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TRENDS IN THE EU AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN 1996

Producer prices of agricultural products (Output)

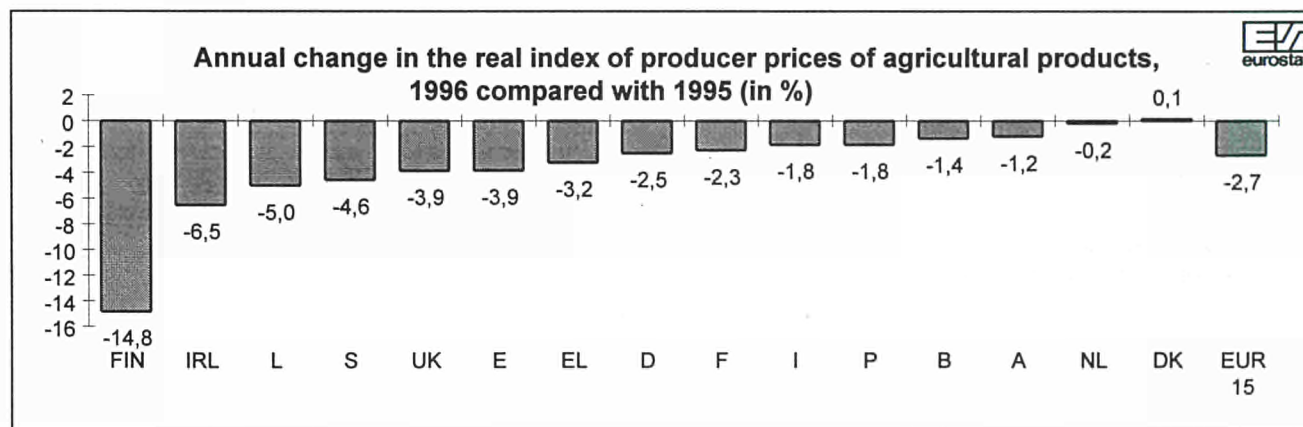
Almost unchanged in nominal terms (+0.2%), decline in real terms (-2.7%)

In 1996, the index of **producer prices of agricultural products** (including fruit and vegetables) for the European Union as a whole (EUR 15, now including the new German "Länder") was almost unchanged in *nominal* terms relative to the previous year (+0.2%). In *real* (i.e. deflated) terms the output price index declined (-2.7%) thus ending the stability seen in 1994 and 1995 (see Table 1). The real output price index which was 100 in 1990 reached 83.3 in 1996.

The real price index for **crop products** decreased (-3.9%) thus reversing the upward trend seen in the previous two years. Notable price decreases were observed for flowers (-3.9%), fruit (-4.4%), cereals and rice (-4.7%), seeds (-5.8%) and especially root crops (-26.0%). The price decline for root crops was mainly due to potatoes, prices of which returned to

a more usual level in 1996 from an exceptionally high level the previous year. Price increases were seen for wine must and wine (+3.1%) and olives and olive oil (+17.4%).

The real price index for **animals and animal products** declined (-1.5%) continuing the downward trend seen over several years. There were marked decreases in the prices for calves (-14.3%) and cattle excluding calves (-15.0%) mainly due to a fall in consumer demand because of concern about BSE. In contrast, prices for the other animal species increased: poultry (+4.7%), pigs (+8.4%) and sheep and lambs (+11.0%). The real price index for milk declined (-2.7%) accentuating the trend of earlier years. For eggs, the price index rose markedly (+17.9%) in 1996 after notable price falls in 1994 and 1995.



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Across **Member States** (see Table 2) a steep fall in the real output price index in 1996 was seen for Finland (-14.8%) although less marked than in 1995 which was the year of Finland's accession to the EU. Notable price decreases in 1996 were also found for Spain (-3.9%), the United Kingdom (-3.9%), Sweden (-4.6%), Luxembourg (-5.0%) and Ireland (-6.5%). The other Member States showed more moderate price declines, with the exception of Denmark (+0.1%).

