



Fact sheet no. 6  
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ABSTRACT

# Aggregate economic indicators for multifunctional Swiss agriculture

## SUMMARY

### Aggregate economic indicators for multifunctional Swiss agriculture

#### *Lack of meaningful and interpretable economic indicators*

Evaluating the economic performance of Swiss agriculture on the basis of currently available statistics is difficult. Value added in agriculture which is available from the Economic Accounts for Agriculture neglects the substantial public-good services provided by agricultural holdings. As such, the statistic does not do justice to modern-day multifunctional agriculture. Furthermore, agricultural output is valued at the protected domestic prices which differ strongly from European market prices; the output figures are therefore problematic as a basis for the calculation of value added. The producer support estimates provided by the Organization for Economic Co-operation and Development (OECD) are a problematic statistic as well. These estimates do account for the mentioned price differences. However, they do not distinguish between budgetary payments with the character of income support and payments for public-good services.

#### *Aggregate economic indicators for multifunctional Swiss agriculture*

This present fact sheet proposes a set of nine indicators which complement the existing indicators and thereby fill gaps in the currently available statistics. The indicators are based on three sources: (a) the Economic Accounts for Agriculture of the Swiss Federal Office of Statistics, (b) the OECD's Agricultural Policy Indicators and (c) a classification of the Swiss public expenditures for agriculture in which payments for public-good services are distinguished from payments with the character of income support. The calculated indicators include:

- output at border prices
- the value of public-good services
- the external costs
- two measures of value added for multifunctional agriculture
- the total amount of agricultural support provided without any service received in return
- the share of <payments for services> among three categories of budgetary expenditures

The values of the nine indicators for the year 2014 are:

1) Output at border prices	7.215 bln. CHF
2) Public-good services	1.231 bln. CHF
3) External costs	0.881 bln. CHF
4) Multifunctional net value added I (excluding external costs)	-0.068 bln. CHF
5) Multifunctional net value added II (including external costs)	-0.950 bln. CHF
6) Support provided without any service received in return (transfer)	6.187 bln. CHF
Share of <payments for services>:	
7) among the direct payments	43 %
8) among the total agricultural <payment frame>	36 %
9) among total budgetary expenditures for agriculture and nutrition	37 %

### *Interpretation and use*

Value added as calculated in this study was at CHF *minus* 1.0 billion in the year 2014. This is CHF 3.2 billion less than value added according to the Economic Accounts for Agriculture (CHF 2.2 billion). The figure results from adding the output at border prices and public-good services (CHF 8.4 billion) and subtracting intermediate inputs, capital consumption and external environmental costs (CHF 9.4 billion). The public support of agriculture excluding payments for public-good services amounted to CHF 6.2 billion. This is 0.7 billion less than the agricultural support according to the OECD („*Total Support Estimate*“ of CHF 6.9 billion). Based on agricultural ‘payment frame’ in 2014, 37% of the budgetary expenditures for agriculture were payments for services, while the remaining 63 percent were support provided without any service received in return.

Contrary to the existing statistics, the proposed indicators can be directly used to evaluate the economic performance of Swiss multifunctional agriculture and related policies in the international context. The higher the multifunctional value added, and the lower the payments provided without any service received in return, the better is the performance of agriculture in terms of efficient public finance and the better is Swiss agriculture prepared for future challenges. The indicator values can facilitate the evaluation and communication of the outcome of current policies and future reform proposals. The present calculations can be and should be further refined in the future.



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