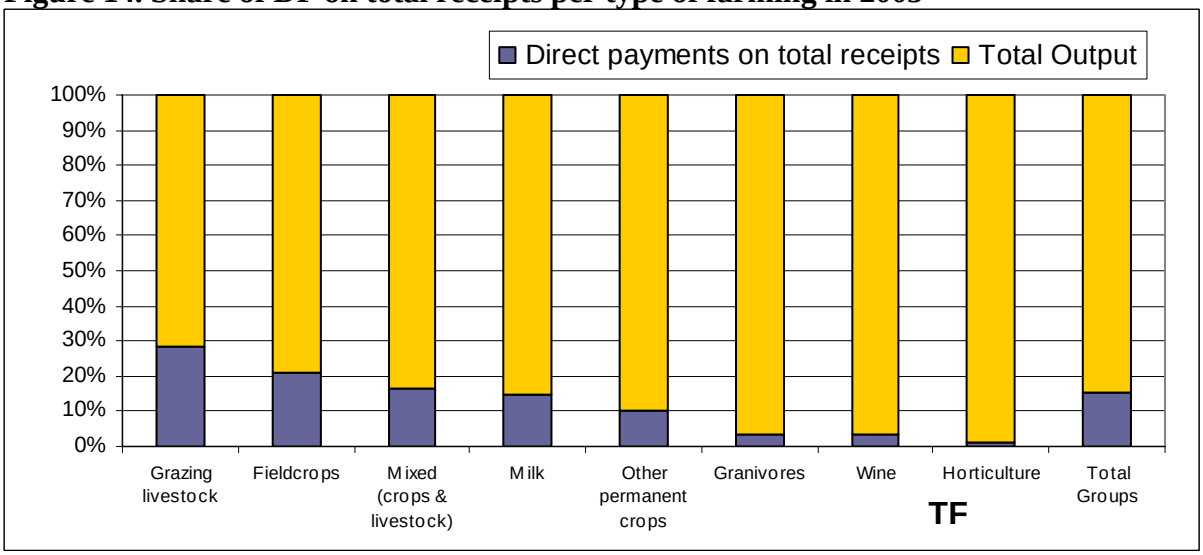


Source: DG AGRI EU FADN

B. ANALYSIS PER TYPE OF FARMING

The highest level of DP is found in grazing livestock with 28.4%, and the lowest level in horticulture with 1.0% (Figure 14).

Figure 14. Share of DP on total receipts per type of farming in 2005



Source: DG AGRI EU FADN
Note: TP: Type of farming.

2. LABOUR, WAGES AND CONTRACTED WORK

2.1. LABOUR INPUT

ANALYSIS PER MS

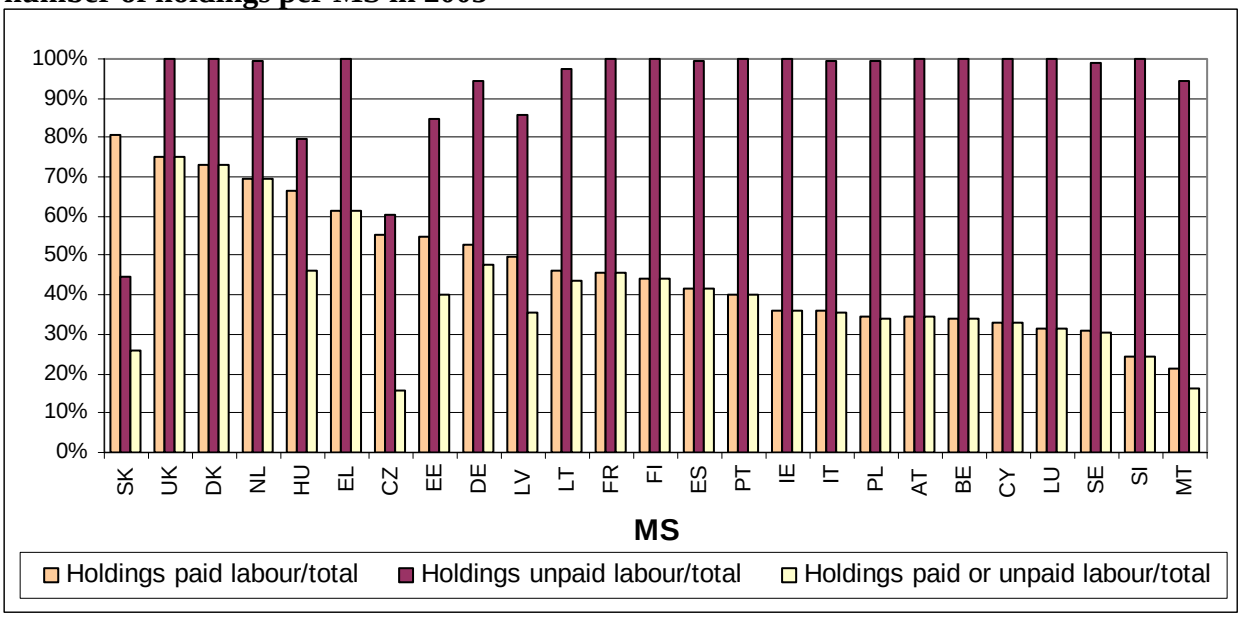
Labour input of holdings, expressed in AWU (Annual Working Units), differs considerably among MSs: from 0.99 AWU in Cyprus and 1.11 AWU in Ireland to 18.45 AWU in Slovakia and 8.58 AWU in Czech Republic in 2005. On average, EU25 farms have 1.64 AWU.

Figure 15 shows that the MSs with big companies, as Slovakia, the United Kingdom or Denmark, have higher share of holdings with paid labour, with respectively 80.8%, 75.2% and 73.2% of holdings. MSs registering small number of farms with paid labour are Malta, Slovenia and Sweden, with respectively 21.5%, 24.1% and 31.2% of the total holdings.

With the adhesion of the new MSs, holdings without family labour are not seldom any more (more than 50% of the Slovak farms do not have unpaid labour). Before, this kind of holdings has been registered mainly only in eastern Germany.

Holdings having both paid and unpaid labour were generally fewer. The lowest level is in Malta and Czech Republic, with approximately 16%, and the highest in the United Kingdom, Denmark and the Netherlands with respectively 75.2%, 73.2% and 69.4%.

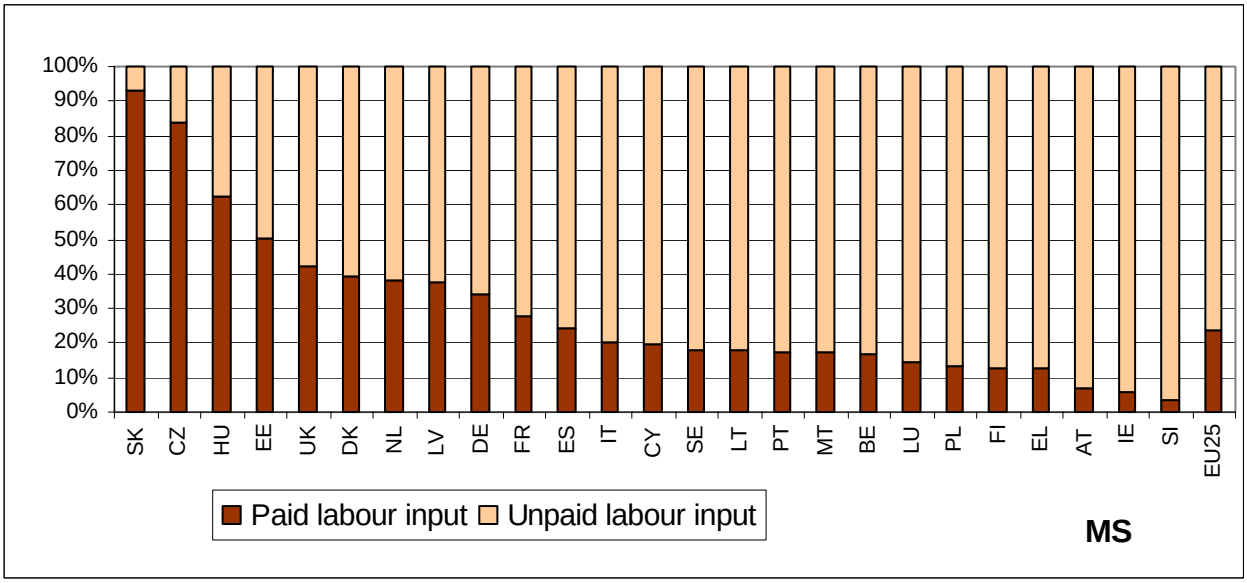
Figure 15. Share of holdings with paid labour, unpaid labour and both on the total number of holdings per MS in 2005



Source: DG AGRI EU FADN

Nevertheless, in terms of quantity of working hours, paid labour as part of the total working hours is less important. In only three MSs working hours represented more than 60% of the total: Slovakia, Czech Republic and Hungary (Figure 16).

Figure16. Share of working hours spent per paid labour and unpaid labour per MS and EU25 in 2005



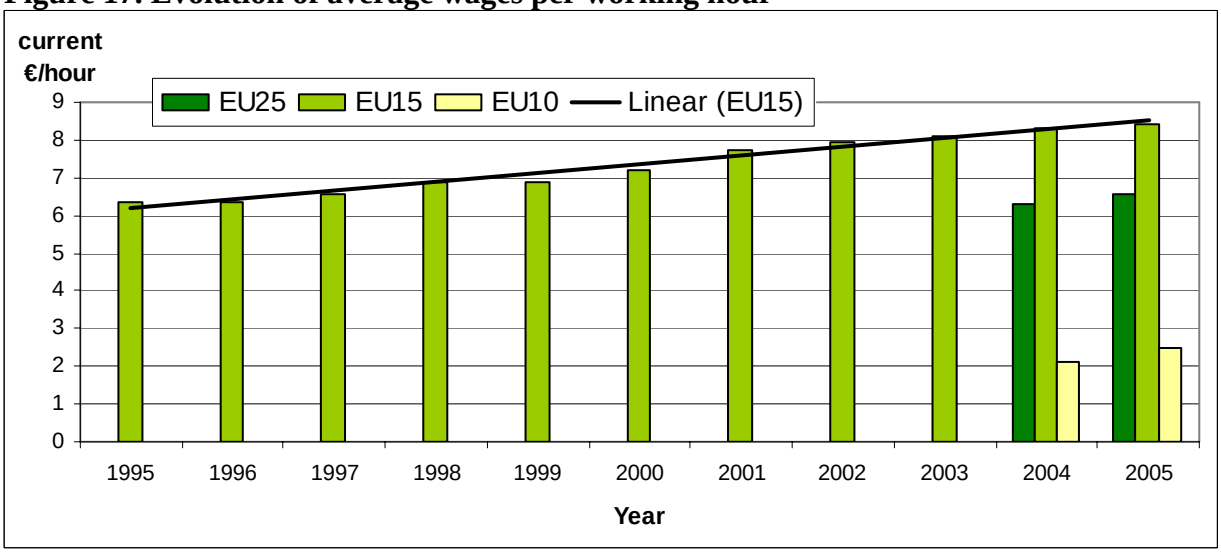
Source: DG AGRI EU FADN

2.2. WAGES

ANALYSIS PER MS

The evolution of the average wage per hour (figure 17) shows the progress in payments (€/hour) from accounting year 1995 until 2005. In EU15, wages increased by 32.3% on average, from 6.35 €/hour in 1995 up to 8.44 €/hour in 2005. In EU10, wages go up by 16% in 2005 with respect to the previous year, where the paid amount increase from 2.14 €/hour to 2.48 €/hour. Average wages in EU25 are at the level of 6.55 €/hour in 2005, representing an increase of 4.3% in comparison with the previous year.

Figure 17. Evolution of average wages per working hour



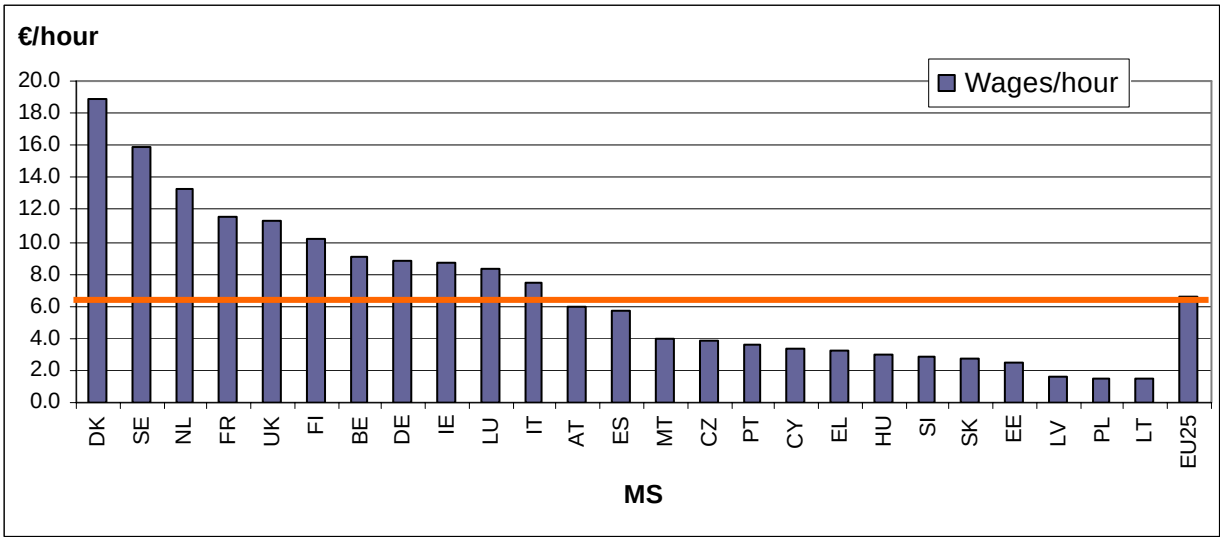
Source: DG AGRI EU FADN

Note: EU10 include the new MSs from 2004 (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia). EU15 include the MSs that conformed the EU until 2003

The highest wages per hour are found in Denmark (18.9 €/hour) and Sweden (15.8 €/hour), the lowest payment 1.4 €/hour is in Lithuania, closely followed by Poland (1.5 €/hour) and

Latvia (1.6 €/hour). Below the EU25 average can be found all EU10 MSs, together with Austria, Spain, Portugal and Greece (figure 18).

