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DIFFERENTIAL RATES OF INFLATION AND THE COMMON AGRICULTURAL POLICY

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AND THE COMMON AGRICULTURAL POLICY

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DIFFERENTIAL RATES OF INFLATION
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1. INTRODUCTION

1.1. At the meeting of the European Council in London on 26-27 November 1981 the Commission was requested by the Heads of State and Government to study "the particular problem for farm incomes arising from differential rates of inflation".

1.2. The Commission submits the present report to the Council in response to that request. In executing its study, the Commission has not only examined the development of agricultural incomes in the Community and the Member States, in relation to rates of inflation and other economic indicators, but has also situated the agricultural aspects of the matter in the more general economic context. It is evident that, in its consideration of the problems posed by divergent rates of inflation, the Community needs to integrate the agricultural sector into the broader framework of macro-economic policy.

2. INFLATION AND THE GENERAL ECONOMY

The development of different rates of inflation

- 2.1. The high rate of increase in prices, and the phenomenon of divergent rates of increase between Member States, has become an increasing problem within the Community during the last decade. Annex 1 shows the annual inflation rates for each Member State, and an indicator of the degree of divergence between Member States. The two indicators shown in the Annex are those most commonly quoted as a measure of the rate of increase of prices within the general economy : the implicit price index of consumers' expenditure, and the implicit price index of gross domestic product. For the purposes of this study the latter indicator (usually known as the "GDP price deflator") has generally been used since it is more widely based than the consumer price index, and more representative of the development of prices in the economy as a whole. Account has naturally also been taken, in the specific context of agriculture, of the index of input prices of agriculture.

- 2.2. The years 1973-75 were characterized by a rapid increase in average inflation in the Community, followed by a deceleration in 1976-78, and a fresh increase from 1979 onwards; a strong divergence between Member States was first manifested in 1974, diminished in the period up to 1978, and then reasserted itself from 1979 onwards.

- 2.3. During the last decade, Italy, the United Kingdom and Greece experienced relatively high rates of inflation, and Germany and the Benelux countries relatively low rates. At the present time it is Greece, Ireland and Italy that have the highest rates of inflation.

- 2.4. The causes of this phenomenon of increased inflation and divergence have included the oil price shocks, the abandonment of fixed exchange rates in the early 1970s, and differing economic policies and performance of Member States.
- 2.5. The introduction of greater stability of exchange rates through the European Monetary System, and the coordination of economic and monetary policies within the Community, represent an important effort to break the spiral of inflation and divergence. To achieve success, these disciplines need to be accompanied by structural adjustments in Member States' economies, requiring the application of budgetary, fiscal, monetary and other general economic policies and their coordination at the Community level. The Commission recalls that an overall strategy for the Community to attain these objectives is recommended in the Medium-term Economic Policy Programme presented to the Council by the Commission on 22 July 1981.

The relationship between rates of inflation and rates of exchange

- 2.6. Long-run differences in the inflation rates of Member States have in the past often been associated with a modification of their rates of exchange. However, a number of factors such as the level of interest rates, or the state of the balance of payments, can result in variations from this pattern. As part of a long-term stabilization process, it may be considered desirable to resist as long as reasonably possible the downward adjustment of a currency; and such an attempt to break the vicious circle of inflation and devaluation may create problems not only for the agricultural sector but also for other economic sectors.

2.7. The three years since the introduction of EMS have seen more progress in the field of exchange rate stability than in the convergence of national inflation rates. There have been several changes in central rates in EMS, consistent with the trend of differences in inflation, but not of a large magnitude. Member States with high inflation have adjusted their exchange rates less than previously, and this is one of the ways in which EMS is designed to be effective. There is a relationship under which exchange rates affect prices, as well as vice versa, and this circle must be broken if inflation is to be reduced.

3. INFLATION AND AGRICULTURE

General remarks

- 3.1. Agriculture must in the long term expect to experience the same process of adaptation as the rest of the economy, and the consequences of inflation and the adjustment of exchange rates for the agricultural sector should not in principle be different from the consequences for other sectors. However, the way in which the consequences are felt in agriculture is determined by the rules of the common agricultural policy and decisions concerning prices and agri-monetary measures. In this sense, the agricultural sector is in a special situation, since the development of prices for agricultural products depends on decisions of the Community's institutions to a greater extent than prices in any other economic sector.
- 3.2. It is important to recall that in the general economy the price effects of an exchange rate adjustment concern in the first place only those goods which are exported and imported, and then in the second place, and gradually, the level of domestic prices. In agriculture, on the other hand, the adaptation of price following an exchange rate adjustment (insofar as it is followed by an adjustment of the green rate) affects immediately both the internal level of price support, and the products entering into external trade. The consequence of a rate of inflation higher than that of other countries, unaccompanied by a devaluation of the currency, is a reduction of competitiveness which normally causes exports to decline and imports to increase, so that the market for domestic production is eroded. This problem is not, however, felt in the same way at the farm level, insofar as the common market organizations provide a guarantee of markets.

Green rates and monetary compensatory amounts

- 3.3. Because agricultural common prices are fixed in ECU, their level in national money is determined by the rate of exchange between the national currency and the ECU. In principle, this rate should correspond to the actual rate of conversion effective in the money markets, but in practice it has been accepted within the common agricultural policy that a different rate ("representative rate" or "green rate") may be applied as a temporary measure to protect the agriculture and food sector from the immediate consequences of an exchange rate adjustment. As long as the green rate is maintained at a different level from the exchange rate, monetary compensatory amounts are applied at the borders for most products, to prevent deflection of trade and distortion of the intervention mechanisms of the CAP.
- 3.4. The maintenance of green rates and MCAs on a permanent basis, rather than as a temporary measure, has posed a serious threat to the functioning of the CAP. MCAs represent an obstacle to the free circulation of agricultural produce; different price levels in different Member States result in distortion of competition; and the failure to adjust the green rate in line with the actual rate of exchange means that prices in the agricultural sector, in contrast to other sectors, are protected from the effects of the currency adjustment.
- 3.5. For these reasons, the Commission has always maintained that MCAs should be progressively eliminated. Since 1977-79, when the monetary gap between Member States within the CAP reached 40%, the Community has had considerable success in reducing or eliminating MCAs through successive adjustments of green rates, and the monetary gap is now of the order of 10%. It should be further reduced in the context of the forthcoming agricultural price decisions.

Introduction of European Monetary System

3.6. The introduction of the EMS in 1979 was accompanied by certain changes in the conditions affecting the creation and elimination of MCAs. In the pre-EMS period, the value of the agricultural unit of account was linked to the "snake" currencies (Germany, Benelux, Denmark) against which other currencies tended to depreciate, with the consequence that MCAs created were preponderantly negative rather than positive; there was thus greater facility for increasing agricultural prices in national money through green devaluations, either independently of or at the the same time as the annual decisions on common price increases. There is now less scope than in the past for price increases through green devaluations, and more need for price decreases through green revaluations. This means that, to obtain a desired level of price increases in national money, a higher increase is needed in common prices in ECU than was the case under the pre-EMS arrangements. Since the introduction of EMS, the agricultural prices have been denominated in ECU, a unit of value which is based on a weighted basket of currencies, and therefore tends to yield more neutral results. The MCAs newly created within EMS are more balanced between positive and negative.

3.7. As regards the dismantling of monetary compensatory amounts, the introduction of EMS was accompanied by a "gentlemen's agreement", to which eight Member States subscribed. It stated that new monetary compensatory amounts should be progressively dismantled in two stages, at the beginning of the two marketing years following their creation, but that, to avoid any reduction in agricultural prices in national money, the annual increases in common prices should be used to compensate for dismantling positive MCAs.

4. AGRICULTURAL INCOMES

Definition of agricultural income

4.1. The indicator used for evaluating the development of agricultural incomes in the Community is the "sectoral income index" which indicates the development of agricultural net value added at factor cost per agricultural work unit. This index was developed by the Commission and the Member States in the mid-1970s in order to provide more up-to-date information on developments in income, as a background for the annual price decisions. The concept of net value added corresponds to the gross receipts of agricultural production - that is, the quantity produced multiplied by the price received for the product - minus the cost of intermediate consumption in agriculture - that is, the costs of goods and services used in production (animal feed, implements, fertilizers, energy, etc.), taking account of subsidies, taxes linked to production and depreciation, but excluding labour charges, rent and interest payments. Net value added represents the resources available to farmers for distribution in the form of remuneration (for themselves, their family workers and employed workers) or for return on capital invested, including land. The agricultural work unit is a concept representing the labour effectively used in production, which does not necessarily correspond to the number of persons engaged in agriculture.

4.2. The indicator of net value added per work unit in the agricultural sector must not therefore be confused with other concepts of agricultural income such as the net income of farm enterprises, or the personal disposable income of farmers. For statistical reasons the sectoral income index (net value added per work unit) remains the only valid comparable measure at the macro-economic level available for all Member States.

4.3. It must be borne in mind however that the proportion of the value of final production represented by intermediate consumption varies considerably from one Member State to another. The following table illustrates the situation :

Intermediate consumption as percentage of final production

1980 (provisional)

| | |
|-----------------|------|
| Deutschland | 55.1 |
| France | 45.3 |
| Italia | 29.0 |
| Nederland | 55.9 |
| Belgique/België | 58.6 |
| Luxembourg | 39.3 |
| United Kingdom | 55.2 |
| Ireland | 46.3 |
| Danmark | 56.7 |
| Ellas | 22.5 |
| EUR 10 | 45.7 |

It follows that the development of the cost of intermediate consumption is a more important determinant of net value added in certain Member States (notably Belgium, Denmark, the Netherlands, the United Kingdom and Germany) than in others (notably Greece and Italy).

4.4. It is also important to recall that in certain Member States the number of employed workers occupies a relatively large share of the number of persons actively employed in agriculture. The following table illustrates the situation :

Share of salaried workers in total agricultural employment

1980 (provisional)

| | |
|-----------------|-------------|
| Deutschland | 17.1 |
| France | 19.2 |
| Italia | 37.5 |
| Nederland | 28.3 |
| Belgique/België | 10.7 |
| Luxembourg | 7.6 |
| United Kingdom | 57.9 |
| Ireland | 12.3 |
| Danmark | 25.0 (1979) |
| Ellas | 5.0 |

It will be seen that the proportion of employed workers, as compared with farmers and family workers, is relatively high in the United Kingdom and Italy and relatively low in Greece, Luxembourg and Ireland. The development of wages in agriculture is generally related to the development of general inflation, and the incidence of wage costs has been relatively more important in countries with higher rates of inflation. It has sometimes therefore been suggested that employed workers and their salaries should be removed from the sectoral income index in order to arrive at an indicator of the income available to farm owners for the remuneration of themselves and their families and for return on capital. However, such an approach would not be consistent with the objectives of Article 39 of the EEC Treaty which includes the assurance of a fair standard of living for the agricultural Community "in particular by increasing the individual earnings of persons engaged in agriculture". The common agricultural policy is therefore concerned with the incomes of all those engaged in agriculture, rather than the distribution of agricultural incomes between salaried and non-salaried workers, which may differ from one Member State to another. In any case, the statistical data which would permit the modification of the sectoral income index in such a

way are not available for a number of Member States, and a modified indicator of such a kind would render more difficult the comparison of the development of agricultural incomes with those in the general economy.

Levels of agricultural income

4.5. A further difficulty inherent in the statistical data presently available for the purposes of the sectoral income index is the absence of an indicator of the absolute levels of agricultural income in Member States. The sectoral income index is constructed on the basis of annual rates of change in the different elements which compose it, and it therefore measures only the development of net value added in terms of year-to-year changes.

4.6. However, certain information is available from the Farm Accountancy Data Network showing income levels in agriculture in 1977/78, both in absolute terms and in relation to the comparable income outside agriculture. A summary of the results is given in Annex 2 which shows that Italy, Ireland, France and Germany have a large number of farms with relatively low levels of income per unit of labour, whereas in Denmark, the Netherlands and Belgium many farms attain higher levels. Annex 2 also gives a comparison of income per labour unit in agriculture with the comparable income outside agriculture, as defined for the purpose of the Directive on modernization of farms : this shows that in Germany, Luxembourg, Denmark, France and Italy the agricultural income is generally substantially less than the comparable income, whereas in the United Kingdom and the Netherlands, a large proportion of farms provide an income substantially higher than the comparable income. However, in this context, it must be recalled that the level of comparable income itself differs greatly from one Member State to another, being twice as high in Denmark, the Benelux countries and Germany than in Ireland and Italy.

Factors influencing agricultural income

4.7. The common agricultural policy assists the development of agricultural incomes by the fixing of support prices (target prices, intervention prices, etc.) and other measures under the market organizations for the different products, as well as by measures for the structural improvement of agriculture. Evidently the development of support prices in national money in relation to the national rate of inflation is an important factor influencing the development of agricultural income in a Member State, and is the object of detailed examination in this report.

