



STATISTICS IN FOCUS

Agriculture, forestry and fisheries

1996 8

ISSN 1024-4263

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

Producer prices of agricultural products (Output)

Rise in nominal terms (+4.0%) for EUR 15; almost unchanged in real terms (+0.3%)

In 1995, the index of **producer prices of agricultural products** (including fruit and vegetables) for the European Union as a whole (EUR 15, but still excluding the new German "Länder") rose clearly in nominal terms (+4.0%). This increase was nearly equal to the rate of inflation and so the real agricultural price index was almost unchanged (+0.3%). Thus the stability in the agricultural prices in 1994 continued (see Table 1). Nevertheless, the real index which was 100 in 1990 was only 85.6 in 1995.

The real price index for **crop products** increased markedly in 1995 (+4.7%), a greater increase than that recorded in 1994 and in contrast to the real price declines in 1993 and 1992. Notable price increases were seen for most groups of crop products, especially wine must and wine (+14.5%), olives and olive oil (+13.0%), seeds (+10.3%), fruit (+9.7%), flowers and plants (+6.8%) and root crops (+6.1%). Real price declines were observed for cereals and rice (-0.9%) and other crop products (-1.9%). The reform of the Common Agricultural Policy continued with the crop year 1995/96. This reform involved the reduction of institutional prices for cereals and oilseed and pulses (which

are included in "other crop products"). These reductions were offset by compensatory payments which are not included in the agricultural price indices.

The real price index for **animals and animal products** declined (-3.8%) continuing the downward trend of previous years. Real price decreases were seen for most animals and animal products, especially cattle (-10.3%), eggs (-9.4%), poultry (-8.6%) and calves (-4.6%). The reduction in the real price index for cattle is partly due to the effects of the reform of the Common Agricultural Policy. The real price index for pigs had fallen steeply (-23.3%) in 1993 and recovered slightly (+1.3%) in 1994. This recovery continued more clearly in 1995 (+4.1%). The real price index for milk declined (-2.0%).

Across **Member States** (see Table 2) steep falls in the real output price index were seen in Finland (-26.3%) and Austria (-26.1%). These decreases followed the admission of these countries to the European Union and the alignment of their prices to those prevailing in the Union. The decreases were largely compensated by national and EU aids. Amongst

Manuscript completed on = 16.07.1996

For further information please contact: G. Mahon
Eurostat, L-2920 Luxembourg, tel. 4301-37310 Fax: 4301-37317

Price (excl. VAT) in Luxembourg: Subscription ECU 240,
single copy ECU 6

Catalogue number: CA-NN-96-008-EN-C

the other Member States, real output price changes ranged from +6.0% in Spain and +4.0% in Italy to -5.7% in Belgium. Changes in the remaining Member States were in the range $\pm 3.2\%$. The differences across Member States are partly due to the different relative importance of animal products (with price decreases) and crop products (with price increases) in the North and South of the Union. In addition there were notable currency movements, leading to considerable increases in the agricultural conversion rate for Italy, the United Kingdom, Sweden and Spain.

The **forecast** of the real producer price index for the Union, EUR 15, published in *Statistics in Focus* 18-1995 was for a slight decrease (-0.2%). The figures now available show a slight increase (+0.3%) but the difference is small. The forecasts of the real indices for crop products and for animals and animal products (+2.7% and -2.8%) were less marked than the realised values (+4.7% and -3.8% respectively). Across Member States, notable real price decreases for Belgium and especially for Austria and Finland, were forecast and subsequently observed.

Purchase prices of the means of agricultural production (Input 00)

Continued rise in nominal terms (+3.1%), almost unchanged in real terms (-0.2%)

The annual index of the purchase prices of the **means of agricultural production**, Input 00, continued to rise in *nominal* terms (+3.1%) for the Union, EUR 15 (see Table 3). However, this change was nearly equal to the annual rate of inflation and so the *real* input price index was little changed (-0.2%). The real index of purchase prices of goods and services for **current consumption in agriculture**, Input I, declined slightly (-0.3%). Real price decreases were observed for animal feedingstuffs (-3.2%) and plant protection products (-3.1%) continuing the trend of previous years. Price increases were seen for fertilizers (+5.6%) and seeds (+5.2%) reversing the previous trends.

machines (+0.6%) was counterbalanced by a decrease in the prices of buildings (-1.0%).

