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# Strong decrease of agricultural incomes in 2023

## High production costs, decline in cereal prices and lower subsidies

Vienna, 2024-04-26 – Agricultural income is subject to major fluctuations: in 2023, the real agricultural income per work unit decreased by 21.5% compared to the exceptionally good result in the previous year, according to the second estimate of the economic accounts for agriculture by Statistics Austria. The main reasons for the fall in agricultural incomes are the decline in cereal prices, lower subsidies and increased fixed capital consumption.

### Output of the agricultural industry down slightly compared to peak year 2022

Following a sharp increase in 2022, the total output of the Austrian agricultural industry amounted to €10.2 bn in 2023. It thus stayed at a high level, albeit lower than in the previous year (-2.9%; see table 1). While the value of **crop output** decreased substantially compared to 2022 (-13.2%), the value of **animal output** further increased (+5.1%). The development varied for the different product groups: In case of cereals and oil seeds, the high price levels of the previous year could not be maintained, leading to a very marked drop of output values. There were also price-driven reductions in the output values of sugar beets and forage plants. The decline in the output value of fruits was caused by harvest shortfalls, which could not be compensated by higher prices. On the other hand, increases in value due to risen prices were recorded for vegetables, potatoes and wine. In pig production, output volume further decreased; however, substantially higher prices enabled a strong growth in output value. Moderate increases in output value were achieved for milk, poultry and eggs. In contrast, the value of cattle output decreased slightly, caused by a lower output volume.

### Production costs remained high, subsidies decreased

The expenses of the agricultural industry for **intermediate consumption** in 2023 were estimated at about €5.8 bn. After a very sharp rise in 2022, prices for animal feedingstuffs, fertilisers and energy fell substantially. In the meantime, other intermediate consumption goods such as seeds, plant protection products, agricultural services as well as maintenance expenses for machines and buildings became more expensive. This explains the comparatively moderate decline in expenses for intermediate consumption (-3.5%) compared to last year's high figure.

**Fixed capital consumption** continued to rise strongly (+9.6%), among others caused by further price increases for investment goods.

In addition, lower **subsidies** contributed to the decline in agricultural income in 2023. Following a substantial rise in the previous year due to different supporting measures compensating rising costs, in 2023 subsidies fell by about 14.9%. Amounting to about €1.5 bn in 2023, they represent an important income component.

### Factor income decreased substantially

The total factor income generated by the agricultural industry, which measures the remuneration of the production factors land, labour (family and non-family labour force) and capital used in the production process, amounted to about €3.0 bn (-16.7%), according to preliminary calculations. With an estimated decline in agricultural labour input by 1.4%, the average income decrease per worker was 15.5% in nominal terms (2022: +31.4%) respectively 21.5% in real terms (2022: +24.8%, see table 2).

**Table 1: Value added by the agricultural industry 2023**

Main aggregate	2023	Change from previous year	
	in million euros	in percent	
Output value of the agricultural industry <sup>1</sup>	10 224	-310	-2.9
thereof			
Crop output	4 386	-669	-13.2
Animal output	4 710	227	5.1
– Intermediate consumption	5 844	-212	-3.5
= Gross value added at basic prices	4 380	-98	-2.2
– Fixed capital consumption	2 577	226	9.6
= Net value added at basic prices	1 803	-323	-15.2
+ Other subsidies on production	1 460	-259	-15.1
– Other taxes on production	228	26	13.1
= Net value added at factor cost (factor income)	3 034	-608	-16.7
Agricultural labour input (in 1 000 annual work units)	119.1	-1.7	-1.4

S: STATISTICS AUSTRIA, Economic accounts for agriculture, Federal Institute of Agricultural Economics, Rural and Mountain Research. – Second estimate. – Nominal.

1) At basic prices, i.e. incl. subsidies on products and excl. taxes on products.

**Table 2: Output value, intermediate consumption, gross value added and factor income of the agricultural industry 2014–2023**

Main aggregate	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>2020 = 100</b>										
Output value of the agricultural industry <sup>1</sup> (nominal)	91.7	89.8	90.5	96.2	97.1	98.3	100.0	112.1	137.3	133.3
Intermediate consumption (nominal)	94.6	92.0	90.0	91.7	95.6	98.9	100.0	109.2	133.9	129.2
Gross value added <sup>1</sup> (nominal)	87.5	86.6	91.1	102.7	99.3	97.4	100.0	116.3	142.2	139.1
Factor income (nominal)	89.5	85.2	96.3	107.6	102.2	96.8	100.0	109.0	141.4	117.8
Labour input	102.7	101.8	99.5	100.1	99.7	98.9	100.0	100.6	99.3	97.9
Factor income/annual work unit (nominal)	87.1	83.8	96.7	107.4	102.5	97.8	100.0	108.3	142.4	120.3
Factor income/annual work unit (real)	97.5	91.6	103.8	114.2	107.0	100.5	100.0	106.1	132.5	104.0
<b>Change on previous year in percent</b>										
Factor income/annual work unit (real)	-7.1	-6.0	13.4	10.0	-6.3	-6.1	-0.5	6.1	24.8	-21.5

S: STATISTICS AUSTRIA, Economic accounts for agriculture. – Reference year 2023 according to second estimate.

1) At basic prices, i.e. incl. subsidies on products and excl. taxes on products.

For detailed results and further information please refer to our [website](#) (see under “further data”).

**Information on methodology, definitions:** These income results for the agricultural industry are based on data of the economic accounts for agriculture (EAA). The EAA are compiled according to Regulation (EC) No 138/2004 of the European Parliament and of the Council of 5 December 2003 on the economic accounts for agriculture in the Community, as amended.

This press release presents the results of the **second estimate for 2023**, which are based on the data available by the end of March 2024, supplemented by extrapolations and estimates with the involvement of relevant experts.

The changes in prices and values in this press release are expressed in nominal terms, if not stated otherwise. If data are given in real terms, they are deflated by the implicit price index of the gross domestic product at market prices (GDP deflator).

The annual change of the factor income per work unit is an important macroeconomic indicator for the income development of the agricultural industry. **Factor income (net value added at factor cost)** is calculated from the output value of the agricultural industry including subsidies, less intermediate consumption, fixed capital consumption and taxes on production.

When interpreting the results, it is to be noted that:

- The EAA calculate the **primary income from agricultural activities**. This is to be differentiated from the income of households engaged in agriculture, which apart from their agricultural income can also receive income from other sources (other activities, wages and salaries, property income). Furthermore, the secondary distribution of income through taxes on income and property, social contributions and social benefits as well as other current transfers is not covered by the EAA.
- The EAA define agricultural income as the income generated by agricultural activities (as well as inseparable non-agricultural secondary activities) in a given accounting period. In accordance with the principle of accrual accounting, flows are recorded at the time when an economic value, amount due or claim is created, transformed, cancelled or ceases to exist, and not at the time when payment is actually made. **It is therefore not the income received in the reporting period.**
- The EAA reflect the **aggregated resp. average development of agricultural incomes**. The income development of individual regions or farm types can deviate considerably from this.
- Concerning **public payments**, the EAA differentiate, according to European standards, between subsidies on products, other subsidies and capital transfers. Subsidies on products and other subsidies are included in the calculation of income, whereby subsidies on products are accounted for as part of the output value of the respective product or are deducted from the respective intermediate consumption. Capital transfers (including e.g. investment grants) are not included in the income calculation.

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