The **forecast** of the real producer price index for the Union, EUR 15, published in *Statistics in Focus* 1996□16 at the beginning of 1997, was for a

moderate decrease (-1.2%) for 1996. The figures now available show a more marked decrease (-2.7%). This was mainly due to crop products, for which a small fall in the real price index was forecast (-1.2%) but a steeper fall observed (-3.9%). For animals and animal products, the forecast change in the price index was similar to that observed (-1.3% and -1.5% respectively). These comparisons between the forecast and observed indices are approximate because the new German "Länder" are not covered by the former but are covered by the latter.

Purchase prices of the means of agricultural production (Input)

Notable increase in nominal terms(+3.9%), moderate increase in real terms (+1.2%)

The annual index for the **purchase prices of the means of agricultural production (Input)** rose in *nominal* terms (+3.9%) in 1996 relative to 1995 for the Union as a whole (EUR 15, including the new German Länder). This nominal price rise was greater than the rate of inflation and so the *real* price index also increased (+1.2%) thus reversing the trend observed over the previous several years (see Table 3).

The real price index of **goods and services for current consumption in agriculture** increased (+1.5%). Price rises were seen for the most important of these inputs:- fertilizers (+2.0%), animal feedingstuffs (+2.6%) and energy and lubricants (+4.6%). In contrast, there were falls in the price indices for material and small tools (-2.9%) and animals for breeding and production i.e. imports (-5.4%).

The real price index for **goods and services contributing to agricultural investment** showed little change (+0.2%) relative to the previous year. The price increase for machinery (+1.2%) was nearly counterbalanced by the decrease for buildings (-1.2%).

Across **Member States** (see Table 4) notable rises in the real input price index were observed for the United Kingdom (+3.1%) and Sweden (+4.9%). Changes for the other Member States ranged from -2.1% (in Portugal) to +2.0% (in the Netherlands).

The **forecast** of the real input price index for the Union, EUR 15, was published in *Statistics in Focus* 1996□16. The price increase foreseen was very close to that observed (+1.4% and +1.2% respectively).

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

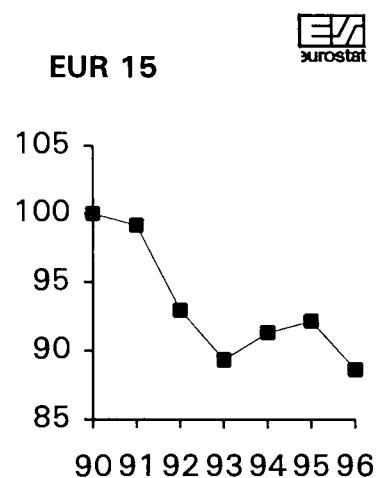
Decrease in real terms (-3.8%)

The **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 88.6 in 1996, the lowest level in recent years. The terms of trade showed a decline (-3.8%) in 1996 relative to 1995. This fall is a consequence of the decline in the output price index combined

with a rise in the input price index. Across **Member States**, the terms of trade remained almost unchanged in Portugal (+0.2%) but decreased in all other Member States, especially the United Kingdom (-6.7%), Ireland (-7.6%), Sweden (-9.1%) and Finland (-16.0%).

Real Agricultural Terms of Trade

	1993	1994	1995	1996	95:96 %
B	90,9	94,2	89,7	87,1	-2,9
DK	84,9	87,5	86,3	85,6	-0,9
D	85,8	86,2	86,5	83,5	-3,5
EL	85,3	90,1	92,6	89,9	-3,0
E	92,4	98,9	105,8	101,1	-4,4
F	87,7	87,9	87,1	83,7	-3,9
IRL	102,2	102,1	102,0	94,3	-7,6
I	89,5	90,5	91,9	90,5	-1,6
L	81,6	80,8	78,6	73,9	-6,0
NL	89,4	94,3	93,9	91,9	-2,2
A	90,1	91,3	69,2	67,1	-2,9
P	85,4	90,7	90,6	90,8	0,2
FIN	87,4	89,0	82,5	69,3	-16,0
S	87,8	89,9	85,2	77,5	-9,1
UK	94,2	94,4	100,1	93,4	-6,7
EUR 15	89,3	91,3	92,2	88,6	-3,8



Methodological notes

Germany: The output and input price indices for Germany now refer to that country in its boundaries following October 1990. The national authority has calculated indices for Germany in its new frontiers on the base 1991=100. Eurostat has re-referenced these indices to 1990=100 on the assumption that the change in agricultural prices from 1990 to 1991 for Germany in its previous frontiers approximates to the change for the whole country.

