

Production Costs & Margins

Market Observatory – Sub group Pip fruit

Brussels, 5 November 2024





Objectives

Improving knowledge

Shared understanding of the sector in the agrifood chain

Analysing cost's structure and margins

Monitor trends

[EU agri-food chain Observatory](#)

Sample selection

Data source: FADN database

Farm Selection Criteria:

- Specialist fruit producers (**2/3 of standard output** derived from fruit production)
- The share of the output of apple/pear to the total output **>40%**

Data availability and granularity:

Farm level (aggregation at Member State level)

Two years delay

Representativity of the sample:

FADN – EAA

Level of specialisation

Calculation & timeliness

For structural data (*FADN, from 2014 to 2022*)

| | |
|---|---|
| <i>Apple sales + Appl auto consumption + Apple stocks variation</i> | Apple output |
| | <i>Coupled payments</i> |
| <i>Short-term profitability (cash costs)</i> | Operating costs |
| | Specific costs |
| | <i>Fertilizers</i> |
| | <i>Crop protection</i> |
| | <i>Water</i> |
| | <i>Other specific costs</i> |
| | Non-specific costs |
| | <i>Motor fuels and lubricants</i> |
| | <i>Machines & buildings upkeep</i> |
| | <i>Contract work</i> |
| | <i>Energy (electricity, heating fuels)</i> |
| | <i>Other direct costs</i> |
| <i>Long/Medium term profitability</i> | Gross Margin** (with coupled payment) |
| | <i>Depreciation</i> |
| | <i>External factors (wages, rent, interest)</i> |
| | Net margin*** (with coupled payment) |
| | <i>Imputed unpaid family factors</i> |
| | Net economic margin**** (with coupled payment) |

For recent data (*For 2023, 2024*)

Evolution indice of price notifications

Farmegate price (ISAMM)

[Fruit and vegetables prices \(supply chain\)](#)

Evolution on production and aera
(Eurostat)

OUTPUTS

Evolution of the price indices of the means
(Eurostat)

Evolution of the distribution of the costs
(FADN)

COSTS

Production costs — Example of Italy

| ITALY <i>(FADN, 2022)</i> | Apple | Pear | Apple & Pear |
|---|-------------|------------|--------------|
| Sample farms | 264 | 50 | 324 |
| Farms represented | 9 407 | 2 405 | 12 104 |
| Representativity (%) <i>(Eurostat)</i> | 81% | 31% | 66% |
| Gross margin (€/ha) | 10 260 €/ha | 9 325 €/ha | 9 800 €/ha |
| Net margin (€/ha) | 6 511 €/ha | 8 293 €/ha | 6 514 €/ha |

Production level:

Gross Margin = Outputs - Operating costs (specific and non-specific)

Net Margin = Gross Margin - Other farm costs (depreciation, paid wages, rents, interests)

Example of Italy

APPLES - Production costs structure and margins

Italy

Sources: FADN, Eurostat - Update: 28/10/2024

Sample representativity 5-years average, compared to the national oranges production