4.8. But it cannot be too strongly emphasized that, both in the short term and the long term, other factors are equally, if not more, important in determining the development of agricultural incomes in real terms :

(a) The development of prices actually received by producers does not necessarily correspond in the short term to the development of the support prices; the effect of the support prices on the market prices, and therefore on prices received by producers, varies according to the different market organizations; and conjunctural factors influencing both supply (weather, yields) and demand (internal consumption, exports) result in significant variations from year to year.

(b) In the same way, the development of costs of agricultural production does not necessarily follow the development of general inflation in each Member State, since the category of goods and services which compose agricultural inputs is different from that on which are based the indices of general inflation (consumer prices, or the GDP deflator).

- (c) The progress of agricultural productivity, including the effects of structural change in agriculture, has an important influence on the long-term development of incomes; in particular, the rate of outflow of persons engaged in agriculture, either to retirement or to other sectors of the economy, influences the development of agricultural income per head employed.

- (d) The development of incomes and economic infrastructure outside agriculture plays a large part in influencing regional agricultural incomes; within a Member State - that is, within a single monetary zone - there are large differences in the level and rate of growth of agricultural incomes (1).

- (e) Finally, it must not be forgotten that action by the State in the form of aids in favour of the agricultural sector can have an important influence on agricultural incomes, and that the systems and levels of national taxation and social security for agriculture vary considerably within the Community.

4.9. The number of different variables involved in the determination of incomes in the agricultural sector is thus very large. Moreover, the structure and conditions of agriculture differ greatly between the ten Member States of the Community. The existence of a large number of factors with a direct or indirect influence on incomes complicates considerably the analysis, whose object is to evaluate whether, during the period under examination, the divergent development of rates of inflation in the Member States has distorted the effects, at the national level, of the decisions taken under the common agricultural policy with a view to supporting agricultural incomes. It is therefore necessary to attempt as far as possible to isolate the effects of differential rates of inflation from the effects of other factors.

(1) More detailed indications of the regional imbalances in agricultural incomes per worker are given in the report of a group of independent experts whose study was published by the Commission in 1980 under the title 'Regional Impact of the Common Agricultural Policy' (Studies Collection : Regional Policy series N°.21).

5. THE DEVELOPMENT OF INCOMES, PRICES AND OTHER INDICATORS IN AGRICULTURE

Development since 1968

5.1. The development of incomes, prices and other indicators in agriculture at the Community and national level is the object of detailed analysis in the Annexes to this report, and can only be summarized briefly in the following paragraphs. The analysis covers the period since the beginning of the common agricultural policy in 1968; the period since the first enlargement of the Community in 1973, which has seen the phenomenon of increased rates of inflation and divergence of inflation within the Community; and the period since 1979, which coincides with the reinforcement by the Community of its prudent policy for agricultural prices, and with the introduction of the European Monetary System and its accompanying disciplines. It must be emphasized that the object of the analysis is to examine the development of agricultural incomes in each Member State in relation to their rate of inflation, rather than the absolute levels of agricultural incomes in each Member State which, as indicated in paragraph 4.6, show considerable differences.

5.2. The Commission is of the opinion that the development of income in agriculture can only be properly evaluated in a longer-term perspective. Annex 3 therefore shows the development of agricultural incomes, in the sense of net value added per agricultural work unit, since the beginning of the common agricultural policy in 1968. It will be seen that, by comparison with the 1968 base period (average of 1967, 1968, 1969) incomes increased in real terms, reaching a peak in 1973 when the Community average was 42% higher in real terms, falling in 1974, but then resuming an upward trend to 1978 when the Community average was 32% higher in real terms. In 1979-1981 incomes suffered a decline, reaching a level in 1981 17% higher in real terms than in the 1968 base period.

Development since 1973

5.3. For the purposes of more detailed examination, the Commission has chosen to commence its analysis in 1973, the date of the Community's first enlargement. Annex 4 therefore shows the development of real agricultural incomes by Member State since that base period (average of 1973, 1974, 1975, "1974"). During this period, the development of incomes showed two phases :

(a) 1973-1978

After an exceptionally good year in 1973 incomes fell in 1974 to a level which was still somewhat higher than in 1972. Real incomes then showed a moderate upward trend until 1978. Within the average, the development in Italy, Denmark and in particular Ireland was favourable, while in Germany, France and the United Kingdom it was rather negative. In France the reduction started in 1973, stabilized during the years 1975-1979, whereas in Germany and in the United Kingdom there was a marked reduction commencing in 1977.

(b) 1979-1981

During this period there was a marked decline in the average level of income in the Community in real terms, with a reduction of 3% in 1979, 7% in 1980 and 2% in 1981. There was a reduction in all Member States in 1979, except France and Italy. In 1980 all Member States except Belgium showed a decrease. The fall in real incomes in 1979 and 1980 was particularly important in Ireland. In 1981, however, there was a very wide divergence in development between Member States. The Netherlands, Denmark, Belgium and Luxembourg saw a significant increase; Greece, the United Kingdom and Ireland saw a small increase; in Germany, France and Italy, however, there was a further reduction.

5.4. In summary, it may be said that in 1981 agricultural incomes in real terms were still above the level of 1973-75 in Greece, Denmark, the Netherlands and Italy; in Belgium they were about the same; and in Luxembourg, Ireland, the United Kingdom, Germany and France they were lower. However, by comparison with the level of 1967-69, they were higher in all Member States with the exception of Germany and the United Kingdom.

5.5. As has already been indicated in chapter 4, real incomes per worker are determined by many different factors such as the development of production, current inputs, capital and labour, in volume terms as well as by prices, subsidies, taxes and rates of inflation. These factors must also be seen within the general framework of diverging structural, economic and monetary conditions, and of different managerial abilities and climatological conditions. It is therefore difficult to explain conclusively why real incomes have developed as they have, and why the development has been different between Member States. But some economic indicators may help better understand the divergent developments.

Analysis by Member State

5.6. A series of such indicators is therefore presented in Annex 5 for each Member State, with graphs showing :

- the development in nominal terms of agricultural incomes per worker, inflation, output prices, input prices and support prices;
- the development of support prices (in principle target prices) expressed in ECU and in national currency;
- the development of relative inflation, that is inflation in comparison to the inflation in the Community; the ECU in national currency; green rates and monetary compensatory amounts;

- the development of real agricultural incomes per worker, of the internal terms of trade (relationship between agricultural output and input prices), of external terms of trade (relationship between agricultural prices and prices in the general economy) of productivity of inputs (relationship between volume of production and volume of current inputs) and labour productivity (relationship between the volume of production and the volume of labour input.

5.7. The following paragraphs summarize for each Member State the development of these economic indicators. Since Greece became a member of the Community only in 1981, and it is not possible to draw any conclusions in the context of the common agricultural policy concerning the development of such indicators in Greece in the period 1973-81, it has not been included in this analysis.

5.8 Germany

Analysis

Until 1977/78 support prices, producer prices and input prices showed a trend following the rate of inflation. Since then a widening price - cost ratio can be observed, whereby input prices started to rise much quicker than inflation in general. In 1979 nominal agricultural incomes fell considerably and remained stable at about 5% above the level in the base year "1974" (graph 1.1).

Since 1977 producer prices expressed in national currency rose considerably less than support prices. This is partly due to revaluations of the green rate. About 36% of the total increase since "1974" of support prices expressed in ECU has been offset by revaluations of the green rate (graph 1.2).

In real terms support prices are only slightly below the level reached in "1974". An accentuation of the "price cost squeeze", leading to deterioration of the internal terms of trade combined with a decrease of the terms of trade of agriculture in comparison with the total economy (external terms of trade), has contributed to a substantial fall of real agricultural incomes which have reached 79% of the "1974" - level. Productivity increases have been insufficient to compensate these unfavourable developments (graph 1.3).

Until 1978/79 the value of the ECU, expressed in DM, has continuously decreased almost to the same extent as relative inflation. But it remained stable since 1979, whereas relative inflation - inflation in relation to the inflation in the Community as a whole - continued to fall. In spite of decreasing relative inflation, the value of the ECU in terms of DM has remained relatively constant since 1978. In spite of demobilization of stocks of MCA's at the end of 1981, MCA's are only slightly lower than in 1977 (graph 1.4).

Conclusion

Nominal agricultural incomes have fallen sharply in 1979 and remained stable in 1980 and 1981. At the same time the "price - cost" squeeze has intensified. Taking account of inflation, real incomes have continuously fallen since 1977; in 1981 they reached 79% of their level in "1974".

5.9. France

Analysis

Agricultural incomes increased until 1979, but stagnated in following years. With the exception of the years 1975-1979 this rise has been overhauled by inflation. Input prices have shown a development close to the rate of inflation in general. However, support prices, and even more so, producer prices lagged behind (graph 2.1).

About 50% of the total increase since "1974" of support prices expressed in national currency, is attributable to devaluation of the green rate (graph 2.2).

Real agricultural incomes have shown a downward trend in particular since 1979. At the same time the "price-cost squeeze" (internal terms of trade) has accentuated, whereas the terms of trade of agriculture in comparison to the total economy (external terms of trade) have fallen to about 74% of their level in the base year "1974". Simultaneously the productivity of inputs has also decreased, whereas labour productivity has only slightly improved in 1980 and in 1981 (graph 2.3).

The rate of inflation has been rather similar to the average rate observed in the Community, but showed a tendency to increase slightly more since 1977. The depreciation of the FF in terms of ECU has been slightly higher than relative inflation. The demobilization in 1978 and 1979 of the stock of MCA's built up in the period prior to 1978/79 implied a substantial devaluation of the green rate (graph 2.4).

Conclusion

In spite of an increasing trend in nominal incomes, real incomes showed a downward trend exceeding - in particular since 1980 - the negative trend in the price - cost relationship. In 1981 real incomes levelled at 76% of the situation in "1974".

5.10. Italy

Analysis

The development of producer and input prices show a high degree of parallelism. Nevertheless, input prices have tended to increase slightly less than producer prices. The price-cost relationship during the period since "1974" has therefore developed favourably until 1979. This has positively influenced agricultural incomes in nominal terms; since "1974" incomes have even increased more than inflation (graph 3.1).

In 1980 and in 1981 the price-cost relationship (internal terms of trade) has deteriorated so as to reach 99% of the level in the base period "1974". In addition, and in particular since 1978, the terms of trade of agriculture in comparison with the total economy (external terms of trade) have deteriorated. Consequently, and taking account of the stagnation in productivity increases, real agricultural incomes have shown a decrease. However, in 1981 they are still 3% above the level reached in the base year "1974" (graph 3.3). It should be recalled that, taking account of the considerations outlined in paragraph 4.4, the share of value added devoted to wages has increased during this period.

The continuous depreciation of the Lira - which since "1974" has been slightly stronger than relative inflation - has led to devaluations of the green rate, permitting substantial increases of support prices expressed in national currency. About three-quarters of total increase in common prices, expressed in national currency, since "1974" is due to green rate adaptations (graphs 3.2 and 3.4).

Compared to the base period "1974" the change in value of the ECU in terms of the Lira - or, in other words, the depreciation of the Lira against the ECU - has exceeded the development of Italian inflation as compared to the inflation in the Community. Since 1978 relative inflation is increasing at a faster rate than the value of the ECU in terms of the Lira (graph 3.4).

Conclusion

Real farm incomes have developed favourably since "1974" but they have shown a decrease since 1979 to a level which is slightly above the one reached in "1974". Among the factors which have led to a less favourable development during the last two years are the weakening of the price-cost relationship combined with continuous high rates of inflation and a stagnation in productivity increases. In 1981 real incomes levelled at 103% of the situation reached in "1974".

5.11. Netherlands

Analysis

Support prices, producer prices and input prices have increased less rapidly than inflation. Producer prices have risen much less than support prices. As compared to the base period "1974", support prices increased slightly more than input prices (graph 4.1).

Support prices have been negatively influenced by green revaluations but only to a limited extent (graph 4.2).

Real agricultural incomes fell from 1976 to 1980, but increased substantially in 1981. In 1981 they are about 5% above the level reached in "1974". The decrease in real incomes since 1976 coincides with an accentuation of the "price-cost squeeze" (internal terms of trade), whereas, in addition, the terms of trade of agriculture in comparison with the total economy (external terms of trade) have fallen. This development reversed in 1981. This phenomenon, together with a substantial increase in productivity, has led to a very favourable evolution of real incomes in 1981 (graph 4.3).

Whereas relative inflation - inflation in comparison to inflation in the Community as a whole - has continuously fallen, the value of the ECU has been relatively stable since 1978 (graph 4.4).

Conclusion

In spite of a considerable fall in 1979 nominal agricultural incomes have shown an upward trend, which, however, could not offset the negative impact of inflation. Nevertheless, in 1981 incomes increased more rapidly than inflation, which is partly due to factors other than those linked to prices, in particular improvement in productivity. In 1981 real incomes levelled at 105% of the situation reached in "1974".

5.12. Belgium

Analysis

Though nominal agricultural incomes fell sharply in 1979, they showed a positive trend which, however, lagged behind the rate of inflation. Nevertheless, since 1979 incomes have risen more rapidly than inflation. Support prices and input prices increased in a rather similar way, but producer prices did not follow at the same speed. Since "1974" input prices increased at a slower rate than inflation (graph 5.1).