Deflation: The EU agricultural price indices (output and input) are available in Eurostat's New Cronos 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 a few cases the rebased indices are still provisional. Annual agricultural price indices with 1990=100 are available in the database from 1990 for all Member States and for the Union as a whole, EUR 15. Estimates are available for the indices of the 12 former Member States (except Germany) 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 15 (in %)***

	1992 1991	1993 1992	1994 1993	1995 1994	1996 1995
NOMINAL INDICES					
0 TOTAL	-3,8	-1,4	3,9	4,2	0,2
1 CROP PRODUCTS	-9,4	-1,2	6,7	9,0	-0,5
11 Cereals and rice	-1,7	-2,8	-8,0	2,5	-2,3
12 Root crops	-15,5	-0,7	32,3	12,9	-23,4
13 Fruit	-21,2	-4,6	13,9	14,9	-0,3
14 Fresh vegetables	-11,1	3,2	8,1	4,5	3,3
15 Wine must and wine	-4,3	-4,8	12,4	16,9	6,4
16 Olives and olive oil	-6,8	1,5	12,7	18,6	21,8
17 Seeds	0,0	-2,9	4,0	13,6	-3,6
18 Flowers, ornamental plants and tree-nursery products	-3,8	2,8	0,0	9,7	-1,9
19 Other crop products	-16,2	-2,3	6,5	1,5	3,1
2 ANIMALS AND ANIMAL PRODUCTS	1,8	-1,6	1,4	-0,3	1,0
21 Animals (for slaughter and export)	2,3	-3,8	1,7	-0,7	0,4
21A Calves	4,7	7,7	1,8	-0,3	-11,5
21B Cattle excluding calves	2,6	7,2	0,3	-5,9	-13,0
21C Pigs	2,9	-20,1	3,5	6,8	10,9
21D Sheep and lambs	5,0	5,8	7,8	0,6	14,4
21E Poultry	-0,8	2,9	-1,3	-5,4	7,9
21F Other animals	-5,2	-0,1	3,0	3,7	5,1
22 Milk	1,9	1,7	1,4	1,0	-0,6
23 Eggs	-4,9	6,9	-5,6	-6,1	20,9
24 Other animal products	6,2	-13,8	10,4	2,3	-2,4
DEFLATED INDICES					
0 TOTAL	-8,0	-5,1	0,3	0,5	-2,7
1 CROP PRODUCTS	-13,8	-5,3	2,6	4,7	-3,9
11 Cereals and rice	-5,7	-6,2	-11,1	-1,0	-4,7
12 Root crops	-19,1	-4,6	28,2	9,6	-26,0
13 Fruit	-25,9	-9,6	8,4	9,6	-4,4
14 Fresh vegetables	-15,9	-1,2	3,7	-0,5	-0,3
15 Wine must and wine	-7,9	-8,1	8,9	12,8	3,1
16 Olives and olive oil	-14,7	-4,7	7,0	12,4	17,4
17 Seeds	-3,8	-5,7	0,9	10,5	-5,8
18 Flowers, ornamental plants and tree-nursery products	-7,5	-0,5	-3,0	6,7	-3,9
19 Other crop products	-22,0	-7,9	1,6	-3,4	-0,6
2 ANIMALS AND ANIMAL PRODUCTS	-2,2	-4,9	-1,8	-3,3	-1,5
21 Animals (for slaughter and export)	-1,8	-7,1	-1,4	-3,8	-2,3
21A Calves	0,1	3,5	-1,9	-3,6	-14,3
21B Cattle excluding calves	-1,1	4,0	-2,4	-8,6	-15,0
21C Pigs	-1,1	-22,9	0,4	3,6	8,4
21D Sheep and lambs	-0,8	1,7	3,7	-3,4	11,0
21E Poultry	-5,0	-0,7	-4,4	-8,6	4,7
21 Other animals	-10,6	-5,3	-1,2	-1,1	0,7
22 Milk	-2,0	-1,6	-1,8	-1,8	-2,7
23 Eggs	-9,2	2,8	-9,0	-9,6	17,9
24 Other animal products	1,6	-17,5	7,0	-0,4	-4,6

