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NOTE TO THE FILE

Subject: The importance of agricultural statistics

1. The case for agricultural statistics

It is often argued that the role of agriculture in the overall economy is small and declining. Why should there thus be such a wealth of detailed data for this sector? There are three main reasons why:

- **Agriculture accounts for roughly 40% of the EU budget.** It is the only policy almost entirely funded from the EU budget, where European spending largely replaces national spending. Clearly, for an annual budget of 58 billion Euros, EU taxpayers should be able to expect a policy based on hard facts and figures. The recent experience in developing the CAP 2014-2020 demonstrates the central role of statistics in high quality impact assessment of policy options and the need for a solid knowledge base against which the policy can be monitored.
- **Agriculture covers 47% of the EU territory and has a strong environmental impact.** The environmental impact of agricultural practices, but also the environmental services provided by agriculture are immense. Agriculture uses soil, water, air and biodiversity and affects these resources through land management practices, input use, cropping and livestock patterns. **Agriculture also plays a special role in view of climate change:** It is an important source of emissions (currently non-CO2 emissions from agriculture account for approximately 9% of total EU emissions) but can also sequester carbon (e.g. through reduced tillage practices) and protect important carbon sinks related to agricultural land through good management practices (e.g. non-conversion of carbon rich grassland). **Without a thorough knowledge on what is produced where, by whom and how, it is not possible to target agricultural and related policy interventions to where they are most needed.**
- **Agriculture produces close to 100% of the food we eat.** The safety of food is non-negotiable. In times of crisis (e.g., BSE, E-Coli, Salmonella, Dioxin residues), detailed knowledge of production structures and supply chains is essential for rapid responses. In the global context, high but increasingly volatile food prices coupled with an ever increasing world population present a challenge not only for developing countries. Data on prices, yields and production structures are used in market analyses and market outlook models for policy development and management. They are also widely used by private operators: such data reduce asymmetries in market information.

In the past, the application of across-the-board negative priorities without taking into account their policy link resulted in loss of vital information at the moment when it was most needed. **A case in point is the suppression of most agricultural price and supply/demand balance sheet statistics**

in 2005 when, to the strong embarrassment for the Commission and EU during the price spike of 2007-2008, data were lacking on the causes (supply/demand balance sheets) and effects (price developments). It is exactly these data that the Agriculture Ministers of the G20 subsequently focussed on when they created the Agricultural Market Information System (AMIS).

2. Scope and obligations for the collection of agricultural statistics

Agricultural statistics as defined by Eurostat cover topics as diverse as farm structures, utilisation of farming land, labour input, production, production methods, supply/use, prices and the composition of agricultural income. The Farm Structure Survey is considered the backbone of agricultural statistics. Together with crop and animal production statistics and the economic accounts for agriculture (EAA), it provides the traditional foundation of data that will continue to be needed in the future in order to allow for an informed policy development.

During the last 10-15 years, objectives have evolved in line with changes in agricultural policy. Greater emphasis is now placed on protection of the environment and climate, sustainable farming practices, animal welfare, quality policy as well as broader perspectives relating to rural development.

New indicators and statistics have been or are being developed to provide information relating to these topics. A case in point is the set of 28 agri-environmental indicators (AEIs) that track the integration of environmental concerns into the Common Agricultural Policy (CAP) at EU, national and regional levels (including, for example, data relating to the use and impact of pesticides and nutrients, soil quality and water).

In addition to obligations for Member States to notify data to the Commission for market management and control purposes, the Commission has a number of legal reporting obligations for which agricultural statistics serve as key input data:

a. The new CAP lays down provisions for a **monitoring and evaluation system** in Article 110 of Regulation (EC) No 1306/2013 of the European Parliament and the Council on the financing, management and monitoring of the common agricultural policy ("the Horizontal Regulation"). This system is based on a comprehensive set of indicators which act as the starting point for a good monitoring and evaluation system. In order to obtain the data needed for these indicators, Article 110.4 specifies that

   "*Member States shall provide the Commission with all the information necessary to permit the monitoring and evaluation of the measures concerned. As far as possible, such information shall be based on established sources of data, such as the Farm Accountancy Data Network and Eurostat.* "

   A first report on the performance of the CAP is due on 31 December 2018.

b. Likewise, Article 67 of Regulation (EC) No 1305/2013 on support for **rural development** by the European Agricultural Fund for Rural Development (EAFRD) requires the setting up of a monitoring and evaluation system based on a common set of indicators.

c. Council Regulation (EC) No 1217/2009 of 30 November 2009 setting up a **network for the collection of accountancy data** on the incomes and business operation of agricultural holdings in the European Community relies heavily on data collected under the Farm Structure Survey for determining the field of survey and establishing the Community typology for agricultural holdings.

And finally, in the context of the **G20 Agricultural Market Information System (AMIS)**, the EU and those Member States that belong to the G20 are obliged to provide balance sheets (and monthly

updates) for the four main crops included in the system (wheat, maize, rice and soybeans). Fulfilling its commitment to AMIS, DG AGRI submits monthly supply/demand balance sheets and publishes a Short Term Outlook report for arable crops, meats and dairy three times per year.