Across **Member States** (see Table 4), a real price decline was observed in Austria (-2.6%) and Greece (-2.2%) and rises in Sweden (+3.2%) and Italy (+2.3%) and Ireland (+2.3%). Other Member States showed changes in the range $\pm 1.3\%$, with the exception of Finland where a marked decrease was observed (-20.3%). This decrease, however, is largely explained by the replacement of turnover tax (included in the price for index calculation) by value added tax (excluded from the calculation).

The real purchase price index of goods and services contributing to **agricultural investment**, Input II, was almost unchanged (-0.1%). A small increase in the prices of

The **forecast** of the real input price index for the Union, EUR 15, was published in *Statistics in Focus* 18-1995. A slight decline was foreseen (-0.9%) and an even smaller change was observed (-0.2%).

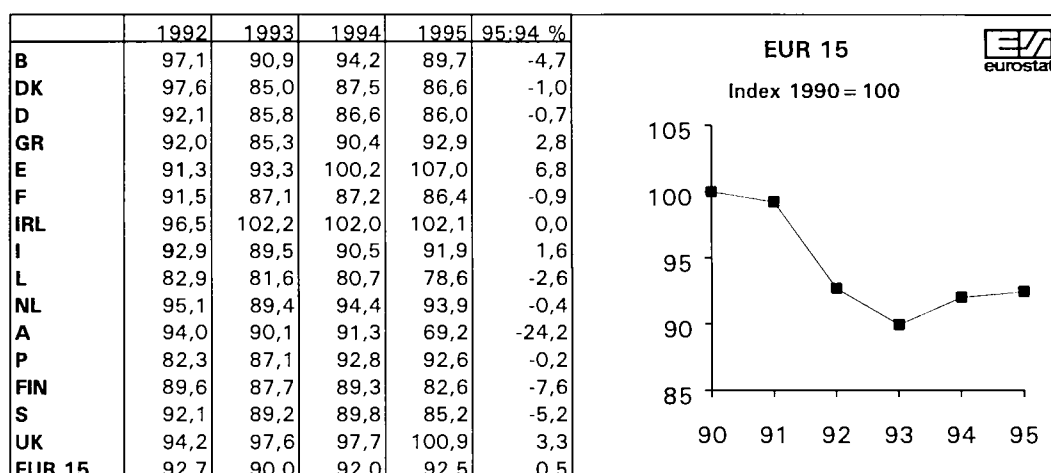
Comparison of trends in output and input prices Agricultural terms of trade

Slight improvement in real terms (+0.5%)

The real **agricultural terms of trade**, calculated by dividing the real output price index by the real input price index, fell from its base level of 100 in 1990 for the Union as a whole, EUR 15, to 90.0 in 1993. This decrease was due to a marked decline in the real output price index combined with a more moderate decrease in the input price index. In 1995 the agricultural terms of trade reached 92.6, thus the downward trend was halted. This modest improvement was due to a slight increase in the real output price index and a small decrease in the input price index.

Across **Member States**, large changes were seen for the three new Member States: Austria (-24.2%), Finland (-7.6%) and Sweden (-5.2%). For the other Member States, the terms of trade improved notably in Spain (+6.8%), the United Kingdom (+3.3%) and Greece (+2.8%), and deteriorated in Luxembourg (-2.6%) and Belgium (-4.7%). Changes in the remaining Member States were in the range $\pm 1.6\%$. The fall in the terms of trade seen in Austria, Finland and Sweden is mainly explained by the movement of output prices towards those of the European Union following adhesion.

Real Agricultural Terms of Trade



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 avoid the distortions in the nominal indices caused by different inflation rates in the 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 in this report.

Rebasing: Eurostat and the Member States have now changed the agricultural price indices from the base 1985=100 to 1990=100, although in certain cases the rebased indices are still provisional. Annual agricultural price indices are available in NewCRONOS from 1990 for all Member States and for the Union as a whole with 1990=100, EUR 15. Estimates are available for the indices of the 12 former Member States for the years 1985 to 1989.

