

# 1 Methods of a community typology for agricultural holdings

The EU agricultural holdings classification system is in the current wording legislatively defined by Commission Implementation Regulation (EU) No. 2015/220 of 3 February 2015 laying down rules for the application of Council Regulation (EC) No 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union. The EU typology of agriculture holdings has been used in the current form since the accounting year 2010. The most significant change in comparison with the previous system was the introduction of the Standard Output indicator (“Standard Output, SO”) 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 the annex of the Regulation No. 2015/220. 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 2013 covering the period 2011 to 2015 were used for classification of agricultural holdings involved in Farm Structure Survey 2016. 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**

<i>Economic size classes</i>	<i>Total standard output limits in EUR</i>	<i>Total standard output limits in thousand CZK</i>
<i>I</i>	<i>less than 2 000 EUR</i>	<i>less than 54 thous. CZK</i>
<i>II</i>	<i>from 2 000 to less than 4 000 EUR</i>	<i>from 54 thous. CZK to less than 108 thous. CZK</i>
<i>III</i>	<i>from 4 000 to less than 8 000 EUR</i>	<i>from 108 thous. CZK to less than 216 thous. CZK</i>
<i>IV</i>	<i>from 8 000 to less than 15 000 EUR</i>	<i>from 216 thous. CZK to less than 406 thous. CZK</i>
<i>V</i>	<i>from 15 000 to less than 25 000 EUR</i>	<i>from 406 thous. CZK to less than 676 thous. CZK</i>
<i>VI</i>	<i>from 25 000 to less than 50 000 EUR</i>	<i>from 676 thous. CZK to less than 1 352 thous. CZK</i>
<i>VII</i>	<i>from 50 000 to less than 100 000 EUR</i>	<i>from 1 352 thous. CZK to less than 2 703 thous. CZK</i>
<i>VIII</i>	<i>from 100 000 to less than 250 000 EUR</i>	<i>from 2 703 thous. CZK to less than 6 759 thous. CZK</i>
<i>IX</i>	<i>from 250 000 to less than 500 000 EUR</i>	<i>from 6 759 thous. CZK to less than 13 517 thous. CZK</i>
<i>X</i>	<i>from 500 000 to less than 750 000 EUR</i>	<i>from 13 517 thous. CZK to less than 20 276 thous. CZK</i>
<i>XI</i>	<i>from 750 000 to less than 1 000 000 EUR</i>	<i>from 20 276 thous. CZK to less than 27 034 thous. CZK</i>
<i>XII</i>	<i>from 1 000 000 to less than 1 500 000 EUR</i>	<i>from 27 034 thous. CZK to less than 40 551 thous. CZK</i>
<i>XIII</i>	<i>from 1 500 000 to less than 3 000 000 EUR</i>	<i>from 40 551 thous. CZK to less than 81 102 thous. CZK</i>
<i>XIV</i>	<i>equal to or greater than 3 000 000 EUR</i>	<i>equal to or greater than 81 102 thous. CZK</i>

<sup>1)</sup> Recalculation based on mean exchange rate for the year 2016: 27.034 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 No. 2015/220. There is a three-level classification system of farming types; it consists of 9 general types, 22 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:

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

Agricultural holdings are divided into classes according to the share of other gainful activities. The threshold values of the share of gainful activities are defined in the following table.

**Table 2: Classes reflecting the 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% (marginal share)</i>
<i>II</i>	<i>From more than 10% to 50% (medium share)</i>
<i>III</i>	<i>From more than 50% to less than 100% (significant share)</i>