Support prices have been negatively influenced by small green rate revaluations (graph 5.2).

Until 1979 agricultural incomes in real terms tended to fall. This evolution coincides with an accentuation of the "price-cost squeeze" (internal terms of trade) and a fall in the terms of trade of agriculture in comparison with the total economy (external terms of trade). This evolution reversed in 1981. This, combined with an improvement in productivity, has led to an improvement of real agricultural incomes. Real incomes in 1981 are 6% higher than the level reached in 1974 (graph 5.3).

Whereas relative inflation, that is inflation in relation to inflation in the Community as a whole, has continuously fallen, the value of the ECU in terms of the Belgian franc, after a continuous decrease until 1978, has tended to increase slightly since then (graph 5.4). It should be noted, however, that on 21 February 1982 the Belgian franc was devalued by 8.5%.

Conclusion

In spite of an increasing trend in nominal incomes, real agricultural incomes showed a downward trend until 1979 following more or less the unfavourable development of the price-cost relationship. The favourable development in 1980, and 1981 in particular, may be explained by a slight improvement of the relationship between agricultural prices as compared to input prices and inflation combined with an improvement in productivity. In 1981 real incomes levelled at 106% of the situation at "1974".

5.13. Luxembourg

Analysis

Since "1974" support prices and, still more so, producer prices have risen less rapidly than the rate of inflation. This is also true for input prices though recently (in 1980 and 1981) their rate of increase has exceeded the rate of inflation. Until 1978 nominal agricultural incomes showed an evolution in line with inflation but lagged behind in the following years with the exception of 1981 (graph 6.1).

Support prices have been negatively influenced - though to a small extent - by revaluations of the green rate (graph 6.2).

Expressed in real terms, agricultural incomes have shown a downward tendency. However, in 1981 real agricultural incomes improved. The evolution of real incomes may be explained by the evolution of agricultural prices as compared to input prices and, in particular, to inflation, and of productivity which in 1981 showed a considerable improvement (graph 6.3).

In comparison to the Community as a whole, inflation has continuously been decreasing. In contrast to this evolution, the value of the ECU has been slightly improving since 1978 (graph 6.4). It should be noted, however, that on 21 February 1982 the Luxembourg franc was devalued by 8.5%.

Conclusion

Real agricultural incomes in 1981 are 4% below the level observed in "1974". This coincides with a slight accentuation of the price-cost squeeze.

5.14. United Kingdom

Analysis

Until 1977 producer prices, input prices and agricultural incomes followed more or less the evolution of inflation. Since then the gap between the increase of prices and costs has widened. This has slowed down the progression of nominal incomes. Input prices increased at a slower rate than inflation, in particular since 1979. Support prices have increased more rapidly. Due to relatively high levels of producer prices during the first years of accession, the increase of producer prices until 1981 has been considerably smaller than the rise in support prices (graph 7.1).

Nearly one-third of the total increase in support prices, expressed in national currency since "1974" is due to alignment of prices to Community price support levels, whereas the impact on prices of devaluations of the green pound, arrested in 1979, accounts for about 40% (graph 7.2).

Though support prices expressed in real terms now exceed by 10% the level during the first years of enlargement, real agricultural incomes decreased continuously since 1976. This unfavourable evolution is due to a deterioration of the price-cost relationship (internal terms of trade) and to a fall in the terms of trade of agriculture in comparison with the total economy (external terms of trade). These negative developments have been less important in 1981, which prevented a further fall in real incomes during this year (graphs 7.3 and 7.1).

The value of the ECU in terms of the pound sterling has increased until 1978 but fell during the following years and reached in 1981 105% of the level reached in "1974". Inflation in relation to the Community as a whole has continuously increased. The appreciation of the pound since 1978 can therefore only be explained by other factors than relative inflation (petrol). Until 1979 the green rate of the pound has regularly been devalued, in particular after the creation during the years 1977/78 of large stocks of negative MCA's. The appreciation of the pound during the last few years has arrested this development. In contrast, positive MCA's have been introduced (graph 7.4).

Conclusion

With the exception of the year 1976 real incomes have fallen continuously, but the deterioration halted in 1981, when they levelled at 79.4% of their situation in "1974". This decline coincides with a deterioration of the internal and external terms of trade. Productivity improvements have not been able to stop the negative trend in real incomes.

5.15. Ireland

Analysis

Producer prices have followed the pattern of the evolution of support prices, but at a lower rate of increase. The divergence increased in 1980 but reduced in 1981.

Producer prices have risen more rapidly than input prices in the years prior to 1979, but the development inversed since then. As a consequence agricultural incomes in nominal terms - after a very favourable development until 1978 - fell in 1979, and, in particular, in 1980. They rose again slightly in 1981, without, however, reaching the level of 1978 (graph 8.1).

Whereas until 1978 the development of support prices - expressed in national currency - exceeded the rate of inflation, they showed a slower increase in the following years. This coincides with the end of the transitional period of accession to the Community as well as with relatively stable green rates since 1978. At the same time the rate of inflation has, however, increased. Of the total increase in common prices, expressed in national currency, during the period "1974" - 1981 about 15% is attributable to alignment of prices due to accession and 56% to devaluation of the green rate (graphs 8.1 and 8.2).

In spite of high rates of inflation, real agriculture income increased substantially until 1978, when it was 31% higher than in "1974". However, in 1979 and 1980 real incomes fell sharply. This seems to be due to a combination of developments : a serious deterioration of the "price-cost relationship" (internal terms of trade), a high rate of inflation exceeding considerably the increase in agricultural prices, deterioration of the external terms of trade as well as the absence of an increase in labour productivity and even a fall in the relationship between the volume of production and the volume of inputs. Mainly due to an improved performance in 1981 of output prices in relation to input prices and inflation, real incomes improved slightly in this year. They reached 86% of their level in "1974" (graph 8.3).

Inflation, as compared to the inflation in the Community (relative inflation) has been increasing progressively. In this context it should be noted that a large part of Ireland's imports, including those used as inputs in agriculture, come from the United Kingdom whose currency has appreciated substantially since 1979 in relation to the Irish pound. However the value of the ECU in terms of Irish pounds has been relatively stable since 1977 (graph 8.4). Consequently, price increases due to green rate devaluations have been very limited since 1978 (graph 8.2), whereas inflation continued at high levels.

Conclusion

Nominal agricultural incomes increased more rapidly than inflation in the years prior to 1978. However they fell in 1979, 1980 but increased in 1981 whereas the rate of inflation and the rate of price increases for inputs increased. At the same time productivity in agriculture did not increase, or even showed a downward tendency. Consequently real incomes - after a considerable rise until 1978 - have shown a substantial decrease in 1979 and 1980. In 1981, when real incomes increased slightly, they levelled at 86% of the situation in "1974".

5.16. Denmark

Analysis

The trend in the evolution of support prices has followed the trend of inflation. Until 1978 input prices rose at a slower rate; however, during the following years input prices showed an acceleration in the rate of increase. The increase in producer prices lagged behind, especially during the last few years. In general, nominal agricultural incomes have fluctuated around the trend of inflation (graph 9.1).

44% of the total increase in support prices, expressed in national currency, since "1974" is due to devaluations of the green rates aligning them to modifications in the exchange rate. Since 1979 green rate devaluations have been limited as compared to the development in previous years. The impact on prices due to enlargement has been very limited (2%) (graph 9.2).

Expressed in real terms, support prices have been relatively stable. On average, real agricultural incomes, though fluctuating from one year to another, also remained relatively stable. In 1981 they showed a considerable upswing in spite of a continuous accentuation of the "price-cost squeeze". This may be due to improvements in productivity (graph 9.3).

Though, in comparison with the Community as a whole, the rate of inflation has slightly decreased, the value of the ECU in terms of the Danish Crown has increased; since 1979 the value of the ECU has exceeded by 8-9% its value in "1974" (graph 9.4). However, on 22 February 1982 the Danish Crown was devalued by 3%.

Conclusion

Though fluctuating from year to year, real agricultural incomes show a horizontal trend. The decrease in 1979 and 1980 has partly been offset by a substantial increase in 1981. Since 1978 the price-cost relationship has been widening, but productivity improved, in particular in 1981.

Analysis of incomes in relation to inflation and other factors

5.17. The relationship between the prices of inputs and outputs in agriculture is evidently related to the rate of general inflation on the one hand and the rate of increase in agricultural support prices in national money on the other hand. However, because of green rate adjustments, following the realignment of currencies, the development in Member States of agricultural support prices in nominal terms has been different from the development of common prices in ECU. For the countries whose money has depreciated, the part of the total increase in support prices in national money attributable to green devaluations has been very significant in the period 1973-1981 : Italy 73%, Ireland 56%, France 50%, Denmark 44%, United Kingdom 39%. For the countries whose money has appreciated, the percentage of the increase in common prices offset by green revaluations has been : Netherlands, Luxembourg and Belgium about 3%, Germany 36%.

5.18. An assessment of the performance of Member States in respect of inflation, increases in agricultural support prices in national money and the development of agricultural incomes (net value added per work unit) in real terms in the periods 1973-81 and 1979-81 is given in the following tables. It must be emphasized that, in evaluating the development of incomes over a number of years, it is necessary to take account of the nature of income as a flow of resources during the period as a whole; the figures given for incomes therefore represent the average development of income during the entire period, rather than the situation of income in the last year of the period.

Performance of Member States in the period 1973-81

(Brackets indicate ranking, 1 = most favourable)

| | Average of annual rates of inflation (GDP deflator) per cent | Average increase in agricultural support prices in national money (1973/74-81/82) per cent | Average deve- lopment of agri- cultural income in real terms (1973/4/5=100) |
|-----------------|---|---|---|
| Deutschland | 4.9 (1) | 5.0 | 94.1 (7) |
| France | 10.6 (6) | 9.8 | 91.0 (9) |
| Italia | 16.9 (9) | 17.8 | 104.6 (1) |
| Nederland | 7.1 (3) | 5.8 | 99.1 (4) |
| Belgique/België | 7.1 (4) | 6.4 | 98.3 (5) |
| Luxembourg | 7.0 (2) | 6.4 | 97.0 (6) |
| United Kingdom | 14.7 (7) | 17.9 | 92.2 (8) |
| Ireland | 14.7 (8) | 16.6 | 104.0 (2) |
| Danmark | 9.8 (5) | 9.7 | 101.2 (3) |

Performance of Member States in the period 1979-81

| | Average of annual rates of inflation (GDP deflator) per cent | Average increase in agricultural support prices in national money (1979/80-81/82) per cent | Average deve- lopment of agri- cultural income in real terms (1979 = 100) |
|-----------------|---|---|---|
| Deutschland | 4.4 (1) | 3.1 | 96.0 (4) |
| France | 11.5 (6) | 9.2 | 89.4 (8) |
| Italia | 17.6 (9) | 13.6 | 95.9 (5) |
| Nederland | 4.9 (3) | 5.0 | 104.4 (2) |
| Belgique/België | 4.5 (2) | 5.2 | 106.8 (1) |
| Luxembourg | 5.9 (4) | 4.9 | 95.6 (6) |
| United Kingdom | 14.8 (7) | 9.1 | 94.7 (7) |
| Ireland | 15.4 (8) | 6.7 | 88.7 (9) |
| Danmark | 8.3 (5) | 9.2 | 101.1 (3) |

- 5.19. In order to examine more closely the factors which may have influenced the decline in real incomes in agriculture in the period 1979-81, Annexes 6 and 7 give an analysis of the trends observed in each of the 3-year periods 1973-75, 1976-78 and 1979-81.
- 5.20. Annex 6 shows the rate of inflation, the increase in support prices in national money, and the increase due to green rate adjustments. It appears that for the Community as a whole in the period 1973-75 the average of annual rates of increase in agricultural support prices expressed in national money (12.4%) significantly exceeded the average of annual rates of inflation (10.8%). In the following period 1976-78 the increase in support prices (9.1%) was at about the same rate as inflation (9.3%). In the most recent period 1979-81 the increase in support prices (7.9%) has fallen substantially behind the rate of inflation (10.4%).
- 5.21. It will be observed that the average annual increase in common prices expressed in ECU was in fact slightly higher in the period 1979-81 (5.2%) than in the preceding period 1976-78 (4.5%). However, the impact of green rate changes on the level of agricultural support prices was significantly less in the period 1979-81, compared with the previous periods. This is mainly a consequence of the introduction of the ECU in 1979 as the unit of value for agricultural common prices, as indicated in paragraph 3.6. above. As a result, there has been less scope for green devaluations by countries with a depreciating currency, and more need for green revaluations by those with an appreciating currency.