Table 1

**EU Index of producer prices of agricultural products:
Rates of change of the price indices for EUR 12 and EUR 15 (in %)***

	<u>1991</u> 1990	<u>1992</u> 1991	<u>1993</u> 1992	<u>1994</u> 1993	<u>1995</u> 1994
NOMINAL INDICES					
0 TOTAL	2,7	-4,4	-0,6	4,0	4,0
1 CROP PRODUCTS	7,0	-10,4	-0,7	7,0	9,1
11 Cereals and rice	3,0	-3,1	-1,4	-8,5	2,8
12 Root crops	9,1	-17,1	0,2	35,1	9,3
13 Fruit	20,9	-21,3	-3,9	13,8	15,0
14 Fresh vegetables	11,0	-11,4	3,3	6,4	4,6
15 Wine must and wine	-4,2	-8,5	-7,1	14,7	18,7
16 Olives and olive oil	24,7	-6,8	1,5	12,7	19,2
17 Seeds	-1,3	-0,6	-2,3	3,4	13,4
18 Flowers etc.	6,9	-4,2	3,2	0,0	9,8
19 Other crop products	-2,2	-14,3	0,1	7,8	3,1
2 ANIMALS AND ANIMAL PRODUCTS	-1,4	1,6	-0,4	1,4	-0,7
21 Animals	-1,7	2,2	-2,4	1,9	-1,3
21A Calves	-4,8	5,4	9,8	-0,2	-1,4
21B Cattle excluding calves	-5,0	2,4	11,3	0,6	-7,6
21C Pigs	1,4	2,8	-20,5	4,3	7,2
21D Sheep and lambs	-3,3	5,0	6,2	7,7	0,8
21E Poultry	-0,2	-0,9	3,0	-1,2	-5,3
21F Other animals	2,9	-5,0	-0,1	4,2	1,8
22 Milk	-0,9	1,6	1,7	1,4	0,8
23 Eggs	0,5	-5,3	7,8	-5,6	-5,9
24 Other animal products	-8,9	4,0	-2,2	8,1	8,1
DEFLATED INDICES					
0 TOTAL	-2,7	-8,6	-4,3	0,3	0,3
1 CROP PRODUCTS	1,0	-14,8	-4,9	2,8	4,7
11 Cereals and rice	-2,2	-7,2	-4,9	-11,6	-0,9
12 Root crops	3,5	-20,6	-3,8	30,9	6,1
13 Fruit	13,2	-26,1	-9,0	8,3	9,7
14 Fresh vegetables	4,4	-16,2	-1,1	1,9	-0,5
15 Wine must and wine	-8,6	-12,1	-10,5	11,3	14,5
16 Olives and olive oil	12,9	-14,7	-4,7	7,0	13,0
17 Seeds	-6,0	-4,4	-5,1	0,3	10,3
18 Flowers etc.	2,1	-7,8	-0,1	-3,0	6,8
19 Other crop products	-9,0	-20,3	-5,4	2,8	-1,9
2 ANIMALS AND ANIMAL PRODUCTS	-6,0	-2,4	-3,8	-1,8	-3,8
21 Animals	-6,3	-1,9	-5,7	-1,2	-4,4
21A Calves	-9,5	0,9	5,7	-3,9	-4,6
21B Cattle excluding calves	-9,1	-1,3	7,9	-2,1	-10,3
21C Pigs	-3,1	-1,3	-23,3	1,3	4,1
21D Sheep and lambs	-9,7	-0,8	2,1	3,6	-3,4
21E Poultry	-5,3	-5,1	-0,6	-4,3	-8,6
21 Other animals	-3,8	-10,5	-5,3	-0,2	-2,7
22 Milk	-5,5	-2,3	-1,6	-1,8	-2,0
23 Eggs	-4,9	-9,6	3,7	-9,0	-9,4
24 Other animal products	-15,2	-2,2	-7,5	3,2	3,3

