TRENDS IN THE EU AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE FOURTH QUARTER OF 1995

Notice

This Statistics in focus on trends in the EU agricultural price indices also includes the indices for Austria, Finland and Sweden. The present analysis compares the fourth quarter of 1995 with the corresponding period of 1994. This comparison is affected by two factors:

a) The entry into force, in 1995, of the third phase of the reform of the Common Agricultural Policy, which implies a new decrease in the support prices for cereals and beef;

b) The alignment of agricultural prices in the three new Member States on those in force in the rest of the European Union. This explains the fall in prices for Austria and Finland, where the gap was widest before adhesion.

Finally, it should be remembered that in most cases these price decreases were compensated by compensatory aids, either Community or national.

Producer prices of agricultural products (Output)

Increase in nominal terms (+3.4%)

Almost stable in real terms

(4th Quarter 1995, -0.2%; 3rd Quarter 1995, -0.3%)

The average monthly index of **producer prices of agricultural products** (including fruit and vegetables for the Union as a whole (EUR 15, but still excluding the new German Länder) rose +3.4% in nominal terms in the fourth quarter of 1995 relative to the corresponding quarter of the previous year (see Table 1). The price rise was almost equal to the rate of inflation and so the real price index was little changed (-0.2%).

Real producer prices for **crop products** in the Union as a whole continued to increase (+2.6%) relative to the fourth quarter of 1994.

This rise was mainly due to price increases for olives and olive oil (+25.2%), wine must and wine (+12.7%), fruit (+10.5%), and flowers and plants (+7.1%). The price index for root crops declined (-14.2%) while the price index for potatoes, exceptionally high in 1994, returned to more usual levels in 1995. The price index for cereals and rice was relatively stable (+0.8%).

Real producer prices for **animals and animal products** declined (-2.7%), in contrast to crop products. Declines were recorded for most groups of animals and animal products, notably cattle excluding calves (-9.5%), calves (-9.1%), poultry (-6.6%), sheep and lambs (-4.3%) and milk (-1.9%). The real price index for pigs, which had declined steeply in 1993 and 1994, rose in the fourth quarter of 1995 (+4.0%) continuing the increase seen throughout 1995. Nevertheless the pig price index, relative to the index base (1990=100), was still very low (77.3) in the fourth quarter of 1995. The real price index for eggs rose (+8.2%).

Across the **Member States** of the Union (see Table 2), steep price declines were seen for the reasons already indicated in Austria (-27.7%) and Finland (-27.3%). In these two Member States, the fall in real producer prices was compensated by national and EU subsidies. A decline in the real price index was also seen for Sweden (-6.9%) but it was less marked than in the other two new Member States. Price decreases for crop products were steeper than for animal products in the new Member States. Concerning the 12 old Member States, changes in the real output index ranged from +6.9% in Spain and +5.0% in Portugal to -3.4% in Germany and -3.5% in Denmark.

Purchase prices of the means of agricultural production (Input)

Continued rise in nominal terms (+3.5%)

Almost unchanged real terms (+0.3%)

The average monthly index for the purchase prices of the **means of agricultural production (Input 00)** for the fourth quarter of 1995 continued to rise in nominal terms (+3.5%) for the Union (EUR 15, excluding the new German "Länder") relative to the corresponding quarter of 1994 (see Table 3). This nominal rise was slightly greater than the inflation rate and so the real price index showed a small increase (+0.3%) reversing the trend seen in previous quarters.

The index of the prices of goods and services for **current consumption in agriculture (Input 01)** showed a small increase in real terms (+0.4%). Although the price of animal feedingstuffs declined (-0.7%) the fall was less than in previous quarters. On the other hand, the price rises previously seen for fertilizers

were continued and so the overall input price index rose.

The real index for the purchase price of goods and services contributing to **agricultural investment (Input 02)** was almost unchanged (-0.1%) relative to the fourth quarter of 1994. A small increase was seen in the price index for machinery (+0.9%) and a small decrease in the index for buildings (-1.3%)

Across **Member States** (see Table 4), changes in the real input price index ranged from +4.5% in Sweden and +3.1% in Italy to -9.9% in Portugal and -18.4% in Finland. The decrease in Finland was mainly due to the replacement of the turnover tax system by the value added tax system and the decrease in the price if feedingstuffs. Rates of change in the other Member States were in the range ±2%.