- 5.22. The combined effect of these adjustments of common prices and green rates in the period 1979-81 has represented a prudent price policy on the part of the Community, and has clearly had a significant impact on the development of incomes in agriculture in the Community as a whole. Its impact on agricultural support prices in individual Member States has been determined by the adjustment of green rates. As can be seen from Annex 6, the Member States where the increases in agricultural support prices were lower than the rate of inflation by more than the Community average in the period 1979-81 were Ireland, the United Kingdom and Italy; in France, Germany and Luxembourg they were lower than inflation, but by less than the Community average; and in Denmark, Belgium and the Netherlands they were higher than inflation.
- 5.23. Annex 7 gives a detailed survey of different factors which may have influenced the development of agricultural incomes : the internal and external terms of trade in agriculture and the productivity of inputs and labour. In addition it shows the relative inflation of each Member State compared with the Community average.
- 5.24. The conclusion of these different analyses is that high rates of inflation have not necessarily been accompanied by relatively low increases in agricultural incomes in real terms. As regards the period since 1979, it must be emphasized that the evaluation of income development over so short a period as three years is subject to reserves because of the influence of conjunctural factors. The relationship between the development of support prices in national money and the rate of inflation has been a significant element, but it appears that other factors such as the productivity of inputs and of labour in agriculture have been important in influencing the development of incomes.

6. INCOMES IN AGRICULTURE AND OTHER SECTORS

- 6.1. The development of incomes in agriculture must be seen also in relation to the development of incomes in the economy as a whole and in other major sectors of the economy.

- 6.2. Annex 8 gives an assessment of the relative performance of incomes in seven main sectors (agriculture, industrial production, ferrous and non-ferrous ores and metals, machinery, food, textiles and clothing, market services) for six Member States (Germany, France, Italy, United Kingdom, Netherlands, Belgium) for the period up to 1979.

7. CONCLUSION

- 7.1. The results of the analysis contained in this report demonstrates that, although Member States have experienced different rates of inflation and different rates of development of agricultural income, it does not appear that a higher than average rate of inflation has been associated with a lower than average rate of increase in agricultural incomes. Many other factors, including the adjustment of green rates and improvements in productivity and agricultural structure, influence the long-term development of incomes in agriculture.
- 7.2. However, in the short and medium term, it cannot be excluded that difficulties for agriculture may arise if a Member State with a relatively high rate of inflation does not devalue its currency, and so is unable to obtain an additional increase in agricultural prices through a green devaluation. But in this context it must be emphasized that the decision to maintain a stable exchange rate within or outside the European Monetary System forms part of an overall economic strategy adopted by the Member State concerned in order, among other things, to avoid the inflationary effects of devaluation; and such a strategy can pose difficulties of adjustment not only for agriculture but equally for other sectors of the national economy.
- 7.3. For these reasons the Commission considers that the Community and the Member States should above all give priority to implementing the measures of coordination and macro-economic policy necessary to reduce the general rate of inflation, and the divergence of inflation between Member States. Only in this way can a lasting improvement be obtained in the economic conditions not only for agriculture but also for other sectors.

ANNEXES

Annex 1

RATES OF INFLATION AND DIVERGENCE BETWEEN MEMBER STATES
(consumer prices and GDP prices deflator)

(national currencies) (percentage increase)

| | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 esti- mate | 1982 fore- casts |
|--------------------------------|---------------------------|------|------|------|------|------|------|------|-----------------------|------------------------|
| | <u>Consumer prices</u> | | | | | | | | | |
| B | 5,9 | 12,5 | 12,4 | 8,0 | 7,0 | 4,2 | 3,5 | 6,4 | 7,5 | 7,0 |
| DK | 10,2 | 14,4 | 10,0 | 9,4 | 10,8 | 9,4 | 9,6 | 11,9 | 11,2 | 9,4 |
| D | 7,6 | 7,1 | 5,9 | 4,4 | 3,9 | 2,6 | 4,0 | 5,4 | 5,8 | 4,5 |
| GR | 15,1 | 23,5 | 12,9 | 13,3 | 12,0 | 12,3 | 18,2 | 23,7 | 24,1 | 22,5 |
| F | 6,8 | 13,2 | 11,4 | 9,9 | 9,0 | 8,7 | 10,3 | 13,2 | 13,5 | 13,0 |
| IRL | 11,6 | 15,8 | 22,3 | 18,7 | 12,7 | 7,2 | 12,2 | 18,2 | 20,0 | 16,0 |
| I | 12,4 | 20,9 | 17,6 | 18,1 | 18,2 | 12,9 | 15,0 | 20,3 | 19,5 | 16,9 |
| L | 5,0 | 9,0 | 10,2 | 9,5 | 5,8 | 3,5 | 5,8 | 6,3 | 8,0 | 7,0 |
| NL | 9,1 | 10,0 | 10,7 | 8,8 | 5,9 | 4,2 | 4,3 | 6,9 | 7,5 | 6,0 |
| UK | 8,6 | 17,4 | 23,5 | 15,5 | 15,1 | 8,9 | 12,5 | 15,5 | 11,8 | 10,5 |
| EC-10 Standard deviation | 8,2 | 12,9 | 12,5 | 10,3 | 9,9 | 7,4 | 9,6 | 11,8 | 11,3 | 10,4 |
| | 3,2 | 5,0 | 5,4 | 4,4 | 4,3 | 3,5 | 4,8 | 6,2 | 6,0 | 5,5 |
| | <u>GDP price deflator</u> | | | | | | | | | |
| B | 6,9 | 12,3 | 12,5 | 7,5 | 7,3 | 4,2 | 4,0 | 4,3 | 5,1 | 6,3 |
| DK | 10,2 | 12,9 | 12,6 | 9,2 | 9,0 | 9,2 | 7,3 | 8,4 | 9,2 | 6,0 |
| D | 6,0 | 6,9 | 6,4 | 3,4 | 3,8 | 3,9 | 4,0 | 4,8 | 4,4 | 3,9 |
| GR | 19,4 | 20,9 | 12,3 | 15,6 | 12,9 | 13,1 | 17,0 | 18,4 | 23,0 | 21,8 |
| F | 7,8 | 11,1 | 13,4 | 10,1 | 9,0 | 9,5 | 10,1 | 11,5 | 12,5 | 12,8 |
| IRL | 15,3 | 6,0 | 22,3 | 20,3 | 12,4 | 10,1 | 13,0 | 15,6 | 17,6 | 17,3 |
| I | 11,6 | 18,5 | 17,5 | 18,0 | 19,1 | 13,9 | 15,7 | 20,3 | 17,2 | 17,4 |
| L | 10,8 | 16,4 | -1,0 | 13,0 | 1,5 | 4,4 | 7,0 | 5,1 | 5,7 | 6,7 |
| NL | 8,4 | 9,3 | 11,2 | 8,9 | 6,3 | 5,1 | 3,9 | 5,2 | 5,5 | 6,9 |
| UK | 7,1 | 15,1 | 26,8 | 14,3 | 13,9 | 10,7 | 14,6 | 18,9 | 10,9 | 9,1 |
| EC-10 Standard deviation | 7,7 | 11,3 | 13,5 | 9,8 | 9,7 | 8,5 | 9,7 | 11,6 | 10,0 | 9,8 |
| | 4,8 | 4,9 | 7,3 | 4,9 | 4,9 | 3,6 | 4,9 | 6,2 | 6,1 | 5,6 |

Note : Consumer prices = implicit price index of consumers' expenditure. GDP price deflator = implicit price index of GDP.

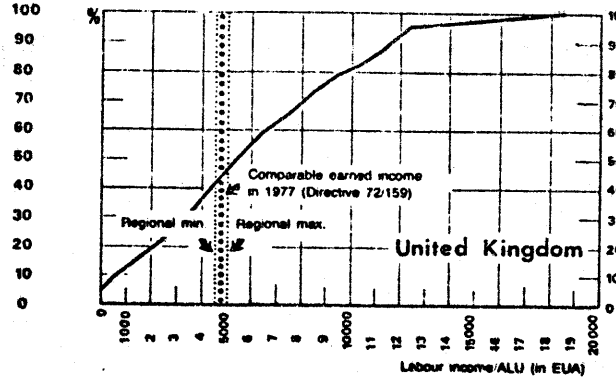
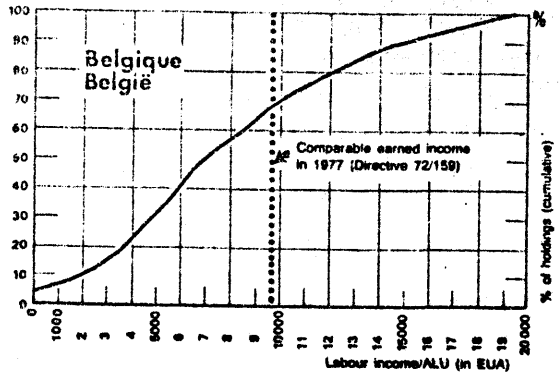
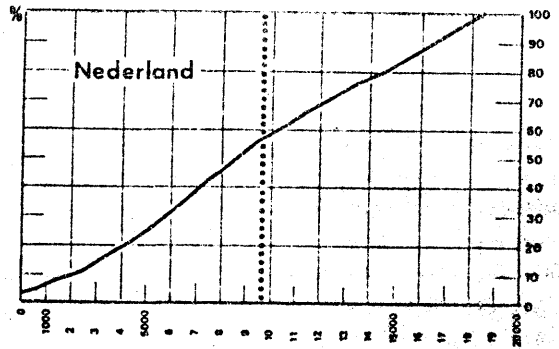
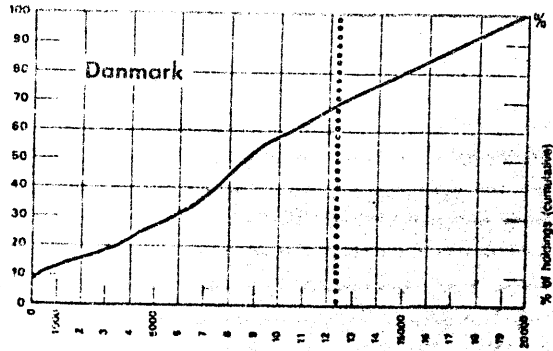
Source : Eurostat and Commission services.

ANNEX 2

INCOME LEVELS IN AGRICULTURE

1. In its 1981 Report on the Agricultural Situation in the Community (published in January 1982) the Commission included an analysis of data from the Farm Accountancy Data Network showing income levels in agriculture. The data used relate to 1977/78, the latest period for which information was available for all Member States.
2. The following paragraphs are an extract from that Report (paragraphs 260-261).
3. The annexed graph shows the breakdown of holdings by their labour income per Annual Work Unit. It indicates income levels varying greatly from one Member State to another, both in absolute terms and in relation to the comparable income outside agriculture. The comparable income is as defined for the purposes of Council Directive 72/159/EEC on the modernization of farms. Two groups of Member States stand out :
 - (i) Italy, Ireland, France and the Federal Republic of Germany have a large number of farms with relatively low levels of labour income per AWU,
 - (ii) whereas, in Denmark, the Netherlands and Belgium many farms attain high labour incomes per AWU.The United Kingdom and Luxembourg come somewhere between these two extremes.
4. The table annexed gives a comparison of the level of labour income per AWU with the threshold of comparable income for the region in which the farm is situated. It brings to light three groups of countries;
 - (i) those where the labour income is generally less than 80% of the regional comparable income; this is primarily the case in the Federal Republic of Germany and Luxembourg, but also in Denmark, France and Italy;
 - (ii) those where only half the holdings provide an income of over 80% of the comparable income for the region in which they are situated; this is the case in Belgium and Ireland;
 - (iii) lastly, those in which between one-third and one-half of the "market-oriented" holdings provide an income of over 120% of the regional comparable income; this is the case in the United Kingdom and the Netherlands.

