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⁽¹⁾ Text with EEA relevance.

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) 2023/1577

of 20 April 2023

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards on the calculation of the own funds requirements for market risk for non-trading book positions subject to foreign exchange risk or commodity risk and the treatment of those positions for the purposes of the regulatory back-testing requirements and the profit and loss attribution requirement under the alternative internal model approach

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 ⁽¹⁾, and in particular Article 325(9), third subparagraph, Article 325bf(9), third subparagraph, and Article 325bg(4), third subparagraph, thereof,

Whereas:

- (1) Considering the different value measures applicable for non-trading book positions, it is necessary to specify whether institutions should use the accounting value or the fair value of those positions as a basis to calculate, in accordance with the alternative standardised approach or the alternative internal model approach set out in Part Three, Title IV, Chapter 1a and Chapter 1b, respectively, of Regulation (EU) No 575/2013, the own funds requirements for market risk for non-trading book positions subject to foreign exchange risk, commodity risk or both.
- (2) Since the value of non-trading book positions is not driven only by market risk factors, institutions should not be required to perform a daily valuation of those positions for the calculation of own funds requirements for foreign exchange risk under the alternative standardised approach. Instead, institutions should reflect in the value of those positions used as a basis for calculation only those changes that are associated with the foreign exchange risk components of those positions.
- (3) To ensure consistency with accounting practices, institutions should use the last available accounting value of a non-trading book position as a basis for calculating the own funds requirement for foreign exchange risk in accordance with the alternative standardised approach. However, the fair value of those positions is also deemed an appropriate basis for the calculation of the own funds requirements. Therefore, institutions should be allowed to use the fair value instead of the last available accounting value as a basis for that calculation if they measure all their non-trading book positions at fair value at least quarterly.

⁽¹⁾ OJ L176, 27.6.2013, p. 1.

- (4) In order to limit any potential misrepresentation of the foreign exchange risk in the non-trading book, the frequency at which institutions are required to update the basis used to reflect the changes in the foreign exchange risk factors should be monthly. That frequency is proportionate, in particular compared to the daily frequency at which institutions are required to update the foreign exchange risk factors under the alternative internal model approach.
- (5) Considering that some foreign exchange positions in the non-trading book might stem from non-monetary items whose value is not updated at each reporting date to reflect changes in the exchange rate, it is necessary to lay down a specific treatment to harmonise the calculation of the own funds requirements for foreign exchange risk for those items in accordance with the sensitivity-based method laid down in Part Three, Title IV, Chapter 1a, Section 2, of Regulation (EU) No 575/2013.
- (6) In line with the international accounting standards, institutions are in general required to measure their financial instruments bearing commodity risk at fair value for the calculation of own funds requirements. However, where an institution physically holds a commodity and does not use the fair value of that position for accounting purposes, the fair value of that position should be used as a basis for calculating the own funds requirements for market risk, since it ensures an accurate and simple implementation of the alternative standardised approach. In addition, using the fair value as a basis allows institutions to accurately recognise hedges and diversification effects between the positions that are held in the non-trading book and those held in the trading book. That basis should be updated monthly, thereby ensuring a proportionate approach, in particular compared with the daily frequency at which institutions are required to update the commodity risk factors under the alternative internal model approach.
- (7) The overarching regulatory framework for the valuation of positions in the non-trading book subject to foreign exchange or commodity risk under the alternative internal model approach should be aligned to the regulatory framework under the alternative standardised approach, considering that there could be trading desks the positions of which are capitalised using the alternative standardised approach in one quarter and the alternative internal model approach in another quarter. However, it is necessary to lay down that, differently from the alternative standardised approach, the alternative internal model approach requires the calculation of daily figures.
- (8) For the purposes of the back-testing and the profit and loss attribution requirement as set out in Articles 325bf and 325bg of Regulation (EU) No 575/2013 under the alternative internal model approach, it is necessary to specify how institutions are to calculate actual and hypothetical changes in the value of the portfolio, specifically in relation to the value of their non-trading book positions. Therefore, to address specific characteristics of non-trading book positions subject to foreign exchange risk or commodity risk, it is necessary to specify how Commission Delegated Regulation (EU) 2022/2059 ⁽²⁾ should be applied for those positions.
- (9) In order to ensure consistency with the scope of risks captured in the risk-measurement model, the actual and hypothetical changes in the value of the portfolio should generally only reflect the changes related to market risk factors. However, as it could be challenging to isolate changes related to foreign exchange and commodity risk for non-trading book positions subject to commodity risk and non-trading book positions that do not change linearly with movements in the exchange rate, institutions should be allowed to reflect in the actual and hypothetical changes in the value of the portfolio the changes related to all components determining the value of those non-trading book positions.
- (10) The provisions in this Regulation are closely linked, since they all deal with the treatment of non-trading book positions that are subject to foreign exchange risk, commodity risk, or both. To ensure coherence between those provisions, which should enter into force at the same time, and to facilitate access and a comprehensive view of those provisions by persons subject to the obligations set out therein, it is appropriate to include all those provisions in a single Regulation.

⁽²⁾ Commission Delegated Regulation (EU) 2022/2059 of 14 June 2022 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the technical details of back-testing and profit and loss attribution requirements under Articles 325bf and 325bg of Regulation (EU) No 575/2013 (OJ L 276, 26.10.2022, p. 47).

- (11) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (12) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council ⁽³⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Calculation of the own funds requirements for market risk for non-trading book positions subject to foreign exchange risk in accordance with the alternative standardised approach

1. When calculating the own funds requirements for non-trading book positions subject to foreign exchange risk under the sensitivities-based method in accordance with Part Three, Title IV, Chapter 1a, Section 2, of Regulation (EU) No 575/2013, institutions shall use as a basis the last available accounting value of those positions.
2. By way of derogation from paragraph 1, institutions may use the last available fair value of a non-trading book position that is subject to foreign exchange risk, provided that they measure all their non-trading book positions at fair value at least on a quarterly basis. When using this derogation, institutions shall apply it consistently to all non-trading book positions subject to foreign exchange risk.
3. Institutions shall update the last available value that is used as a basis for calculating the own funds requirements for foreign exchange risk in accordance with paragraphs 1 and 2 at least on a monthly basis, by reflecting the changes in the value of the foreign exchange risk factors.
4. Institutions shall identify the currency of denomination of the item as the foreign currency whose depreciation against their reporting currency would lead to the highest impairment of the item, where all of the following conditions are met:
 - (a) the item is not measured at fair value;
 - (b) the item is subject to the risk of impairment due to foreign exchange risk;
 - (c) the accounting value of the item is not updated at each reporting date to reflect the changes in the exchange rate between the foreign currency and the reporting currency.

Where institutions calculate the own funds requirements for market risk on a consolidated basis, they shall identify the currency of denomination of an item as the reporting currency of the institution which recognises that item in its individual financial statement, where all of the following conditions are met:

- (a) the item is not measured at fair value;
- (b) the item is subject to the risk of impairment due to foreign exchange risk;
- (c) the institution's reporting currency differs from the reporting currency of the institution that recognises the item in its individual financial statement;
- (d) the accounting value of the item is not updated at each reporting date to reflect the changes in the exchange rate between the foreign currency and the reporting currency of the institution recognising the item in its individual financial statement.

⁽³⁾ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

5. The value of the delta foreign exchange risk sensitivity calculated in accordance with Article 325r(5) of Regulation (EU) No 575/2013 corresponding to the items referred to in paragraph 4 of this Article shall be equal to the value which those items have in the currency of denomination identified in accordance with that paragraph, multiplied by the spot exchange rate between the currency of denomination and the institution's reporting currency.