Figure 18. Average wages per hour paid labour per MS and in EU25, EU15 and EU10 in 2005



Source: DG AGRI EU FADN
Note. The horizontal line represents the value of average wages per hour per MS of EU25

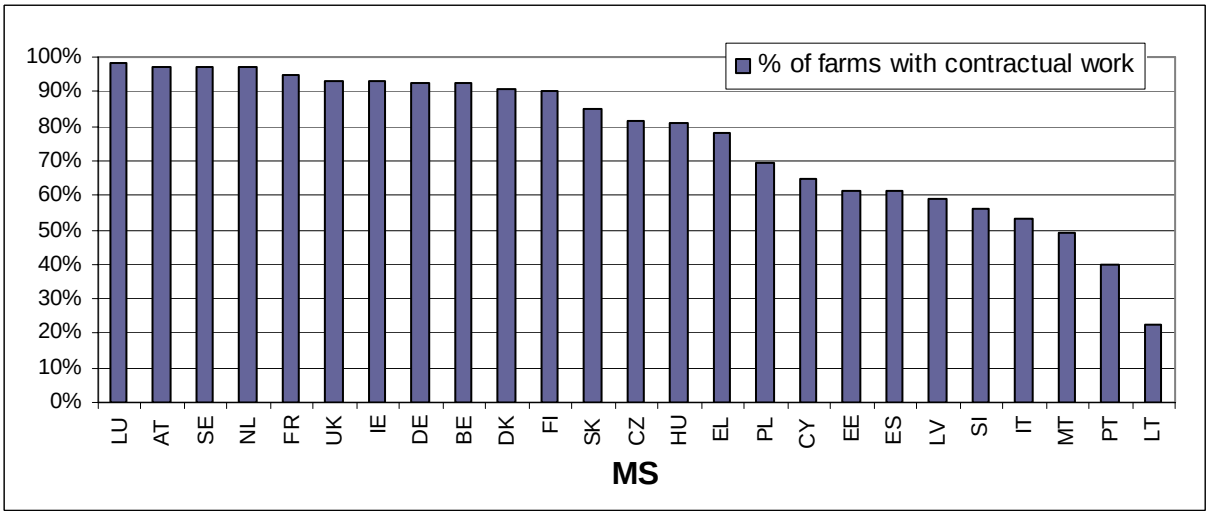
2.3. CONTRACTUAL WORK

Under contractual work the costs linked to work carried out by contractors or the hire of machinery are included.

ANALYSIS PER MS

The importance of the contractual work in agricultural holdings is represented in figure 19. The share of farms with contractual work on the total of holdings in the sample varies from 98% in Luxembourg to 22% in Lithuania. In 14 MSs, more than 80% of holdings have contractual work and only in Malta, Portugal and Lithuania this portion is less than 50%.

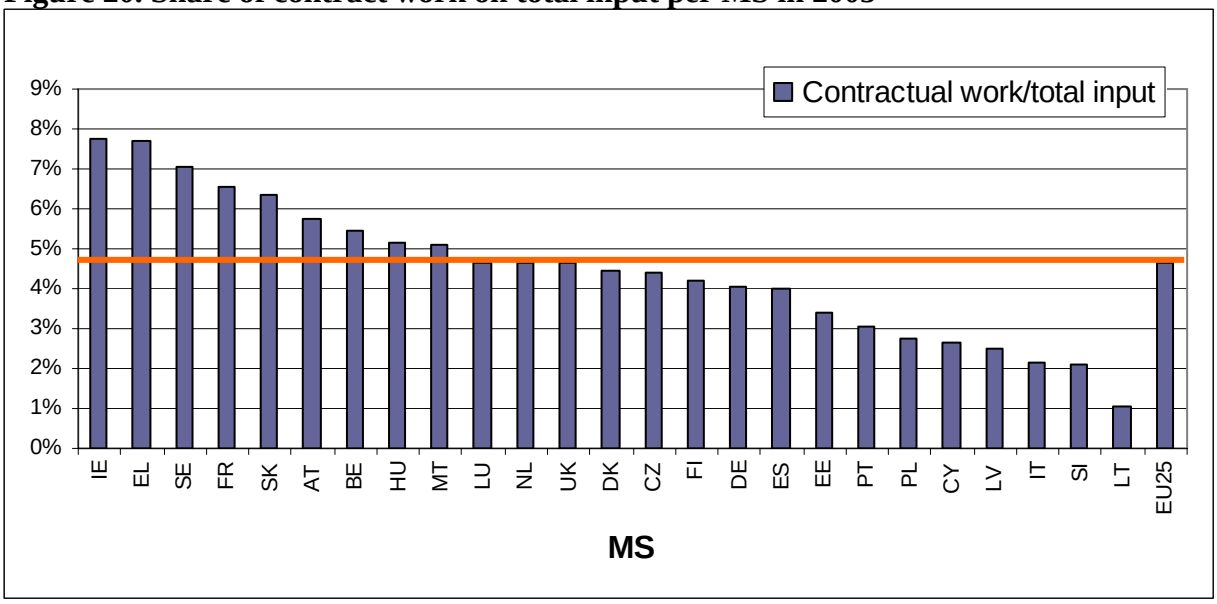
Figure19. Share of farms with contractual work on the total number of holdings per MS in 2005



Source: DG AGRI EU FADN

Nevertheless, the impact of cost of the contractual work in the total inputs (figure 20) is different for each MS. EU25 contractual work represents 4.7% of the total input, with Ireland and Greece on the top, with respectively 7.8% and 7.7%.

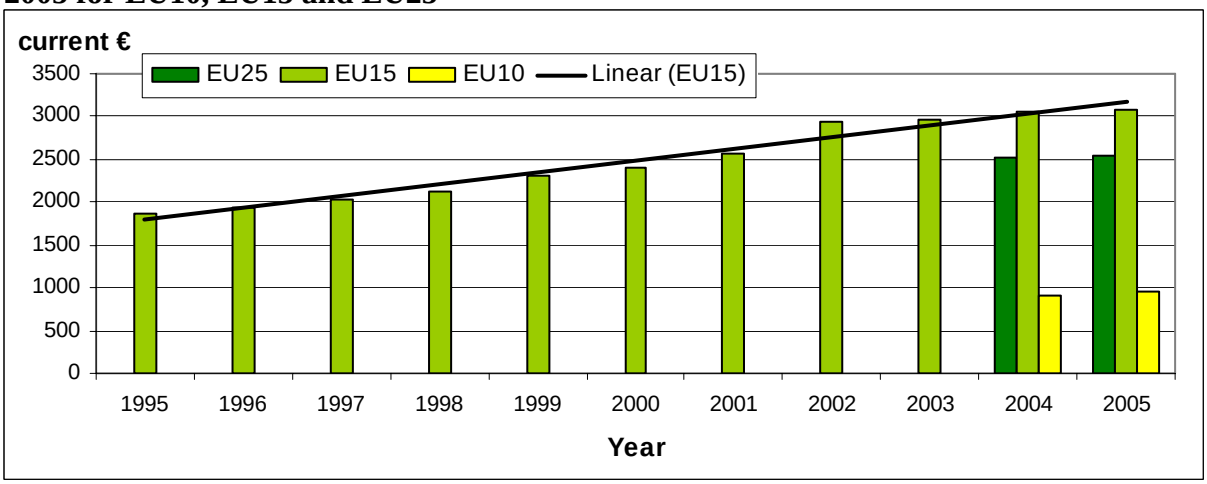
Figure 20. Share of contract work on total input per MS in 2005



Source: DG AGRI EU FADN
Note. The horizontal line represents the value of average costs of contractual work on the total inputs of the farm per MS of EU25

The increase of the costs of contractual work per holding in EU15 between years 1995 and 2005 is 65%, from € 1 865 in 1995 to € 3 073 in 2005. The same costs grew by 6% for EU10 from 2004 to 2005 (from € 908 to € 963 respectively), while this increase is of 1.2% for the EU25 (from € 2 523 to € 2 554) (Figure 21).

Figure 21. Evolution of the average costs of contractual work by holding from 1999 to 2005 for EU10, EU15 and EU25



Source: DG AGRI EU FADN
Note: EU10 include the new MSs from 2004 (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia). EU15 include the MSs that conformed the EU until 2003

3. FARM FINANCIAL STRUCTURE

3.1. TOTAL ASSETS AND LIABILITIES

Total assets are the agricultural holding's properties. They are calculated as the sum of current and fixed assets of a holding and equal the sum of liabilities and farm net worth. Current assets include non-breeding livestock, stock of agricultural products and other circulating capital (like advance for crops, holdings of agricultural shares, amounts receivable in short-term or cash balances in hand or at the bank). Fixed assets include agricultural land and farm buildings and forest capital, buildings, machinery and equipment and breeding livestock.

Appendix 7 shows a clarifying scheme about the composition of the balance sheet and the parameters used for the following indicators.

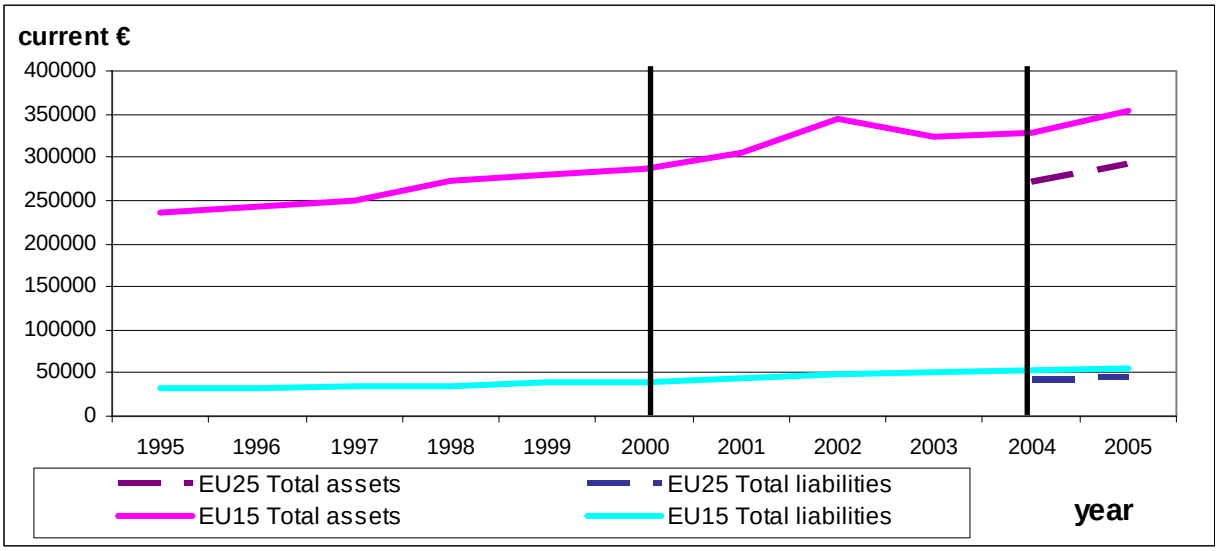
3.1.1. TOTAL ASSETS. EVOLUTION FROM 1995 TO 2005

A. ANALYSIS PER MS

EU15 has experienced an increasing trend in the holding total assets per farm (parallel to an increase in average farm's size) from 1995 to 2002, this latter year reaching the value of average holding's assets of € 354 242. However, data show a slight decrease (€ 324 096) in 2003, concurring with one of the CAP reforms, which could have some influence on the year results. This decrease is followed by another rise in the average value in 2004 and 2005.

The first delivery of FADN data from the new MSs (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia) took place in 2004. Consequently, the average total assets value for the EU25 is € 270 624 in 2004, adding a value (in absolute terms) of € 20 400 in 2005 (Figure 22).