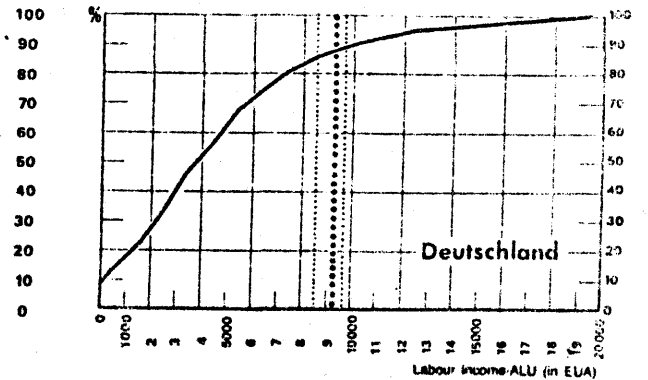
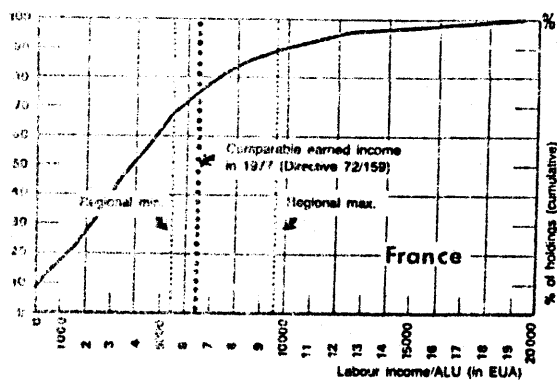
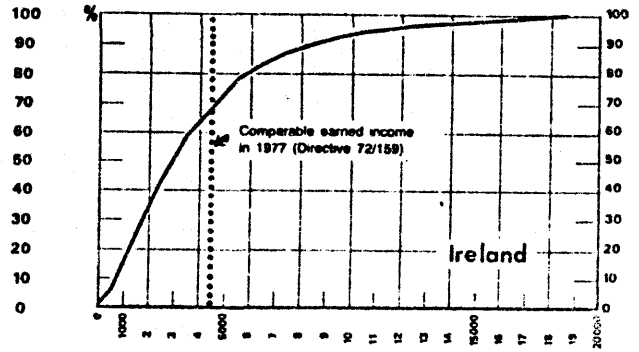
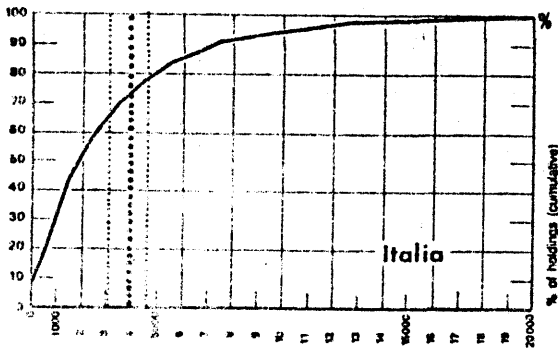
COMPARISON OF INCOMES (1977/78) Distribution of holdings by 'labour income/ALU' in the Member States



Source: FADN 1977/78 (provisional weighting).

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COMPARISON OF INCOMES (1977/78) Distribution of holdings by 'labour income/ALU' in the Member States (continued)



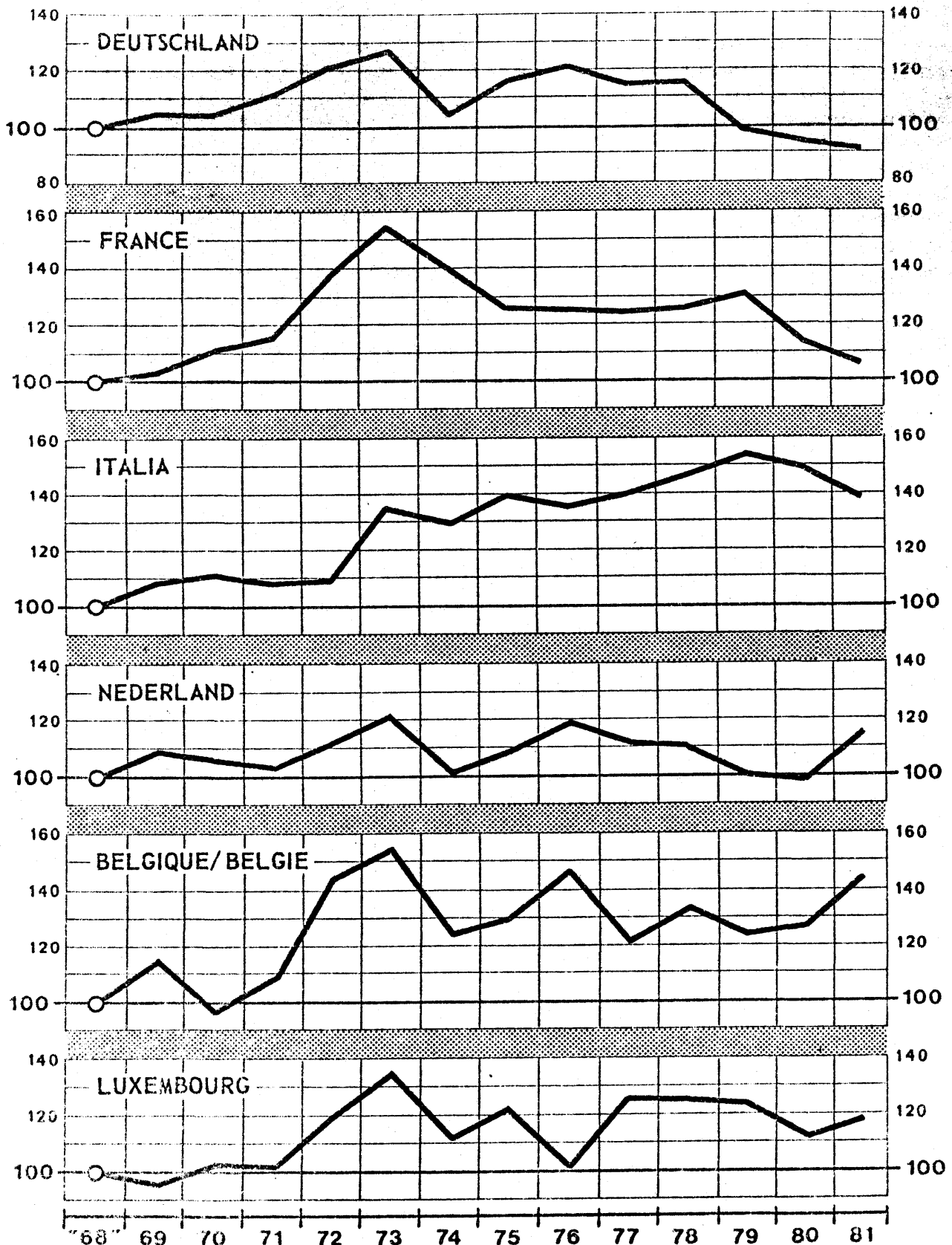
Source: FADN 1977/78 (provisional weighting).

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% of market-oriented farms attaining certain levels of labour income per AWU in 1977/78

| Level of agricultural income | % of holdings | | | | | | | | | |
|---|---------------|-----|-----|-----|-----|-----|-----|-----|------|-------|
| | D | F | I | NL | B | L | UK | IRL | DK | EUR 9 |
| % of holdings providing an income of less than 80% of the comparable income for their region | 82 | 67 | 63 | 46 | 54 | 82 | 32 | 52 | 70 | 64 |
| % of holdings providing an income of between 80% and 120% of the comparable income for their region | 13 | 20 | 17 | 22 | 25 | 15 | 20 | 21 | 21 | 18 |
| % of holdings providing an income of over 120% of the comparable income for their region | 5 | 13 | 20 | 32 | 21 | 3 | 48 | 27 | 9 | 18 |
| Level of national comparable income in 1977 (1 000 ECU) | 9.3 | 6.5 | 4.0 | 9.7 | 9.8 | 9.8 | 4.9 | 4.4 | 12.4 | |
| Source: FADN results for 1977 (provisional weighting). | | | | | | | | | | |

Net value added (1) per person employed (2) in agriculture
"1968"=100 (3)



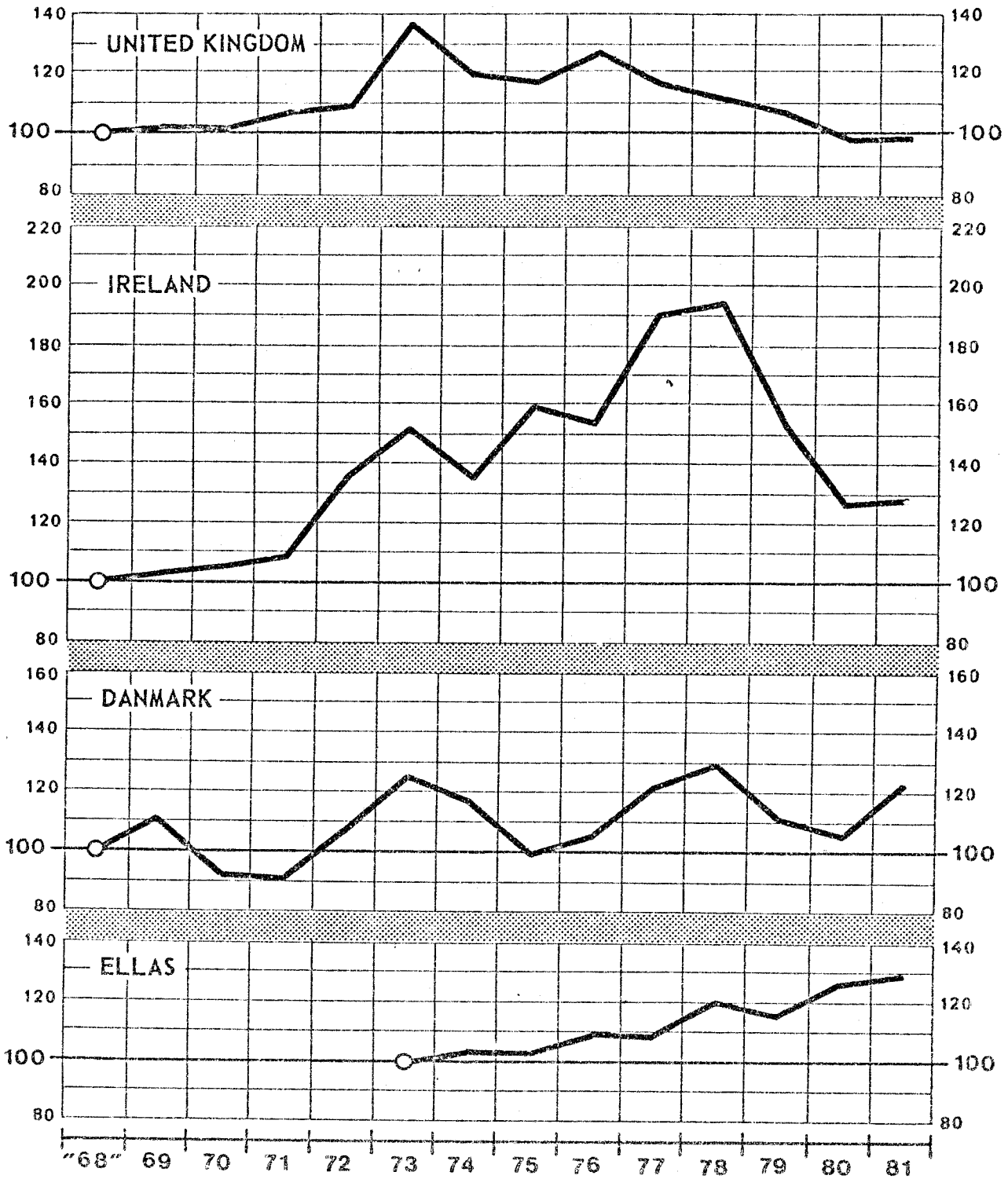
(1) at factor cost in real terms (adjusted by the GDP price deflator)

(2) measured in labour units

(3) base: average 1967/1968/1969="1968"=100, except Ellas (1973 = 100)

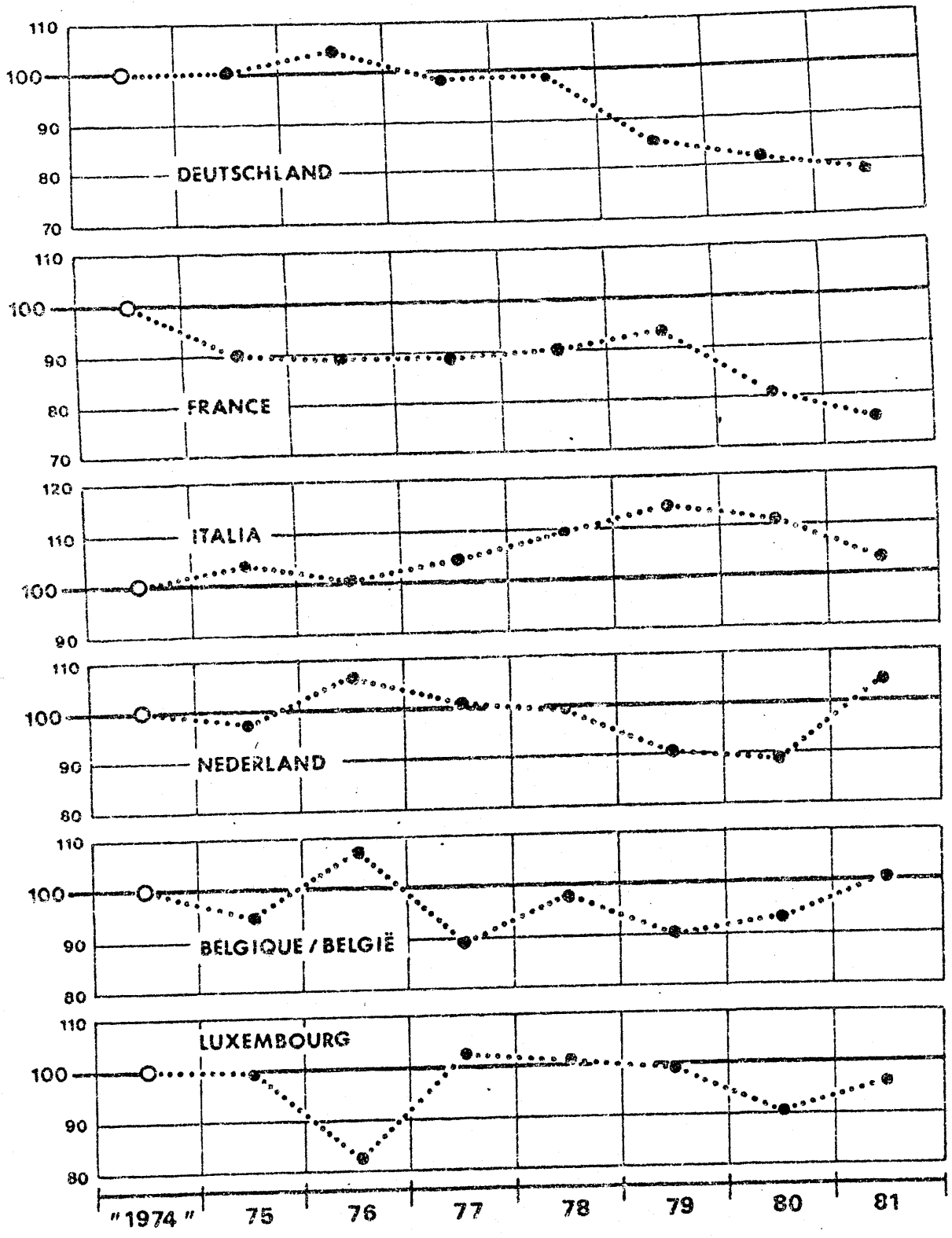
ANNEX 3

Net value added (1) per person employed (2) in agriculture
"1968"=100 (3)