* 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)	-3,6	-1,5	-2,4	6,1	-6,9	-7,5	1,5	-8,1	-5,3	-5,7	-1,0	-7,6	-0,3	-2,2	1,7	-4,4
		b)	-6,8	-12,8	-7,3	4,6	5,4	-4,5	6,7	2,1	-1,8	-7,1	-2,2	2,7	0,0	-2,2	8,4	-0,6
		c)	3,6	1,4	2,0	14,0	10,6	0,3	1,3	3,6	-0,6	3,7	0,9	8,7	-0,3	3,4	0,9	4,0
		d)	-4,3	-0,2	0,5	9,8	11,0	0,8	2,4	9,3	-1,2	2,8	-24,5	3,5	-25,6	0,3	6,7	4,0
	Deflated indices	a)	-5,9	-3,5	-6,1	-8,5	-12,0	-9,6	-1,6	-12,6	-8,2	-8,6	-4,8	-15,3	-3,2	-4,4	-2,0	-8,6
		b)	-9,3	-13,8	-10,5	-8,6	0,8	-6,4	5,2	-2,3	-5,2	-9,4	-7,3	-3,5	-2,1	-6,5	6,7	-4,3
		c)	1,2	-0,6	-0,7	2,7	5,6	-1,4	-1,0	-0,4	-2,8	0,9	-0,3	3,3	-1,4	1,2	-1,6	0,3
		d)	-5,7	-2,2	-1,3	0,5	6,0	-0,8	-0,1	4,0	-3,1	0,9	-26,1	-0,7	-26,3	-2,2	3,2	0,3
Crop products	Nominal indices	a)	-12,1	-4,8	-12,9	4,1	-11,3	-14,5	-2,5	-12,9	-26,1	-11,4	-5,8	-13,5	1,2	-7,3	-4,4	-10,4
		b)	-4,4	-12,1	-4,9	2,6	7,4	-6,3	4,2	0,3	3,1	-3,7	0,9	6,8	0,2	-5,8	-0,5	-0,7
		c)	11,5	2,8	9,0	14,3	12,5	1,6	-0,8	4,6	4,7	9,0	3,9	14,3	-1,7	8,0	2,1	7,0
		d)	-5,8	1,2	3,6	12,1	16,5	3,4	8,2	13,0	-3,3	8,1	-26,6	8,6	-33,5	12,5	12,9	9,1
	Deflated indices	a)	-14,2	-6,8	-16,3	-10,1	-16,3	-16,5	-5,5	-17,2	-28,4	-14,1	-9,4	-20,6	-1,7	-9,4	-7,8	-14,8
		b)	-6,9	-13,2	-8,2	-10,3	2,6	-8,2	2,7	-4,0	-0,5	-6,2	-4,3	0,4	-1,9	-10,0	-2,0	-4,9
		c)	8,9	0,8	6,1	3,0	7,5	-0,1	-3,0	0,6	2,5	6,1	2,7	8,6	-2,7	5,7	-0,4	2,8
		d)	-7,2	-0,9	1,7	2,6	11,3	1,7	5,6	7,5	-5,1	6,1	-28,2	4,2	-34,2	9,7	9,2	4,7
Animal products	Nominal indices	a)	1,9	0,4	2,1	11,4	0,8	1,0	2,1	0,1	-0,3	-1,3	0,5	-1,5	-1,0	-0,4	5,9	1,6
		b)	-8,1	-13,1	-8,2	9,7	2,5	-2,7	7,0	4,8	-2,7	-9,4	-3,1	-1,1	-0,1	-1,0	14,1	-0,4
		c)	-1,0	0,6	-0,7	13,2	7,5	-1,0	1,6	2,1	-1,6	-0,3	0,0	3,1	0,3	1,9	0,2	1,4
		d)	-3,3	-0,9	-0,8	4,0	2,0	-1,7	1,6	4,0	-0,8	-1,5	-23,9	-2,2	-22,4	-3,9	3,2	-0,7
	Deflated indices	a)	-0,6	-1,7	-1,8	-3,8	-4,9	-1,3	-1,0	-4,8	-3,3	-4,3	-3,4	-9,7	-3,8	-2,6	2,1	-2,4
		b)	-10,6	-14,2	-11,3	-4,1	-2,1	-4,6	5,5	0,3	-6,0	-11,7	-8,1	-7,1	-2,2	-5,4	12,3	-3,8
		c)	-3,3	-1,4	-3,3	2,0	2,7	-2,7	-0,7	-1,8	-3,8	-3,0	-1,1	-2,0	-0,8	-0,3	-2,3	-1,8
		d)	-4,7	-2,9	-2,5	-4,9	-2,6	-3,4	-0,9	-1,1	-2,6	-3,4	-25,5	-6,1	-23,1	-6,2	-0,2	-3,8