Figure 22. Total assets (TA) and total liabilities (TL) evolution of EU15 and EU25 from 1995 to 2005



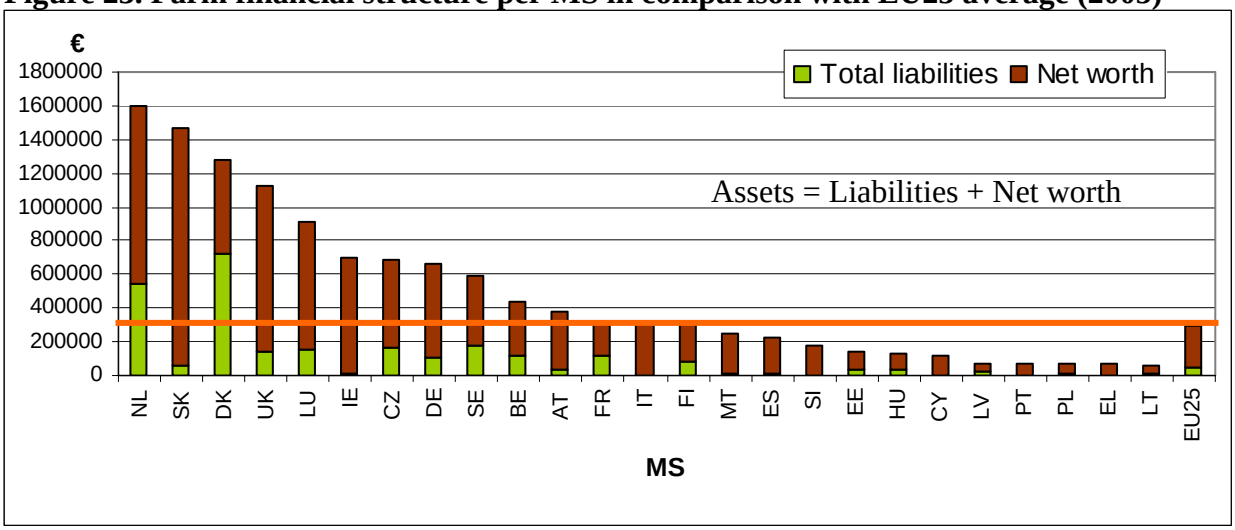
Source: DG AGRI EU FADN

Note: the two vertical lines correspond with the years 2000 and 2004, firsts years of implementation of the CAP reforms. The first data from the new member states (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, and Slovakia) were registered in 2004.

According to FADN of 2005, the EU25 farm average value for total assets is € 291 011, the average farm from the Netherlands having the highest values (€ 1 603 339) and that from Lithuania the lowest (€ 61 186). Figure 23 shows the comparison of each country's assets with

respect to the EU25 mean and their composition in liabilities and net worth. In general, farmers from Portugal, Spain, Cyprus, Ireland, Slovenia, Italy and Greece rely more in net worth to pay their assets rather than in total liabilities (total liabilities represent < 4% of total assets on average). On the contrary, Denmark, France, the Netherlands and Sweden rely, in relative terms, more in liabilities than in net worth to finance their assets (> 30%). The remaining MSs had a larger or smaller proportion of liabilities, always remaining within the previous two groups of countries.

Figure 23. Farm financial structure per MS in comparison with EU25 average (2005)



Source: DG AGRI EU FADN
Note: Total assets are represented in the figure by the length of the bar, including both liabilities and net worth. EU25 total assets average expressed by horizontal line.

B. ANALYSIS PER TYPE OF FARMING

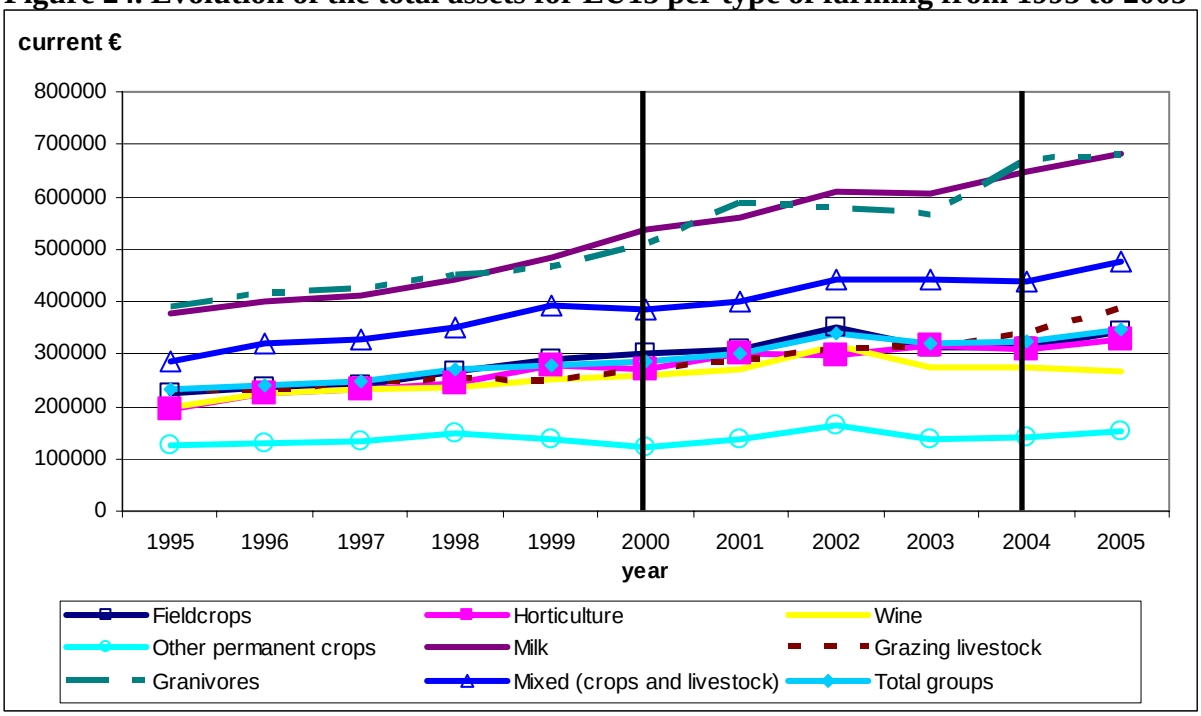
Other permanent crops account the lowest value of total assets during the ten-year-period, being followed by wine and horticulture. In contrast, livestock related farming (milk, granivores and mixed farms) shows the largest total assets (Figure 24). Apart from other permanent crops, which stays stable along the ten years, the remaining types of farming experiences an increasing trend from 1995 till 2003 in the EU25. With the adhesion of EU10, farm total assets of granivores, mixed farming, milk and horticulture experience a decrease in 2004, the former (granivores) being that encountering the most drastic drop. All of these types of farming shifted up trend in 2005. In contrast, wine and grazing livestock do not experience such trend and continue growing after 2003. Fieldcrop and wine farms present their maximums in 2002, the former being more affected by the drop in 2003 than the latter.

Milk (dairy specialists) is the farming type with largest total assets (€ 579 952) in 2005 (Figure 25), followed by pig and poultry (granivore) farms with € 414 551. Other permanent crops (holdings producing fruits and citrus, olives and other permanent crops) account the lowest total assets, with € 150 762. On average, a EU25 farm presented € 291 011 total assets, with € 44 151 liabilities and € 246 860 net worth.

In accordance with what is shown in figure 23, EU25 farms are mostly financed by net worth (also addressed in Figure 25). Other permanent crops, grazing livestock, fieldcrops and wine are those financed with a largest proportion of net worth (from 95% to 86% of total assets). In absolute terms, farms with livestock production show the largest net worth, milk farms' net worth being the highest in 2005 (€ 469 120). Grazing livestock farms and granivore farms remain behind with € 318 326 and € 297 453, respectively. None of the total assets averages

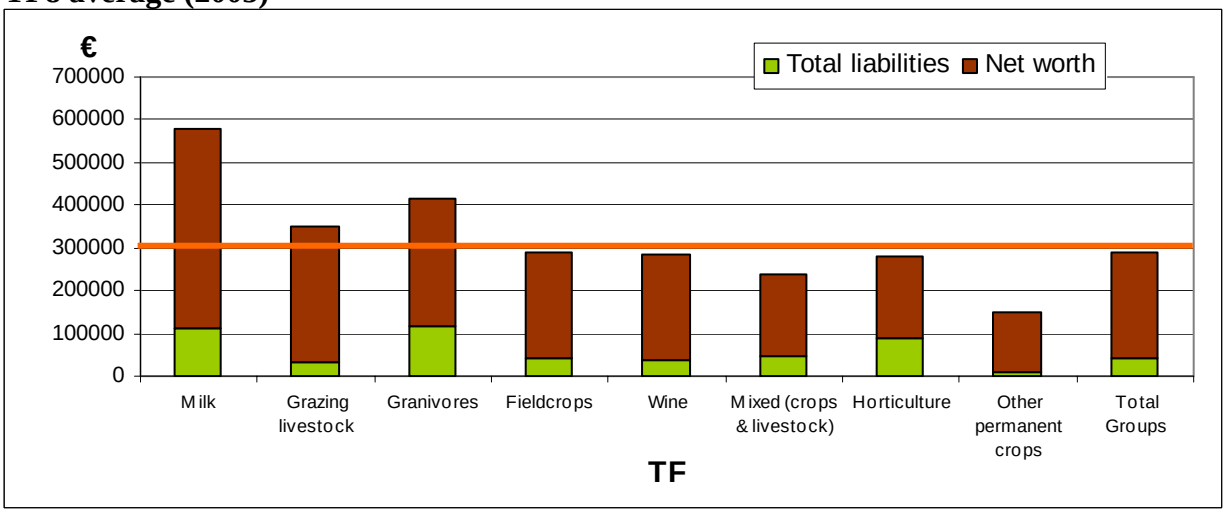
per type of farming show a financial structure based on more than 40% liabilities, milk, granivores and horticulture holdings being those with the largest percentage of liabilities (which may indicate a larger level of investment and capital intensity).

Figure 24. Evolution of the total assets for EU15 per type of farming from 1995 to 2005



Source: DG AGRI EU FADN
Note: the two vertical lines correspond with the years 2000 and 2004, firsts years of implementation of the CAP reforms

Figure 25. Farm financial structure per Type of Farming for EU25 in comparison with TF8 average (2005)



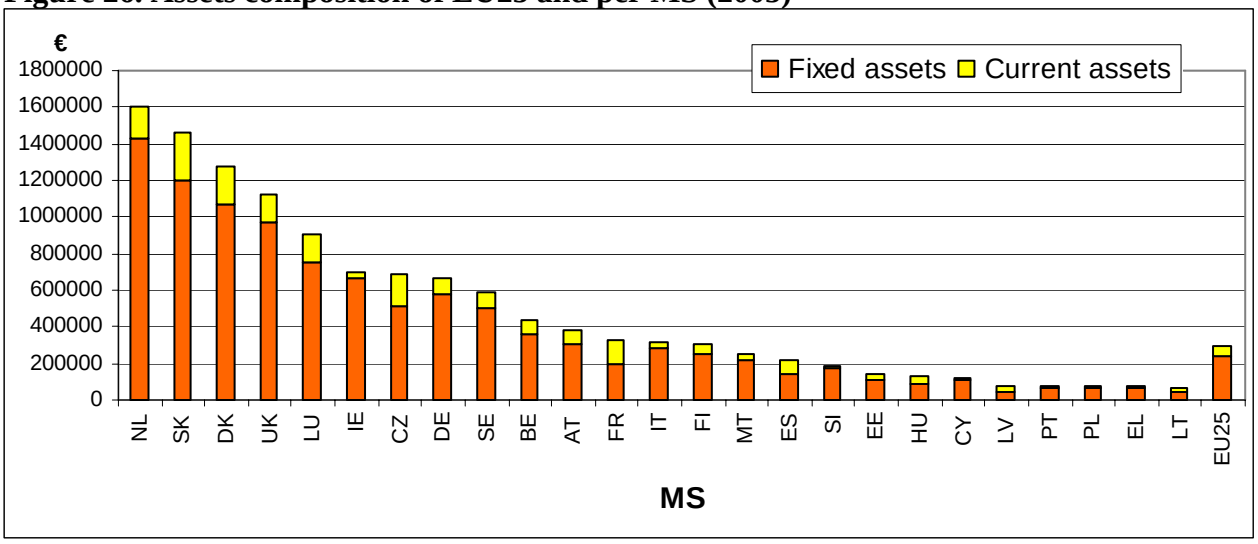
Source: DG AGRI EU FADN
Note: Total assets are represented in the figure by the length of the bar, including both liabilities and net worth. EU25 total assets average expressed by horizontal line. TF: Type of farming.

3.1.2. TOTAL ASSETS COMPOSITION

A. ANALYSIS PER MS

Fixed assets[6] represent the main proportion of total assets per farm in EU25 (Figure 26). Greece, Ireland and Slovenia are the MS where the total assets per farm are composed almost only of fixed assets (more than 95% of total assets).

Figure 26. Assets composition of EU25 and per MS (2005)



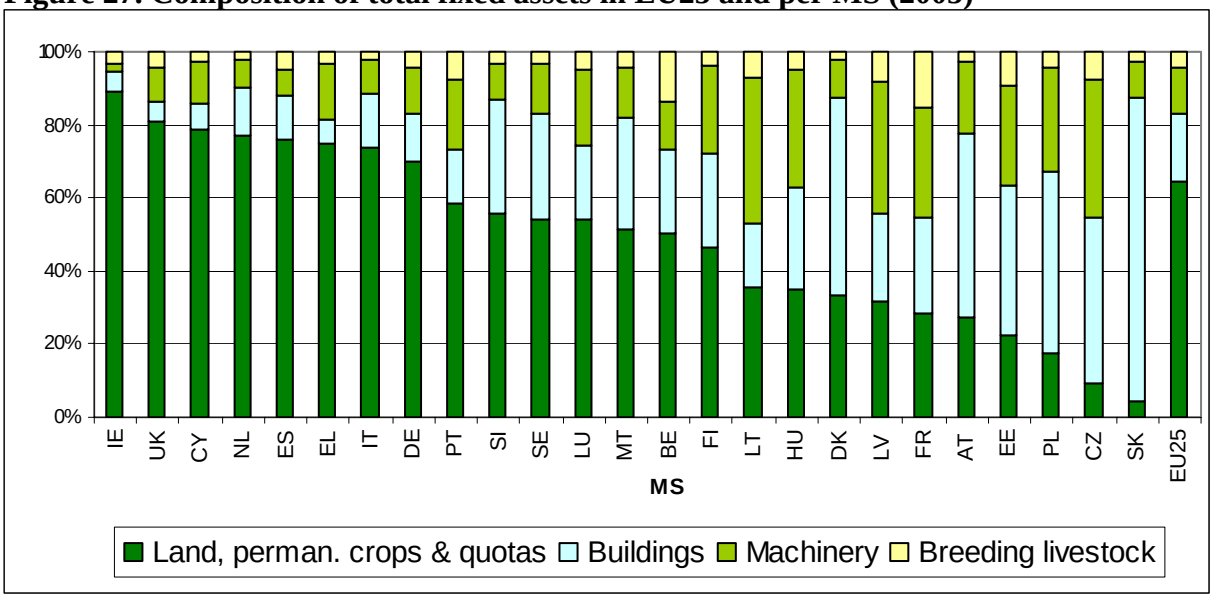
Source: DG AGRI EU FADN

The composition of total fixed assets per farm per MS depends on the composition of type of farming in each of the MS. Therefore, the composition of these fixed assets is different depending on the MS in 2005 (Figure 27): "land, permanent crops and quotas" are relatively the most important components in countries like the Netherlands, the United Kingdom, Ireland, and Cyprus; "buildings" are in Slovakia and Denmark. The MS that spend relatively more in "machinery" are Lithuania, Czech Republic, Lithuania and Hungary. "Breeding livestock" remained in all MS in a range going from 2% (Italy) to 15% (France) of the total fixed assets.

