

Production Costs & Margins

Market Observatory – Sub group Citrus fruit

Brussels, 20 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 orange 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>Orange sales + Orange auto consumption + Orange stocks variation</i>	Orange 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>Long/Medium term profitability</i>	<i>Energy (electricity, heating fuels)</i>
	<i>Other direct costs</i>
	Gross Margin** (with coupled payment)
	<i>Depreciation</i>
	<i>External factors</i>
	Net margin*** (with coupled payment)
	<i>Imputed unpaid family factors</i>
	Net economic margin**** (with coupled payment)

OUTPUTS

For recent data (*For 2023, 2024*)

Evolution indice of price notifications

Farmgate price (ISAMM)

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

Evolution on production and area
(Eurostat)

COSTS

Evolution of the price indices of the means
(Eurostat)

Evolution of the distribution of the costs
(FADN)

Production costs — Example of Spain

SPAIN <i>(FADN, 2022)</i>	Orange
Sample farms	145
Farms represented	11 803
Representativity (%) <i>(Eurostat)</i>	82%
Gross margin (€/ha)	4 542 €/ha
Net margin (€/ha)	2 926 €/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 Spain

Sources: FADN, Eurostat - Update: 12/07/2024

Sample representativity

In value

5-years average, compared to the national oranges production

75%

In volume

79%

Data

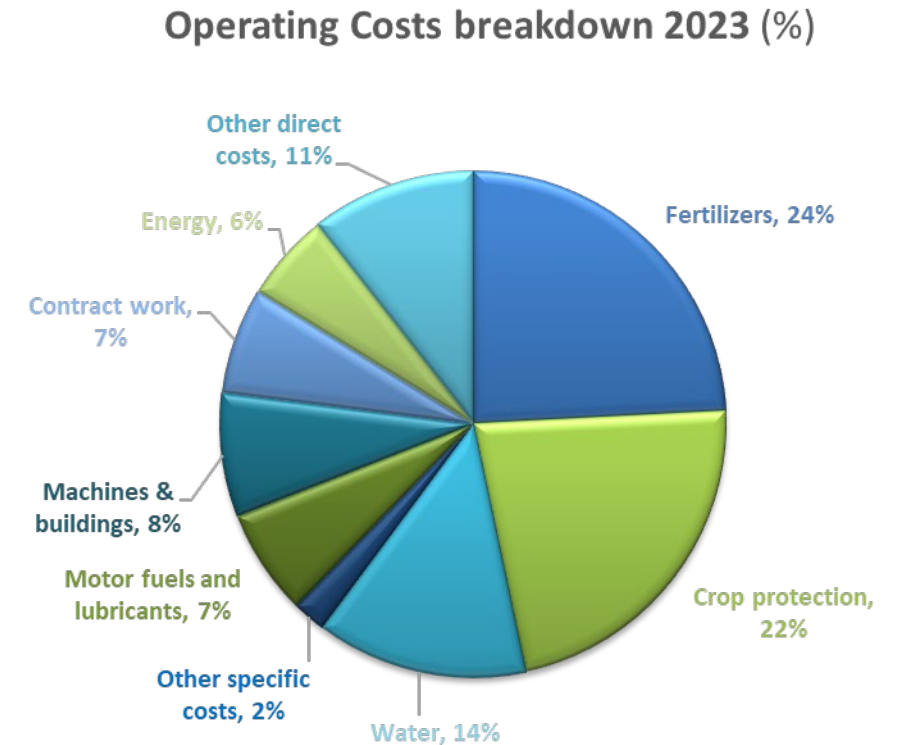
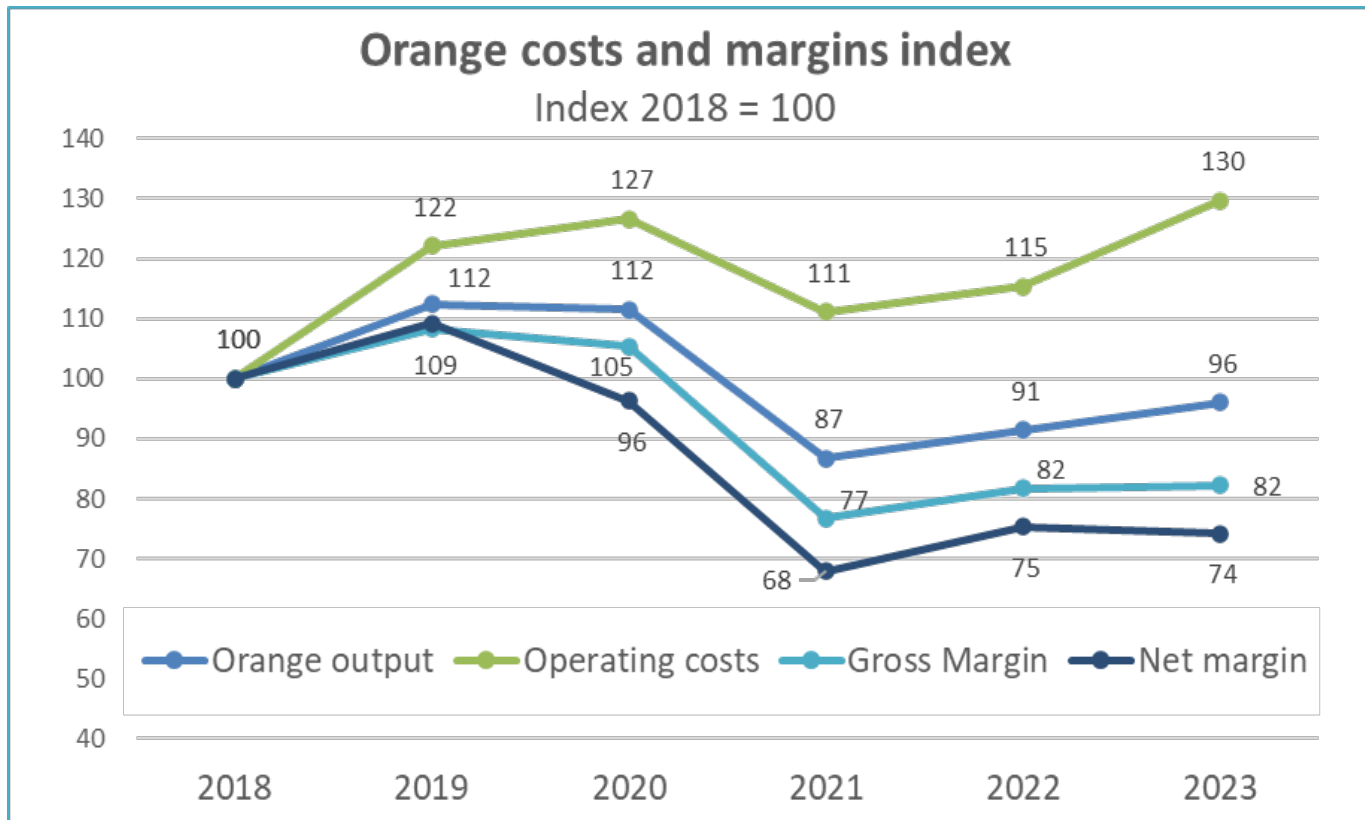
Estimations*