| | |
|-----------|-----|
| In value | 81% |
| In volume | 71% |

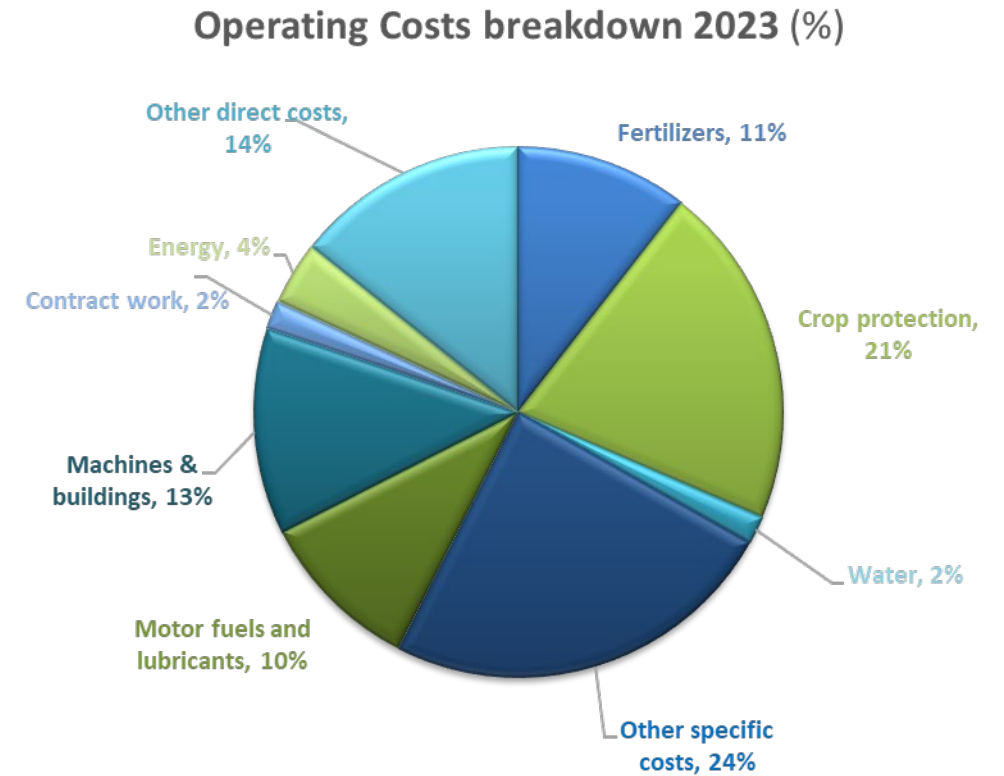
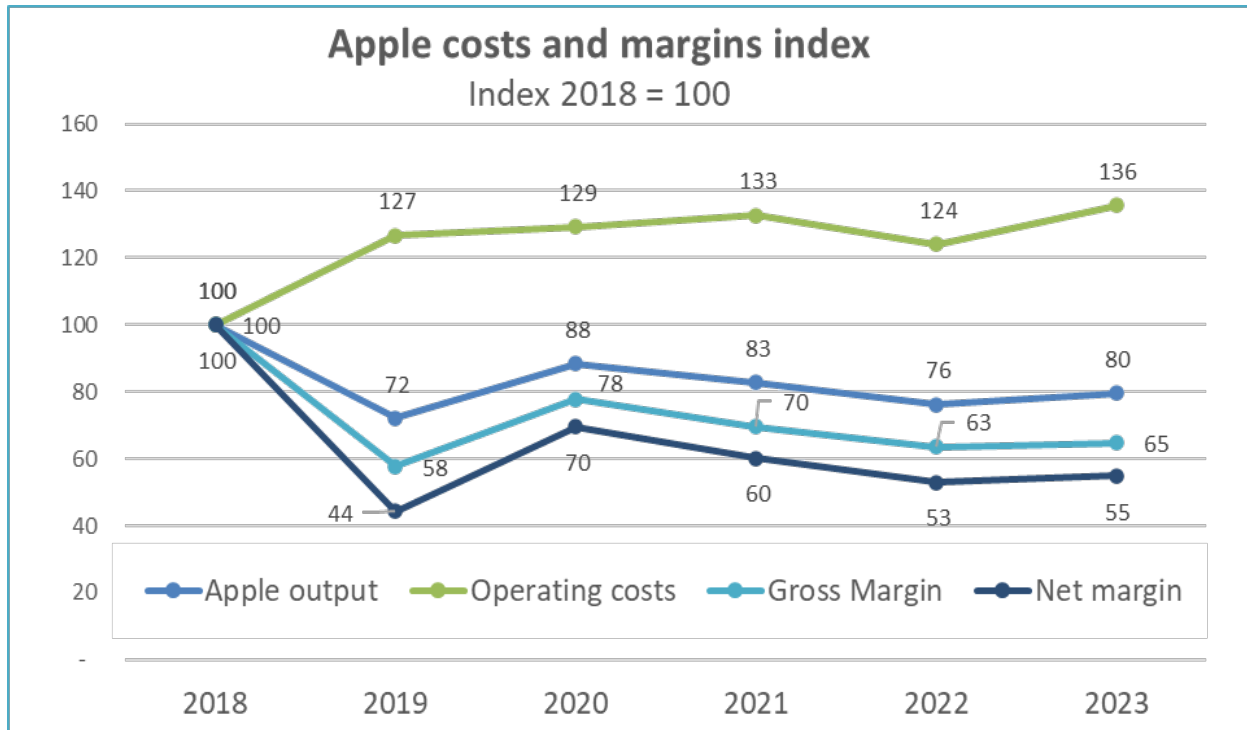
| Data | 2018 | | 2019 | | 2020 | | 2021 | | 2022 | | 2023 | |
|---|---------------|--------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | €/ha | €/t | €/ha | €/t | €/ha | €/t | €/ha | €/t | €/ha | €/t | €/ha | €/t |
| Apple output | 20,442 | 520 | 14,733 | 367 | 18,085 | 434 | 16,927 | 456 | 15,563 | 415 | 16,253 | 435 |
| <i>Coupled payments</i> | - | - | - | - | - | - | - | - | - | - | - | - |
| Operating costs | 4,274 | 109 | 5,412 | 135 | 5,526 | 133 | 5,670 | 153 | 5,303 | 142 | 5,799 | 155 |
| Specific costs | 2,275 | 58 | 3,333 | 83 | 3,423 | 82 | 3,541 | 95 | 2,980 | 80 | 3,334 | 89 |
| <i>Fertilizers</i> | 421 | 11 | 427 | 11 | 498 | 12 | 534 | 14 | 515 | 14 | 611 | 16 |
| <i>Crop protection</i> | 955 | 24 | 1,076 | 27 | 1,141 | 27 | 1,000 | 27 | 1,081 | 29 | 1,212 | 32 |
| <i>Water</i> | 80 | 2 | 86 | 2 | 101 | 2 | 120 | 3 | 124 | 3 | 100 | 3 |
| <i>Other specific costs</i> | 819 | 21 | 1,744 | 43 | 1,684 | 40 | 1,887 | 51 | 1,260 | 34 | 1,410 | 38 |
| Non-specific costs | 1,999 | 51 | 2,080 | 52 | 2,102 | 50 | 2,129 | 57 | 2,323 | 62 | 2,465 | 66 |