Article 2

Calculation of the own funds requirements for market risk for non-trading book positions subject to commodity risk in accordance with the alternative standardised approach

When calculating the own funds requirements for non-trading book positions subject to commodity risk under the sensitivities-based method in accordance with Part Three, Title IV, Chapter 1a, Section 2, of Regulation (EU) No 575/2013, institutions shall use as a basis the latest available fair value of those positions.

Institutions shall measure those positions at fair value at least on a monthly basis.

Article 3

Calculation of the own funds requirements for market risk for non-trading book positions subject to foreign exchange risk in accordance with the alternative internal model approach

1. When calculating the own funds requirements for non-trading book positions subject to foreign exchange risk in accordance with the alternative internal model approach set out in Part Three, Title IV, Chapter 1b, of Regulation (EU) No 575/2013, institutions shall use as a basis the last available accounting value of those positions.

2. By way of derogation from paragraph 1, institutions may use the last available fair value of a non-trading book position that is subject to foreign exchange risk, provided that they measure all their non-trading book positions at fair value at least on a quarterly basis. When using this derogation, the institutions shall apply it consistently to all non-trading book positions subject to foreign exchange risk.

3. Institutions shall update the last available value that is used as a basis for calculating the own funds requirements for foreign exchange risk in accordance with paragraphs 1 and 2 on a daily basis, by reflecting changes in the value of the foreign exchange risk factors.

4. When updating the last available value of a non-trading book position on a daily basis, institutions shall update the value of all risk factors for a position for which they used the derogation laid down in Article 5(1), second subparagraph.

5. When calculating the expected shortfall risk measure referred to in Article 325bb of Regulation (EU) No 575/2013 and the stress scenario risk measure referred to in Article 325bk of that Regulation in relation to non-trading book positions subject to foreign exchange risk, institutions shall apply scenarios of future shocks or extreme scenarios of future shock, respectively, only to risk factors that belong to the foreign exchange broad risk factor category referred to in Article 325bd(1) of that Regulation.

6. Institutions shall capture in their risk-measurement model the risk of impairment due to changes in the relevant exchange rates posed by items that are subject to that risk, where those items are not measured at fair value and their accounting values are not updated at each reporting date to reflect the changes in the exchange rate between the foreign currency and the reporting currency of the institution recognising the item in its individual financial statement.

*Article 4***Calculation of the own funds requirements for market risk for non-trading book positions subject to commodity risk or both to commodity and foreign exchange risk in accordance with the alternative internal model approach**

1. When calculating the own funds requirements for non-trading book positions subject either to commodity risk or both to commodity and foreign exchange risk in accordance with the alternative internal model as set out in Part Three, Title IV, Chapter 1b, of Regulation (EU) No 575/2013, institutions shall use as a basis the last available fair value of those positions. Institutions shall measure those positions at fair value on a daily basis.
2. In relation to non-trading book positions subject to commodity risk only, when calculating the expected shortfall risk measure referred to in Article 325bb of Regulation (EU) No 575/2013 or the stress scenario risk measure referred to in Article 325bk of that Regulation, institutions shall apply scenarios of future shocks or extreme scenarios of future shock, respectively, only to risk factors that belong to the commodity broad risk factor category referred to in Article 325bd(1) of that Regulation.
3. In relation to non-trading book positions subject to commodity risk and foreign exchange risk, when calculating the expected shortfall risk measure referred to in Article 325bb of Regulation (EU) No 575/2013 or the stress scenario risk measure referred to in Article 325bk of that Regulation, institutions shall apply scenarios of future shocks or extreme scenarios of future shock, respectively, to the risk factors that belong to the commodity or foreign exchange broad risk factor categories referred to in Article 325bd(1) of that Regulation.

*Article 5***Computation of the hypothetical and actual changes in the value of the portfolio related to non-trading book positions subject to foreign exchange risk or commodity risk or both to commodity and foreign exchange risk in accordance with Article 325bf and Article 325bg of Regulation (EU) No 575/2013**

1. By way of derogation from Articles 1 to 4 of Delegated Regulation (EU) 2022/2059, institutions calculating the hypothetical and the actual changes in the value of the portfolio referred to in Articles 325bf and 325bg of Regulation (EU) No 575/2013 in relation to a non-trading book position which is subject to foreign exchange risk shall calculate the value of that non-trading book position at the end of the day following the computation of the value-at-risk number referred to in Article 325bf of that Regulation by using the value of that non-trading book position at the end of the previous day and updating the component reflecting the foreign exchange risk of that position.

Where the value of a non-trading book position does not change linearly with movements in an exchange rate to which it is subject, institutions may calculate the value of that non-trading book position at the end of the day following the computation of the value-at-risk number referred to in Article 325bf of Regulation (EU) No 575/2013 by using the value of that non-trading book position at the end of the previous day and updating all the components the institution uses to value that non-trading book position.

When applying the second subparagraph, institutions shall apply it consistently to all positions in the trading desk that do not change linearly with movements in an exchange rate to which those positions are subject.

2. By way of derogation from Articles 1 to 4 of Delegated Regulation (EU) 2022/2059, institutions calculating the hypothetical and the actual changes in the value of the portfolio referred to in Articles 325bf and 325bg of Regulation (EU) No 575/2013 in relation to a non-trading book position which is subject to commodity risk or both to commodity and foreign exchange risk shall calculate the value of that non-trading book position at the end of the day following the computation of the value-at-risk number referred to in Article 325bf of that Regulation in accordance with one of the following methods:

- (a) institutions shall use the value of that non-trading book position at the end of the previous day and update only the components reflecting the foreign exchange and commodity risk;

- (b) institutions shall use the value of that non-trading book position at the end of the previous day and update all the components the institution uses to value that non-trading book position.

When applying the first subparagraph, institutions shall apply it consistently for all positions subject to commodity risk in the trading desk.

3. Institutions shall apply paragraphs 1 and 2 only to non-trading book positions that are included both in the portfolio on the day of the computation of the value-at-risk number referred to in Article 325bf of Regulation (EU) No 575/2013, and in the portfolio on the day following the computation of that value-at-risk number.

Article 6

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 20 April 2023.

For the Commission
The President
Ursula VON DER LEYEN

COMMISSION DELEGATED REGULATION (EU) 2023/1578**of 20 April 2023****supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the requirements for the internal methodology or external sources used under the internal default risk model for estimating default probabilities and losses given default****(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 ⁽¹⁾, and in particular Article 325bp(12), third subparagraph, thereof,

Whereas:

- (1) Article 325bp(5), point (e), and Article 325bp(6), point (d), of Regulation (EU) No 575/2013 require institutions that have not been granted permission to estimate default probabilities or losses given default in accordance with Part Three, Title II, Chapter 3, Section 1 of that Regulation for the purposes of calculating their own funds requirement for credit risk, to develop an internal methodology or to use external sources to estimate those default probabilities and losses given default for the purposes of calculating their own funds requirement for market risk referred to in Article 325bl of that Regulation. In order to ensure a level playing field across institutions in the Union, the requirements for such an internal methodology should be the same as those that apply to the methodologies used by institutions that have been permitted to estimate default probabilities or losses given default in accordance with Part Three, Title II, Chapter 3, of that Regulation. However, cases can be envisaged where, for the purposes of calculating their own funds requirement for market risk, institutions can neither rely on external sources of data, nor reasonably run their models in accordance with the requirements set out in Part Three, Title II, Chapter 3, of that Regulation, due to the lack of input data or disproportionate effort required. Therefore, it is necessary to lay down specific requirements that enable the institutions' internal methodology used for the purposes of calculating the own funds requirement for market risk, or parts of it, to cover all such cases adequately. Those specific requirements should ensure prudent outcomes. At the same time, those requirements should meet specific needs in terms of timeliness and flexibility, including situations where positions for certain issuers are too small to require a complex methodology, and hence, a simpler methodology is more appropriate.
- (2) Those specific requirements should only apply where necessary, that is, only where institutions can neither rely on external sources of data, nor reasonably run models satisfying the requirements set out in Part Three, Title II, Chapter 3, of Regulation (EU) No 575/2013. Therefore, conditions should be laid down to ensure that there are no other sources for estimating default probabilities and losses given default, and that the cases in which institutions can neither rely on external sources, nor reasonably run their models do not represent an excessive amount of their portfolios considering the requirements laid down in Article 325bn(1) of that Regulation. Institutions should assess those conditions frequently enough to take into account potential changes, including changes to the availability of external data sources, and considering the frequency with which the own funds requirements for market risk are reported.
- (3) To enable institutions to take into account the characteristics of the positions for different issuers, including the materiality and holding periods of those positions, institutions should be allowed to develop internal methodologies for the estimation of default probabilities and losses given default which consist of different parts, to cover those different positions.