(1) at factor cost in real terms (adjusted by the GDP price deflator)
(2) measured in labour units
(3) base: average 1967/1968/1969="1968"=100, except Ellas (1973 =100)

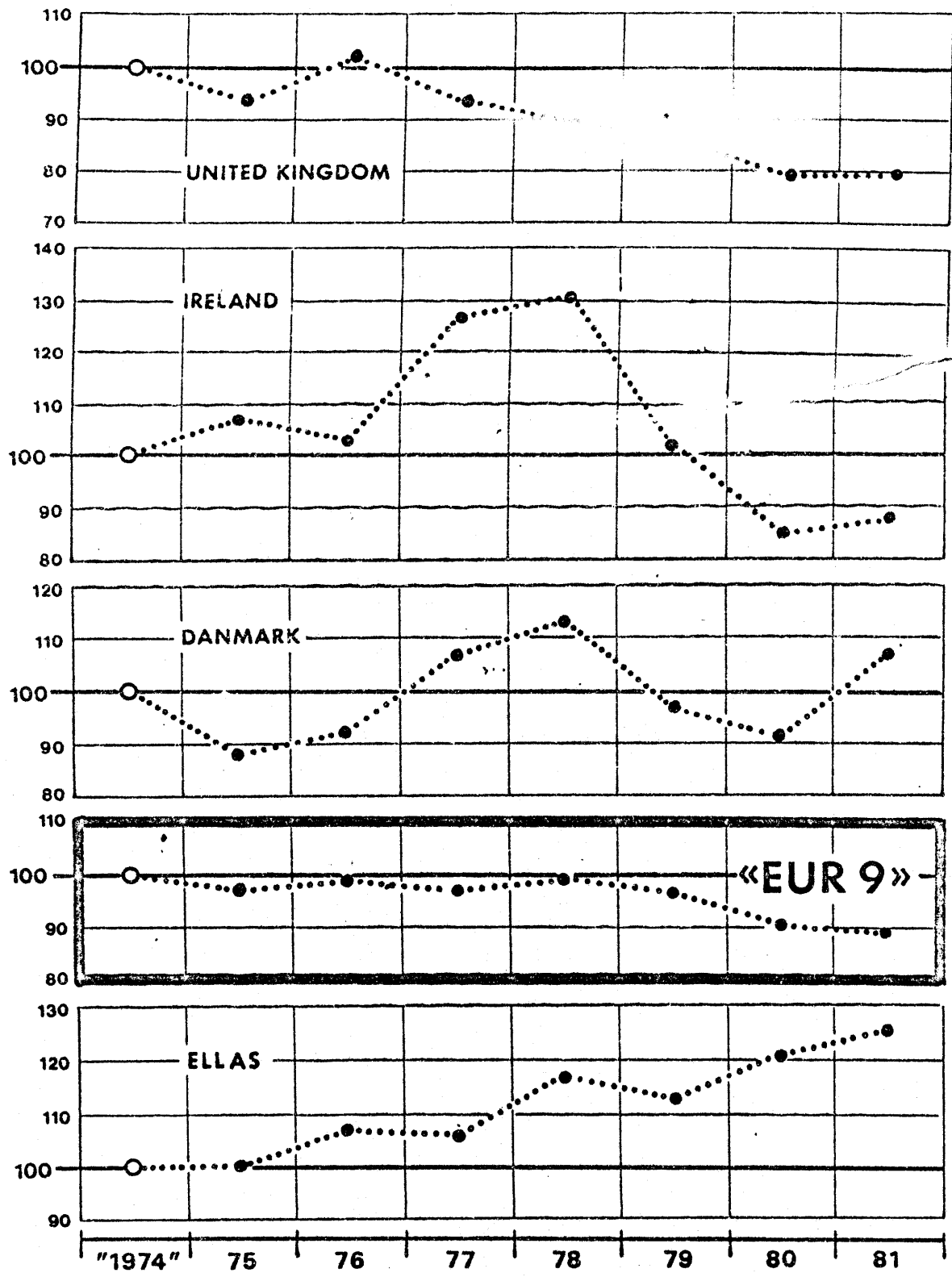
NET VALUE ADDED (1) PER PERSON EMPLOYED (2) IN AGRICULTURE (* 1974 * = 100)(3)



(1) at factor cost in real term (adjusted by the GDP price deflator)
 (2) measured in labour units
 (3) base: average 1973-1974-1975 = 1974 = 100

SOURCE: Eurostat - Index of sectoral income

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- (1) at factor cost in real term (adjusted by the GDP price deflator)
- (2) measured in labour units
- (3) base: average 1973-1974-1975 = 1974 = 100

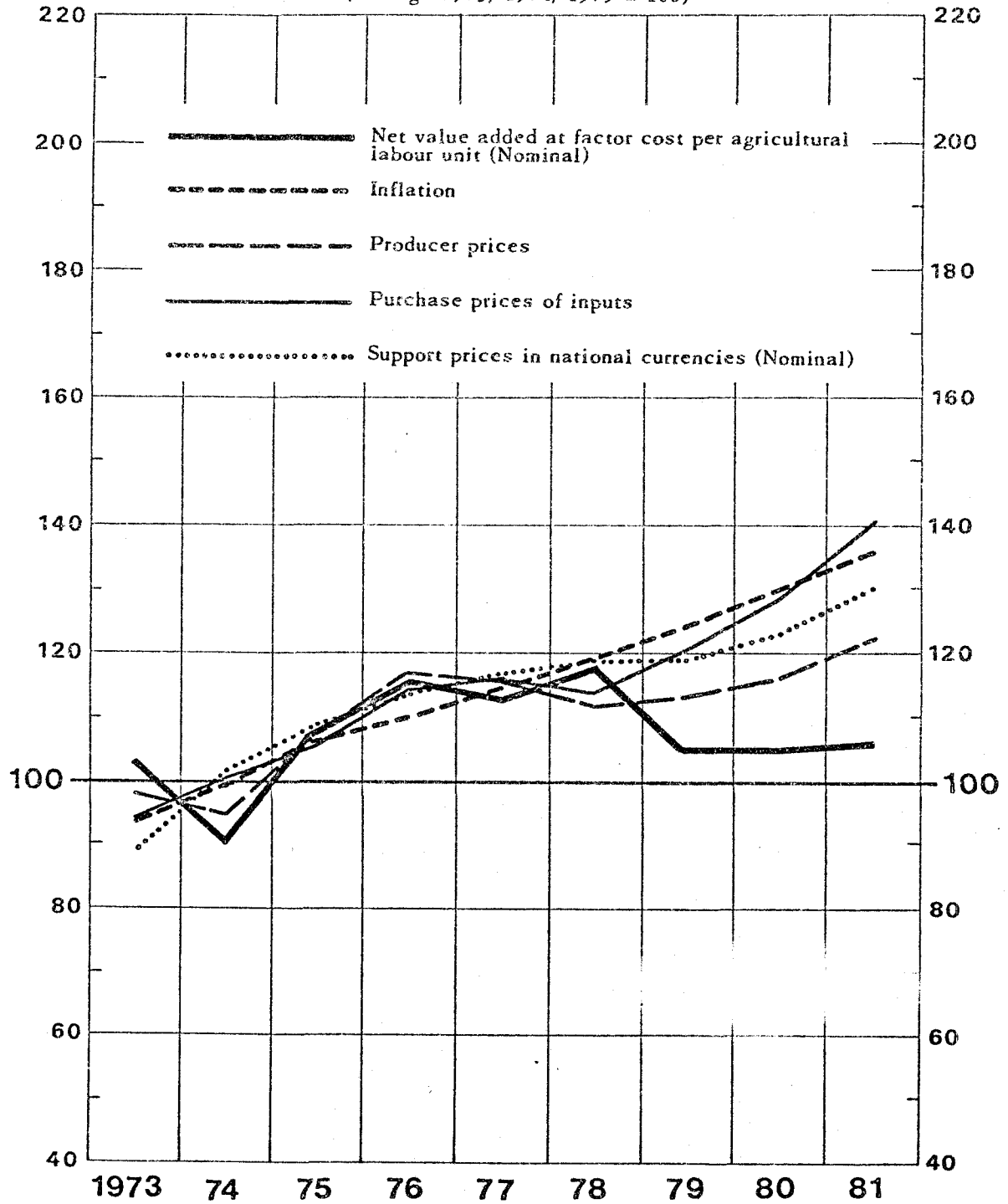
SOURCE: Eurostat - Index of sectoral income

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Graphs and tables for Member States

DEUTSCHLAND

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)



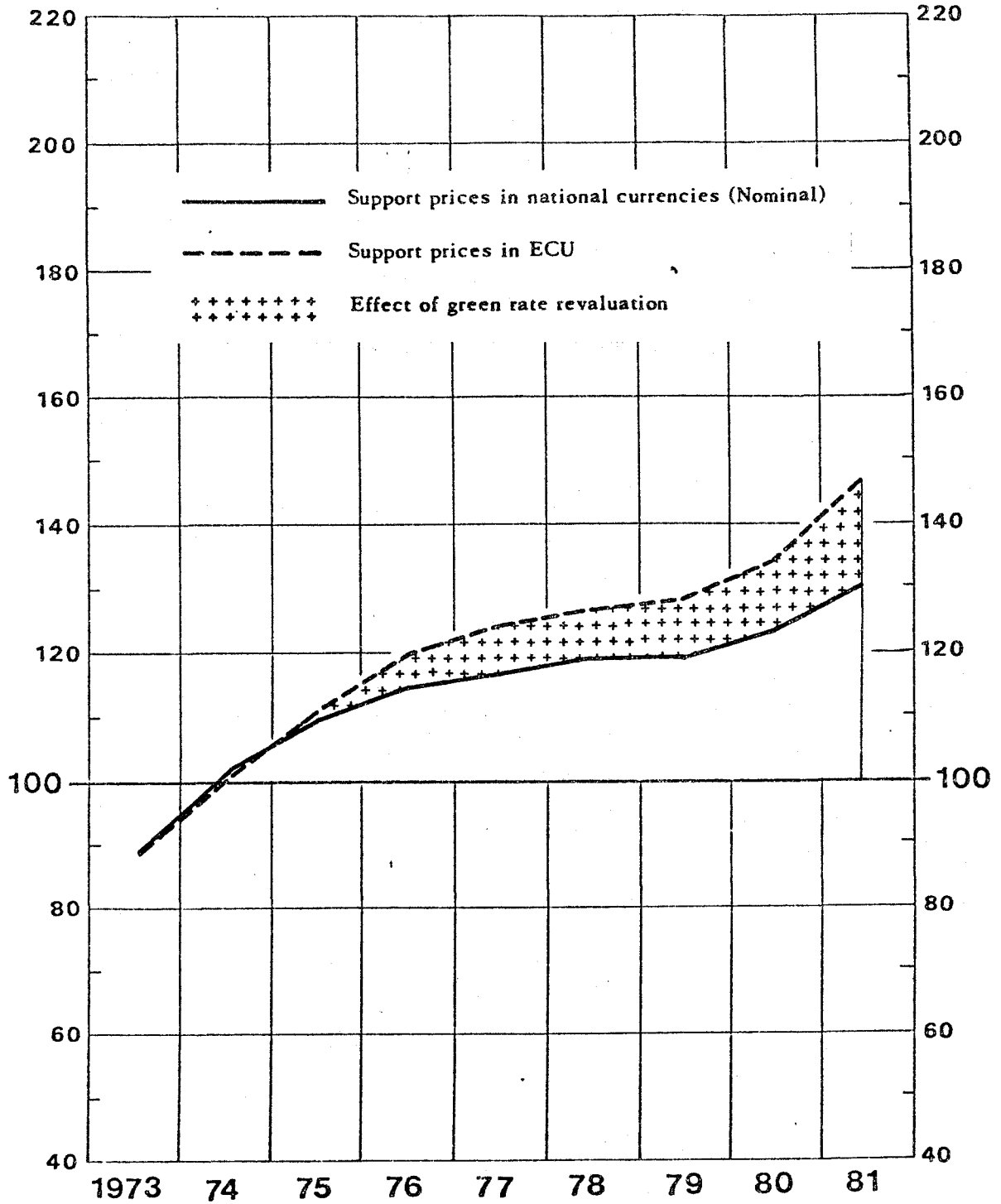
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GRAPH 1.1

