

THE IMPORTANCE OF THE INFORMATION SUPPLIED BY THE FARM ACCOUNTANCY DATA NETWORK IN PREPARING THE AGRICULTURAL POLICIES - CASE STUDY FOR ROMANIA

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Abstract:

At community level, the issue of establishing a Farm Accountancy Data Network (RICA in Romanian, FADN in English) within the agricultural holdings of the European Economic Community has been discussed starting with 1965. The development of Common Agricultural Policy requires the existence of objective and relevant information regarding the accounts of agricultural holdings as source for the supply of essential data regarding their economic activity. The information collected from the selected agricultural holdings must reflect the social, economic and technical conditions of the entity to be collected from individual holdings, to be available as soon as possible, to be based on uniform definitions submitted in a common form, so that they may be used at any time and with every detail by the Commission. For the accounting results to be homogeneous at the Community level, it is necessary to distribute the agricultural holdings with their own accounting records among different divisions and types of agricultural holdings based on a stratification of the observation field, based on Community typology. Therefore, on the data collected by this network are based the annual reports submitted to the European Parliament and the Council of Europe regarding the situation of agriculture and of the agricultural markets existent at the Community level. They start from a real basis being, on the one

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hand, an useful support tool for the measures of the Common Agricultural Policy, and, on the other hand, they allow the farmers to compare their own results with the average results of the agricultural holdings of a country.

Key words: *accounting results, average results, agricultural holdings, Common Agricultural Policy*

JEL classification: M410, M210, Q12

1. Introduction

FADN operates in 28 member states of the EU. In Romania, at the national level, the Farm Accountancy Data Network was established in 2004. Together with the accession of Romania to the European Union, FADN activity has become mandatory, the official submission of FADN data starting with 2008 and including data for the 2007 accounting year.

Although Romania, on the moment of accession, has undertaken to submit to the European Commission 1000 questionnaires in 2007, 2000 questionnaires in 2008, 4000 questionnaires in 2009 and 6000 questionnaires per annum starting with 2010, According to the data of the Ministry of Agriculture and Rural Development, in 2007 were sent accounting data from 1092 agricultural holdings (individual households, family undertakings, self-employed persons, agricultural companies, general government units, companies), a number of 1057 questionnaires being validated. For the 2008 accounting year, accounting data were collected from 1988 agricultural holdings, data from 1963 agricultural holdings being validated, and in 2009, data were collected from 3433 agricultural holdings, 3356 being validated. In 2010, 5835 questionnaires were submitted, 5640 agricultural holdings being validated, and in 2011, 5769 questionnaires were validated. According to the 2015 Report of the Ministry of Agriculture and Rural Development regarding the setting up and exploitation of FADN, in 2012, 5780 questionnaires were submitted, 5717 being validated, in 2013, 6000 questionnaires were submitted, 5901 being validated, and in 2013, 3947 questionnaires were submitted, pending validation.

2. FADN data analysis

At national level, FADN data are used for the annual reports on the situation of agriculture, for the individual reports of the farms included in

FADN, for the economic analysis performed for each agricultural typology and class, in calculating the SO coefficients used in assessing the economic size of the holdings that benefit from the NRDP measures, in different studies of the research institutes (Chicosu Elena, 2012).

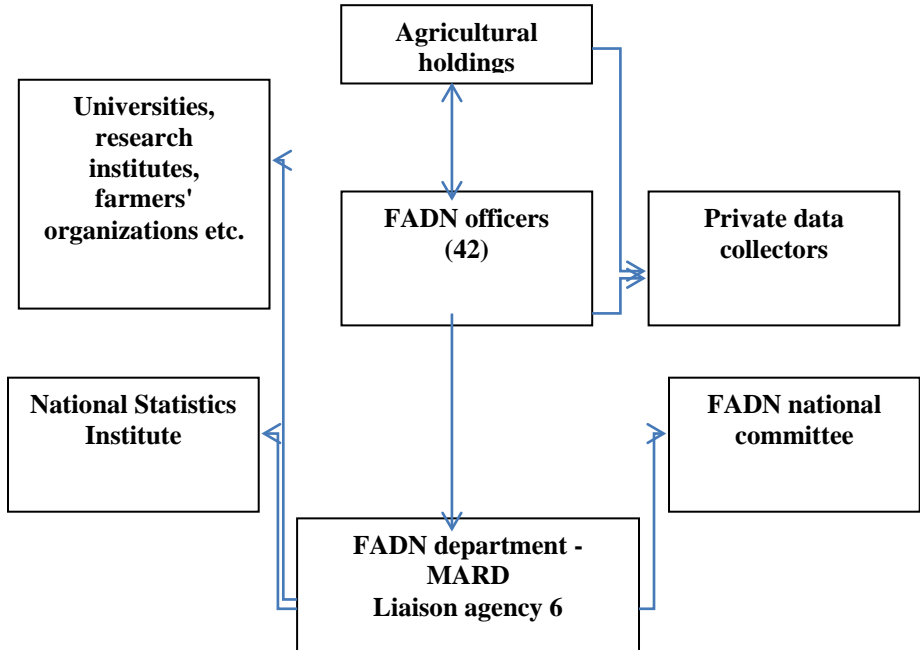


Figure 1 - FADN structure (acc. to E. Chicosu)