At this point it can be remarked that there are differences in the way of recording assets and factors among the MSs. Quotas, for instance, are not manage in all MSs in the same way. In some MSs they are not marketable, so they are not recorded within the total assets of the farm. As a result, the item "land, permanent crops and quotas" is lower. These differences can be appreciated for example between the Netherlands and France, the former having marketable quotas. Besides, there are also differences at recording data about land, like is the case of France, in which farmers constitute companies that rent land to its members. Consequently, land is not included in the farm's total assets, increasing relatively the other assets share.

[6] Fixed assets include agricultural land, farm and other buildings, forest capital, machinery and equipment and breeding livestock.

Figure 27. Composition of total fixed assets in EU25 and per MS (2005)

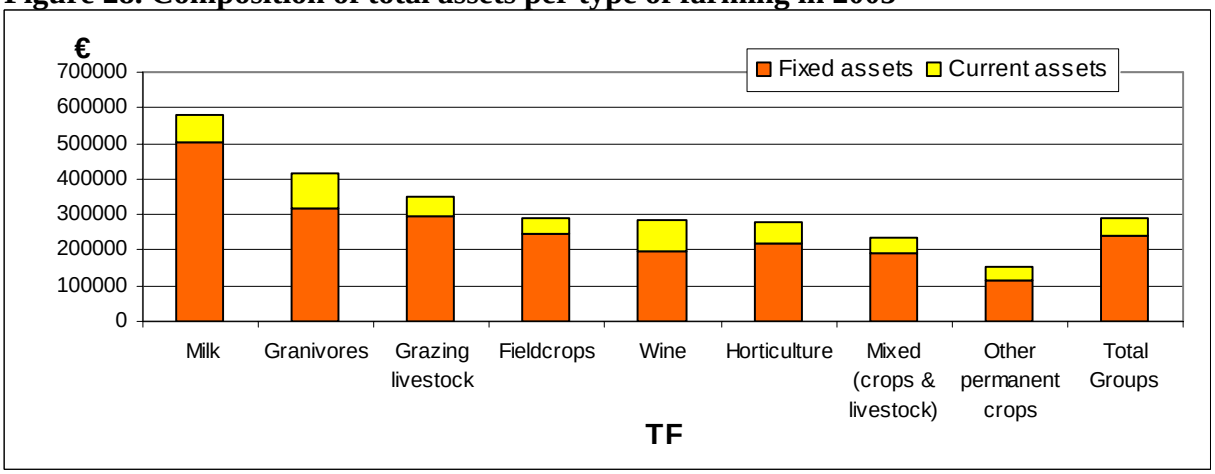


Source: DG AGRI EU FADN

B. ANALYSIS PER TYPE OF FARMING

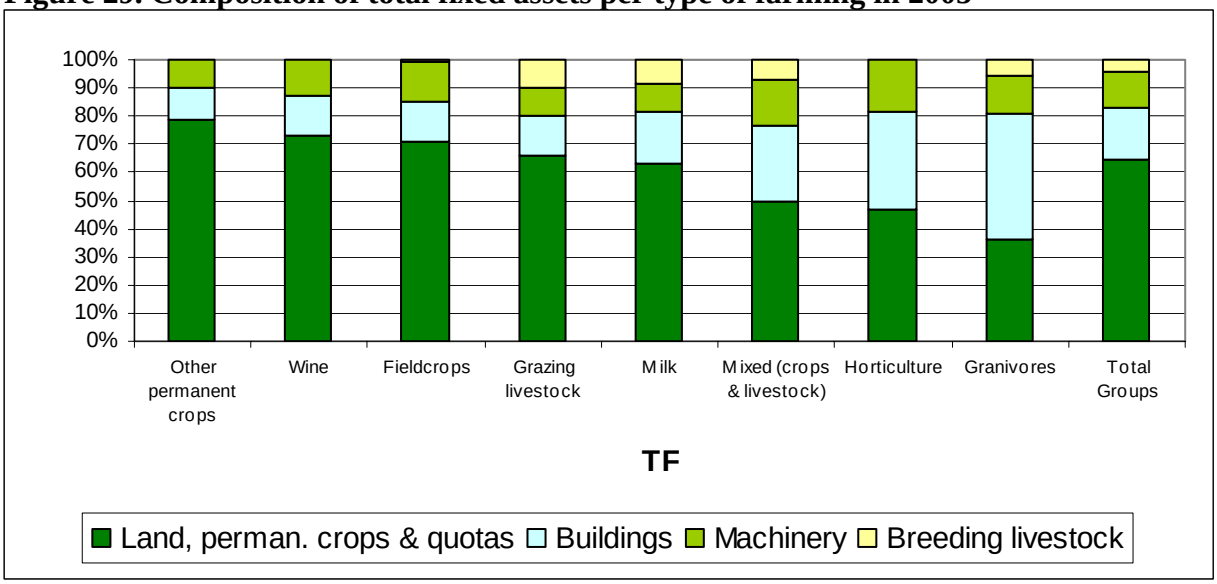
The total assets of all types of farming are mainly based on fixed assets in 2005 (Figure 28): 64.6% are dedicated to "land, permanent crops and quotas", 18.4% to "buildings", 12.5% to "machinery" and the remaining 4.5% to "breeding livestock". These percentages vary widely depending on the type of farming considered (Figure 29). While other permanent crops, wine, fieldcrops, grazing livestock and milk show a larger percentage in the former (all over 60%), granivore production farms are more land independent and rely more on "buildings". Horticulture farms have the higher share of "machinery" (18.5% of fixed assets), followed by mixed farming (16.3%), fieldcrops (14.1%) and granivore farms (13.2%). "Breeding livestock" represents higher share of total assets in grazing livestock holdings (10.2%) than in milk (8.4%), mixed farms (6.8%) or granivores (5.9%).

Figure 28. Composition of total assets per type of farming in 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming.

Figure 29. Composition of total fixed assets per type of farming in 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming.

3.1.3. TOTAL LIABILITIES

EU25 total liabilities (total debts) average represents little proportion of total assets during the studied period, experiencing a slight and steady growth. Although the enlargement to EU25 has also an effect in average total liabilities per farm, the impact is much lower than in the case of total assets, only going down one fifth of the amount decreased by total assets.

Similarly to the last ten-year-trend of total assets (Figure 22), total debts experience a steady increment for EU15, starting with € 31 163 in 1995 and achieving € 52 594 and € 54 472 in 2004 and 2005, respectively. The enlargement to EU25 have an impact in the farm total liabilities average, showing € 42 436 total liabilities in 2004 and € 44 151 in 2005.

A. ANALYSIS PER MS

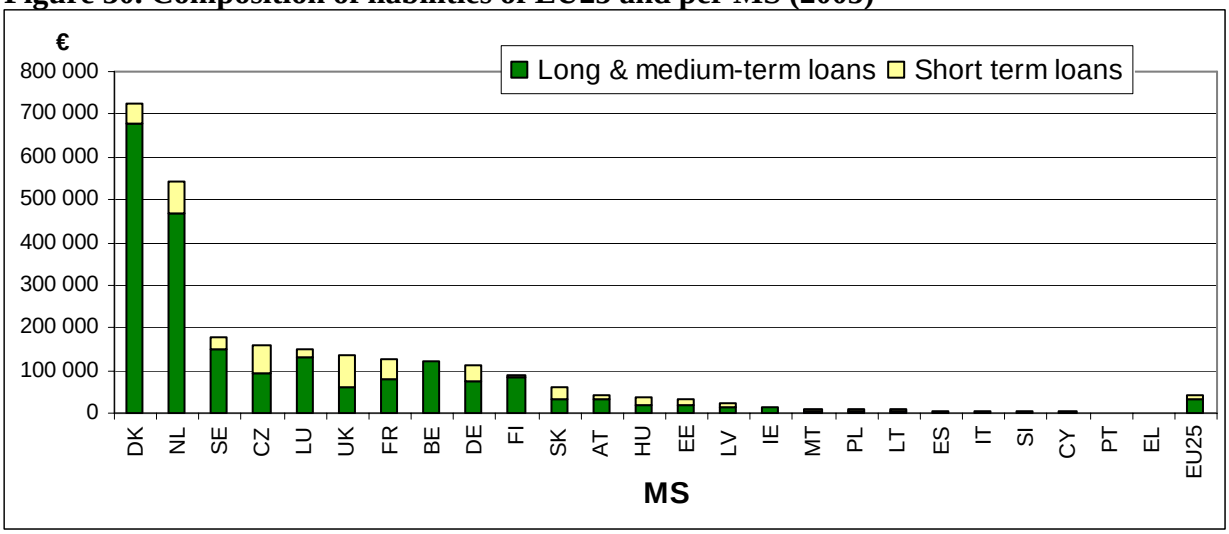
As just mentioned, EU25 agricultural holding liability average is € 44 151 in 2005 (Figure 30). Denmark is the MS with largest debts per farm (€ 726 661), followed by the Netherlands (€ 540 510). Greek agricultural holdings, with € 263 total liabilities, and Portuguese ones, with € 2 332, show the lowest levels of debts. The United Kingdom, Portugal and Greece are the countries in which farmers rely the least on long and medium-term loans to finance their holdings, these loans being lower than 50% of total liabilities. Belgian and Slovenian farms, in contrast, have at least 95% long and medium term loans in the structure of their liabilities.

B. ANALYSIS PER TYPE OF FARMING

According to figure 23, granivores, milk and horticulture holdings are the types of farming with the largest debts (€ 117 098, € 110 832 and € 90 637, respectively), due to their production and investment intensity. On the other hand, other permanent crops holdings record the least debts in 2005 (€ 7 243).

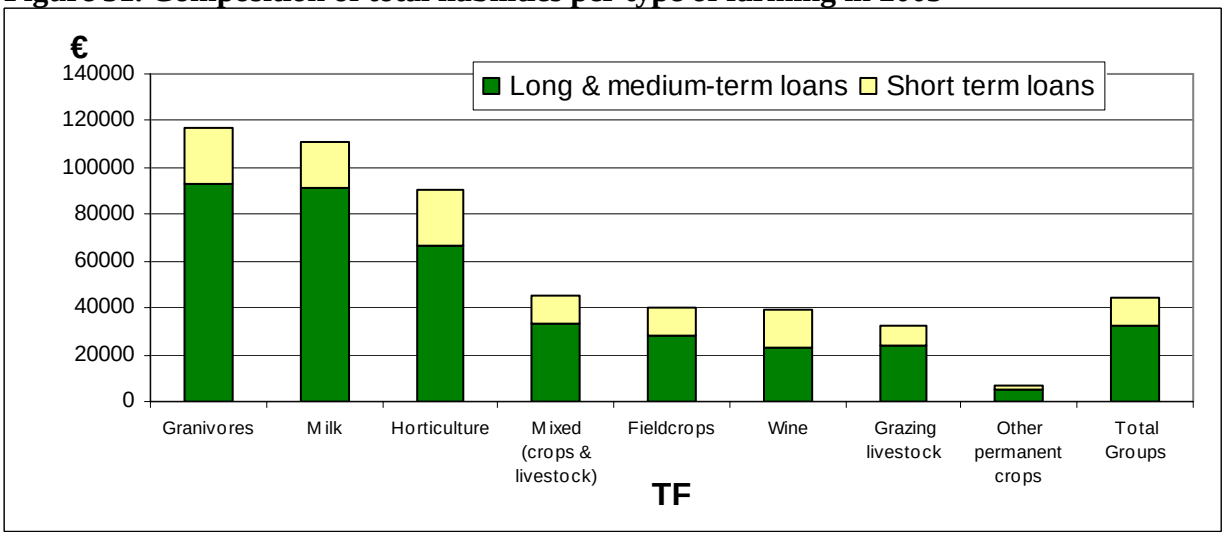
Regarding the composition of these liabilities (Figure 31), all types of farming have a percentage of short term loans within a range from 18% (milk) to 29% (fieldcrops), with the exception of wine (43%) and other permanent crops (34%).

Figure 30. Composition of liabilities of EU25 and per MS (2005)



Source: DG AGRI EU FADN

Figure 31. Composition of total liabilities per type of farming in 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming.