| <i>Motor fuels and lubricants</i> | 354 | 9 | 360 | 9 | 326 | 8 | 356 | 10 | 501 | 13 | 583 | 16 |
| <i>Machines & buildings upkeep</i> | 582 | 15 | 629 | 16 | 596 | 14 | 653 | 18 | 650 | 17 | 729 | 20 |
| <i>Contract work</i> | 76 | 2 | 77 | 2 | 108 | 3 | 120 | 3 | 140 | 4 | 100 | 3 |
| <i>Energy (electricITAy, heating fu</i> | 154 | 4 | 169 | 4 | 146 | 3 | 149 | 4 | 195 | 5 | 224 | 6 |
| <i>Other direct costs</i> | 833 | 21 | 845 | 21 | 927 | 22 | 852 | 23 | 837 | 22 | 829 | 22 |
| Gross Margin** (with coupled p | 16,167 | 412 | 9,321 | 232 | 12,559 | 302 | 11,257 | 303 | 10,260 | 274 | 10,454 | 280 |
| <i>Depreciation</i> | 1,580 | 40 | 1,437 | 36 | 1,632 | 39 | 1,569 | 42 | 1,673 | 45 | 1,512 | 40 |
| <i>External factors</i> | 2,280 | 58 | 2,423 | 60 | 2,357 | 57 | 2,278 | 61 | 2,076 | 55 | 2,192 | 59 |
| Net margin*** (with coupled pay | 12,308 | 313 | 5,461 | 136 | 8,569 | 206 | 7,410 | 200 | 6,511 | 174 | 6,749 | 181 |
| <i>Imputed unpaid family factors</i> | | | 7,437 | 185 | 5,099 | 122 | 3,825 | 103 | 3,961 | 106 | 5,100 | 137 |
| Net economic margin**** (with coupled payment) | - | 1,976 | - | 49 | 3,470 | 83 | 3,585 | 97 | 2,550 | 68 | 1,650 | 44 |