Comparison of trends in output and input prices

Agricultural terms of trade

Little change in the EU average (-0.4%)

The real **agricultural terms of trade**, calculated by dividing the real output price index by the real input price index, fell from the base level of 100 in 1990 to 89.0 in 1993 and recovered partially to 91.7 in 1994. In the fourth quarter of 1995 it was 92.1, showing a slight decrease compared to the corresponding period of 1994. The terms of trade improved markedly in Portugal (+16.5%) continuing the

trend seen in the third quarter. There was also a notable increase in Spain (+7.0%). The other Member States (with the exception of the new ones) showed changes in the terms of trade in the range -3% to +4%. A marked deterioration in the terms of trade was seen in Austria, Finland and Sweden and is mainly explained by the movement of output prices towards those of the European Union following adhesion.

Real Agricultural Terms of Trade

eurostat	3rd Quarter 1995		4th Quarter 1995	
		07.95-09.95		10.95-12.95
	index (1990=100)	07.94-09.94 (%)	index (1990=100)	10.94-12.94 (%)
B	89,0	- 5,6	89,8	- 0,7
DK	84,6	- 3,6	84,6	- 3,1
D	84,3	- 3,4	84,5	- 2,8
GR	91,2	1,5	92,1	- 0,9
E	97,8	- 0,1	110,5	7,0
F	84,8	- 1,8	85,5	- 2,6
IRL	100,7	0,1	101,3	1,9
I	91,1	- 0,2	91,0	- 2,4
L	76,8	- 2,1	81,1	- 1,4
NL	87,8	2,3	96,4	3,6
A	67,9	-27,6	68,4	-27,6
P	101,2	17,2	99,2	16,5
S	83,2	- 8,6	80,2	-10,9
FIN	81,2	- 7,9	81,0	-10,9
UK	97,6	4,0	97,4	4,0
EUR 15	89,8	- 0,9	92,1	- 0,4

Methodological notes

Deflation: The EU agricultural price indices (output and input) are available in Eurostat's NewCRONOS database (PRAG domain) in both nominal and deflated form. By using the deflated indices it is possible to eliminate the distortions in the nominal indices caused by different inflation rates in the various Member States. The nominal agricultural price indices are deflated by means of the consumer price index for each Member State. The terms "deflated" and "real" are used synonymously.

Rebasing: Eurostat and the Member States have now changed the agricultural price indices from the base 1985=100 to 1990=100. Monthly agricultural price indices are available in NewCRONOS from January 1994 for all Member States and for EUR 15. (Annual agricultural price indices with 1990=100 are available in the database from 1990; see *Statistics in Focus* 1995 nos. 14 and 18.) In certain cases the rebased indices are still provisional.

Table 1

EU Index of producer prices of agricultural products:
Rates of change of the price indices for EUR 15 (in %) (1)