In a study conducted in 2015 also notes the use of FADN data in: annual budget planning for the CAP (share of direct payments below €5,000 per Member State and per support scheme in the context of financial discipline), trade negotiations (price changes), risk in agriculture (price volatility), impact of crises (rising costs, impact of crop failure/disease), The production of regular and occasional reports (covering farm economics and income; margins and income in the milk, beef, cereals, pig fattening, olives, nuts and rice sectors; production costs; organic farms; farming in Less Favoured Areas; and, rural development support) (Bajek, 2015).

As regards Romania, FADN is set up at the level of the 42 counties in 8 regions (NUTS 2). The agricultural holdings are those offering the accounting data, FADN officers at the county level coordinate the data collectors (accountancy offices, agricultural consulting companies etc.), the Ministry of Agriculture and Rural Development concludes collecting contracts with the private sector, and FADN department receives the questionnaires, tests, validates, centralizes, processes and submit data to EC through FADN system. The role of the National Statistics Institute is to make available the sample, participating in the development of the screening plan.

Table 1: Standard results for the number of agricultural holdings and labour force, calculated as regards the economic size (2012)

Economic size	SYS02	SYS03	SYS010	SYS011
	Represented agricultural holdings No.	Sample of agricultural holdings	Units of total annual labour force AWU (UMA)	Work units of the labour force hours
EUR 2,000 - < 8,000	915,490	1,000 - 2,000	1.19	2955.03
EUR 8,000 - < 25,000	100,610	1,000 - 2,000	1.55	3872.40
EUR 25,000 - < 50,000	13,360	500 - 1,000	2.39	5962.32
EUR 50,000 - < 100,000	6,390	500 - 1,000	3.12	7792.57
EUR 100,000 - < 500,000	5,490	500 - 1,000	6.86	17121.73
>= EUR 500,000	1,010	200 - 500	27.78	69413.03

Source: FADN Report, 2012

Holdings participation in the supply of data for FADN is voluntary, and the participant holdings must have at least a standard production of EUR 2000, the collected data must be of a good quality and must reflect the reality of the respective sector. The questionnaires have to observe the screening plan regarding the economic size and typology of the holdings. EC pays EUR 160/validated questionnaire, guaranteeing the data confidentiality. This is an

important aspect, because farmers are still very reluctant to supply data about their holdings, despite the fact that they are offered guarantees that these data will not be used for taxation and that they will not be disclosed or used for purposes other than those provided for by the law.

The FADN liaison agency in Romania is appointed to calculate the coefficients used for the calculation of the economic size of the agricultural holdings. Until 2010, the coefficients were calculated based on the concept of Standard Gross Margin, as an average of 3 consecutive years, and the economic size of an agricultural holding was expressed in UDE. Starting with 2010, there are no longer laws regarding the Standard Gross Margin, being replaced with the Standard Output (SO) (Ionascu A, 2016).

Table 2: Standard results for the value of production calculated as regards the economic size (2012)

Economic size	SE135	SE206	SE256
	Total value of crop production	Value of livestock production and of animal products	Other incomes
EUR 2,000 - < 8,000	3,136	3,645	22
EUR 8,000 - < 25,000	9,544	9,550	97
EUR 25,000 - < 50,000	36,760	19,524	270
EUR 50,000 - < 100,000	85,641	21,407	463
EUR 100,000 - < 500,000	311,548	38,169	3,119
>= EUR 500,000	1,100,545	642,216	7,672

Source: FADN Report, 2012

The standard results published are represented by a set of statistics calculated and published periodically by the European Commission based on the questionnaires from the FADN survey, describing the economic situation of the agricultural holding across EU. EC has defined each variable in the Standard Results (SR) ensuring the correspondence with the data supplied by other institutions for agricultural statistics. These variables represents the

average results, calculated for year accounting year, for each type of agricultural activity and classes of economic size.