3.2. PERFORMANCE INDICATORS

The following indicators provide ways to compare the financial structure and performance of different agricultural holdings. Components of the balance sheet and income statement have been used for their calculation. Despite they can be absolute values, like the net worth of a farm, they are normally expressed in the form of ratios or percentages, as is the case of liabilities-to-assets ratio, liabilities-to-net worth ratio, etc. In all cases the evolution since the enlargement of EU to EU25 has be addressed. Appendix 8 sums up the values of the different farm business financial indicators per MS and average EU25 in 2005.

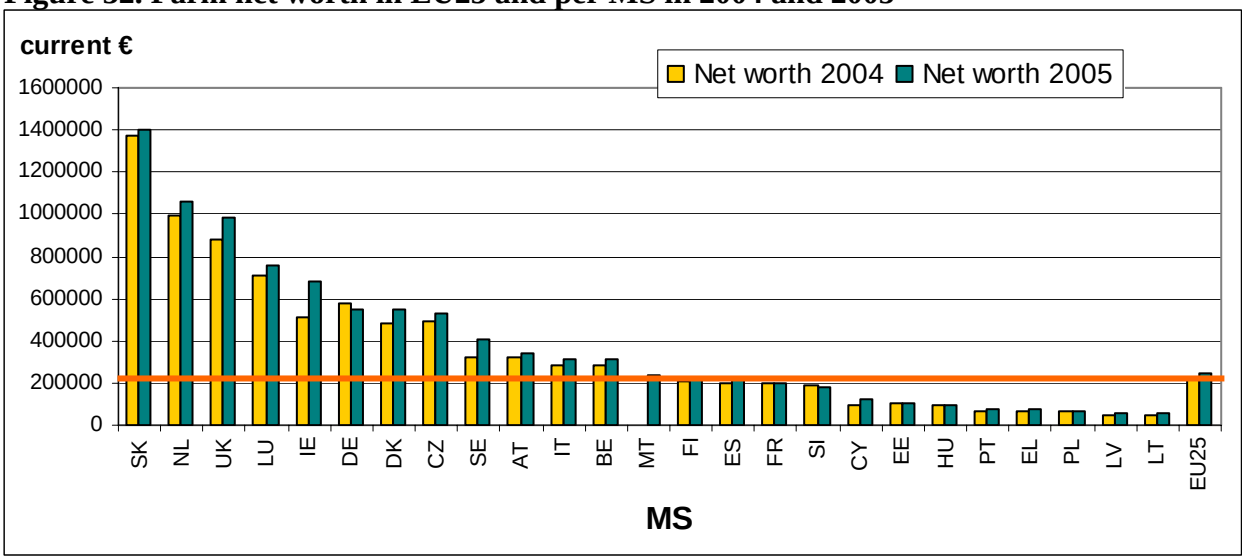
3.2.1. FARM NET WORTH (2004-05)

Farm net worth (also called owner's equity) is equal to the reduction of total debts from total assets at the end of the accounting year.

A. ANALYSIS PER MS

Average net worth values for FADN farms for EU25 are € 228 187 and € 246 860 in 2004 and 2005, respectively. In the later year, Slovakia shows the highest net worth value, with € 1 401 175, while Lithuanian average farm has only € 59 678 (Figure 32).

Figure 32. Farm net worth in EU25 and per MS in 2004 and 2005

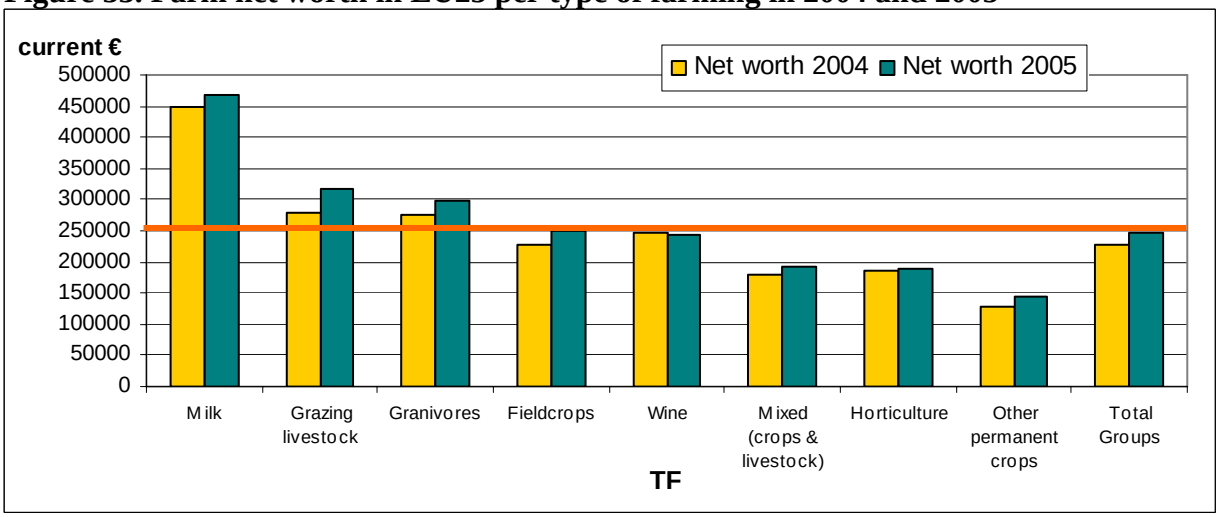


Source: DG AGRI EU FADN
Note. No FADN data is recorded from Malta in 2004. The horizontal line represents the value of average net worth of the farm per MS of EU25 in 2005.

B. ANALYSIS PER TYPE OF FARMING

Milk farmers are those with the largest net worth (€ 469 120), while farms dedicated to other permanent crops have the lowest (€ 143 519). A general increasing trend in net worth can be observed between both years for all types of farming except for the wine sector, in which farms experience a slight reduction of approximately € 2 750 (Figure 33).

Figure 33. Farm net worth in EU25 per type of farming in 2004 and 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming. The horizontal line represents the value of average net worth of the farm per TF of EU25 in 2005.

3.2.2. FARM SOLVENCY (2004-05):

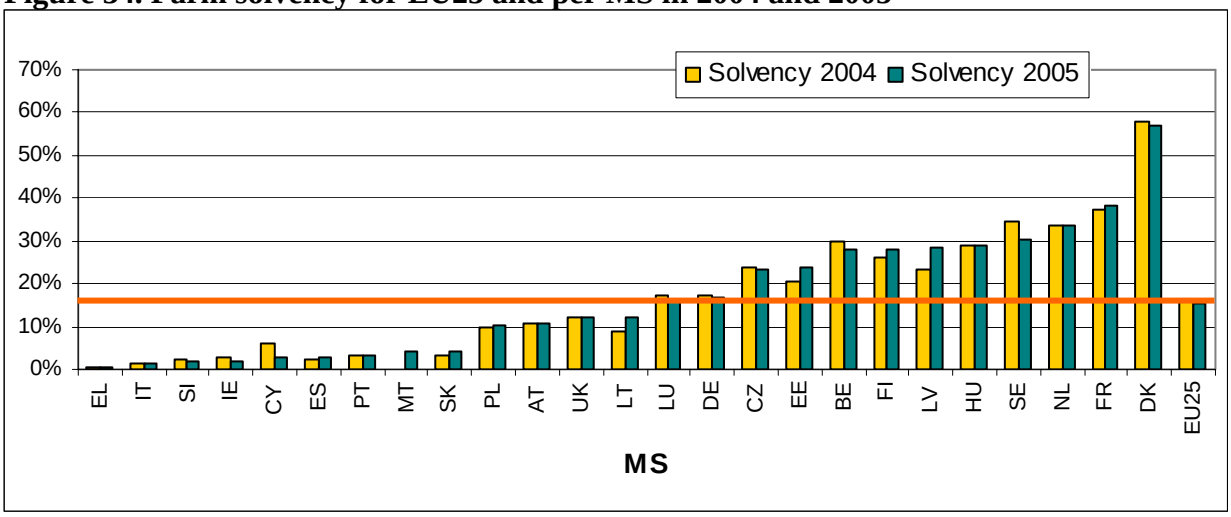
Solvency is the ability of an entity to pay its debts with available cash or the ability of a business to meet its long-term fixed expenses. The better a company's solvency, the better it is

financially. In case a company is insolvent, it can no longer operate and undergoes bankruptcy. Solvency has been measured based on the liabilities-to-assets ratio at the end of the accounting year. Therefore, low values of this ratio assure better options for farms to meet their payment obligations.

A. ANALYSIS PER MS

Farm solvency for EU25 remains fairly stable around 15% from 2004 to 2005 (Figure 34). Danish FADN farms are the least solvent ones with 57.7% in 2004 and 57% in 2005, while those from Greece show the largest solvency with 0.5% and 0.4% in the respected years.

Figure 34. Farm solvency for EU25 and per MS in 2004 and 2005

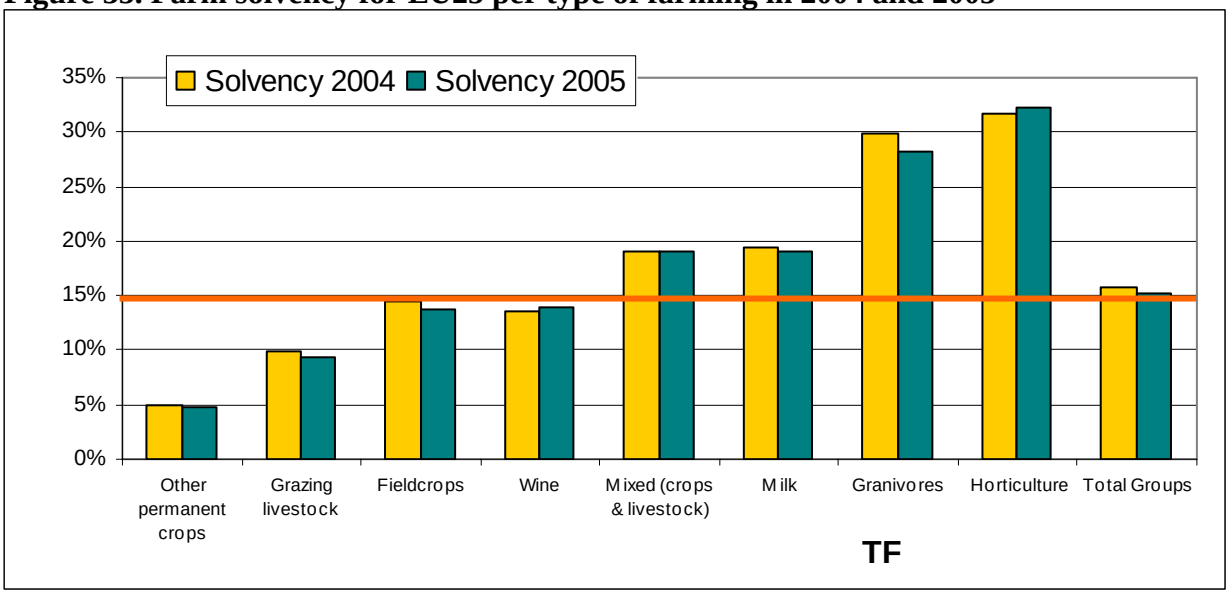


Source: DG AGRI EU FADN
Note. No FADN data is recorded from Malta in 2004. The horizontal line represents the value of average solvency of the farm per MS of EU25 in 2005.

B. ANALYSIS PER TYPE OF FARMING

FADN holdings dedicated to horticulture seem to be the least solvent ones both in 2004 and 2005, with solvency percentages of 31.8% and 32.3%, respectively (Figure 35). Pig and poultry farms remain in second position showing a slight drop, from 29.9% (2004) to 28.2% (2005). In contrast, farms focused on other permanent crops are the most solvent ones (4.9% in 2004 and 4.8% in 2005).

Figure 35. Farm solvency for EU25 per type of farming in 2004 and 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming. The horizontal line represents the value of average solvency of the farm per TF of EU25 in 2005.

3.2.3. LIABILITIES-TO-NET WORTH RATIO (2004-05)

Liabilities-to-net worth ratio (leverage ratio)[7] is a financial ratio indicating the relative proportion of net worth and liabilities used to finance a company's assets. The lower the ratio is, the lesser proportion of assets is financed by loans. It is equal to total liabilities divided by farm net worth at closing valuation. Therefore, values around 1 mean that 50% of the assets are finance by loans and 50% by net worth. Both components of the equation are taken from the firm's balance sheet.

A. ANALYSIS PER MS

Average liabilities-to-net worth ratio for EU25 is 0.18 in 2005, 1% lower than in the previous year (Figure 36). Despite having the highest ratios among all MSs at the end of the years 2004 and 2005, Denmark shows a decreasing tendency with 1.36 and 1.33, respectively. Greece addresses the lowest liabilities-to-net worth ratios, with 0.005 and 0.004, respectively.