	01/95-03/95 01/94-03/94	04/95-06/95 04/94-06/94	07/95-09/95 07/94-09/94	10/95-12/95 10/94-12/94
NOMINAL INDICES				
0 TOTAL	**8.0**	**4.7**	**3.3**	**3.4**
1 CROP PRODUCTS	**15.8**	**10.2**	**7.5**	**6.8**
11 Cereals and rice	-0.5	1.6	5.1	4.5
12 Root crops	62.4	36.2	11.2	-11.6
13 Fruit	17.5	11.1	13.9	12.3
14 Fresh vegetables	17.6	3.9	-6.9	4.5
15 Wine must and wine	20.7	17.5	18.2	17.1
16 Olives and olive oil	13.9	19.2	25.0	31.4
17 Seeds	20.1	12.8	12.4	3.9
18 Flowers etc.	11.9	8.9	9.0	9.7
19 Other crop products	-4.1	-5.9	-1.1	1.6
2 ANIMALS AND ANIMAL PRODUCTS	**0.9**	**-0.5**	**-0.5**	**0.2**
21 Animals	2.0	-1.3	-1.6	-1.2
21A Calves	0.4	1.2	-0.9	-5.8
21B Cattle excluding calves	-4.2	-6.4	-6.6	-6.9
21C Pigs	13.2	4.7	4.8	7.0
21D Sheep and lambs	6.4	-3.0	0.4	-0.7
21E Poultry	-7.6	-3.8	-5.7	-2.4
21F Other animals	6.6	6.1	0.2	-5.1
22 Milk	1.8	2.2	1.4	0.7
23 Eggs	-17.8	-11.7	-3.1	11.7
24 Other animal products	16.5	23.3	23.2	15.4
DEFLATED INDICES				
0 TOTAL	**4.2**	**0.9**	**-0.3**	**-0.2**
1 CROP PRODUCTS	**11.5**	**5.8**	**3.3**	**2.6**
11 Cereals and rice	-3.9	-2.2	1.2	0.8
12 Root crops	58.4	32.8	8.3	-14.2
13 Fruit	12.5	5.9	8.5	10.5
14 Fresh vegetables	12.2	-2.0	-11.4	0.6
15 Wine must and wine	16.5	13.3	13.9	12.7
16 Olives and olive oil	8.5	12.5	18.7	25.2
17 Seeds	16.7	9.5	9.3	1.1
18 Flowers etc.	8.4	5.6	6.3	7.1
19 Other crop products	-9.0	-10.6	-5.9	-3.3
2 ANIMALS AND ANIMAL PRODUCTS	**-2.3**	**-3.7**	**-3.5**	**-2.7**
21 Animals	-1.2	-4.6	-4.7	-4.3
21A Calves	-2.9	-2.1	-4.0	-9.1
21B Cattle excluding calves	-6.9	-9.1	-9.3	-9.5
21C Pigs	9.8	1.3	1.9	4.0
21D Sheep and lambs	2.1	-7.5	-3.7	-4.3
21E Poultry	-11.3	-8.0	-9.7	-6.6
21F Other animals	2.3	1.5	-4.2	-9.7
22 Milk	-1.3	-0.8	-1.4	-1.9
23 Eggs	-21.1	-15.2	-6.6	8.2
24 Other animal products	9.7	17.6	18.6	10.4