According to the last report prepared at national level and published at European level based on the data collected through FADN, at the level of Romania, in 2012, the number of agricultural holdings included in the survey (SY02) was of 1,042,350. In Romania, the holdings with incomes below EUR 2000 are not included in the survey. As regards the sample of the agricultural holdings (SYS03), distribution according to the classes of economic size shows that 87.82 % of the total of agricultural holdings are included in the interval EUR 2000 - < 8000, 9,65 % in the interval EUR 8000 - < 25.000, while only 1 % have an economic size of more than EUR 500.000. Compared to other EU countries, it is noted that the high number of small holdings existent resulted in the increase of the total number of these holdings in EU.

Table 3: Standard results for inputs, intermediary costs and specific costs, calculated as regards the economic size (2012)

Economic size	SE270	SE275	SE281
	Total inputs	Total intermediate consumption	Total specific costs
EUR 2,000 - < 8,000	620	3,319	2,073
EUR 8,000 - < 25,000	775	8,801	6,117
EUR 25,000 - < 50,000	758	25,720	17,693
EUR 50,000 - < 100,000	686	53,727	34,864
EUR 100,000 - < 500,000	474	180,541	113,293
>= EUR 500,000	538	863,977	585,202

Source: FADN Report, 2012

The total labour force of the agricultural holdings, expressed as annual work units, shows that it varies between 1.19 in the holdings included in the first size class, and 27.78 for holdings with an economic size > EUR 500,000. Time worked in hours for the labour force per agricultural holdings varies from 2955.03 hours in the first class holdings and 69413.03 hours in the last size class. Compared to other EU countries, Romania, together with Bulgaria,

Greece and Lithuania and Latvia is included in the group of countries in which the value of the labour force in agriculture is one of the lowest, of approximately EUR 3/hour.

As regards the value of the obtained production, it is noted that the value of livestock production and animal products represents 47.47 % of the crop production value. At the level of analyses performed in EU, it is emphasized the importance of the mixed farms existing in Romania, and in other countries, such as Bulgaria or Portugal.

Specific costs are connected to the costs related to the specific crop production (seeds and seedlings, fertilizers, crop protection products, other crop-specific costs), specific livestock production (animal feed for grazing stock and seed eating stock, other specific costs for animals) and the specific forestry costs. The intermediate consumption refers to the total specific costs (including the production of the holding) and the general expenditure for production in the accounting year.

The net income per holding is represented by the value of production, minus the intermediate consumption and to which the value of subsidies is added. The net added value per holding is expressed in annual work units.

Table 4: Standard results for the incomes of agricultural holdings calculated as regards the economic size (2012)

Economic size	SE410	SE420	SE425
	Net incomes per holding EUR	Net incomes per family undertaking EUR	Net added value per holding/AWU EUR/AWU
EUR 2,000 - < 8,000	4,149	3,017	2,744
EUR 8,000 - < 25,000	13,054	10,396	7,565
EUR 25,000 - < 50,000	40,219	30,366	15,707
EUR 50,000 - < 100,000	76,777	53,918	22,915
EUR 100,000 - < 500,000	247,814	150,432	32,373
>= EUR 500,000	1,183,729	719,368	37,726

Source: FADN Report, 2012

Studies performed in EU emphasize the direct relation between the number of small size agricultural holdings and the low level of incomes obtained by these holdings, this being typical in Romania, Bulgaria, but also in Greece and Portugal. On the other hand, for the farms with an economic size of more than EUR 100,000, they have higher incomes than the EU average. Level of incomes is influenced both by the size of agricultural holding and by the geographical distribution.

3. Conclusions

FADN is an useful instrument allowing the European Economic Community to develop a Common Agricultural Policy serving all the Member States. The development of the Common Agricultural Policy requires, on the one hand, the existence of objective and relevant data regarding the incomes of different categories of agricultural holdings and, on the other hand, regarding their economic size. The main source of these data is the financial statements. The methodology used by FADN is aimed to the supply of representative data according to the region, economic size of the holding, type of holdings, as well as their economic conditions per various groups.

Based on the analyses performed at national level, FADN represents the only microeconomic data source in line with those existent at Community level and, at the same time, of representative data for the main agricultural exploitations in the European Union.

FADN analyses may also be used to identify sectors or regions with a lower potential. With the help of these data, EU negotiators can protect and represent better the interests of the agricultural community.

The results of the social and economic research based on FADN data support the development of a policy that is better oriented to the needs of farmers and rural communities, and the knowledge obtained through these researches may contribute to the improvement of performance and of the results obtained by the individual farmers, contributing to the strengthening of the entire industry and to the assurance of the sustainable development of agriculture and rural areas of Europe.

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