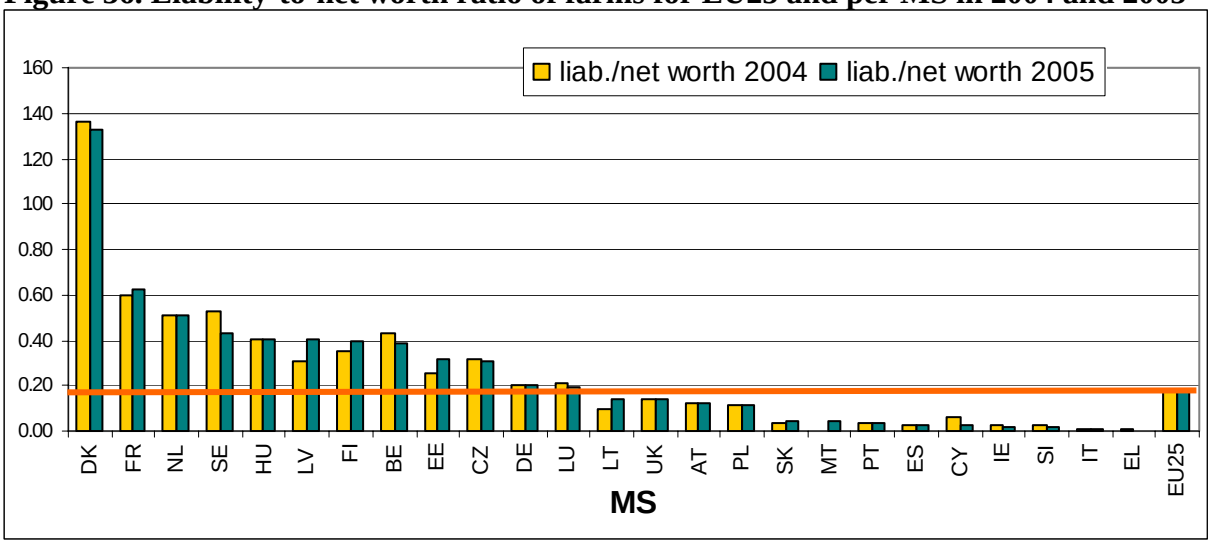
B. ANALYSIS PER TYPE OF FARMING

Horticulture is the type of farming that show higher liability-to-net worth ratio in 2004 and 2005 (0.47 and 0.48, respectively), accordingly with the structure of assets' financing shown in Figure 25. Farmers of other types of farming rely less on loans to finance their assets, and therefore they present a lower value for this ratio. Other permanent crops holdings exhibit the lowest ratio with 0.05 in both years (Figure 37).

Except for horticulture and wine farms, which undergo an increase from 2004 to the following year, all types of farming experience a slight drop in their liability-to-net worth ratio.

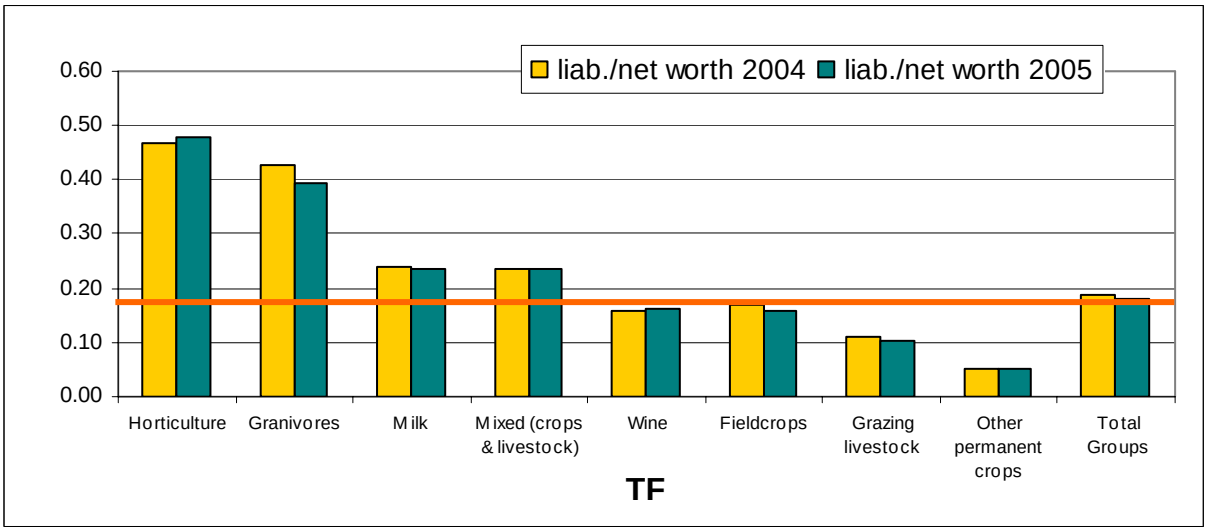
[7] Leverage normally refers to the level of debts one holding use to finance its assets. If a holding relies more on loans to pay its assets, then it will be more leveraged. It is calculated as the relationship between liabilities and net worth. If this ratio is larger than one, the holding is financing its assets mainly on loans. Otherwise, if it is lower than one, the holding is paying its assets more with its net worth.

Figure 36. Liability-to-net worth ratio of farms for EU25 and per MS in 2004 and 2005



Source: DG AGRI EU FADN
Note. No FADN data is recorded from Malta in 2004. The horizontal line represents the value of average liabilities-to-net worth ration of the farm per MS of EU25 in 2005.

Figure 37. Liability-to-net worth ratio of farms for EU25 per type of farming in 2004 and 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming. The horizontal line represents the value of average liabilities-to-net worth ratio of the farm per TF of EU25 in 2005.

3.2.4. LIQUIDITY (2004-05)

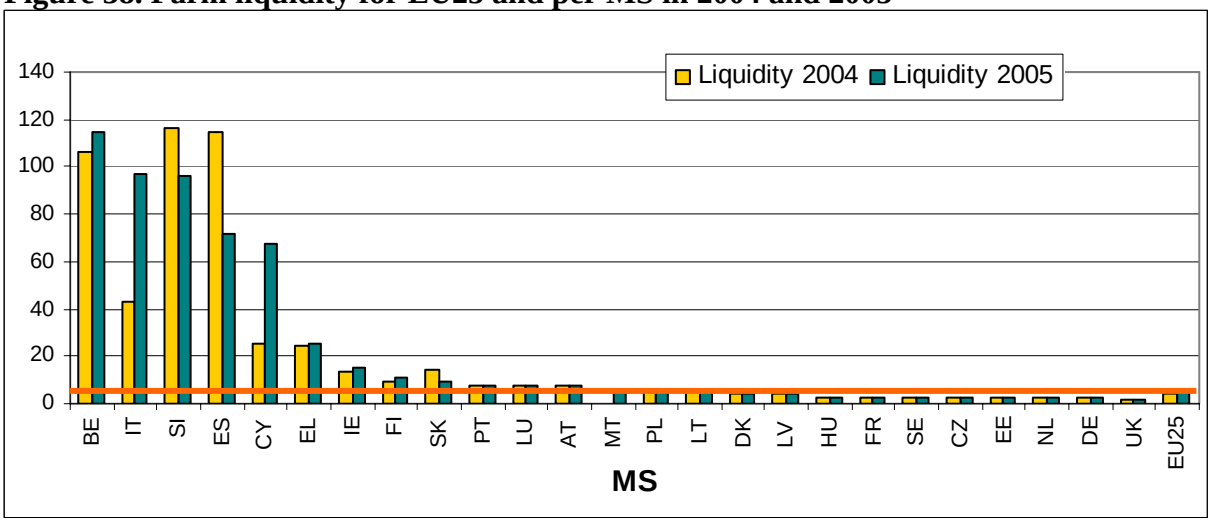
Liquidity, measured as a current ratio, identifies the relationship between current assets[8] and current liabilities. It is the business quality that enables the agricultural holding to meet its short-term payment obligations, in terms of possessing sufficient current assets, which can be sold rapidly with a minimal loss value anytime. Lender entities normally prefer current ratios of at least 1.5:1, or 2:1. The measure is influenced by the method of valuation of the assets.

[8] Current assets include non-breeding livestock, circulating capital (stocks of agricultural products) and other circulating capital.

A. ANALYSIS PER MS

The average current ratios for EU25 are 4.17 in 2004 and 4.68 in 2005. Slovenia shows the largest current ratio in 2004 (116.29) while Belgium does in 2005 (115.05) (Figure 38). The United Kingdom exhibits in both years the lowest ratios, with 1.91 and 1.97, respectively. However, liquidity values reveal large variation among MSs. Similarly, there is a variation between the years 2004 and 2005, which is more striking for the countries that registered the largest liquidity values (Italy, Spain and Cyprus).

Figure 38. Farm liquidity for EU25 and per MS in 2004 and 2005

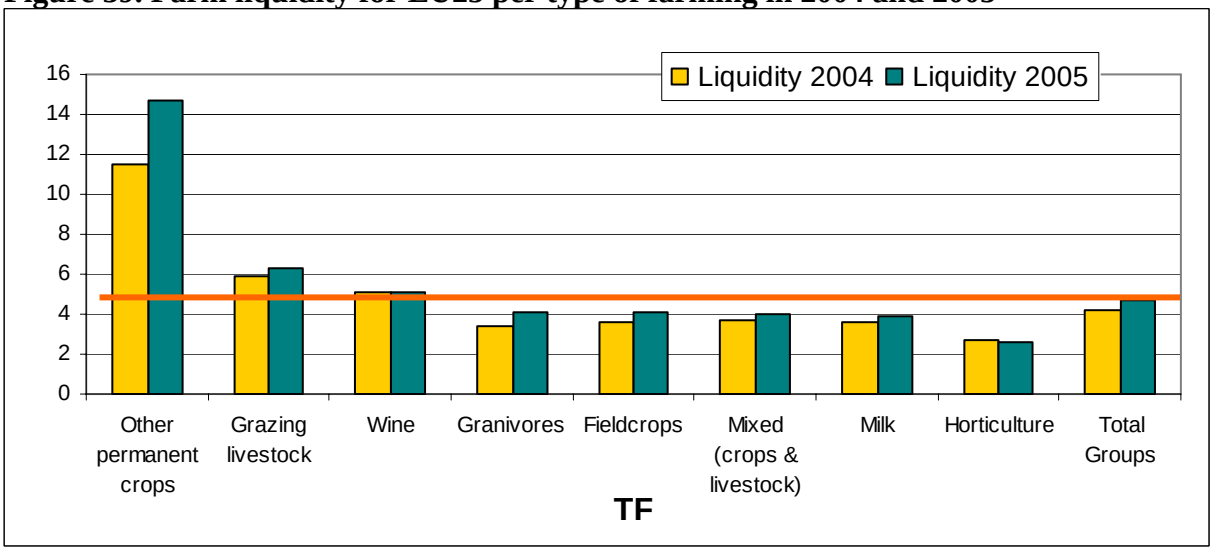


Source: DG AGRI EU FADN
Note. No FADN data is recorded from Malta in 2004. The horizontal line represents the value of average liquidity of the farm per MS of EU25 in 2005.

B. ANALYSIS PER TYPE OF FARMING

Holdings based on other permanent crops production present the largest current ratio in the two years considered, type of farming in which the variation between years is the most dramatic (3.22) (Figure 39). Grazing livestock and wine farms remain above the European mean, keeping in a range of 6.3 and 5 both years. Horticulture farms seem to be the least liquid of the EU25, with current ratios of 2.67 in 2004 and 2.58 in 2005.

Figure 39. Farm liquidity for EU25 per type of farming in 2004 and 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming. The horizontal line represents the value of average liquidity of the farm per TF of EU25 in 2005.

3.2.5. PROFITABILITY: RETURN ON ASSETS (2004-05)

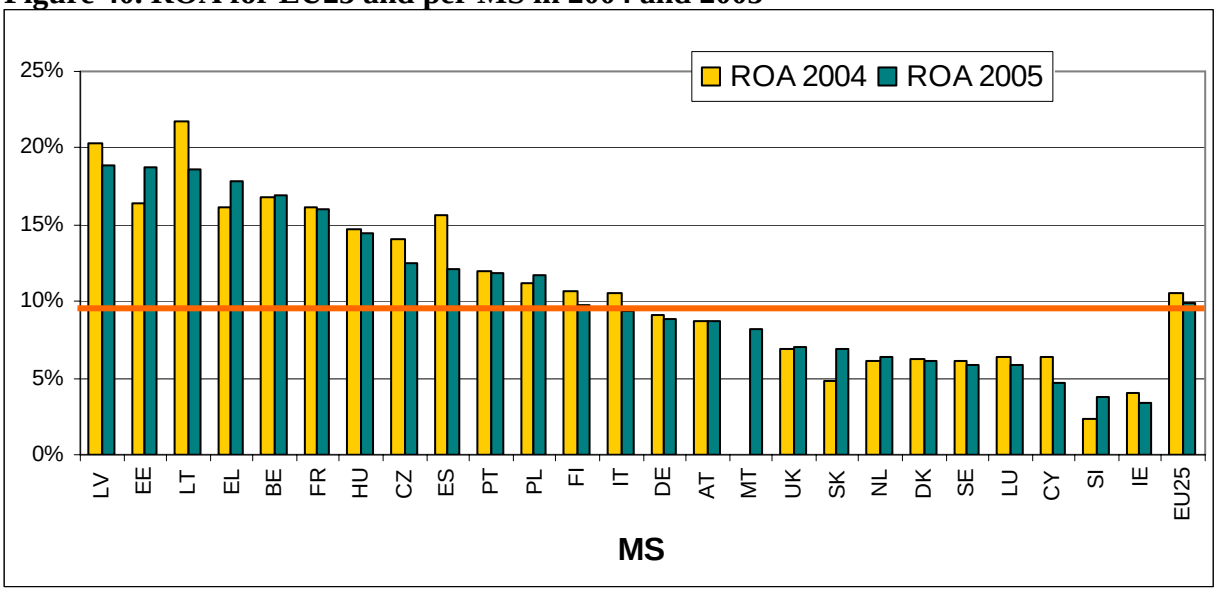
The Return on Assets (ROA) shows how profitable a company's assets are in generating revenue. It gives an idea about the returns received by the farm operator for both debt and net worth capital invested. It is defined as the relationship between the net farm value added (NFVA) and the average total assets of an accounting year.