DEUTSCHLAND

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

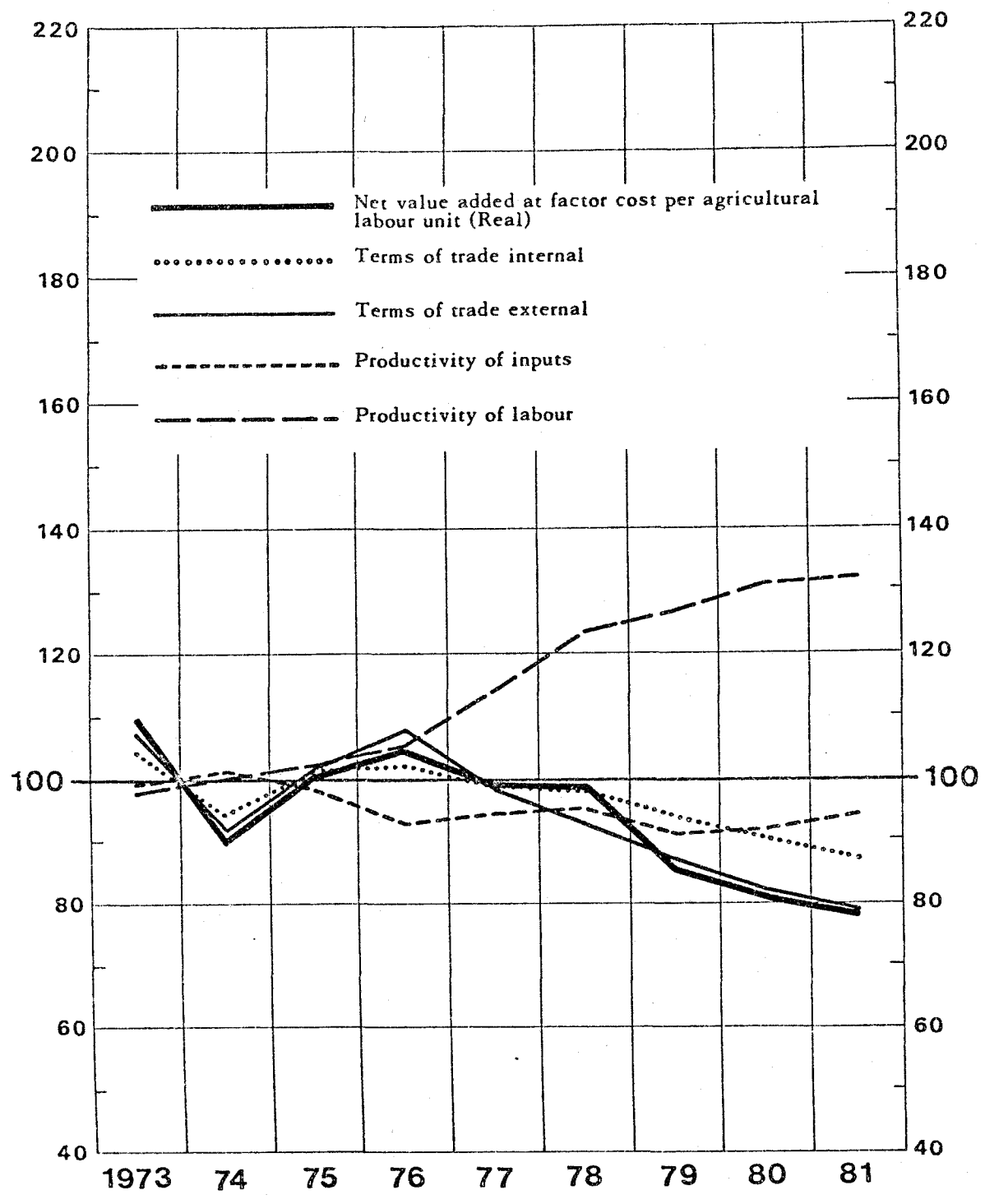


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GRAPH 1.2

DEUTSCHLAND

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

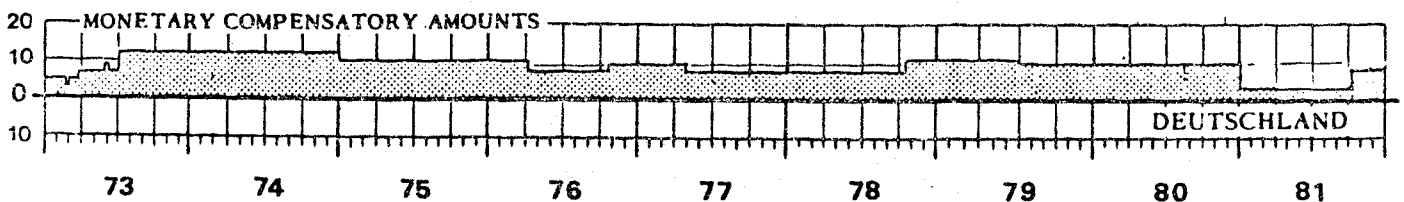
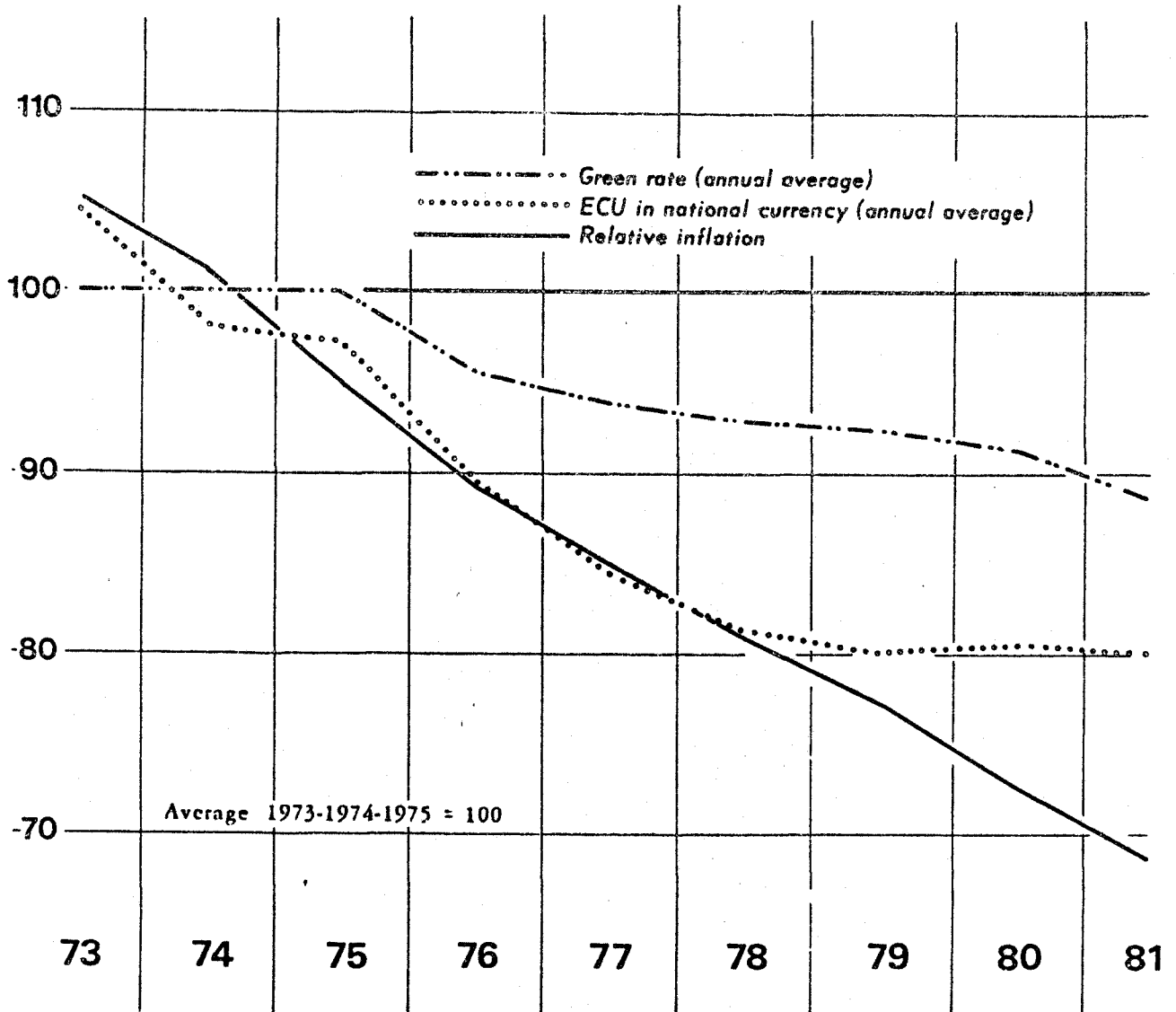


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GRAPH 1.3

DEUTSCHLAND

DEVELOPMENT OF RELATIVE INFLATION, ECU IN NATIONAL CURRENCIES, GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 1.4

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
 (average 1973/1974/1975 = "1974" = 100)

DEUTSCHLAND

| Year | (1) | (2) | (3) | (4) | 5 | 6 | 7 | 8 | 9 | 10 |
|------|-----------|--------------------|-----------------|---------------------------|--------|------------------------|---------|-------|--------------------------|------------|
| | Inflation | Relative inflation | Producer prices | Purchase prices of inputs | in ECU | in national currencies | Nominal | Real | Ecu in national currency | Green rate |
| | (1) | (2) | (3) | (4) | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 1973 | 93,5 | 104,8 | 97,9 | 94,0 | 88,6 | 89,3 | 95,2 | 104,5 | 100,0 | |
| 1974 | 99,9 | 100,6 | 94,6 | 100,3 | 100,9 | 101,6 | 101,5 | 98,3 | 100,0 | |
| 1975 | 106,6 | 94,7 | 107,3 | 105,6 | 110,5 | 109,0 | 103,2 | 97,3 | 100,0 | |
| 1976 | 110,1 | 89,0 | 116,7 | 114,3 | 119,2 | 114,4 | 104,5 | 89,8 | 95,6 | |
| 1977 | 114,7 | 84,6 | 115,4 | 116,6 | 123,8 | 116,5 | 102,3 | 84,4 | 93,8 | |
| 1978 | 119,3 | 81,0 | 111,8 | 113,7 | 126,4 | 118,7 | 100,0 | 81,5 | 93,1 | |
| 1979 | 124,1 | 76,8 | 113,4 | 120,3 | 128,0 | 118,8 | 96,0 | 80,0 | 92,4 | |
| 1980 | 130,1 | 72,2 | 116,0 | 128,5 | 134,0 | 122,9 | 95,0 | 80,5 | 91,3 | |
| 1981 | 135,8 | 68,6 | 122,3 | 140,4 | 146,7 | 129,9 | 96,3 | 80,1 | 88,5 | |