(1) On the base 1990 = 100

Table 2

EU Index of producer prices of agricultural products : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
Total	Nominal indices	a)	3.1	3.7	7.5	10.8	14.2	2.9	-0.4	12.9	-0.1	7.6	-13.4	10.0	-21.2	3.4	13.8	8.0
		b)	-7.3	-0.1	6.9	8.8	11.3	0.4	-0.5	10.4	-0.6	0.0	-15.6	7.2	-23.4	4.1	6.9	4.7
		c)	-5.7	-2.2	6.4	8.4	4.1	0.2	2.4	8.8	-0.3	2.2	-26.6	6.7	-24.5	-2.7	7.7	3.3
		d)	0.5	-1.7	-1.9	6.9	11.6	-0.1	5.5	6.3	-0.1	5.8	-26.3	9.0	-27.1	-4.7	7.5	3.4
	Deflated indices	a)	1.3	1.3	5.3	0.2	9.0	1.2	-2.9	8.3	-2.3	5.0	-15.5	5.1	-22.5	0.8	10.1	4.2
		b)	-8.6	-2.3	4.9	-0.9	5.9	-1.3	-3.2	4.9	-2.7	-2.1	-17.7	2.8	-24.4	1.2	3.4	0.9
		c)	-6.8	-4.0	4.6	-0.3	-0.4	-1.6	-0.2	3.0	-2.1	0.6	-28.1	2.7	-24.9	-5.0	3.9	-0.3
		d)	-0.9	-3.5	-3.4	-1.2	6.9	-2.0	2.9	0.7	-1.4	4.2	-27.7	5.0	-27.3	-6.9	4.2	-0.2
Crop products	Nominal indices	a)	14.7	6.3	23.9	12.0	20.3	6.6	2.4	21.0	1.6	15.6	7.5	14.1	-28.4	28.8	24.3	15.8
		b)	-6.6	2.2	29.6	11.3	17.4	2.9	-6.8	12.7	1.5	3.8	4.0	11.0	-30.8	24.1	8.3	10.2
		c)	-12.5	-2.0	24.2	12.0	8.0	2.3	1.7	11.0	-2.0	6.8	-30.6	10.6	-34.3	1.5	7.5	7.5
		d)	2.4	-1.1	-5.0	9.7	15.8	1.8	10.4	9.5	-2.8	13.4	-29.0	9.9	-39.3	-5.8	3.9	6.8
	Deflated indices	a)	12.6	3.8	21.4	1.2	14.8	4.8	-0.2	16.0	-0.7	12.9	4.9	9.0	-29.7	25.6	20.2	11.5
		b)	-8.0	-0.1	27.1	1.3	11.6	1.3	-9.3	7.1	-0.7	1.5	1.4	6.4	-31.7	20.7	4.7	5.8
		c)	-13.5	-3.7	22.1	3.1	3.4	0.5	-0.8	5.2	-3.7	5.1	-32.1	6.4	-34.6	-0.9	3.6	3.3
		d)	1.0	-2.9	-6.5	1.4	10.9	-0.1	7.7	3.7	-4.1	11.7	-30.3	5.9	-39.5	-8.0	0.7	2.6
Animal products	Nominal indices	a)	-3.5	2.3	1.3	7.8	4.0	-0.7	-0.8	2.0	-0.4	0.3	-19.6	4.8	-18.2	-4.3	7.9	0.9
		b)	-7.8	-1.4	-2.0	2.8	1.5	-2.4	0.5	7.0	-0.9	-3.2	-21.6	2.6	-20.0	-2.5	6.0	-0.5
		c)	-1.2	-2.3	-1.3	-0.1	-1.9	-2.0	2.5	5.6	-0.1	-1.1	-25.4	2.4	-20.3	-4.2	7.9	-0.5
		d)	-0.5	-2.0	-0.6	0.3	4.1	-1.9	4.8	1.8	0.4	-0.5	-25.5	8.0	-22.2	-4.3	9.8	0.2
	Deflated indices	a)	-5.2	-0.1	-0.7	-2.5	-0.8	-2.4	-3.3	-2.2	-2.6	-2.1	-21.6	0.2	-19.6	-6.7	4.3	-2.3
		b)	-9.1	-3.6	-3.8	-6.4	-3.5	-4.0	-2.2	1.7	-3.1	-5.3	-23.6	-1.6	-21.1	-5.2	2.5	-3.7
		c)	-2.4	-4.1	-3.0	-8.0	-6.1	-3.7	0.0	0.0	-1.8	-2.7	-27.0	-1.5	-20.7	-6.4	4.0	-3.5
		d)	-1.9	-3.8	-2.2	-7.3	-0.2	-3.8	2.3	-3.6	-1.0	-2.0	-26.8	4.0	-22.4	-6.5	6.4	-2.7

(1)   On the base 1990 = 100   a = 01/95-03/95   b = 04/95-06/95   c = 07/95-09/95   d = 10/95-12/95
01/94-03/94   04/94-06/94   07/94-09/94   10/94-12/94

(2)   Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Table 3

EU Index of purchase prices of the means of agricultural production:
Rates of change of the price indices for EUR 15 (in %) (1)