⁽¹⁾ OJ L 176, 27.6.2013, p. 1.

- (4) It is necessary to ensure that the risk of default of individual issuers is sufficiently capitalised. The estimates of default probabilities and losses given default based on an internal methodology, or a part of it, should therefore be sufficiently conservative, having regard to other methodologies and sources used by the institutions. To that end, it is necessary to specify the conditions under which the estimates of default probabilities and losses given default will be sufficiently conservative. In particular, for those cases in which institutions can neither rely on external sources of data, nor reasonably run their models, limits should be set to the values that the estimates of default probabilities and losses given default may assume.
- (5) Institutions that use external sources to estimate default probabilities and losses given default should, as part of the validation of the internal default risk model, periodically review the estimates produced to ensure that those estimates remain appropriate for the institutions' portfolios. Institutions that use more than one external source should establish a hierarchy of those external sources to ensure the overall consistency of their use in the internal default risk model. Furthermore, institutions that use external sources to estimate default probabilities may have to undertake a number of steps and procedures before they can produce the actual estimates of default probabilities. It is therefore necessary to lay down requirements to ensure that the methodology used to produce estimates of default probabilities from external sources is conceptually sound in that it produces accurate and consistent estimates that are not biased.
- (6) Article 325bp(11) of Regulation (EU) No 575/2013 requires institutions to document their internal models so that their correlation assumptions and other modelling assumptions are transparent to the competent authorities. To assist competent authorities in ensuring compliance with that requirement, it is necessary to specify how that general documentation requirement is to be applied to internal methodologies or external sources used under the internal default risk model for estimating default probabilities and losses given default.
- (7) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (8) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council ⁽²⁾,

HAS ADOPTED THIS REGULATION:

Article 1

Requirements for the internal methodology for estimating default probabilities

1. An institution's internal methodology, or a part of it, used for estimating default probabilities in accordance with Article 325bp(5), point (e), of Regulation (EU) No 575/2013, shall fulfil the same requirements as those that apply to the methodologies used by institutions that have been permitted to estimate default probabilities in accordance with Part Three, Title II, Chapter 3 of that Regulation.
2. By way of derogation from paragraph 1, an institution's internal methodology, or a part of it, for estimating default probabilities shall fulfil the requirements set out in paragraphs 3 or 4, as applicable, where, for a given issuer, all of the following conditions are met on a quarterly basis:
 - (a) no external sources fulfilling the requirements set out in Article 2 are already available for estimating default probabilities for that issuer;

⁽²⁾ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

- (b) the use of an internal methodology, or a part of it, fulfilling the requirements set out in paragraph 1 is either:
- (i) not feasible due to a lack of input data for that issuer; or
 - (ii) disproportionate in relation to the materiality or the holding period of the relevant positions for that issuer, based on the trading strategy adopted for such positions;
- (c) the value of 'm', calculated in accordance the formula laid down in paragraph 5, is any of the following:
- (i) lower than or equal to 10 %;
 - (ii) higher than 10 %, and the institution carries out all of the following:
 - (1) the institution investigates whether additional external sources fulfilling the requirements set out in Article 2 are available and uses those sources to reduce the value of 'm' to a value which is lower than or equal to 10 %;
 - (2) the institution conducts a sensitivity and scenario analysis to assess the qualitative and quantitative soundness of the internal methodology or part of it.

For the sensitivity analysis referred to in point (c)(ii)(2), the institution shall assess the sensitivity of the own funds requirements calculated in accordance with Article 325bn(1) of Regulation (EU) No 575/2013 in relation to all trading book positions referred to in Article 325bl of that Regulation. The institution shall do so by assigning to the issuers covered at the time of the calculation by the internal methodology or part of it, which fulfils the requirements set out in paragraphs 3 or 4, as applicable, one rating grade higher than and one rating grade lower than the one used to fulfil the requirements set out in those paragraphs.

3. Where the conditions set out in paragraph 2 are met, an institution's internal methodology, or a part of it, shall assign to an issuer an estimate of default probability which is equal to or higher than the maximum of the following values:

- (a) the highest default probability assigned to investment grade issuers of positions under the scope of the institution's internal default risk model and for which the conditions set out in paragraph 2 are not met;
- (b) the equally weighted average of default probabilities assigned to issuers of positions under the scope of the institution's internal default risk model and for which the conditions set out in paragraph 2 are not met.

For the purposes of point (b), institutions may exclude defaulted issuers when calculating the equally weighted average of default probabilities, where they can ensure that the conditions set out in paragraph 2 are not met for such defaulted issuers.

4. By way of derogation from paragraph 3, where the conditions set out in paragraph 2 are met and the own funds requirements for default risk decrease as the value of default probability assigned to a given issuer increases, an institution's internal methodology or a part of it shall assign to that issuer an estimate of default probability which is equal to or lower than the value assigned in accordance with paragraph 3, point (b).

5. For the purposes of paragraph 2, point (c), institutions shall calculate the value of 'm' in accordance with the following formula:

$$m = \frac{\text{DRC}(\text{full scope}) - \text{DRC}(\text{other methodologies and external sources})}{\text{DRC}(\text{full scope})}$$

where:

DRC(full scope) =	the own funds requirements calculated in accordance with Article 325bn(1) of Regulation (EU) No 575/2013 on the full scope of the trading book positions referred to in Article 325bl of that Regulation;
DRC(other methodologies and external sources) =	the own funds requirements calculated in accordance with Article 325bn(1) of Regulation (EU) No 575/2013 relating exclusively to the trading book positions referred to in Article 325bl of that Regulation for the issuers of which the conditions set out in paragraph 2 are not met.

Article 2

Requirements for external sources for estimating default probabilities

1. When using external sources for estimating default probabilities in accordance with Article 325bp(5), point (e), of Regulation (EU) No 575/2013, institutions shall, in accordance with Articles 325bj(2) and 325bp(7) of that Regulation, validate the estimates of default probabilities on a periodic basis for their use in the internal default risk model.
2. Institutions shall obtain the estimates of default probabilities from external sources by employing a methodology that is conceptually sound and that fulfils the requirements set out in paragraph 4.
3. Institutions that use more than one external source shall establish a hierarchy of those external sources.
4. Before applying the floor referred to in Article 325bp(5), point (a), of Regulation (EU) No 575/2013, institutions shall ensure that the methodology referred to in paragraph 2 of this Article fulfils all of the following requirements:
 - (a) the methodology, based on the obligor grade scale used, where that scale could also be continuous, shall provide estimates of default probabilities corresponding to the applicable time horizon referred to in Article 325bp(5), point (b), of Regulation (EU) No 575/2013 that meet all of the following conditions:
 - (i) the estimates of default probabilities are considered accurate for all obligor grades having analysed their expected range of estimation errors;
 - (ii) the estimates of default probabilities are consistent across obligor grades;
 - (iii) the estimates of default probabilities provide a meaningful differentiation of risk and strictly increase as the creditworthiness of the obligor decreases;
 - (iv) the values of the estimates of default probabilities are not set to zero for an obligor grade solely on the basis that no defaults have been observed in the past for that obligor grade.
 - (b) where the methodology's estimates of default probabilities are not derived in combination with current market prices, institutions shall analyse any differences they observe between those estimates and estimates that are derived in combination with current market prices, as referred to in Article 325bp(5), point (c), of Regulation (EU) No 575/2013.