Estimations*

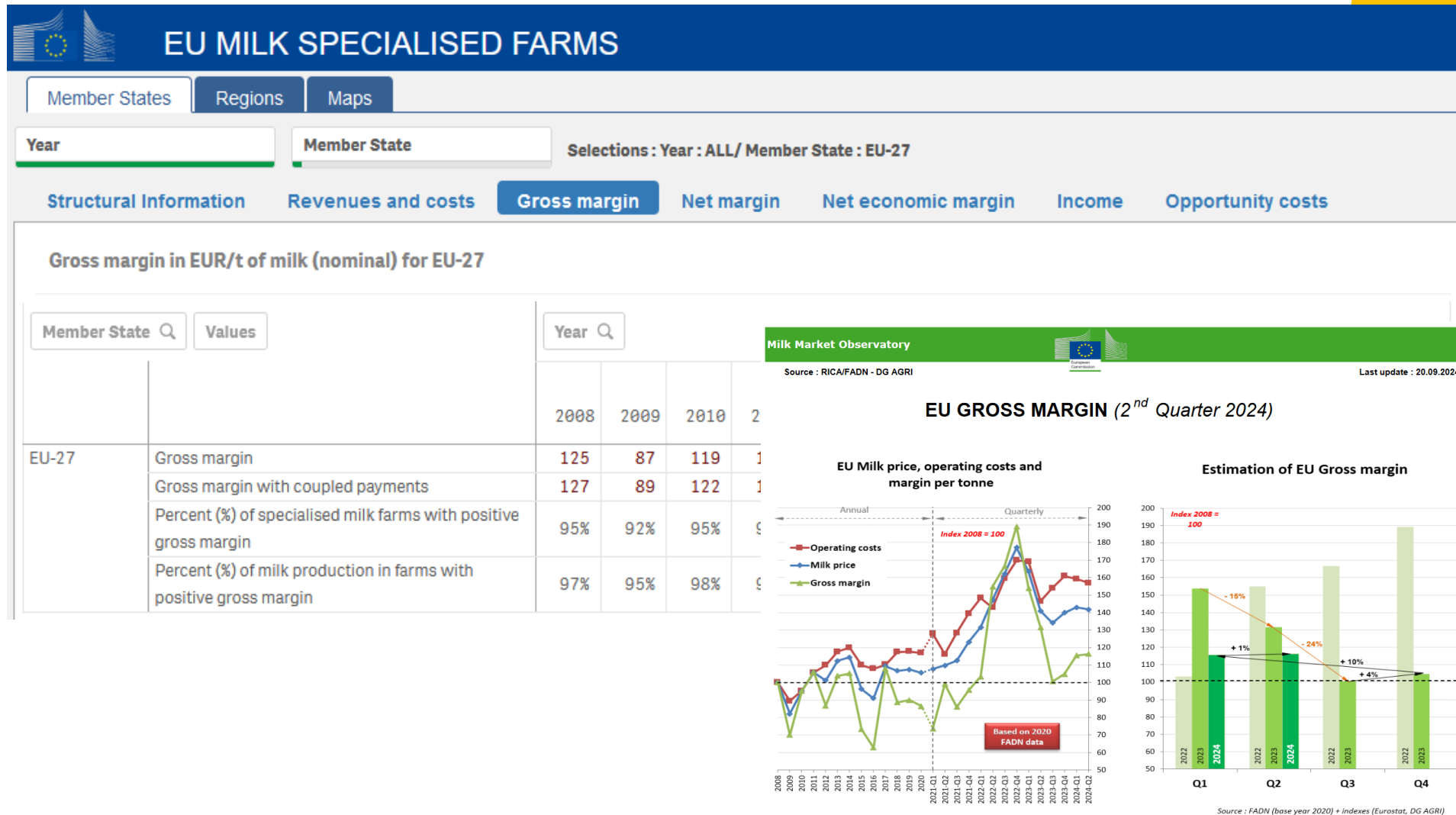
PEARS

| 2021 | | 2022 | |
|---------------|------------|---------------|------------|
| €/ha | €/t | €/ha | €/t |
| 10,958 | 847 | 11,961 | 714 |
| - | - | - | - |
| 2,480 | 192 | 2,636 | 157 |
| 1,533 | 119 | 1,346 | 80 |
| 486 | 38 | 526 | 31 |
| 697 | 54 | 647 | 39 |
| 22 | 2 | 26 | 2 |
| 327 | 25 | 147 | 9 |
| 947 | 73 | 1,290 | 77 |
| 274 | 21 | 445 | 27 |
| 180 | 14 | 218 | 13 |
| 135 | 10 | 117 | 7 |
| 68 | 5 | 109 | 7 |
| 290 | 22 | 401 | 24 |
| 8,478 | 655 | 9,325 | 557 |
| 374 | 29 | 357 | 21 |
| 872 | 67 | 676 | 40 |
| 7,232 | 559 | 8,293 | 495 |
| - | - | - | - |
| 7,232 | 559 | 8,293 | 495 |

Example of Italy – Apple farm



Examples of existing tools





Survey – Questions for discussion

For Pip fruits sector:

1. From your experiences do you agree with the methodology and presented data?
2. Do you collect similar data on production costs and over what timeframe and from which sources?
3. Do you carry out similar analysis, and how do you ensure sample representativeness?