	2018		2019		2020		2021		2022		2023	
	€/ha	€/t	€/ha	€/t	€/ha	€/t	€/ha	€/t	€/ha	€/t	€/ha	€/t
Orange output	7,821	255	8,789	297	8,725	311	6,781	260	7,154	260	7,508	291
<i>Coupled payments</i>	1.7	0	0.1	0	0.2	0	0.2	0	0.2	0	0.2	0
Operating costs	2,264	74	2,765	93	2,866	102	2,517	97	2,612	95	2,934	
Specific costs	1,299	42	1,636	55	1,719	61	1,615	62	1,609	59	1,828	71
<i>Fertilizers</i>	451	15	581	20	602	21	562	22	637	23	710	27
<i>Crop protection</i>	468	15	515	17	586	21	521	20	520	19	660	26
<i>Water</i>	325	11	436	15	474	17	447	17	381	14	397	15
<i>Other specific costs</i>	55	2	105	4	57	2	85	3	72	3	62	2
Non-specific costs	964	31	1,129	38	1,147	41	902	35	1,003	36	1,106	43
<i>Motor fuels and lubricants</i>	124	4	147	5	168	6	163	6	213	8	198	8
<i>Machines & buildings upkeep</i>	158	5	201	7	208	7	212	8	212	8	233	9
<i>Contract work</i>	288	9	297	10	233	8	103	4	131	5	199	8
<i>Energy (electricITAy, heating fuels)</i>	151	5	181	6	148	5	70	3	128	5	167	6
<i>Other direct costs</i>	242	8	302	10	390	14	354	14	319	12	309	12
Gross Margin** (with coupled payment)	5,558	181	6,024	204	5,859	209	4,264	164	4,542	165	4,574	177
<i>Depreciation</i>	202	7	239	8	200	7	176	7	213	8	198	8
<i>External factors</i>	1,470	48	1,544	52	1,917	68	1,451	56	1,403	51	1,492	58
Net margin*** (with coupled payment)	3,885	126	4,241	143	3,742	133	2,638	101	2,927	107	2,885	112
<i>Imputed unpaid family factors</i>			1,082	37	1,204	43	1,005	39	1,097	40	1,089	42
Net economic margin**** (with coupled payment)			3,159	107	2,538	90	1,633	63	1,829	67	1,796	70

