

# **Economic Accounts for Forestry**

## **Methodology**

*The Economic Accounts for Forestry (EAF) are the basic systematic implements for measurement of the economic size and efficiency of the forestry sector, tangibly forestry basic industry within national economy. The main purpose of the Economic Accounts for Forestry is to analyse the production process and primary income generated by it. EAF are divided into four sections: The production account, the generation of income account, the entrepreneurial income account and the capital account.*

*Ideas and rules of the EAF lie in the European System of Accounts ESA 1995, which allows comparison of data among states of Europe (EU). The main concepts and definitions are the same as in the National Accounts. The methodical principles applied for compiling the EAF are based on the similar standard that is used for the Economic accounts for agriculture.*

*EAF include next basic indicators:*

*1. Output of forestry activities in value statement that represents the whole final output of the forestry sector. The most significant part of the output has timber.*

*The output is to be valued at the basic prices according to the revised manual from the year 1997. The basic price is the price receivable by the producers from the purchaser for a unit of a good or service produced as output plus any subsidy receivable on that unit as a consequence of its production or sale minus any tax payable on that unit as a consequence of its production or sale.*

*2. Intermediate consumption as the value of the goods and services inserting into the production process.*

*It includes intermediate consumption for items planting stock, energy and lubricants, fertilisers and soil improvers, plant protection products and pesticides, maintenance of materials, maintenance of buildings, forestry services and the other goods and services.*

*Products used for intermediate consumption should be valued at the purchaser market prices for similar goods and services valid at the same time of their insertion into the production process. This price includes taxes less subsidies on products (but excluding deductible taxes like VAT on the products).*

*3. Gross value added (GVA) which represents the eventual effect of forestry sector is the difference between the value of output and the value of intermediate consumption. The gross value added is expressed at basic prices according to the methodology.*

*4. Net value added (NVA) is the value that is calculated according to the formula gross value added minus fixed capital consumption.*

*5. The compensation of employees is defined as total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter. The compensation of employees includes gross wages and salaries and employers' social contributions.*

*6. Other taxes /other subsidies on production that are posted to account within the framework of the Generation of Income Account.*

*7. Factor income that measures the remuneration of all factors of production and represents I the total value generated by units engaged in their production activities.*

*8. Net operating surplus/mixed income that measures the yield from land, capital and unpaid labour. It is the balance of the generation of income account, which indicates the distribution of income between the factors of production and the general government sector.*

9. *Entrepreneurial income that measures the compensation of unpaid labour, remuneration from land belonging to units and the yield arising from the use of capital. Although entrepreneurial income is not always calculated for industries, it can generally be evaluated for the forestry industry as it is possible to determine the part of interest and rents linked exclusively to forestry activity.*

10. *Elements of the capital account pick up the gross fixed capital formation (GFCF) according to particular kinds of fixed assets (machines, transport equipment, buildings...), changes in stock and capital transfers. Forest trees are not fixed assets (provide a finished product once only).*

## **Data sources**

*Basis and data sources for compilation of EAF are publications, surveys and databases of CZSO, documents of FCR, MF CR, MA CR, PGRLF, FMI, FMGRI etc.*

## **Signs and abbreviations employed**

*CZSO – Czech Statistical Office*

*EAF – Economic Accounts for Forestry*

*EU – European Union*

*FCR – Forests of the Czech Republic, state enterprise*

*FMGRI – Forest Management and Game Research Institute*

*FMI – Forest Management Institute*

*GFCF – Gross fixed capital formation*

*GVA – Gross value added*

*MA CR – Ministry of Agriculture of the Czech Republic*

*MF CR – Ministry of Finance of the Czech Republic*

*NVA – Net Value Added*

*PGRLF – Subsidiary and guarantee fund of agriculture and forestry*

*VAT – Value added tax*