	01/95-03/95 01/94-03/94	04/95-06/95 04/94-06/94	07/95-09/95 07/94-09/94	10/95-12/95 10/94-12/94
NOMINAL INDICES				
00 TOTAL	**1.9**	**2.2**	**2.9**	**3.5**
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	**1.4**	**1.7**	**2.6**	**3.5**
1. Seeds	7.0	2.9	5.7	6.9
2. Animals for rearing	15.3	1.9	-1.1	-2.9
3. Energy	-0.1	1.3	1.3	3.1
4. Fertilizers	4.1	5.8	7.5	6.5
5. Plant protection products	-0.9	-0.5	0.9	0.6
6. Animal feedingstuffs	-1.5	-0.8	0.5	2.7
7. Small tools	5.2	6.3	6.5	4.9
8. Maintenance and repair of plant	3.5	3.7	4.4	4.4
9. Maintenance and repair of buildings	3.4	3.9	3.6	3.0
10. Veterinary services	2.6	2.7	2.5	2.9
11. General expenses	3.6	3.6	3.8	3.7
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	**3.1**	**3.6**	**3.7**	**3.6**
12. Machinery	3.4	3.8	4.1	4.3
13. Buildings	2.7	3.3	3.2	2.8
DEFLATED INDICES				
00 TOTAL	**-1.4**	**-1.2**	**-0.4**	**0.3**
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	**-1.7**	**-1.6**	**-0.5**	**0.4**
1. Seeds	3.5	-0.3	2.7	3.7
2. Animals for rearing	12.3	-1.0	-4.0	-5.6
3. Energy	-3.6	-2.2	-1.9	-0.2
4. Fertilizers	1.1	2.8	4.7	3.8
5. Plant protection products	-4.0	-3.7	-2.4	-2.6
6. Animal feedingstuffs	-4.8	-4.2	-2.9	-0.7
7. Small tools	1.8	2.8	3.1	1.8
8. Maintenance and repair of plant	0.5	0.8	1.6	1.8
9. Maintenance and repair of buildings	0.2	0.7	0.7	0.3
10. Veterinary services	-0.3	-0.4	-0.5	0.0
11. General expenses	0.8	0.8	1.1	1.3
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	**-0.5**	**-0.2**	**-0.1**	**-0.1**
12. Machinery	0.0	0.3	0.6	0.9
13. Buildings	-1.2	-1.0	-1.0	-1.3

(1) On the base 1990 = 100

Table 4

EU Index of purchase prices of the means of agricultural production : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	A	P	FIN	S(3)	UK	EUR 15
Total	Nominal indices	a)	0.5	0.6	1.9	6.7	3.6	1.1	1.9	4.3	1.9	2.0	-3.5	-5.9	-21.3	4.5	2.6	1.9
		b)	-0.6	0.3	1.2	6.7	3.4	1.3	2.5	8.1	1.9	-0.6	-3.2	-8.6	-21.0	6.1	2.7	2.2
		c)	-0.1	1.5	0.9	6.8	4.2	2.0	2.3	9.0	1.8	0.0	1.4	-9.0	-18.0	6.5	3.5	2.9
		d)	1.2	1.5	0.9	7.9	4.2	2.6	3.4	8.9	1.3	2.1	1.8	-6.5	-18.1	6.9	5.1	3.5
	Deflated indices	a)	-1.3	-1.8	-0.2	-3.5	-1.1	-0.6	-0.7	0.0	-0.4	-0.4	-5.8	-10.1	-22.7	1.9	-0.8	-1.4
		b)	-2.0	-2.0	-0.7	-2.8	-1.7	-0.3	-0.3	2.7	-0.3	-2.8	-5.6	-12.4	-22.0	3.2	-0.7	-1.2
		c)	-1.3	-0.4	-0.8	-1.7	-0.3	0.2	-0.2	3.3	0.1	-1.6	-0.7	-12.4	-18.4	4.0	-0.2	-0.4
		d)	-0.2	-0.4	-0.6	-0.3	-0.2	0.7	1.0	3.1	-0.1	0.6	-0.1	-9.9	-18.4	4.5	1.9	0.3
Goods and services currently consumed in agriculture	Nominal indices	a)	0.1	0.2	2.0	5.6	2.9	1.0	0.7	5.2	2.2	2.1	-7.3	-8.7	-24.7	4.3	2.4	1.4
		b)	-1.2	-0.3	1.1	5.3	2.2	1.2	1.6	11.8	2.3	-1.5	-7.0	-11.6	-24.0	6.1	2.6	1.7
		c)	-0.6	1.0	0.8	5.4	3.8	1.9	1.7	13.2	2.3	-0.7	0.9	-12.1	-19.6	6.4	3.4	2.6
		d)	0.9	1.1	0.8	7.0	4.2	2.6	3.2	12.3	1.2	2.2	1.5	-9.1	-19.3	7.8	5.6	3.5
	Deflated indices	a)	-1.7	-2.2	0.0	-4.5	-1.9	-0.7	-1.9	0.9	-0.1	-0.3	-9.6	-12.7	-26.0	1.7	-1.0	-1.7
		b)	-2.6	-2.6	-0.8	-4.1	-2.8	-0.5	-1.1	6.3	0.1	-3.6	-9.3	-15.2	-25.0	3.2	-0.8	-1.6
		c)	-1.8	-0.8	-0.9	-3.0	-0.7	0.1	-0.8	7.2	0.6	-2.2	-1.2	-15.4	-20.0	3.9	-0.2	-0.5
		d)	-0.5	-0.7	-0.8	-1.1	-0.2	0.7	0.8	6.3	-0.1	0.7	-0.4	-12.5	-19.5	5.3	2.3	0.4
Goods and services contributing to agri-cultural investment	Nominal indices	a)	3.5	2.2	1.3	10.4	5.8	1.7	5.7	3.5	1.5	1.8	1.7	8.1	-13.8	5.0	3.5	3.1
		b)	3.8	2.8	1.3	11.8	6.7	1.9	5.4	4.6	1.5	1.8	1.9	5.9	-14.2	6.2	3.7	3.6
		c)	3.4	3.4	1.3	11.7	5.3	2.5	4.4	5.1	1.2	1.8	2.1	6.3	-14.7	6.6	3.9	3.7
		d)	2.9	2.9	1.5	11.2	4.5	2.6	4.1	5.7	1.4	1.8	2.2	6.3	-15.9	4.5	2.6	3.6
	Deflated indices	a)	1.6	-0.2	-0.7	-0.2	0.9	0.0	3.1	-0.8	-0.8	-0.6	-0.8	3.3	-15.3	2.3	0.1	-0.5
		b)	2.3	0.5	-0.6	1.8	1.5	0.2	2.6	-0.6	-0.8	-0.3	-0.6	1.5	-15.4	3.3	0.3	-0.2
		c)	2.2	1.5	-0.4	2.8	0.8	0.7	1.8	-0.5	-0.6	0.2	0.0	2.3	-15.1	4.1	0.2	-0.1
		d)	1.5	1.0	-0.1	2.8	0.1	0.7	1.7	0.1	0.1	0.3	0.3	2.4	-16.1	2.1	-0.6	-0.1