Article 3

Requirements for the internal methodology for estimating losses given default

1. An institution's internal methodology, or a part of it, used for estimating losses given default in accordance with Article 325bp(6), point (d), of Regulation (EU) No 575/2013 shall fulfil the same requirements as those that apply to the methodologies used by institutions that have been permitted to estimate losses given default in accordance with Part Three, Title II, Chapter 3 of that Regulation.

2. By way of derogation from paragraph 1, an institution's internal methodology, or a part of it, for estimating losses given default shall fulfil the requirements set out in paragraphs 3 or 4, as applicable, where, in relation to a given position, all of the following conditions are met on a quarterly basis:

- (a) no external sources fulfilling the requirements set out in Article 4 are already available for estimating losses given default for that position;
- (b) the use of an internal methodology, or a part of it, fulfilling the requirements set out in paragraph 1 is either:
 - (i) not feasible due to a lack of input data for that position; or
 - (ii) disproportionate in relation to the materiality or the holding period of that position, based on the trading strategy adopted for that position;
- (c) the value of 'm', calculated in accordance with the formula laid down in paragraph 5, is any of the following:
 - (i) lower than or equal to 10 %;
 - (ii) higher than 10 %, and the institution investigates whether additional external sources fulfilling the requirements set out in Article 4 are available and uses those sources to reduce the value of 'm' to a value which is lower than or equal to 10 %.

3. Where the conditions set out in paragraph 2 are met, an institution's internal methodology, or a part of it, shall assign to a position an estimate of loss given default which is equal to or higher than the following:

- (a) 75 % for subordinated debt positions;
- (b) 45 % for senior unsecured debt positions;
- (c) 11,25 % for covered bond positions;
- (d) 25 % for any other positions.

4. By way of derogation from paragraph 3, where the conditions set out in paragraph 2 are met and the own funds requirements for default risk decrease as the value of loss given default assigned to a given position increases, an institution's internal methodology, or a part of it, shall assign to that position an estimate of loss given default which is equal to or lower than the values set out in paragraph 3.

5. For the purposes of paragraph 2, point (c), institutions shall calculate the value of 'm' in accordance with the formula set out in Article 1(5), where the term DRC (other methodologies and external sources) represents the own funds requirements calculated in accordance with Article 325bn(1) of Regulation (EU) No 575/2013 relating exclusively to the trading book positions referred to in Article 325bl of that Regulation for which the conditions set out in paragraph 2 are not met.

Article 4

Requirements for external sources for estimating losses given default

1. When using external sources for estimating losses given default in accordance with Article 325bp(6), point (d), of Regulation (EU) No 575/2013, institutions shall, in accordance with Articles 325bj(2) and 325bp(7) of that Regulation, validate the estimates of losses given default on a periodic basis for their use in the internal default risk model.

2. Institutions that use more than one external source shall establish a hierarchy of those external sources.

*Article 5***Documentation**

1. Institutions whose internal methodology, or a part of it, meets the conditions set out in Article 1(2) or Article 3(2), shall, in relation to all the issuers and positions covered under those Articles, document all of the following:
 - (a) that no external sources fulfilling the requirements set out in Article 2 or in Article 4, as applicable, are available for estimating default probabilities for those issuers and losses given default for those positions, respectively;
 - (b) that the use of an internal methodology fulfilling the requirements set out in Article 1(1) for estimating default probabilities for those issuers, or in Article 3(1) for estimating losses given default for those positions, respectively, would not be feasible due to a lack of input data, or that it would be disproportionate in relation to the materiality or the holding period in line with the trading strategy adopted for those issuers or positions;
 - (c) the values of 'm', calculated in accordance with the formulae laid down in Article 1(5) and Article 3(5).

2. Institutions shall keep an up-to-date inventory of the external data sources used for the purposes of Articles 2 and 4, which shall contain all of the following:
 - (a) a description of the methodologies used to obtain estimates of default probabilities from external sources in accordance with Article 2(1) and Article 2(2);
 - (b) documentation and underlying rationale where an institution has identified different terms, information or assumptions in accounting for expected credit losses and the estimates of default probabilities from external sources for exposures under the internal default risk model for the purpose of ensuring sound credit risk management, as approved by senior management;
 - (c) a description of the methodologies used to obtain estimates of losses given default from external sources in accordance with Article 4(1);
 - (d) the results of the validation performed in accordance with Article 2(1) and Article 4(1);
 - (e) the hierarchy of the external sources used, in accordance with Article 2(3) and Article 4(2).

For the purposes of point (a), where the estimates of default probabilities differ from those used in the institutions' internal risk management methodologies and those differences are not due to the requirements set out in Article 325bp(5) of Regulation (EU) No 575/2013, those differences shall be part of the description of the methodologies.

For the purposes of point (c), where the estimates of losses given default differ from those used in the institutions' internal risk management methodologies and those differences are not due to the requirements set out in Article 325bp(6) of Regulation (EU) No 575/2013, those differences shall be part of the description of the methodologies.

*Article 6***Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States.

Done at Brussels, 20 April 2023.

For the Commission
The President
Ursula VON DER LEYEN

COMMISSION IMPLEMENTING REGULATION (EU) 2023/1579**of 31 July 2023****laying down rules for the application of Regulation (EU) 2022/2379 of the European Parliament and of the Council as regards agricultural price statistics****(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2022/2379 of the European Parliament and of the Council of 23 November 2022 on statistics on agricultural input and output, amending Commission Regulation (EC) No 617/2008 and repealing Regulations (EC) No 1165/2008, (EC) No 543/2009 and (EC) No 1185/2009 of the European Parliament and of the Council and Council Directive 96/16/EC ⁽¹⁾, and in particular Articles 5(10) and 9(4) thereof,

Whereas:

- (1) Regulation (EU) 2022/2379 establishes an integrated framework for developing, producing and disseminating European statistics as regards agricultural inputs and outputs.
- (2) It is necessary to specify the data requirements for producing statistics on agricultural inputs and outputs as regards agricultural prices in order to produce comparable data between Member States and to achieve harmonisation.
- (3) Pursuant to Article 5(10) of Regulation (EU) 2022/2379, implementing acts defining data sets to be transmitted to the Commission are to specify technical elements of the data to be provided, where appropriate, such as the list of variables, the descriptions of the variables, the observation units, the methodological rules to be applied, and the deadlines for transmitting the data.
- (4) It is necessary to specify the variables for which the regional dimension is required as it is needed only for some variables.
- (5) The reference periods referred to in Article 9 of Regulation (EU) 2022/2379 should be further specified.
- (6) In order to obtain reliable and comparable results from all Member States, a common methodological framework for the compilation of agricultural price statistics is required.
- (7) Agricultural price indices are necessary baseline data for the economic accounts for agriculture as specified by Regulation (EC) No 138/2004 of the European Parliament and of the Council ⁽²⁾, and therefore, the observation units should fit in the scope of the latter Regulation.
- (8) The measures provided for in this Regulation are in accordance with the opinion of the European Statistical System Committee as established by Article 7 of Regulation (EC) No 223/2009 of the European Parliament and of the Council ⁽³⁾,

⁽¹⁾ OJ L 315, 7.12.2022, p. 1.