Thank you

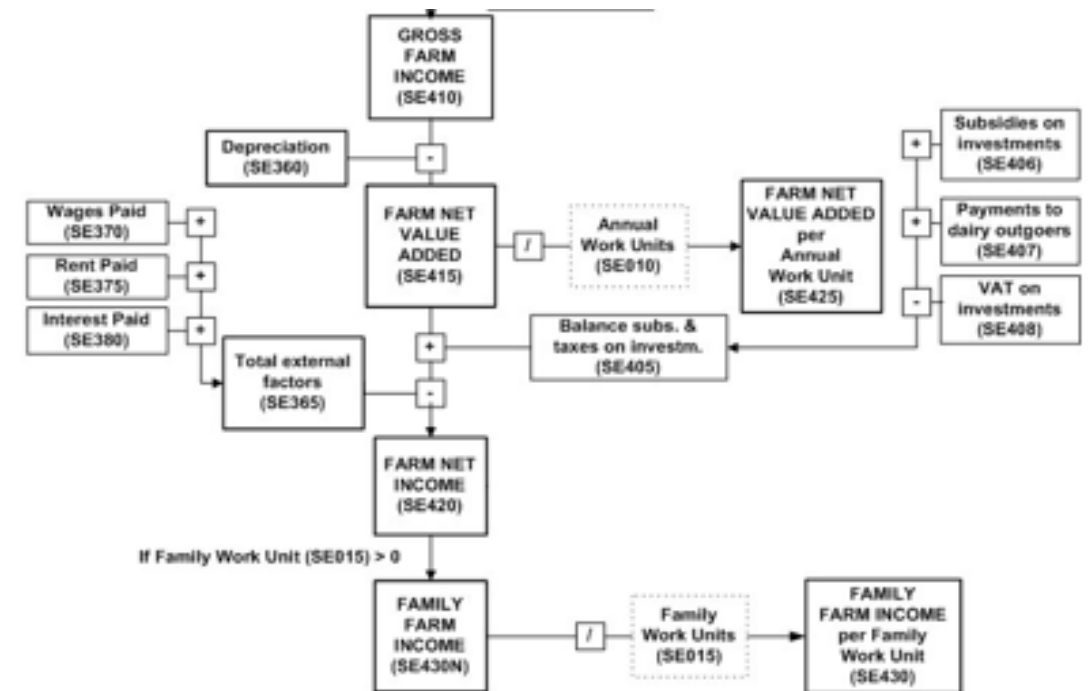
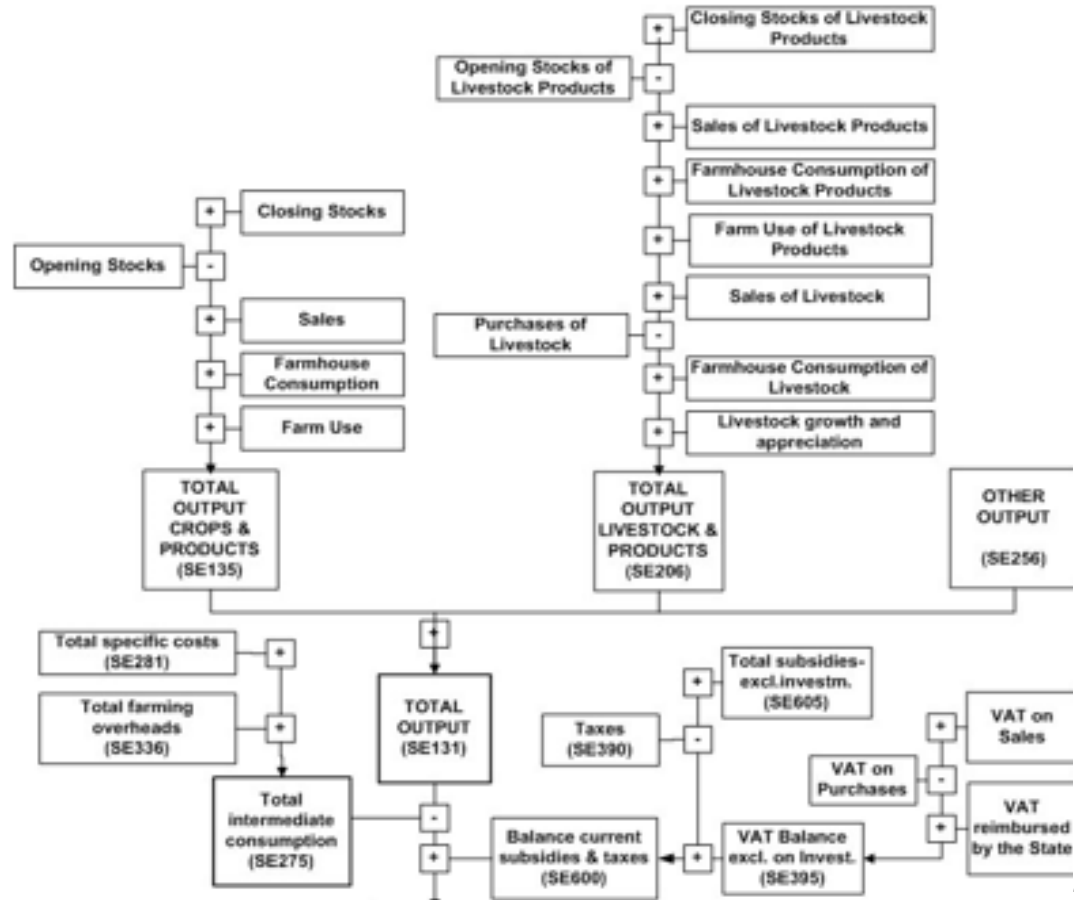
DG AGRI – Unit E2 - Wine, spirits, and horticultural products

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Annex

4.1. Figure 1: Output, Balance of subsidies and taxes, Income



FARM ACCOUNTANCY DATA NETWORK (FADN) - Definitions of Variables used in FADN standard results