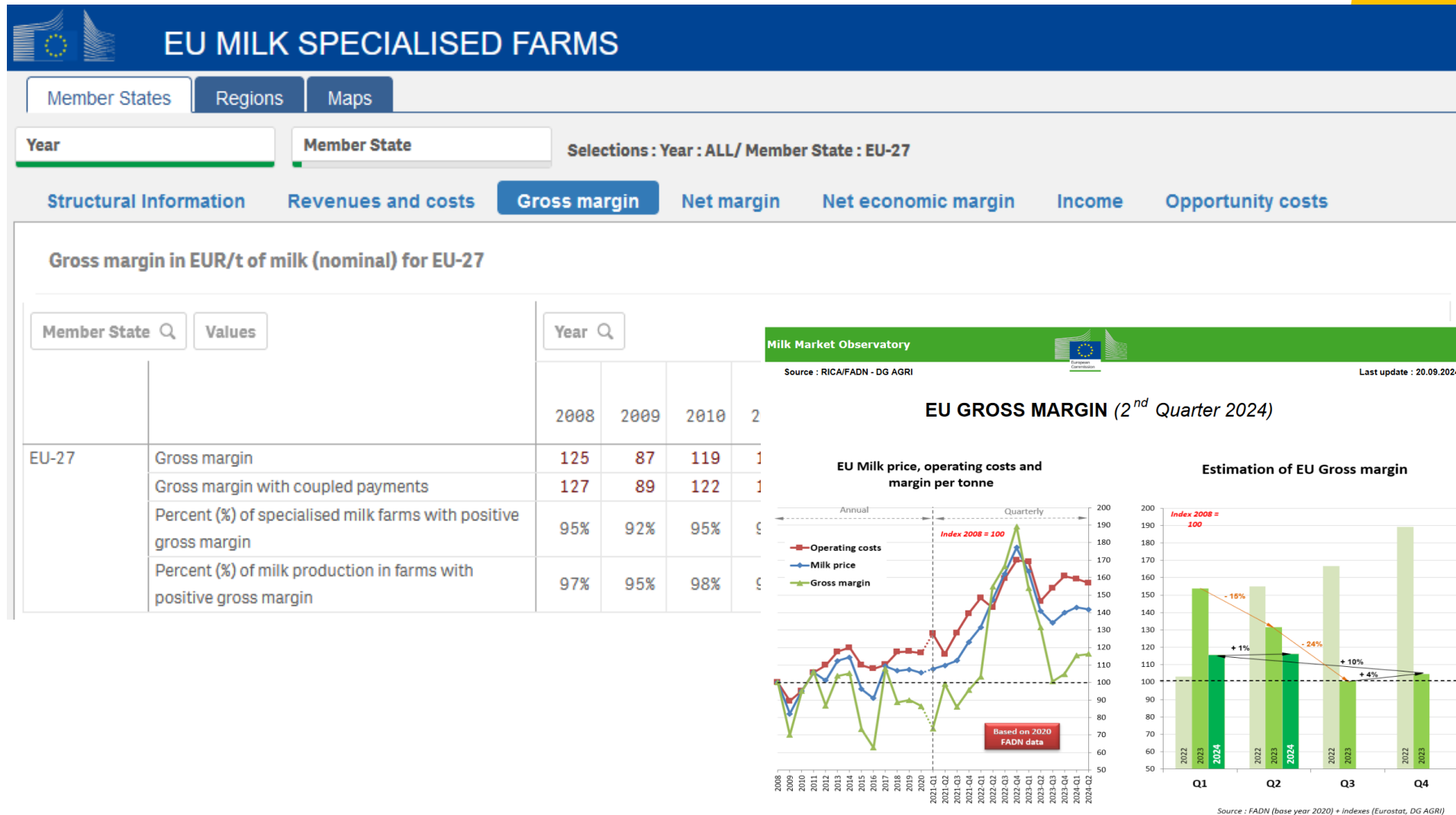


European
Commission

Example of Spain – Orange farm



Examples of existing tools





Survey – Questions for discussion

For Citrus 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

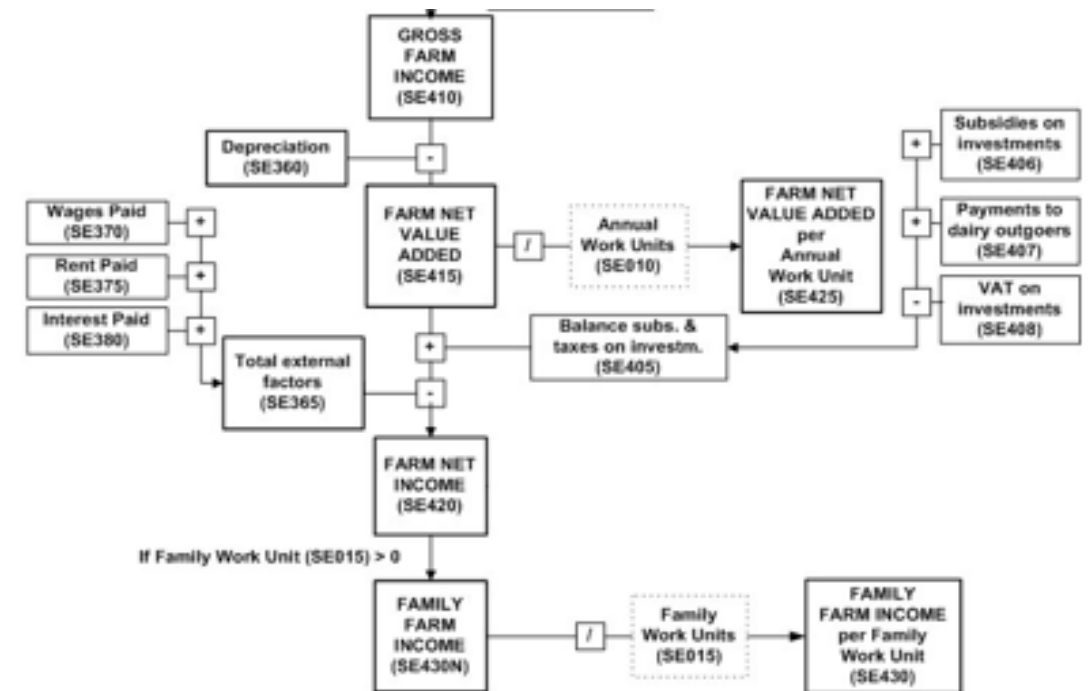