⁽²⁾ Regulation (EC) No 138/2004 of the European Parliament and of the Council of 5 December 2003 on the economic accounts for agriculture in the Community (OJ L 33, 5.2.2004, p. 1).

⁽³⁾ Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

HAS ADOPTED THIS REGULATION:

Article 1

Data requirements

Member States shall provide data on the domain of agricultural price statistics referred to in Article 5(1), point (c) of Regulation (EU) 2022/2379 in the form of aggregated data sets. The data shall be transmitted to the Commission (Eurostat) at the required geographical level.

Article 2

Datasets

- (1) The data contents of the datasets are specified in:
 - (a) Annex I for topic (i), agricultural price indices, for the detailed topics
 - (i) Early and achieved indices
 - (ii) Weights and rebased indices
 - (b) Annex II for topic (ii), absolute input prices, for the detailed topics
 - (i) Fertilisers
 - (ii) Feeding stuff
 - (iii) Energy
 - (c) Annex III for topic (iii), agricultural land prices and rents, for the detailed topics
 - (i) Agricultural land prices
 - (ii) Agricultural land rents.
- (2) For each dataset, section I specifies:
 - (a) a description of the data contents
 - (b) the variables to be provided at national and, where required, at regional level
 - (c) the deadlines for transmission of the data to the Commission (Eurostat)
 - (d) the reference periods.
- (3) For each dataset, section II specifies:
 - (a) a description of the measurement units
 - (b) technical requirements related to the variables.

Article 3

Methodological specifications

The methodological specifications relating to each of the datasets in Annexes I, II and III are set out in Annex IV.

Article 4

Observation units

The observation units for statistics on the topics 'Agricultural price indices' and 'Absolute input prices' are agricultural industry units trading in goods and services or their counterparts in the transactions. The agricultural industry is composed of agricultural holdings, groups of producers producing wine and olive oil, and specialised units providing these enterprises with a combination of machines, material and labour to perform contract work.

The observation units for the topic 'Agricultural land prices and rents' are primarily persons or enterprises involved in the transactions of selling or renting land for agricultural use, including service providers.

Article 5

Descriptions

For the purposes of this Regulation, the descriptions of terms as set out in Annex V shall apply.

Article 6

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 31 July 2023.

For the Commission
The President
Ursula VON DER LEYEN

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ANNEX I

AGRICULTURAL PRICE INDICES

DATA SET 1

Agricultural price indices

Domain:	c.	Agricultural price statistics
Topic:	i.	Agricultural price indices
Detailed topics:	i.1	Early and achieved indices
	i.2	Weights and rebased indices

Section I

Data contents

The data shall provide agricultural price indices that represent the changes in prices of agricultural products and inputs in the Member State during the reference period, by comparison with the base year, as well as the data necessary to allow rebasing these indices. These are: weights (weighting values) and rebased indices.

Product or input	Frequency								
	Quarterly				Annual			Every 5 years	
	Reference period								
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
	Deadlines								
	15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3

Agricultural products

		Q1	Q1	Q1	Q1	AI	AI	AI, QI	QW, AW	QI, AI
	CEREALS (including seeds)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Wheat and spelt	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Common wheat and spelt	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Durum wheat	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Rye and winter cereal mixtures (meslin)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Barley	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Fodder barley	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Malting barley	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Oats and summer cereal mixtures	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI

Product or input		Frequency								
		Quarterly				Annual			Every 5 years	
		Reference period								
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
		Deadlines								
	15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3	
	Grain maize	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Rice	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Other cereals	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	INDUSTRIAL CROPS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Oilseeds and oleaginous fruit (including seeds)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Rape and turnip rape seeds	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Sunflower	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Soya	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other oleaginous products	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Protein crops (including seeds)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Raw tobacco	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Sugar beet	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Other industrial crops	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Fibre crops	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Hops	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other industrial crops: others	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	FORAGE PLANTS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Green maize	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Fodder root crops (including forage beet)	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other forage plants	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Hay	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Straw	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI

Product or input			Frequency									
			Quarterly				Annual			Every 5 years		
			Reference period									
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B		
			Deadlines									
				15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3
		Silage	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Other forage plants: others	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		VEGETABLES AND HORTICULTURAL PRODUCTS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI	
		Fresh vegetables (including melons)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI	
		Cauliflower	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Tomatoes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Other fresh vegetables	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Cabbages	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Lettuces	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Spinach	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Cucumbers	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Carrots	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Onions	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Fresh beans	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Fresh pulses	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Fresh peas	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Other fresh vegetables: other	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Plants and flowers	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI	
		POTATOES (including seeds)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI	
		Potatoes for consumption	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	
		Early potatoes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI	

Product or input			Frequency								
			Quarterly				Annual			Every 5 years	
			Reference period								
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
			Deadlines								
			15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3
		Main crop potatoes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Seed potatoes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Other potatoes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		FRUIT	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
		Fresh fruit	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
		Apples for fresh consumption	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Pears for fresh consumption	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Peaches	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Other fresh fruit	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Cherries	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Plums	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Strawberries	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Nuts and dried fruit	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Nuts	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Dried fruit	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Other fresh fruit: other	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Citrus fruit	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
		Sweet oranges	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Mandarins	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Lemons and acid limes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
		Other citrus fruit	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI

Product or input		Frequency								
		Quarterly				Annual			Every 5 years	
		Reference period								
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
		Deadlines								
		15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3
	Fruits from subtropical and tropical climate zones	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Grapes	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Grapes for table use	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other grapes, fresh	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Olives	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Olives for table use	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other olives	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	WINE	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	PDO and PGI	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	PDO	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	PGI	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other wines than PDO and PGI	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	OLIVE OIL	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	OTHER CROP PRODUCTS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Vegetative materials used primarily for plaiting	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Seeds	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Other crop products: others	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	TOTAL CROP, including fruit and vegetables	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	TOTAL CROP, excluding fruit and vegetables	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	ANIMALS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI

Product or input		Frequency								
		Quarterly				Annual			Every 5 years	
		Reference period								
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
		Deadlines								
		15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3
	Live cattle	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Cattle excluding calves	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Calves	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Live pigs	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Live horses, asses, mules and hinnies	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Live sheep and goats	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Live poultry	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Chicken (species)	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other poultry	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other animals	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
ANIMAL PRODUCTS		QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Milk or Raw milk	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Raw cows' milk	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other milk types	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Eggs	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Other animal products	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
TOTAL ANIMAL		QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
TOTAL AGRICULTURAL GOODS, including fruit and vegetables		QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
TOTAL AGRICULTURAL GOODS, excluding fruit and vegetables		QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI

Product or input	Frequency								
	Quarterly				Annual			Every 5 years	
	Reference period								
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
	Deadlines								
	15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3

Goods and services consumed in agriculture (input 1)

GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE (INPUT 1)	Q1	Q1	Q1	Q1	AI	AI	AI, Q1	QW, AW	Q1, AI
SEEDS AND PLANTING STOCK	Q1	Q1	Q1	Q1	AI	AI	AI, Q1	QW, AW	Q1, AI
ENERGY; LUBRICANTS	Q1	Q1	Q1	Q1	AI	AI	AI, Q1	QW, AW	Q1, AI
Electricity	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Fuels for heating	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Motor fuels	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Lubricants and other energy products than electricity, and heating and motor fuels	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
FERTILISERS AND SOIL IMPROVERS	Q1	Q1	Q1	Q1	AI	AI	AI, Q1	QW, AW	Q1, AI
Straight fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Nitrogenous fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Phosphatic fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Potassic fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Compound fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
NP fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
PK fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
NPK fertilisers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Other fertilisers, soil improvers	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
PLANT PROTECTION PRODUCTS	Q1	Q1	Q1	Q1	AI	AI	AI, Q1	QW, AW	Q1, AI
Fungicides and bactericides	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI
Insecticides and acaricides	Q1	Q1	Q1	Q1	-	AI	AI, Q1	QW, AW	Q1, AI