* 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	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
Total	Nominal indices	a)	-6,8	-12,8	-8,5	4,6	5,4	-4,8	6,7	2,1	-1,8	-7,1	-2,2	2,7	-0,1	-3,9	4,5	-1,4
		b)	3,6	1,4	1,3	13,6	10,6	0,7	1,4	3,6	-0,5	3,7	0,9	8,3	-0,3	5,1	1,0	3,9
		c)	-4,3	-0,4	0,9	9,9	11,0	0,8	2,3	9,3	-1,3	2,8	-24,5	4,0	-25,4	0,3	9,6	4,2
		d)	0,6	2,2	-1,1	5,0	-0,4	-0,3	-5,0	2,0	-3,7	1,9	0,7	1,2	-14,3	-4,1	-1,6	0,2
	Deflated indices	a)	-9,3	-13,8	-11,7	-8,6	0,7	-6,8	5,1	-2,2	-5,2	-9,4	-5,6	-3,5	-2,2	-8,2	2,9	-5,1
		b)	1,2	-0,6	-1,4	2,4	5,6	-1,1	-0,8	-0,4	-2,6	0,9	-2,1	2,9	-1,4	2,9	-1,5	0,3
		c)	-5,7	-2,5	-1,0	0,5	6,0	-0,8	-0,3	4,0	-3,1	0,9	-26,1	-0,2	-26,1	-2,2	5,9	0,5
		d)	-1,4	0,1	-2,5	-3,2	-3,9	-2,3	-6,5	-1,8	-5,0	-0,2	-1,2	-1,8	-14,8	-4,6	-3,9	-2,7
Crop products	Nominal indices	a)	-4,4	-12,1	-8,0	2,6	7,4	-6,2	4,2	0,3	3,1	-3,7	0,9	6,8	0,0	-12,5	-0,5	-1,2
		b)	11,5	2,8	5,1	13,8	12,5	1,6	0,0	4,6	5,3	9,0	3,9	14,3	-1,7	15,8	3,0	6,7
		c)	-5,8	0,4	4,5	12,2	16,5	3,2	7,0	13,0	-3,5	8,1	-26,5	7,4	-32,8	12,2	14,1	9,0
		d)	-1,7	-1,4	-5,5	6,8	-3,1	0,4	-11,9	2,5	3,4	0,4	1,5	-0,2	-9,2	-7,8	-7,4	-0,5
	Deflated indices	a)	-7,0	-13,2	-11,2	-10,3	2,6	-8,2	2,7	-4,0	-0,5	-6,2	-2,6	0,4	-2,2	-16,5	-2,1	-5,3
		b)	9,0	0,8	2,4	2,6	7,5	-0,1	-2,2	0,6	3,1	6,1	0,9	8,6	-2,8	13,4	0,5	2,6
		c)	-7,2	-1,7	2,5	2,7	11,2	1,6	4,3	7,5	-5,4	6,1	-28,1	3,2	-33,5	9,4	10,3	4,7
		d)	-3,6	-3,5	-6,8	-1,6	-6,5	-1,7	-13,4	-1,3	2,0	-1,7	-0,4	-3,2	-9,7	-8,3	-9,6	-3,9
Animals and animal products	Nominal indices	a)	-8,1	-13,1	-8,7	9,7	2,5	-3,3	7,0	4,8	-2,7	-9,4	-3,1	-1,2	-0,1	-1,0	7,6	-1,6
		b)	-1,0	0,6	-0,6	13,1	7,5	-0,4	1,6	2,1	-1,6	-0,3	0,0	2,1	0,3	1,9	-0,2	1,4
		c)	-3,3	-0,9	-0,9	4,0	2,0	-1,7	1,6	4,0	-0,8	-1,5	-23,9	0,1	-22,4	-3,8	6,8	-0,3
		d)	2,0	4,3	1,3	0,2	4,6	-0,9	-4,0	1,2	-5,1	3,2	0,4	3,0	-16,1	-2,6	2,2	1,0
	Deflated indices	a)	-10,6	-14,2	-11,9	-4,1	-2,1	-5,3	5,5	0,4	-6,1	-11,7	-6,4	-7,1	-2,2	-5,4	6,0	-4,9
		b)	-3,2	-1,3	-3,2	1,9	2,7	-2,1	-0,6	-1,9	-3,7	-3,0	-2,9	-3,0	-0,8	-0,3	-2,6	-1,8
		c)	-4,8	-3,0	-2,8	-4,8	-2,6	-3,3	-1,0	-1,1	-2,7	-3,4	-25,5	-3,9	-23,1	-6,2	3,3	-3,3
		d)	0,0	2,2	-0,2	-7,6	1,0	-3,0	-5,5	-2,6	-6,4	1,1	-1,5	-0,1	-16,6	-3,1	-0,2	-1,5