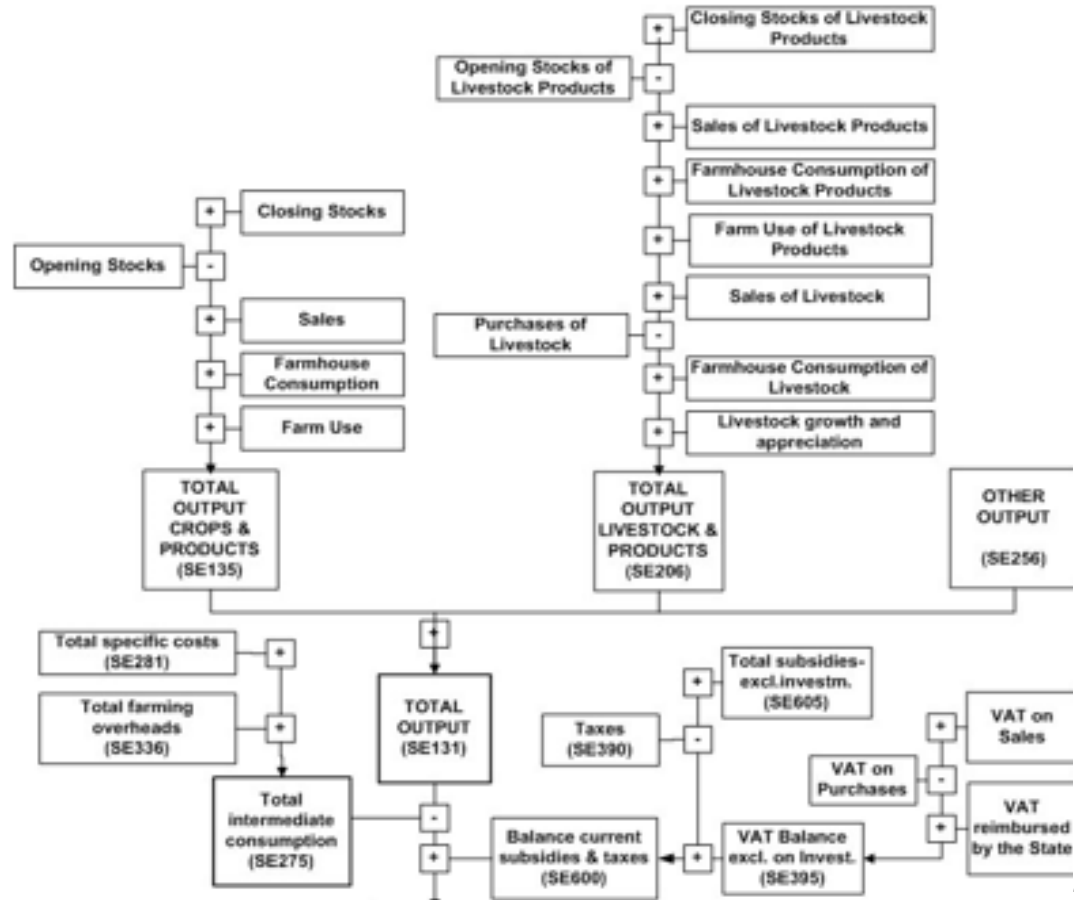
DG AGRI – Unit E2 - Wine, spirits, and horticultural products

© European Union 2024

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

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