Product or input		Frequency								
		Quarterly				Annual			Every 5 years	
		Reference period								
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
		Deadlines								
		15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3
	Herbicides, haulm destructors and moss killers	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other plant protection products	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	VETERINARY EXPENSES	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	ANIMAL FEEDING STUFFS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Straight feeding stuffs	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Cereals and milling by-products	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Oilcakes	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Products of animal origin	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other straight feeding stuffs	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Compound feeding stuffs	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Compound feeding stuffs for calves	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Compound feeding stuffs for cattle excluding calves	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Compound feeding stuffs for pigs	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Compound feeding stuffs for poultry	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other compound feeding stuffs	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	MAINTENANCE OF MATERIALS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	MAINTENANCE OF BUILDINGS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	OTHER GOODS AND SERVICES	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
Goods and services contributing to agricultural investment (input 2)										
	GOODS AND SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT (INPUT 2)	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	MATERIALS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI

Product or input		Frequency								
		Quarterly				Annual			Every 5 years	
		Reference period								
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year N			Year B	
		Deadlines								
		15 May year N	15 August year N	15 November year N	15 February year N+1	15 November year N	1 March year N+1	15 July year N+1	30 September year B+3	31 December year B+3
	MACHINERY AND OTHER EQUIPMENT	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Rotovators and other 2 wheel equipment	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Machinery and equipment for cultivation	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Machinery and equipment for harvesting	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Farm machinery and installations	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Farm machinery and installations for crop production	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Farm machinery and installations for animal production	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other farm machinery and installations	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	TRANSPORT EQUIPMENT	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	Tractors	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	Other vehicles	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	BUILDINGS	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
	FARM BUILDINGS (NON-RESIDENTIAL)	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	OTHER WORKS EXCEPT LAND IMPROVEMENTS (OTHER BUILDINGS, STRUCTURES, ETC.)	QI	QI	QI	QI	-	AI	AI, QI	QW, AW	QI, AI
	OTHER	QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI
INPUT TOTAL (INPUT 1 + INPUT 2)		QI	QI	QI	QI	AI	AI	AI, QI	QW, AW	QI, AI

N: The calendar year that the data refer to

B: The base year

AI: Annual indices, B = 100

QI: Quarterly indices, B = 100
AW: Annual weighting values (millions of national currency)
QW: Quarterly weighting values (millions of national currency)

Geographical level: National level

Section II

Description of the measurement units

Agricultural price indices: index, set to 100 for the base year

Weighting values: million national currency

Technical requirements related to the variables

The detailed methodological specifications to be applied are provided in annex IV.

An annual index of a category is the weighted average of the four corresponding quarterly indices of the same category. The quarterly weighting values are used to establish this result.

The aggregated indices shall result from the weighted average of the more detailed indices at the next level of the classification, as weighted by their weighting values.

The indices shall be re-based every five years, so that the agricultural price indices can be re-calculated with reference to prices and weighting values of a new base year (years finishing with 0 or 5).

ANNEX II

ABSOLUTE INPUT PRICES

DATA SET 1

Fertilisers

Domain:	c.	Agricultural price statistics
Topic:	ii.	Absolute input prices
Detailed topic:	ii.1	Fertilisers

Section I

Data contents

The data set shall cover the average purchase prices for the fertiliser products and the related country weighting values.

Fertiliser product and form		Deadline	
		31 May year N +1	31 December year B+1
Nitrogen fertilisers			
Ammonium sulphate 16-26 % (AS)	Granular	AP	AW
	Crystallized	AP	AW
Calcium ammonium nitrate 22-32 % (CAN)	All forms	AP	AW
Ammonium nitrate (AN) 28-38 %	Granular	AP	AW
Ammonium nitrate (AN-24S) 20-30 % N+S	Granular	AP	AW
Urea (AUS) 46 %	Granular	AP	AW
	Prilled	AP	AW
Urea ammonium nitrate (UAN) 27-37 %	Solution	AP	AW
Urea ammonium nitrate + S (UAN-26S) 22-32 % N+S	Solution	AP	AW
Phosphatic fertilisers			
Single superphosphate (SSP) under 25 %	All forms	AP	AW
Triple superphosphate (TSP) over 40 %	All forms	AP	AW
Potassic fertilisers			
Potassium chloride (KCl) 55-65 %	Granular/compacted	AP	AW
	Prilled	AP	AW
Potassium sulphate (K ₂ SO ₄) 45-55 %	All forms	AP	AW

N: The calendar year that the data refer to

AP: Annual average price (national currency/tonne of nutrient content)

B: The year the weighting values refer to (ending with "0" or "5")

AW: Country weighting values (millions of national currency)

Geographical level: National level

Reference period: Calendar year

Section II

Description of measurement units

Price: In national currency per metric tonne of nutritive content of the fertiliser product, namely nitrogen (N), phosphate (P_2O_5) or potassium oxide (K_2O) equivalents respectively for the nitrogen, phosphoric and potassic fertilisers, calculated according to the generic methodological specifications in Annex IV.

Country weighting values: Million national currency

Technical requirements related to the variables

The prices refer to transactions of at least 5 tonnes of fertiliser product, delivered free on farm.

Country weighting values are the national values of all the transactions recorded for each fertiliser product.

DATA SET 2

Feeding stuff

Domain:	c.	Agricultural price statistics
Topic:	ii.	Absolute input prices
Detailed topic:	ii.2	Feeding stuff

*Section I***Data contents**

The data set shall cover the purchase prices for feeding stuffs and the related country weighting values.

Feeding stuff product	Deadline	
	31 May year N+1	31 December year B+1
Straight feeding stuffs		
Fodder wheat	AP	AW
Fodder barley	AP	AW
Oats	AP	AW
Grain maize	AP	AW
Wheat bran	AP	AW
Soybean meal	AP	AW
Dried sugar beet pulp	AP	AW
Meadow hay	AP	AW
Dried lucerne	AP	AW
Cereal straw	AP	AW
Triticale	AP	AW
Sunflower seed meal	AP	AW
Rapeseed meal	AP	AW
Sugar cane molasses	AP	AW

N:	The calendar year that the data refer to
AP:	Annual average price (national currency)
B:	The year the weighting values refer to (ending with "0" or "5")
AW:	Country weighting values (millions of national currency)

Geographical level: National level

Reference period: Calendar year

*Section II****Description of measurement units***

Annual average price:	In national currency per metric tonne of straight feeding stuff
Country weighting values:	Million national currency

Technical requirements related to the variables

The prices refer to transactions of at least 5 tonnes feeding stuffs delivered free on farm.

DATA SET 3

Energy

Domain:	c.	Agricultural price statistics
Topic:	ii.	Absolute input prices
Detailed topic:	ii.3	Energy

*Section I***Data contents**

The data set shall cover the purchase prices for energy products used in agriculture and the related country weighting values.

Energy product	Deadline	
	31 May year N+1	31 December year B+1
Electricity	AP	AW
Heating gas oil	AP	AW
Residual fuel oil	AP	AW
Motor spirit	AP	AW
Diesel oil	AP	AW

N:	The calendar year that the data refer to
AP:	Annual average price
B:	The year the weighting values refer to (ending with "0" or "5")
AW:	Country weighting values (million national currency)

Reference period: Calendar year

Geographical level: National level

*Section II***Description of measurement units**

Electricity:	national currency per 1 000 kWh
Other energy prices:	national currency per 100 l

Technical requirements related to the variables

The detailed methodological specifications to be applied are provided in annex IV.