A. ANALYSIS PER MS

Average ROA for EU25 is 9.9% in 2005, which diminishes from 10.6% in 2004. Holdings from Lithuania, Latvia and Belgium show the largest ROA in 2004 (21.8%, 20.3% and 16.8%, respectively), while Slovenia and Ireland record the lowest ones (2.4% and 4%, respectively) (Figure 40). In 2005, Latvian holdings exhibit a ROA of 18.9%, followed by the 18.7% of Estonia and Lithuania. Slovenia and Ireland show again the lowest ROA, 3.8% and 3.4%, respectively.

There are some factors to be considered regarding the interpretation of the ROA of the different MSs. As previously mentioned, average total assets are influenced by the other circulating capital integrated in current assets. As it has been seen in the paragraph 3.2.4., Spanish holdings experience a large change in liquidity from 2004 to 2005, mainly due to variation in the values of circulating capital. Besides, depreciation has an impact in the holding FNVA. Countries that overestimate their depreciation show lower ROA than countries that underestimated it.

Figure 40. ROA for EU25 and per MS in 2004 and 2005



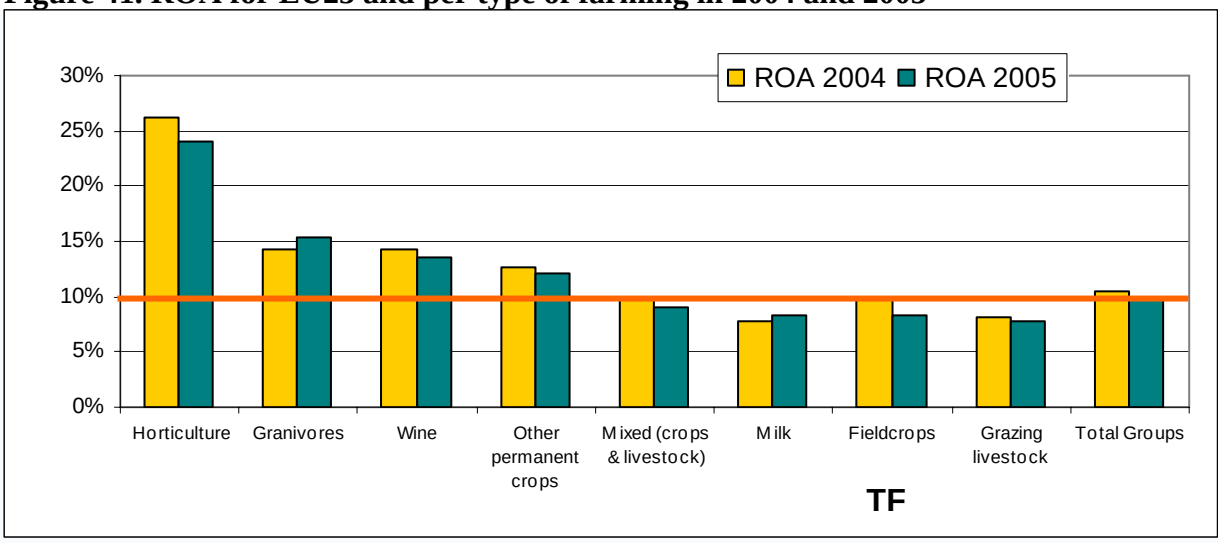
Source: DG AGRI EU FADN

Note. No FADN data is recorded from Malta in 2004. The horizontal line represents the value of average ROA of the farm per MS of EU25 in 2005.

B. ANALYSIS PER TYPE OF FARMING

The picture recorded for the MS changes when the types of farming are taken into account (Figure 41). Horticultural holdings present the largest ROA considering EU25 averages, experiencing a diminution from 2004 to 2005 (26.3% to 24%). The other types of farming remain in a range of 14.4% and 7.8% during 2004 and 15.4% and 7.8% in 2005, grazing livestock holdings being those with lowest profitability in the latter year.

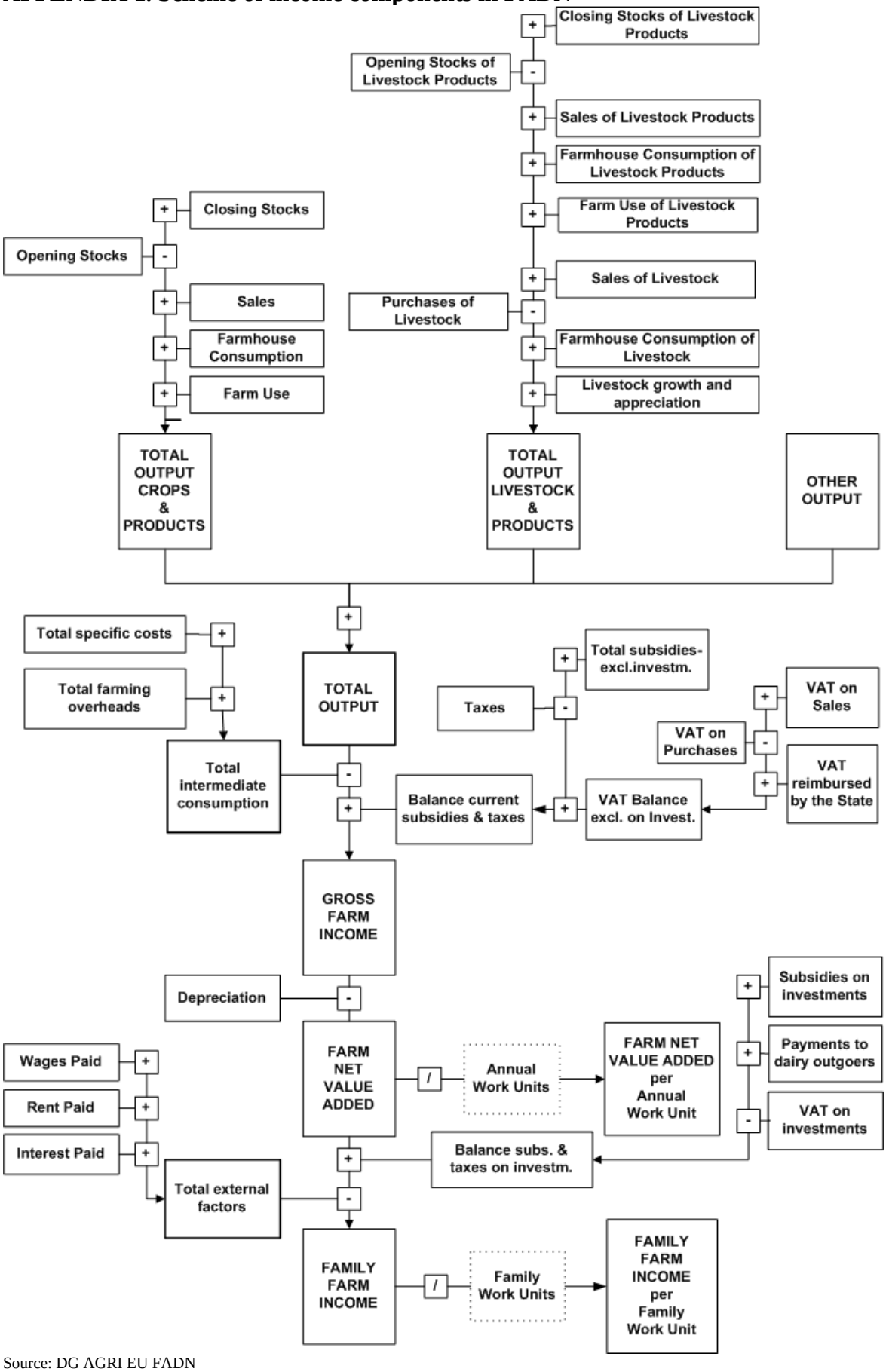
Figure 41. ROA for EU25 and per type of farming in 2004 and 2005



Source: DG AGRI EU FADN
Note: TF: Type of farming. The horizontal line represents the value of average ROA of the farm per TF of EU25 in 2005.

FIGURE INDEX

APPENDIX 1. Scheme of income components in FADN



Source: DG AGRI EU FADN

APPENDIX 2. Threshold per Member State in 2005 (ESU: European size units)

Member State	**Threshold (ESU)**
Belgium	16
Cyprus	1
Czech Republic	4
Denmark	8
Germany	8
Greece	2
Spain	2
Estonia	2
France	8
Hungary	2
Ireland	2
Italy	4
Lithuania	2
Luxembourg	8
Latvia	2
Malta	8
The Netherlands	16
Austria	8
Poland	2
Portugal	2
Finland	8
Sweden	8
Slovakia	6*
Slovenia	2
The United Kingdom	16**
UE25	

* The Slovak 2004-2005 threshold was 6 ESU, but the calculation has been done with 8 ESU, threshold from 2007 onwards (6 ESU not available).

** Threshold 16 was used for the whole UK (threshold 8 ESU for Northern Ireland was not considered).

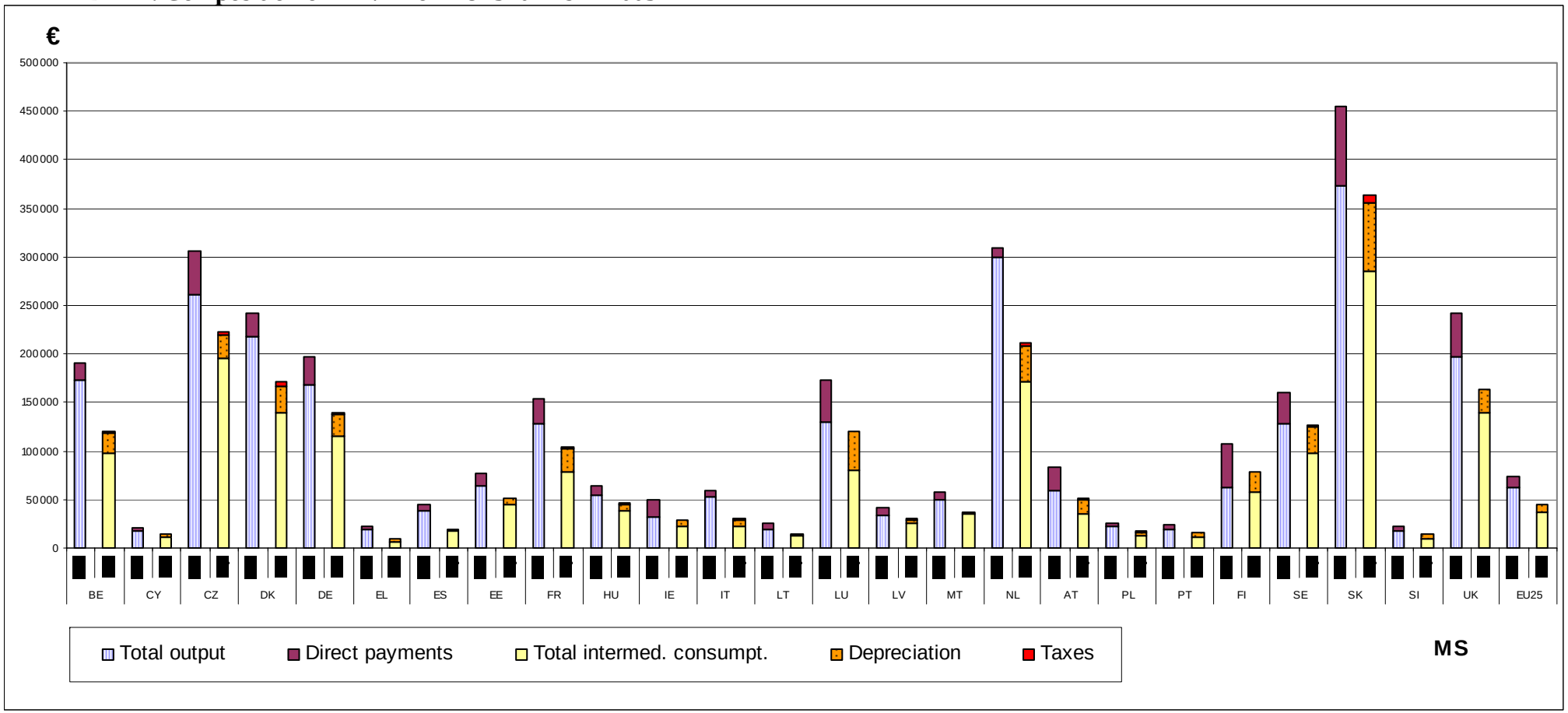
Source: DG AGRI EU FADN

APPENDIX 3. Number of holdings per type of farming in 2005

	Farms represented	Sample farms
Types of farming	Sum	Sum
Fieldcrops	1 219 156	21 982
Horticulture	153 885	4 812
Wine	264 288	4 012
Other permanent crops	838 871	7 508
Milk	394 430	10 817
Grazing livestock	499 913	10 090
Granivores	124 342	4 423
Mixed (crops and livestock)	692 927	13 037
Total Groups	4 187 813	76 681