(1) On the base 1990 = 100

a = 1993
1992

b = 1994
1993

c = 1995
1994

d = 1996
1995

Table 3
**EU Index of purchase prices of the means of agricultural production:
Rates of change of the price indices for EUR 15 (in %)***

	<u>1992</u> 1991	<u>1993</u> 1992	<u>1994</u> 1993	<u>1995</u> 1994	<u>1996</u> 1995
NOMINAL INDICES					
0 TOTAL	2.4	2.3	1.3	2.9	3.9
1 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	1.8	1.8	0.8	2.7	4.1
1 Seeds	3.1	0.7	0.4	7.5	1.6
2 Animals for rearing and production	5.1	-12.7	8.0	-0.5	-3.5
3 Energy, lubricants	1.2	6.1	0.6	1.9	7.7
4 Fertilizers, soil improvers	-2.2	-4.2	2.7	9.1	4.6
5 Plant protection products	2.0	3.6	0.5	-0.2	2.3
6 Animal feedingstuffs	0.9	1.5	-1.3	-0.2	5.3
7 Material and small tools	0.0	-0.6	2.2	8.1	-0.1
8 Maintenance and repair of plant	5.5	5.1	3.4	4.7	4.2
9 Maintenance and repair of agricultural and other buildings	3.7	3.9	3.7	3.7	2.1
10 Veterinary services	2.7	3.6	0.9	2.4	3.5
11 General expenses	6.0	4.7	2.5	4.6	1.8
2 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT	4.2	3.7	2.7	3.4	3.1
12 Machinery and other equipment	4.0	3.8	2.9	3.9	3.9
13 Buildings	4.5	3.6	2.4	2.7	2.0
DEFLATED INDICES					
0 TOTAL	-1.9	-1.3	-1.9	-0.4	1.2
1 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-2.4	-1.7	-2.4	-0.5	1.5
1 Seeds	-0.9	-2.4	-2.4	4.3	-0.8
2 Animals for rearing and production	0.8	-16.2	5.0	-3.1	-5.4
3 Energy, lubricants	-3.9	1.4	-3.1	-1.5	4.6
4 Fertilizers, soil improvers	-6.2	-7.3	-0.4	5.8	2.0
5 Plant protection products	-2.0	0.3	-2.6	-3.3	-0.4
6 Animal feedingstuffs	-3.3	-2.0	-4.5	-3.5	2.6
7 Material and small tools	-4.1	-3.8	-0.7	4.8	-2.9
8 Maintenance and repair of plant	1.3	1.7	0.3	1.6	1.7
9 Maintenance and repair of agricultural and other buildings	-0.4	0.5	0.6	0.7	-0.3
10 Veterinary services	-1.2	0.2	-1.9	-0.3	1.3
11 General expenses	1.9	1.4	-0.5	1.6	-0.6
2 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURAL INVESTMENT	-0.3	-0.1	-0.7	-0.2	0.2
12 Machinery and other equipment	-0.3	0.1	-0.3	0.5	1.2
13 Buildings	-0.3	-0.5	-1.3	-1.3	-1.2