(1)   On the base 1990 = 100   a = 01/95-03/95   b = 04/95-06/95   c = 07/95-09/95   d = 10/95-12/95

                                         01/94-03/94   04/94-06/94   07/94-09/94   10/94-12/94
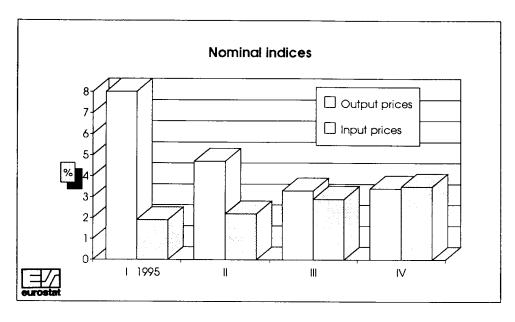
(2)   Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.
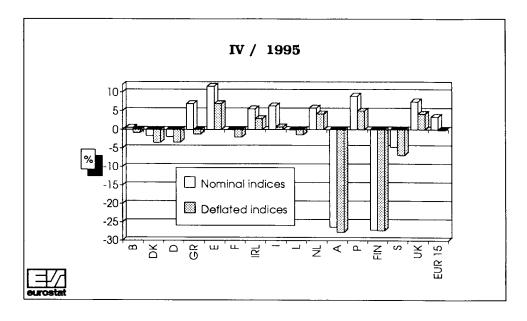(3)   Revised data

Rates of change of the EU agricultural price indices

EUR 15

Nominal indices

Deflated indices

EU Index of producer prices of agricultural products:
Rates of change of the price indices by Member State

IV / 1995

EU Index of purchase prices of the means of agricultural products:
Rates of change of the price indices by Member State

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