(1) On the base 1990 = 100

a = $\frac{1992}{1991}$

b = $\frac{1993}{1992}$

c = $\frac{1994}{1993}$

d = $\frac{1995}{1994}$

(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 12 and EUR 15 (in %)***

	<u>1991</u> 1990	<u>1992</u> 1991	<u>1993</u> 1992	<u>1994</u> 1993	<u>1995</u> 1994
NOMINAL INDICES					
00 TOTAL	3,2	2,2	2,2	1,3	3,1
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	2,5	1,4	1,6	0,8	2,9
1, Seeds	1,3	-0,8	0,6	-1,1	8,5
2, Animals for rearing	-2,5	3,5	-13,4	9,2	3,1
3, Energy	6,2	1,4	6,3	0,2	2,3
4, Fertilizers	2,6	-2,2	-4,2	2,5	9,0
5, Plant protection products	6,1	1,9	3,1	1,2	0,0
6, Animal feedingstuffs	0,0	0,8	1,5	-1,2	0,1
7, Small tools	5,6	2,5	1,5	1,9	5,5
8, Maintenance and repair of plant	5,7	5,6	5,3	3,9	4,1
9, Maintenance and repair of buildings	6,0	3,9	4,0	3,6	3,6
10, Veterinary services	3,5	1,9	3,5	1,6	3,0
11, General expenses	4,3	5,6	3,3	2,4	4,5
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	5,1	4,2	3,9	2,8	3,6
12, Machinery	3,5	4,1	3,9	2,9	4,0
13, Buildings	7,2	4,3	3,8	2,6	3,0
DEFLATED INDICES					
00 TOTAL	-1,9	-2,2	-1,4	-1,9	-0,2
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-2,5	-2,8	-1,9	-2,4	-0,3
1, Seeds	-3,5	-4,8	-2,6	-4,0	5,2
2, Animals for rearing	-6,7	-0,9	-16,9	5,9	0,2
3, Energy	0,4	-3,8	1,5	-3,5	-1,3
4, Fertilizers	-2,3	-6,3	-7,3	-0,7	5,6
5, Plant protection products	1,0	-2,2	-0,2	-1,9	-3,1
6, Animal feedingstuffs	-5,0	-3,5	-2,1	-4,4	-3,2
7, Small tools	0,5	-1,6	-1,6	-0,9	2,3
8, Maintenance and repair of plant	0,8	1,6	1,9	0,9	1,3
9, Maintenance and repair of buildings	0,7	-0,3	0,6	0,5	0,6
10, Veterinary services	-1,0	-1,9	0,5	-1,2	0,1
11, General expenses	-0,4	1,8	0,2	-0,3	1,8
2, GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	-0,2	-0,4	-0,1	-0,6	-0,1
12, Machinery	-1,4	-0,2	0,2	-0,2	0,6
13, Buildings	1,4	-0,6	-0,3	-1,2	-1,0