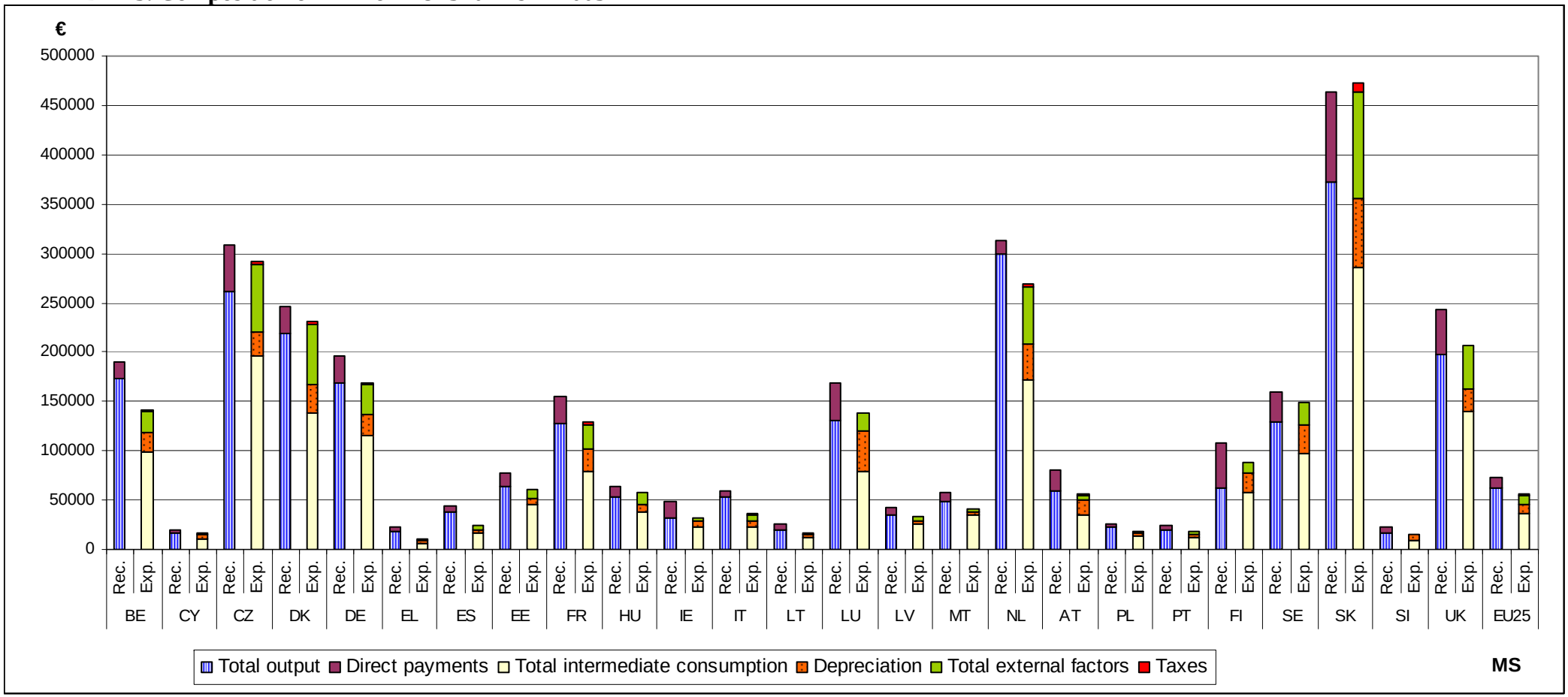
Source: DG AGRI EU FADN

APPENDIX 4. Composition of FNVA for EU25 farms in 2005



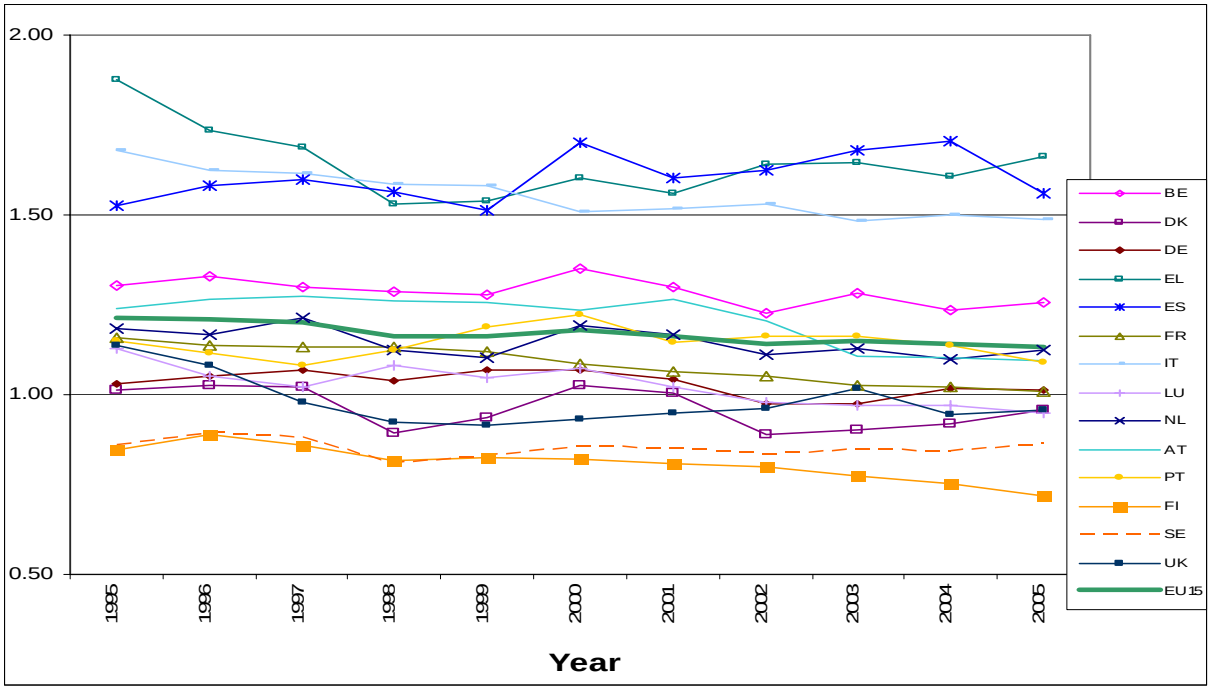
Source: DG AGRI EU FADN
Note. Rec. stands for Receipts and Exp. stands for expenses.

APPENDIX 5. Composition of FFI for EU25 farms in 2005



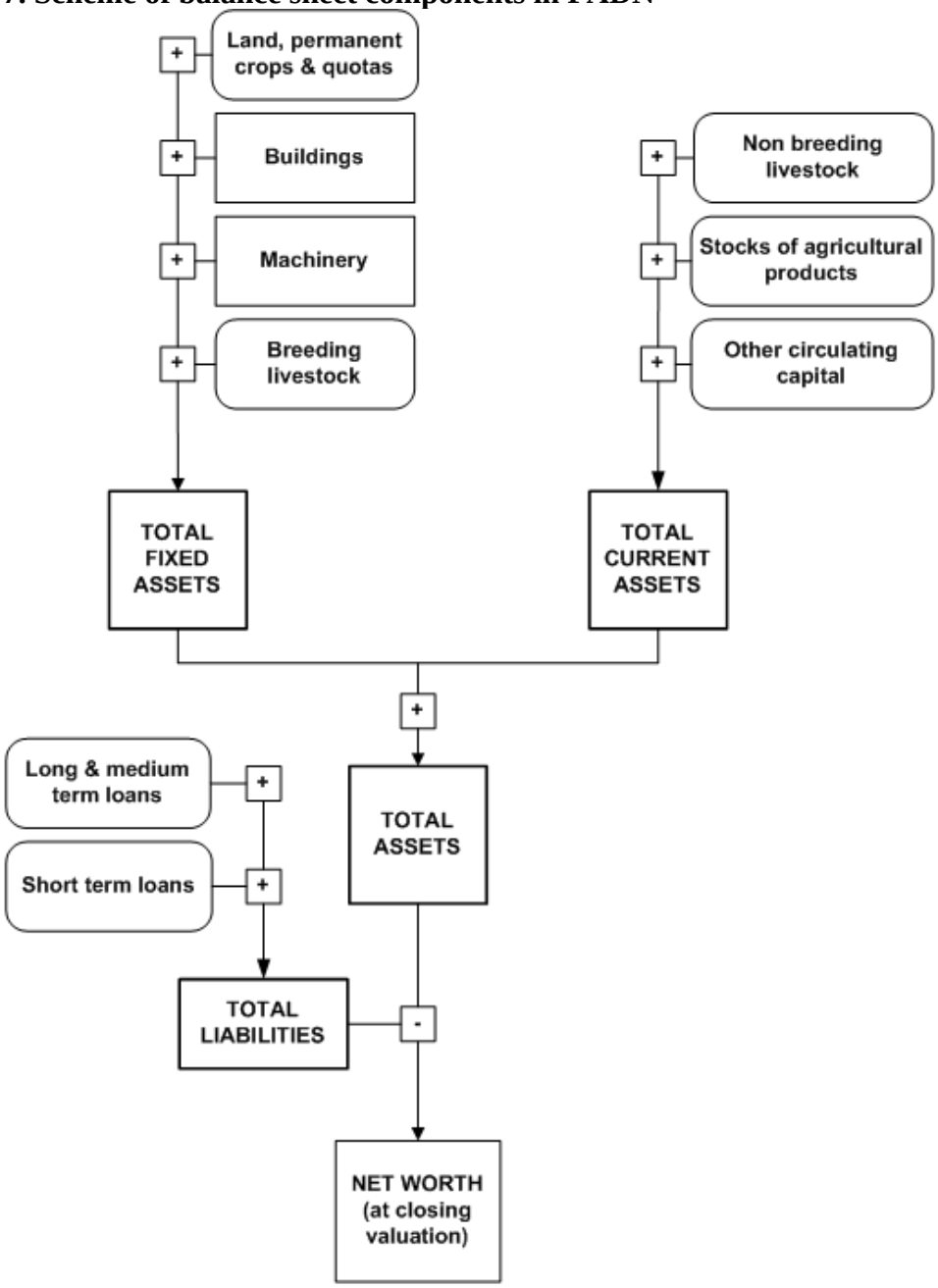
Source: DG AGRI EU FADN
Note. Rec. stands for Receipts and Exp. stands for expenses.

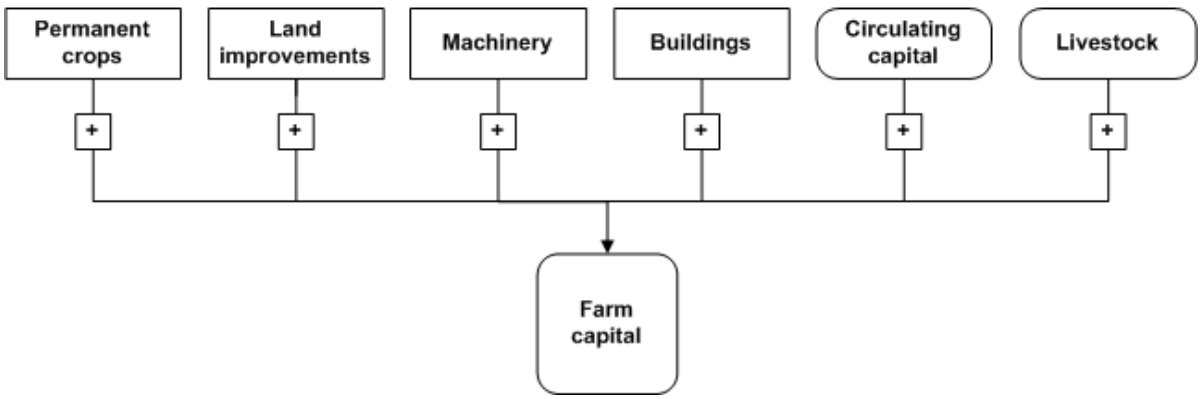
APPENDIX 6. Evolution of productivity ratio per MS (EU15) from 1995 to 2005



Source: DG AGRI EU FADN

APPENDIX 7. Scheme of balance sheet components in FADN





Source: DG AGRI EU FADN

APPENDIX 8. Performance indicators per MS in 2005

Member State	Total assets	Net worth	Liabilities/net worth	Solvency	Liquidity	ROA
	€	€	ratio	%	ratio	%
AT	379 918	338 580	0.12	10.9%	7.28	8.8%
BE	432 262	310 796	0.39	28.1%	115.05	17.0%
CY	123 403	120 212	0.03	2.6%	67.59	4.7%
CZ	689 172	528 258	0.30	23.3%	2.62	12.5%
DE	663 663	551 208	0.20	16.9%	2.26	8.9%
DK	1 274 102	547 442	1.33	57.0%	4.30	6.2%
EE	143 120	108 835	0.32	24.0%	2.54	18.7%
EL	71 281	71 017	0.00	0.4%	25.49	17.8%
ES	220 217	214 287	0.03	2.7%	71.36	12.2%
FI	310 051	222 664	0.39	28.2%	10.86	9.8%
FR	324 307	199 985	0.62	38.3%	2.82	16.0%
HU	126 935	90 236	0.41	28.9%	2.84	14.4%
IE	692 966	678 540	0.02	2.1%	15.31	3.4%
IT	318 061	314 246	0.01	1.2%	96.88	9.4%
LT	61 186	53 678	0.14	12.3%	5.07	18.7%
LU	909 752	760 122	0.20	16.4%	7.42	5.8%
LV	75 538	53 896	0.40	28.7%	3.98	18.9%
MT	246 599	236 319	0.04	4.2%	5.52	8.2%
NL	1 603 339	1 062 829	0.51	33.7%	2.44	6.4%
PL	73 186	65 636	0.12	10.3%	5.22	11.8%
PT	74 525	72 193	0.03	3.1%	8.00	11.8%
SE	589 792	411 413	0.43	30.2%	2.80	5.9%
SI	181 011	177 290	0.02	2.1%	96.28	3.8%
SK	1 462 881	1 401 175	0.04	4.2%	8.92	6.8%
UK	1 125 172	987 191	0.14	12.3%	1.97	7.1%
EU25	291 011	246 860	0.18	15.2%	4.68	9.9%
EU15	354 242	299 770	0.18	15.4%	4.75	9.8%
EU10	97 213	84 696	0.15	12.9%	4.11	11.4%

Source: DG AGRI EU FADN