3. Key policy needs

The recent reform of the CAP has shifted its focus to a land-based policy with strong environmental requirements ("greening"), giving rise to new data needs in the agri-environmental area. In order to monitor the effect of this new policy, reliable data about land uses, land conditions as well as management practices is required. The most central policy needs include:

- Indicators and data on new greening elements (crop diversity; permanent grassland including environmentally sensitive grassland; ecological focus area);
- Geo-referenced information (if possible at the level of the observation unit) in order to combine in an efficient way agricultural information with environmental information;
- Detailed local data (since environmental impacts are geographically specific). So far, it has not been possible to get data at LAU2 level, hampering accordingly any robust environmental impact assessment for biodiversity, soil, water. Access to local data is necessary, obviously ensuring confidentiality issues.
- Data on prices, yields, production structures and food supply chains in order to allow for an informed, rapid and appropriate reaction in case of crisis, and to enable economic operators to fully understand, and react to, market signals;
- Continued collection of base data in order to establish time series, long-term trends etc. allowing an informed policy development and the establishment of targeted and cost-effective policy instruments adapted to reality;
- Overall: increased use of agricultural statistics for the overall policy debate on environment, climate change and renewable energy because of the high importance of land use pattern in these debates.

While DG AGRI is the main user of agricultural statistics in the Commission[1], they are of paramount importance for other DGs and policy areas as well:

- Agricultural statistics are a key data source for **environmental accounts.** Data on production structures and methods, land and input use are crucial for assessments of **biodiversity**, as well as for the quality of **soils, water and air**, water quantity
- Data on forests and agricultural land use are important in view of **climate change mitigation**. Firstly because of the significance of their carbon stock and secondly because the exchange of greenhouse gases between the atmosphere and soils and vegetation can go both ways, i.e. there are emissions and removals. Many human activities such as logging, grazing of livestock, or different forms of land management like ploughing or low tillage, influence the exchange of greenhouse gases with the atmosphere and ultimately the carbon footprint of the sector. Better systems for accounting emissions and removals associated agricultural land use will be a pre-requisite to enhance the knowledge base for respective future policy design. This will entail better information on agricultural soil carbon content. Finally it will be important that agricultural statistics will allow assessing the contribution of agriculture to the production of renewable energy.

[1] A broad range of other stakeholders (researchers, national policy makers, civil society, interest groups, industry, etc.) also make extensive use of agricultural statistics.

- Agricultural statistics are also essential to assess the **adaptive capacity of agriculture and forest to climate change**: information on water availability, extreme climatic events (hail, storms, high intensive rain periods etc.) and associated early warning systems are essential for farmers and foresters to make investment decisions.
- Agricultural prices and production structures form the starting element for analyses of the **food supply chain**.
- Information on livestock management practices and stocking densities are central to the **animal welfare debate**.
- The production of renewable energy is to a large extent based on crops grown for **biofuels**.
- Food production structures and yields in Europe affect **developing countries**, both through the availability of stocks for humanitarian aid and through impacts on world market prices.

These needs underpin the fact that agricultural statistics do not only serve agricultural policy – they are essential for the development, implementation and assessment of a broad range of policies.

4. The way forward: Improving efficiencies, developing synergies

Data needs for agriculture are evolving along with the CAP and other related policies. In order to stay relevant, data collection instruments have to be adapted to policy changes, which frequently calls for additional variables to be introduced into existing surveys, and occasionally demands a change in the survey system.

In order to maintain established time series of key indicators and at the same time adapt existing data collection tools, DG AGRI has been working closely with Eurostat in a continuous effort to reassess and streamline the needs for agricultural statistics. A joint Task Force on linkages between administrative data with statistics concluded in October 2013 that there is scope for **increasing the use of administrative data in agricultural statistics**, provided that issues related to the harmonisation of units, definitions, classifications and timing can be resolved and that different objectives of data collections are taken into consideration (representativeness and completeness for the general statistics; control of the respect of legal obligations for the administrative data related to the CAP). The integration will likely be gradual (over time) and partial (limited to main concepts) but is unavoidable if the quality and relevance of agricultural statistics is to be maintained. The access to administrative data is also **compulsory according to Article 17 of the Directive 2007/2/EC (Inspire)** which specifies obligations for sharing data between public bodies. Access to orthoimagery, land cover and land use from LPIS must be granted to other public authorities, such as the environmental authorities .

Furthermore, **data collected in one survey may be of use in other surveys as well**. Again, slight differences in definitions or a lack of exchange across different players (statistical departments; paying agencies; ministries; regional/local authorities; etc.) provide a barrier that needs to be overcome. Last but not least, IT systems must be adapted to link different data bases – an essential but sometimes forgotten point in the discussions. The principle of "**collect once, use many times**" should apply to any statistical data collection, with the aim of not asking a farmer the same question more than once.

Building upon existing priorities, a number of actions can already be taken in the short term:

- Methodological work on harmonised concepts and definitions in statistics and administrative registers (Commission services)

- Assessment of available administrative data sources and exchange of experience and good practice in their use for statistical purposes, contributing to the requirements of the Inspire Directive (Member States, Commission services)

- Identification and elimination of overlap between statistical data collections, while making full use and exploiting synergies among relevant data sources, e.g. FSS, IACS, LUCAS, Corine Land Cover and its High-Resolution Layers (Commission services).

- Measurement of the evolution of the pressures placed on environment by agricultural practices, through better linking data on the state of the environment with the information collected through the Farm Structure Survey and IACS, including LPIS.

In the long run, legislative proposals should be developed that provide the necessary alignment of concepts and encourage more explicitly the use of administrative data sources.
The need for relevant, reliable, accurate and timely agricultural statistics that can be adapted to changing policy requirements is stronger than ever. By exploiting synergies and creating linkages between different data sources, this can be fulfilled even in times of budget constraints.