* 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	UK	EUR 15
Total	Nominal indices	a)	0,0	-0,3	2,5	13,8	0,4	0,3	0,5	3,7	2,5	1,9	2,4	4,2	1,9	0,1	3,1	2,2
		b)	-0,4	0,2	-0,5	12,8	3,1	0,3	0,6	6,0	-0,1	-1,1	2,0	-3,0	2,2	1,0	4,6	2,2
		c)	0,0	-1,6	1,1	7,6	3,0	0,2	2,4	2,4	0,5	-1,8	-0,4	2,0	-2,2	2,7	0,7	1,3
		d)	0,5	0,9	1,2	6,8	3,9	1,8	7,6	7,6	1,4	3,3	-0,4	3,6	-19,5	5,8	3,3	3,1
	Deflated indices	a)	-2,4	-2,3	-1,5	-1,8	-5,2	-2,0	-1,4	-1,4	-0,7	-1,3	-1,6	-4,5	-1,0	-2,2	-0,6	-2,2
		b)	-3,1	-1,0	-4,0	-1,4	-1,5	-1,7	1,5	1,5	-3,6	-3,6	-3,3	-8,9	0,0	-3,5	3,0	-1,4
		c)	-2,3	-3,5	-1,6	-3,0	-1,7	-1,5	-1,5	-1,5	-1,7	-4,5	-1,6	-3,1	-3,2	0,5	-1,7	-1,9
		d)	-1,0	-1,2	-0,6	-2,2	-0,7	0,1	2,3	2,3	-0,5	1,3	-2,6	-0,5	-20,3	3,2	-0,1	-0,2
Goods and services currently consumed in agriculture	Nominal indices	a)	-0,3	-0,7	1,8	14,5	-0,1	-0,3	-0,1	-0,1	0,3	1,4	1,4	1,8	2,5	-0,3	3,1	1,4
		b)	-1,1	-0,2	-1,7	12,3	2,7	-0,2	0,0	0,0	-1,4	-2,0	0,9	-4,2	1,8	-0,5	4,8	1,6
		c)	-0,3	-2,1	1,0	7,6	2,4	-0,2	0,9	0,9	0,0	-1,0	-2,3	0,4	-4,2	1,9	0,2	0,8
		d)	0,0	0,4	1,2	5,6	3,4	1,7	1,6	1,6	1,3	3,3	-2,1	2,7	-21,9	5,7	3,3	2,9
	Deflated indices	a)	-2,7	-2,7	-2,1	-1,2	-5,6	-2,6	-3,1	-3,2	-2,8	-1,8	-2,5	-6,7	-0,4	-2,5	-0,7	-2,8
		b)	-3,7	-1,4	-5,1	-1,9	-1,9	-2,2	-1,4	3,0	-4,8	-4,5	-4,4	-10,0	-0,4	-4,9	3,2	-1,9
		c)	-2,6	-4,0	-1,7	-3,0	-2,2	-1,9	-1,4	-2,7	-2,1	-3,7	-3,4	-4,6	-5,3	-0,3	-2,2	-2,4
		d)	-1,5	-1,6	-0,7	-3,4	-1,3	0,0	-0,9	5,2	-0,6	1,4	-4,3	-1,2	-22,7	3,1	-0,1	-0,3
Goods and services contributing to agri- cultural investment	Nominal indices	a)	2,4	1,6	4,6	11,1	1,9	2,8	2,7	5,5	5,4	3,4	3,9	18,5	0,4	1,2	3,5	4,2
		b)	3,9	2,0	3,1	14,8	4,2	2,3	2,8	4,5	1,4	1,6	3,5	3,3	3,2	5,8	3,6	3,9
		c)	2,2	0,7	1,4	7,8	4,7	1,8	3,6	3,6	1,0	-3,9	2,0	9,8	2,6	4,9	3,5	2,8
		d)	3,6	2,8	1,3	11,3	5,5	2,2	4,8	4,7	1,5	3,1	1,9	7,3	-14,4	6,1	3,6	3,6
	Deflated indices	a)	0,0	-0,5	0,6	-4,1	-3,8	0,4	-0,4	0,3	2,2	0,2	-0,2	8,7	-2,4	-1,0	-0,3	-0,4
		b)	1,1	0,7	-0,5	0,3	-0,4	0,2	1,3	0,1	-2,1	-1,0	-1,9	-2,9	1,0	1,1	2,0	-0,1
		c)	-0,2	-1,3	-1,3	-2,8	-0,1	0,1	1,3	-0,4	-1,2	-6,5	0,8	4,3	1,5	2,6	1,0	-0,6
		d)	2,1	0,7	-0,5	1,8	0,8	0,5	2,2	-0,4	-0,4	1,2	-0,3	3,0	-15,2	3,5	0,2	-0,1