The prices refer to transactions where delivery is as follows:

- Heating gas oil: in bulk, for 1 000 l
- Residual fuel oil: in bulk, for 5 000 l
- Motor spirit: at petrol pump; for small purchases in bulk in the buyer's container
- Diesel oil: in bulk in the buyer's container, for at least 1 000 l

ANNEX III

AGRICULTURAL LAND PRICES AND RENTS

DATA SET 1

Agricultural land prices

Domain:	c.	Agricultural price statistics
Topic:	iii.	Agricultural land prices and rents
Detailed topic:	iii.1	Agricultural land prices

*Section I***Data contents**

The data set shall cover the average selling price of agricultural land as reflected in transactions in the Member State during the reference year.

Category of agricultural land	Deadline
	30 September year N+1
Arable land	AP
Irrigable arable land	AP
Non-irrigable arable land	AP
Permanent grassland	AP

N: The calendar year that the data refer to

AP: Annual average price

Reference period: Calendar year

Geographical level: National and regional level

*Section II***Description of measurement units**

National currency per hectare of agricultural land.

Technical requirements related to the variables

The additional technical requirements that apply are covered by the detailed methodological specifications provided in annex IV.

DATA SET 2

Agricultural land rents

Domain:	c.	Agricultural price statistics
Topic:	iii.	Agricultural land prices and rents
Detailed topic:	iii.2	Agricultural land rents

*Section I***Data contents**

The data set shall cover the average price for renting agricultural land for a calendar year.

Category of agricultural land	Deadline
	31 December year N+1
Arable land and permanent grassland	AR
Arable land	AR
Permanent grassland	AR

N: The calendar year that the data refer to

AR: Annual average renting price

Geographical level: National and regional level

Reference period: Calendar year

*Section II***Description of measurement units**

National currency per hectare of agricultural land.

Technical requirements related to the variables

The additional technical requirements that apply are covered by the detailed methodological specifications provided in annex IV.

ANNEX IV

METHODOLOGICAL SPECIFICATIONS

1. **Compilation**1.1. **Compilation of agricultural price indices (API)**

- 1.1.1. The API are 'Laspeyres-type indices'. Such an index is a price index that measures the average change in prices from the price for the base period to the price for a later period, using the value shares (weights) from the base period.

A 'Laspeyres-type index' is defined as:

$$I^t = \frac{\sum_{i=1}^k p_i^t q_i^0}{\sum_{i=1}^k p_i^0 q_i^0} * 100,$$

the price of a product i being denoted by p_i , the quantity of this product by q_i . The index compares the price of the current period t and the price of the base period (0).

- 1.1.2. For compilation of the whole set of indices, only the detailed indices are compiled by referring to the absolute prices p^0 and p^t . The aggregated indices are compiled from detailed indices or from already-aggregated indices.

This aggregation uses directly the divisor from the Laspeyres index formula $\sum_{i=1}^k p_i^0 q_i^0$ as a weight for computing an average of these indices. Member States compile the quarterly and annual weighting values for the detailed and aggregated indices.

- 1.1.3. The weighting value of an aggregated index is the sum of the weighting values of the indices contributing to it. The weighting value of an index for a year is the sum of its weighting values for the four quarters of this year.

- 1.1.4. Member States shall provide the Commission (Eurostat) with the products and input API as defined in Annex I, considering the provisions under section 3 of this Annex.

- 1.1.5. The weighting values and prices of the non-required products as defined under points 3.1.2. to 3.1.5. of this Annex shall be recorded together with the weighting values and prices of another product which is at the same hierarchical level in Annex I and contributes to the same aggregate.

- 1.1.6. In order to reduce possible volatility in the values reported for the base year, each Member State can choose a longer period, provided that: 1) the same period is used for all the agricultural price indices, 2) the indices are produced and published using a common index reference period (base year = 100), and 3) consistency with the Economic Accounts for Agriculture (EAA) is kept.

- 1.1.7. The API shall cover goods transactions of the agricultural industry as defined in Article 4.

1.2. **Compilation of the absolute agricultural prices for EU-level needs**

- 1.2.1. Member States shall provide the Commission (Eurostat) with the absolute agricultural prices for EU needs, which cover specific inputs in the fields of energy, fertiliser and feedingstuffs prices as listed in Annex II. The information includes the annual average collected prices for the selected inputs and, every five years, their annual weighting values.

1.3. **Compilation of the statistics on agricultural land prices and rents**

- 1.3.1. Member States must check the quality of the individual information to avoid covering transactions for other uses than agricultural and other non-compliant transactions.

- 1.3.2. The land prices and rents at NUTS 0 and NUTS 1 are calculated as the averages of the regional (NUTS 2) average prices or rents weighted by the corresponding areas (NUTS 2), for each category of land set out in Annex III. The information on the areas is provided by the latest data from Regulation (EU) 2018/1091 on integrated farm statistics or any other suitable source, preferentially of EU coverage.
- 1.3.3. The price for a type of land, as listed in Annex III, is not compiled if this type of land covers less than 5 % of the utilised agricultural area.
- 1.3.4. The breakdown of arable land is not compiled if the irrigable arable land covers less than 15 % of the utilised agricultural area.
- 1.3.5. Where the price of irrigable arable land is not significantly different from the price of non-irrigable land, the breakdown of irrigable and non-irrigable arable land is not compiled. A price of irrigable arable land more than 50 % higher than the price of non-irrigable arable land is considered as significant.
- 1.3.6. Where the price of permanent grassland is not significantly different from the price of arable land, the price of permanent grassland is not compiled. A price of arable land more than 50 % higher than the price of permanent grassland is considered as significant.
- 1.3.7. Where the available transactions do not distinguish the rents broken down between arable land and permanent grassland, or not enough transactions exist to establish representative specific rent prices, the resulting rent prices are not broken down between arable land and permanent grassland.
- 1.3.8. For the purpose of establishing statistics on agricultural land prices and rents, where less than 10 eligible land transactions are available, the related statistics are considered as of insufficient quality. In such a case, the Member State shall inform the Commission. The eligible transactions are those granted for arable land and permanent grassland and regarding areas without buildings or plantations and intended to be used for agriculture. Transactions granted between persons who are relatives are not eligible.

2. **Comparability**

- 2.1.1. For the indices to be considered comparable, any differences across Member States at all levels of detail shall only reflect differences in price changes or revenue and expenditure patterns.
- 2.1.2. Any indices that deviate from the concepts or methods described in section 1.1. of this Annex shall be deemed comparable if they differ systematically by no more than 0.5 percentage points on average over one year from the indices compiled following the concepts and methods described in section 1.1. of this Annex.

3. **Field of observation**

- 3.1.1. Absolute agricultural prices collected by Member States for compilation of API shall be representative at Member State level.
- 3.1.2. Product indices accounting for less than one percent of the total agricultural product weighting value of a Member State and input indices accounting for less than one percent of the total input weighting value of a Member State are not required, unless they fall under the provisions set out in points 3.1.3. or 3.1.4.
- 3.1.3. Annual indices shall be transmitted for products and inputs whose values are parts of the transmission program set out in Annex II of Regulation (EC) No 138/2004 and are considered statistically significant for the Member State, as provided for by point 2.055 of Annex I of that Regulation.

