The FAO indices of agricultural production show the relative level of the aggregate volume of agricultural production for each year in comparison with the base period 2004-2006. They are based on the sum of price-weighted quantities of different agricultural commodities produced after deductions of quantities used as seed and feed weighted in a similar manner. The resulting aggregate represents, therefore, disposable production for any use except as seed and feed.

All the indices at the country, regional and world levels are calculated by the Laspeyres formula. Production quantities of each commodity are weighted by 2004-2006 average international commodity prices and summed for each year. To obtain the index, the aggregate for a given year is divided by the average aggregate for the base period 2004-2006.

Since the FAO indices are based on the concept of agriculture as a single enterprise, amounts of seed and feed are subtracted from the production data to avoid double counting them, once in the production data and once with the crops or livestock produced from them. Deductions for seed (in the case of eggs, for hatching) and for livestock and poultry feed apply to both domestically produced and imported commodities. They cover only primary agricultural products destined to animal feed (e.g. maize, potatoes, milk, etc.). Processed and semi-processed feed items such as bran, oilcakes, meals and molasses have been completely excluded from the calculations at all stages.

It should be noted that when calculating indices of agricultural, food and nonfood production, all intermediate primary inputs of agricultural origin are deducted. However, for indices of any other commodity group, only inputs originating from within the same group are deducted; thus, only seed is removed from the group "crops" and from all crop subgroups, such as cereals, oil crops, etc.; and both feed and seed originating from within the livestock sector (e.g. milk feed, hatching eggs) are removed from the group "livestock products". For the main two livestock subgroups, namely, meat and milk, only feed originating from the respective subgroup is removed.

The "international commodity prices" are used in order to avoid the use of exchange rates for obtaining continental and world aggregates, and also to improve and facilitate international comparative analysis of productivity at the national level. These" international prices", expressed in so-called"international dollars", are derived using a Geary-Khamis formula for the agricultural sector. This method assigns a single "price" to each commodity. For example, one metric ton of wheat has the same price regardless of the country where it was produced. The currency unit in which the prices are expressed has no influence on the indices published.

The commodities covered in the computation of indices of agricultural production are all crops and livestock products originating in each country. Practically all products are covered, with the main exception of fodder crops. The category of food production includes commodities that are considered edible and that contain nutrients. Accordingly, coffee and tea are excluded along with inedible commodities because, although edible, they have practically no nutritive value.

Indices for meat production are computed based on data for production from indigenous animals, which takes account of the meat equivalent of exported live animals but excludes the meat equivalent of imported live animals. For index purposes, annual changes in livestock and poultry numbers or in their average live weight are not taken into account. The indices are calculated from production data presented on a calendar year basis.

The FAO indices may differ from those produced by the countries themselves because of differences in concepts of production, coverage, weights, time reference of data and methods of calculation.