(1) On the base 1990 = 100

a = 1992
1991

b = 1993
1992

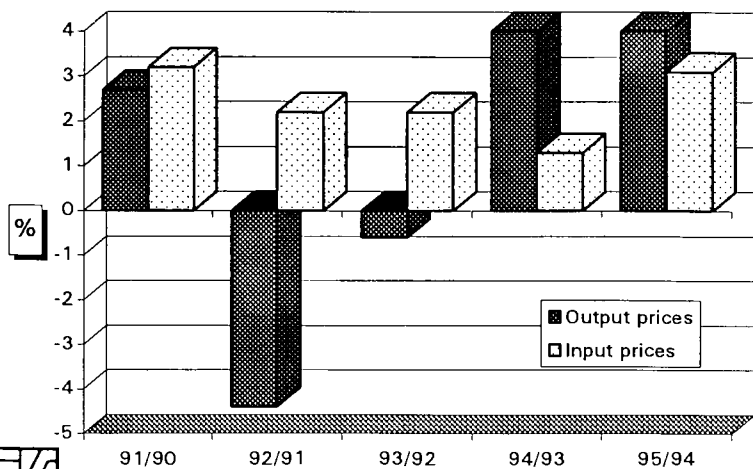
c = 1994
1993

d = 1995
1994

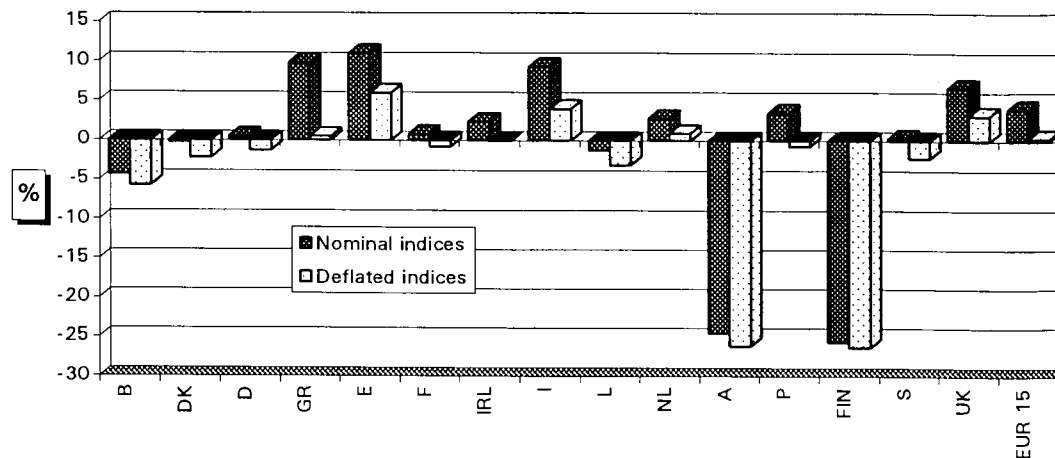
(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

RATES OF CHANGE OF THE AGRICULTURAL PRICE INDICES

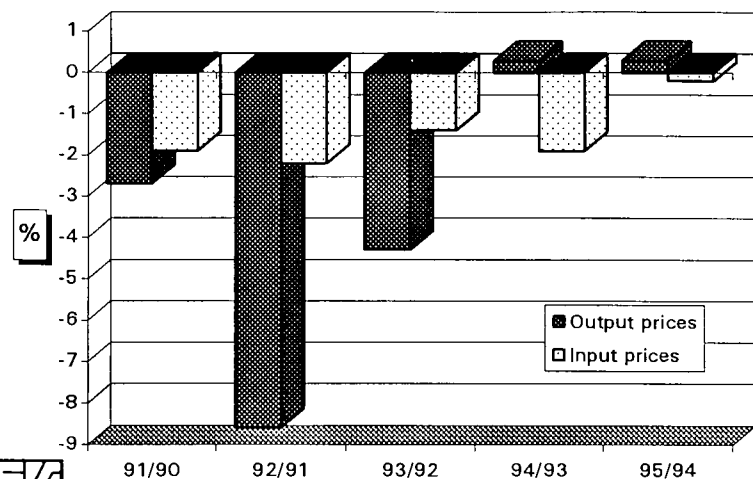
EUR 15: Nominal indices



Output indices 1995/1994



EUR 15: Deflated indices



Input indices 1995/1994