- 3.1.4. The overall weighting values of the non-required products, as defined in points 3.1.1. and 3.1.2. of this Annex cannot add up to more than five percent of the total weighting values of the products of a Member State or, for the non-required inputs, of the total weighting values of the inputs. If the sum of the weighting values for indices which meet the conditions described in point 3.1.2. of this Annex is higher than five percent, the Member State may choose the products and inputs for which the indices shall be transmitted.
- 3.1.5. The quarterly weighting values related to a product index shall reflect seasonality, where applicable, if its weighting value accounts for more than one percent of the total agricultural product weighting value.
- 3.1.6. Member States can transmit quarterly weighting values of input indices on a voluntary basis.
- 3.1.7. Absolute input prices collected by Member States for EU needs, as required under topic “ii. Absolute input prices”, shall be representative of the purchases of the inputs of agricultural holdings at Member State level.
- 3.1.8. Member States are not required to produce and transmit the absolute prices listed in dataset 1 of Annex II if their purchases account for less than one percent of the total Member State purchases of fertilisers.
- 3.1.9. Member States are not required to produce and transmit the absolute prices listed in dataset 2 of Annex II if their purchases account for less than one percent of the total Member State purchases of feedingstuffs.
- 3.1.10. Member States are not required to produce and transmit the absolute prices listed in dataset 3 of Annex II if their purchases account for less than one percent of the total Member State purchases of energy.
- 3.1.11. Member States shall inform the Commission (Eurostat) on the percentages referred to in points 3.1.8., 3.1.9. and 3.1.10. prior to sending the weighting values.
- 3.1.12. Agricultural land prices and rents collected by Member States shall be representative at regional (NUTS 2) level. Where not enough transactions are available at this level, the concerned data shall nevertheless be part of the aggregation to a broader geographical level.

4. **Methodological reports**

- 4.1.1. In line with Article 10(6) of Regulation (EU) 2022/2379, Member States shall provide the Commission (Eurostat) with separate methodological reports for the detailed topic ‘Weights and re-based indices’ that consist of:
- Inventories of data sources, definitions and methods used in the compilation of API;
 - A description of the elaboration of the API weighting values, assessment and treatment of the indices not subject to full reporting, and assessment of seasonality.
- 4.1.2. If a Member State intends to introduce a significant change in the production method of a set of agricultural price statistics or a part thereof, the Member State shall inform the Commission (Eurostat) about the change at the latest three months before the change would enter into force. In this case, the Member State shall provide the Commission (Eurostat) with a quantification of the impact of the change.

5. **Compilation of the indices until 2028**

The indices will be compiled on the basis of the available 2020 weighting values up to the end of the 2025 re-basing exercise (31 December 2028).

ANNEX V

DESCRIPTIONS

For the purposes of this Annex, the following definitions apply:

- (1) 'agricultural producer' means agricultural holdings or other enterprises contributing to agricultural industry as defined by Regulation (EC) No 138/2004;
- (2) 'agricultural products' means goods and services resulting from the agricultural activity of agricultural producers;
- (3) 'agricultural input' (or 'means of agricultural production') means goods and services necessary for producing agricultural products;
- (4) 'arable land' means land worked (ploughed or tilled) regularly, generally under a system of crop rotation;
- (5) 'irrigable arable land' means arable land area which could, if necessary, be irrigated in the reference year using the equipment and the quantity of water normally accessible;
- (6) 'non-irrigable arable land' means arable land area which cannot be irrigated due to a lack of access to water for irrigation;
- (7) 'permanent grassland' means land used permanently (for several consecutive years, normally 5 years or more) to grow herbaceous fodder, forage or energy purpose crops, through cultivation (sown) or naturally (self-seeded), and which is not included in the crop rotation on the agricultural holding. The grassland can be used for grazing, mown for silage and hay or used for renewable energy production.
- (8) 'agricultural land' means land that is used by agricultural holdings for agricultural production or that is temporarily out of production.
- (9) 'agricultural land owner' means any owner of agricultural land, whether they undertake economic activity or not and if they do, whatever its economic activity is.
- (10) 'agricultural products prices' means the prices received by the agricultural producer, excluding deductible VAT and subsidies, including product taxes or levies, in exchange for agricultural products delivered on the producer site;
- (11) 'agricultural input prices' means the prices paid by the agricultural producer, excluding reimbursable VAT and product subsidies, including all other product taxes, in exchange for the input delivered on the production site;
- (12) 'agricultural land price' means the price paid for taking ownership of agricultural land for agricultural use, excluding deductible VAT, costs of transferring the ownership (lawyer's fees, registration taxes, real estate taxes and other fees), entitlements related to the land, monetary compensation received by farmers for the sale/acquisition of agricultural area, the value of any building, and inheritance transfers, but including other taxes and levies. Transactions between relatives are excluded;
- (13) 'agricultural land rent' means the value agreed by an agricultural holding with a land owner for taking land in rent for agricultural use during one year, including related levies/taxes, and payments in kind (valuated at the current year's price), and excluding entitlements related to the land, deductible VAT, rentals of buildings or dwellings situated on the land, and any other expenses related to other assets except the agricultural land (current maintenance expenditure on buildings, buildings insurance, depreciation of buildings, rents paid for the professional use of non-residential buildings etc.);
- (14) 'agricultural price indices' (API) means the comparable price indices produced by each Member State for both agricultural products and agricultural inputs;
- (15) 'detailed API' constitutes the most detailed level of the indices in the API classification;
- (16) 'aggregated API' is the result from weighted aggregation of the detailed API;
- (17) 'early estimate of the API' means API provided by Member States that are based on provisional or partial information and, if necessary, appropriate modelling, so that they can be provided earlier than otherwise required;

- (18) 'base year' is the calendar year for which prices are used to compute the API. The API are Laspeyres-type indices, as described in Annex IV, that compare prices with the base year prices, these latter ones being set to 100 index points.
- (19) 'weighting values' are expenditure or revenue values over the base year:
- The revenue received by the producer for goods actually sold to customers are used as weights in the agricultural products price indices.
- The expenditure incurred by farmers in purchasing the means of production (goods and services as well as investment goods), including crop products from other agricultural units for intermediate consumption are used as weights in the input price indices
- (20) 'volume' means the value divided by the price.
- (21) 'seasonality' means significant differences in prices and volumes among the four quarters that follow the same pattern every year. Quarterly seasonal prices have unequal contributions to the annual prices.
- (22) 'annual index' is the weighted average of the four quarterly indices of this year, as weighted by the quarterly weighting values of the applicable base year.
- (23) 'absolute agricultural prices for compilation of API' means data covering:
- market prices of agricultural products and purchase prices of inputs which need to be computed quarterly as indices in accordance with this Regulation; this does not limit the use of other information of sufficient quality for compilation of API;
 - characteristics that determine the price of the agricultural products and inputs, such as weight of the transaction, date, packing or other relevant characteristics of the product that impact the price.
- (24) 'significant change in the production method' means a change in the data collection or compilation that is estimated to affect the annual or quarterly rate of change of a given index:
- more than 0.5 percentage points for the *total agricultural goods* API which is computed as the weighted average of all the detailed product API, or
 - more than 0.5 percentage points for the *input total* API which is computed as the weighted average of all the detailed input API.
- (25) 'purchases values for absolute input prices' means the expenditure incurred by farmers in purchasing a given input product during a year.
- (26) 'potassium chloride' is also known as muriate of potash.
- (27) 'potassium sulphate' is also known as sulphate of potash.
- (28) 'energy' inputs for which prices are considered are described as:
- Electricity used for agricultural production, from the supplier to the agricultural producer.
 - Heating gas oil used to heat greenhouses and other agricultural buildings.
 - Residual fuel oil used as fuel in large heating or drying plant, with viscosity of 3 500 Stk
 - Motor spirit used as fuel in motor vehicles, tractors, agricultural vehicles, etc. with petrol engines, generally less than 95 octane, unleaded.
 - Diesel oil used as motor fuel in motor vehicles, tractors and agricultural machines, etc. with diesel engines, with approximately 50-55 CN.
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