* 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	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 15
Total	Nominal indices	a)	-0,4	0,2	0,1	12,8	3,6	0,3	0,6	6,0	-0,2	-1,1	2,0	-3,3	2,2	1,0	4,5	2,3
		b)	0,0	-1,6	0,8	7,6	3,3	0,4	1,6	2,4	0,5	-1,8	-0,4	1,9	-2,2	2,7	0,8	1,3
		c)	0,5	0,9	0,5	6,8	3,7	1,7	2,3	7,6	1,4	3,3	-0,3	4,2	-19,5	5,8	3,3	2,9
		d)	3,7	3,1	2,5	8,2	4,2	3,8	2,8	3,6	2,4	4,1	3,7	1,0	2,1	5,4	5,6	3,9
	Deflated indices	a)	-3,2	-1,0	-3,4	-1,4	-1,0	-1,8	-0,8	1,5	-3,6	-3,6	-1,6	-9,2	0,0	-3,6	2,8	-1,3
		b)	-2,3	-3,4	-1,8	-3,0	-1,4	-1,3	-0,7	-1,6	-1,7	-4,4	-3,3	-3,2	-3,2	0,5	-1,7	-1,9
		c)	-1,0	-1,2	-1,4	-2,2	-0,9	0,1	-0,3	2,3	-0,5	1,3	-2,5	0,0	-20,3	3,2	-0,1	-0,4
		d)	1,6	1,0	1,0	-0,3	0,6	1,6	1,2	-0,2	1,1	2,0	1,8	-2,1	1,4	4,9	3,1	1,2
Goods and services currently consumed in agriculture	Nominal indices	a)	-1,1	-0,2	-0,8	12,3	3,5	-0,1	0,0	7,6	-1,4	-2,0	0,9	-4,6	1,8	-0,5	4,6	1,8
		b)	-0,3	-2,1	0,5	7,6	2,9	0,0	0,9	1,2	0,0	-1,0	-2,3	0,3	-4,2	1,9	0,3	0,8
		c)	0,0	0,4	0,2	5,6	3,3	1,7	1,6	10,6	1,3	3,3	-2,1	3,5	-21,9	5,7	3,3	2,7
		d)	4,2	3,3	2,9	8,7	4,0	4,1	3,8	3,0	3,7	4,7	5,0	0,3	2,3	6,9	6,1	4,1
	Deflated indices	a)	-3,8	-1,4	-4,3	-1,9	-1,1	-2,1	-1,4	3,1	-4,8	-4,5	-2,6	-10,3	-0,4	-5,0	3,0	-1,7
		b)	-2,6	-4,0	-2,1	-3,0	-1,7	-1,7	-1,3	-2,7	-2,1	-3,7	-5,1	-4,7	-5,3	-0,2	-2,1	-2,4
		c)	-1,5	-1,7	-1,7	-3,4	-1,3	0,0	-1,0	5,2	-0,6	1,4	-4,2	-0,7	-22,7	3,1	-0,1	-0,5
		d)	2,2	1,2	1,5	0,2	0,4	2,0	2,1	-0,9	2,4	2,5	3,0	-2,7	1,6	6,3	3,6	1,5
Goods and services contributing to agricultural investment	Nominal indices	a)	3,9	2,0	2,9	14,8	3,8	1,9	2,8	4,5	1,4	1,6	3,5	3,3	3,2	5,8	3,6	3,7
		b)	2,2	0,7	1,5	7,8	5,0	1,9	3,7	3,6	1,1	-3,9	2,0	9,8	2,6	4,9	3,5	2,7
		c)	3,6	2,8	1,2	11,3	5,9	2,0	4,6	4,7	1,5	3,1	2,0	7,3	-14,4	6,0	3,6	3,4
		d)	0,2	2,2	1,1	6,4	5,2	2,4	0,0	4,3	0,9	2,6	2,1	4,1	1,7	1,2	2,3	3,1
	Deflated indices	a)	1,0	0,7	-0,7	0,3	-0,8	-0,2	1,3	0,1	-2,2	-1,0	-0,1	-2,9	1,0	1,0	2,0	-0,1
		b)	-0,1	-1,2	-1,2	-2,8	0,3	0,2	1,4	-0,5	-1,1	-6,5	-1,0	4,3	1,5	2,7	1,0	-0,7
		c)	2,0	0,7	-0,6	1,8	1,2	0,3	1,9	-0,4	-0,5	1,1	-0,2	3,0	-15,2	3,4	0,2	-0,2
		d)	-1,8	0,2	-0,3	-1,9	1,6	0,3	-1,6	0,4	-0,5	0,5	0,2	1,0	1,0	0,8	-0,2	0,2

