

# 1. METHODS OF A COMMUNITY TYPOLOGY FOR AGRICULTURAL HOLDINGS

*Since its establishment in 1985, the EU typology for agricultural holdings has been used for homogenous classification of farms according to precisely defined criteria. Taking into account the diversity of agricultural holding in the European Union the comparison of its results might be problematic. To enable evaluation of structural and economic outcomes of homogenous groups of holdings, a classification was developed. It allows classifying farms by its economic size, type of farming and since 2010 also by importance of the other gainful activities (OGA). A Community typology for agricultural holding is primarily used within the Farm Accountancy Data Network (FADN) and Farm Structure Surveys (FSS). The updated system was applied to classify 26 246 responding units of Farm Structure Survey 2013. The aim of this publication is to present results of FSS 2013 typology.*

*The updated classification system is based on Commission Regulation (EC) No 1242/2008 of 8 December 2008 establishing a Community typology for agricultural holdings. This regulation defines a current form of the European agricultural typology. The new classification system has been valid since accounting year 2010. The substantial change within this system was the introduction of the Standard Output (SO) indicator instead of former Standard Gross Margin (SGM). Besides this transition, the most important changes include introduction of three-level type of farming classification (formerly four-level), establishment of 14 economic size classes (formerly 10 economic size classes), expression of economic size in Euro (formerly in economic size units) and introduction of a new classification variable which reflects the importance of other gainful activities of agricultural holdings.*

*The **standard output** is the key variable which enables classifying of the agricultural holdings by types of farming and by economic size classes. The standard output is defined as mean monetary value of gross agricultural production. EU Member States are obliged to calculate the standard output coefficients for all significant crop and livestock categories. Full list of these products is included in Annex I of the Regulation 1242/2008. The standard output coefficients are calculated by multiplying the production per unit by farm-gate prices. Value-added tax, taxes on products and direct payments are not included. The physical measurement unit of standard output is euro per hectare or euro per animal head in particular categories (with an exception of poultry for which values per 100 heads are used and bees for which values per beehive are used). Standard output represents the sum of the value of principal product and secondary products, if applicable.*

*For purposes of Farm Structure Survey in year N the reference period N-3 is taken, involving five successive years (N-5 to N-1). That means that coefficients of standard output 2010 covering the period 2008 to 2012 were used for classification of agricultural holdings involved in Farm Structure Survey 2013. The Liaison Agency FADN CZ is in charge of calculating the standard output coefficients for the Czech Republic. The coefficients are updated in the years in which the Farm Structure Survey is carried out.*

*The **economic size of the holding** is determined on the basis of total standard output of the holding, which is equal to a sum of values for particular agricultural products. These values are computed by multiplying acreages of particular crops and number of heads belonging to one holding by relevant standard*

output coefficients. There are fourteen economic size classes in total. The list of economic size classes including threshold levels of standard output is given in Table 1.

**Table 1: Economic size classes of the holding**

Economic size classes	Total standard output limits in EUR	Total standard output limits in thousand CZK
I	less than 2 000 EUR	less than 52 thous. CZK
II	from 2 000 to less than 4 000 EUR	from 52 thous. to less than 104 thous. CZK
III	from 4 000 to less than 8 000 EUR	from 104 thous. to less than 208 thous. CZK
IV	from 8 000 to less than 15 000 EUR	from 208 thous. to less than 390 thous. CZK
V	from 15 000 to less than 25 000 EUR	from 390 thous. to less than 650 thous. CZK
VI	from 25 000 to less than 50 000 EUR	from 650 thous. to less than 1 299 thous. CZK
VII	from 50 000 to less than 100 000 EUR	from 1 299 thous. to less than 2 598 thous. CZK
VIII	from 100 000 to less than 250 000 EUR	from 2 598 thous. to less than 6 495 thous. CZK
IX	from 250 000 to less than 500 000 EUR	from 6 495 thous. to less than 12 990 thous. CZK
X	from 500 000 to less than 750 000 EUR	from 12 990 thous. to less than 19 485 thous. CZK
XI	from 750 000 to less than 1 000 000 EUR	from 19 485 thous. to less than 25 980 thous. CZK
XII	from 1 000 000 to less than 1 500 000 EUR	from 25 980 thous. to less than 38 970 thous. CZK
XIII	from 1 500 000 to less than 3 000 000 EUR	from 38 970 thous. to less than 77 940 thous. CZK
XIV	equal to or greater than 3 000 000 EUR	equal to or greater than 77 940 thous. CZK

<sup>1)</sup> Recalculation based on mean exchange rate for the year 2013: 25.980 CZK/EUR

The **type of farming of a holding** is determined by the relative contribution of the standard output of the different production characteristics of this holding to the total standard output of this one. Holdings are classified into types of farming according to the exactly defined algorithms which specifies the share of particular sectors of crop and animal production of the holdings. These algorithms are involved in the Regulation 1242/2008. There is a three-level classification system of farming types; it consists of 9 general types, 21 principal types and 62 particular types of farming. List of particular types of farming and share of particular sectors of crop and animal products is shown in Annexes A1 and A2.

The category "**Other gainful activities (OGA)**" is a new classification variable, which expresses the share of the turnover of the activities other than agricultural and directly related to the holding in the total turnover. It includes activities for which either resources of the holding or its products are used; e.g. processing of farm products, contractual work inside or outside agricultural sector, forestry etc. Estimation of the share of OGA can be defined according to the general formula:

$$\text{Share} = \frac{\text{Turnover of other gainful activities related to the holding}}{\text{Total holding's turnover (agricultural and OGA directly related to the holding) + direct payments}}$$

The agricultural holdings are classified into classes according to importance of the other gainful activities shown in Table 2.

**Table 2: Classes of importance of other gainful activities of the holding**

<i>Classes</i>	<i>Limits of OGA share</i>
<i>I</i>	<i>From 0% to 10%</i>
<i>II</i>	<i>From more than 10% to 50%</i>
<i>III</i>	<i>From more than 50% to less than 100%</i>