(1) On the base 1990 = 100

a = 1993
1992

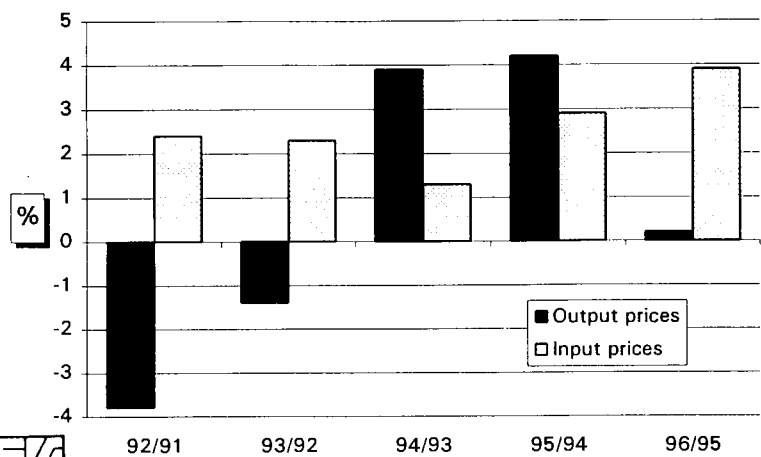
b = 1994
1993

c = 1995
1994

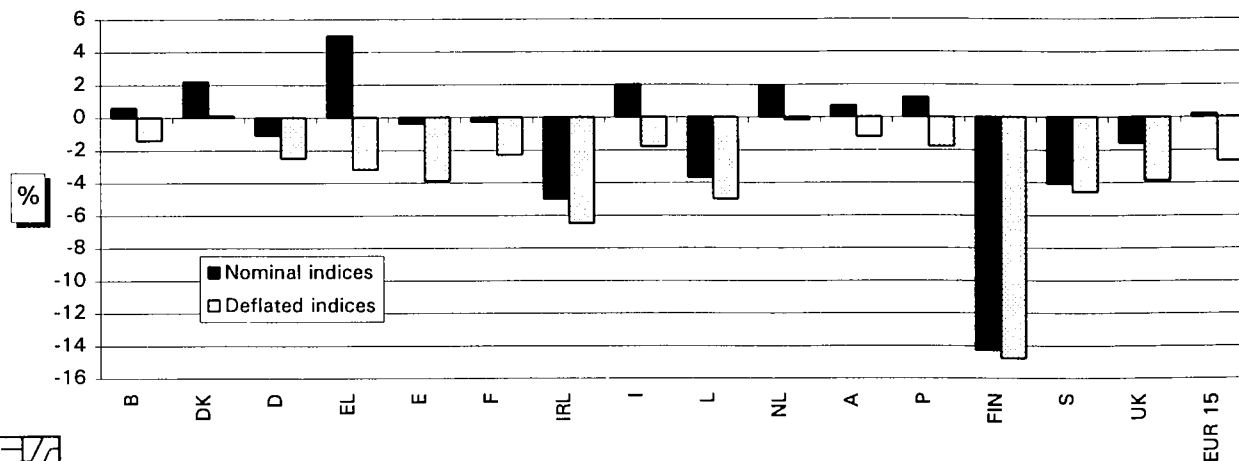
d = 1996
1995

RATES OF CHANGE OF THE AGRICULTURAL PRICE INDICES 1996

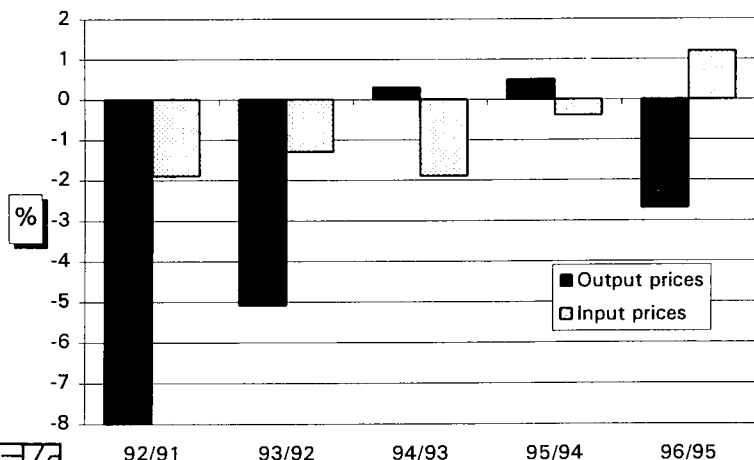
EUR 15: Nominal indices



Output indices 1996/1995



EUR 15: Deflated indices



Input indices 1996/1995