Footnotes at page 64

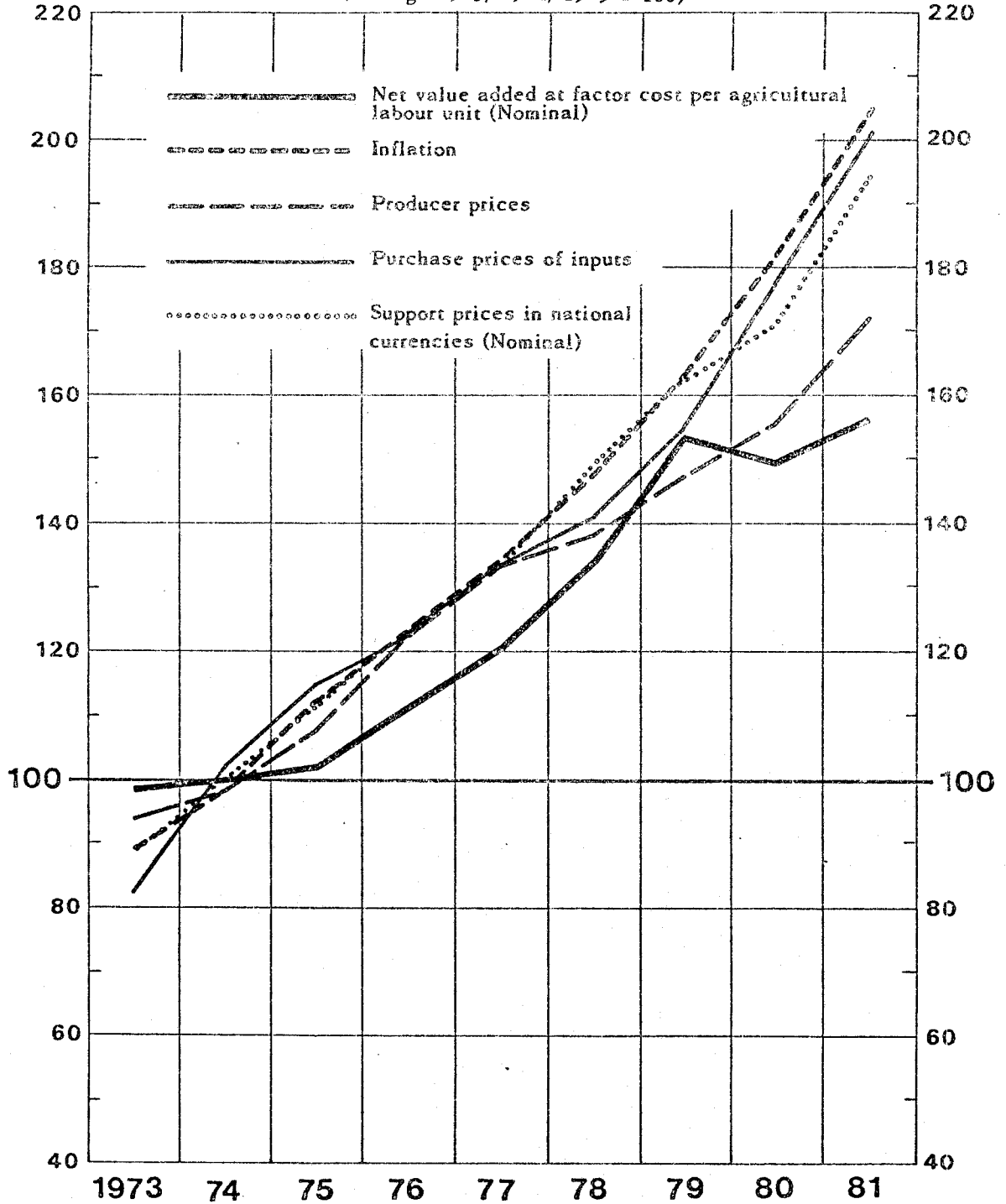
DEUTSCHLAND

| Year | Agricultural: Development | | Productivity of | | Terms of trade | | Net value added at factor | |
|------|---------------------------|-----------------|-----------------|--------|----------------|----------|---------------------------|-------------|
| | Labour | of gross value: | Labour | Inputs | Internal | External | cost per agricultural | Labour unit |
| | Input | added at | (8) | (9) | (10) | (11) | | |
| | (6) | market prices | | | | | | |
| | | in volume (7) | | | | | Nominal | Real |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 103,3 | 101,2 | 98,0 | 100,2 | 104,1 | 107,2 | 102,8 | 109,5 |
| 1974 | 99,5 | 99,8 | 100,3 | 101,2 | 94,3 | 91,8 | 90,1 | 90,0 |
| 1975 | 97,2 | 99,0 | 101,9 | 98,6 | 101,6 | 101,0 | 107,2 | 100,5 |
| 1976 | 95,1 | 100,2 | 105,4 | 93,1 | 102,0 | 108,0 | 115,3 | 104,7 |
| 1977 | 92,7 | 105,6 | 113,9 | 94,0 | 98,9 | 98,2 | 112,8 | 98,7 |
| 1978 | 89,6 | 110,5 | 123,3 | 95,2 | 98,3 | 92,4 | 117,6 | 99,1 |
| 1979 | 87,2 | 110,3 | 126,5 | 90,8 | 94,2 | 86,9 | 104,8 | 85,1 |
| 1980 | 86,0 | 112,7 | 131,0 | 92,1 | 90,3 | 82,1 | 104,6 | 81,2 |
| 1981 | 85,1 | 112,6 | 132,3 | 94,3 | 87,1 | 79,1 | 105,8 | 78,5 |

FRANCE

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981

(average 1973/1974/1975 = 100)



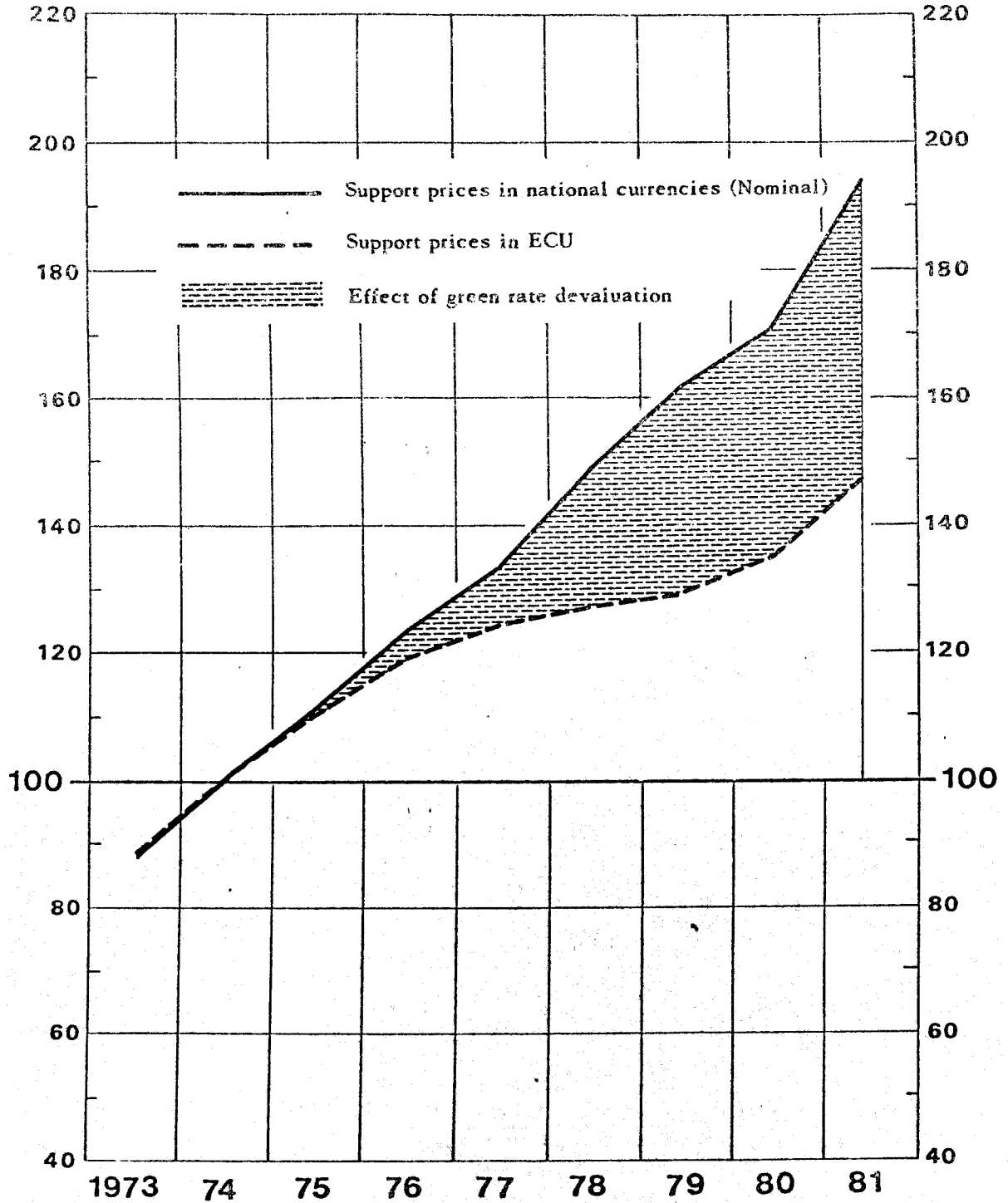
CEE-DG VI A4-8202.02

GRAPH 2.1

FRANCE

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

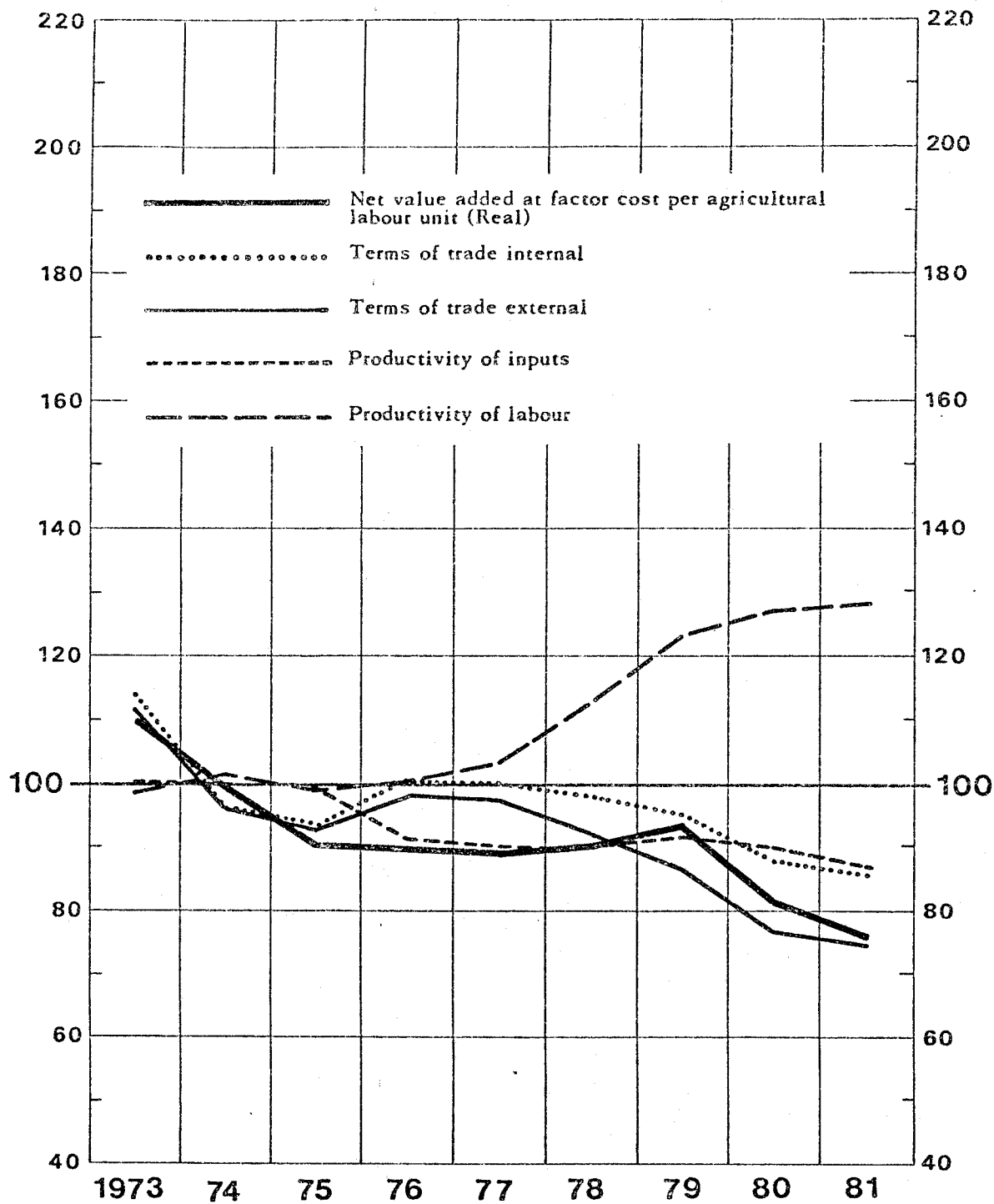


CEE-DG VI A4-8202.22

GRAPH 2.2

FRANCE

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

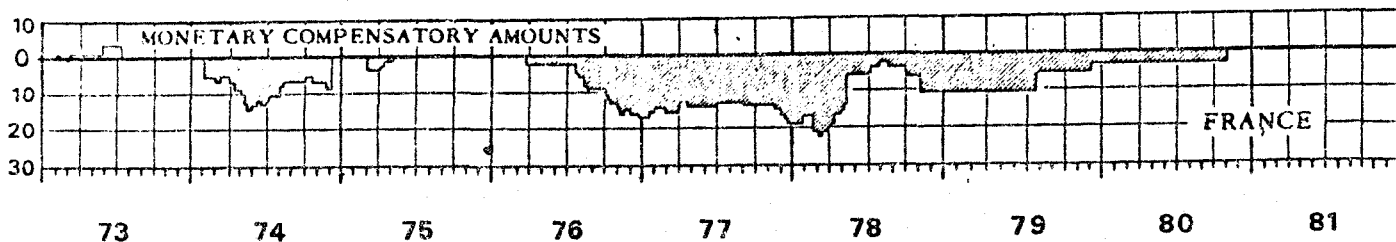
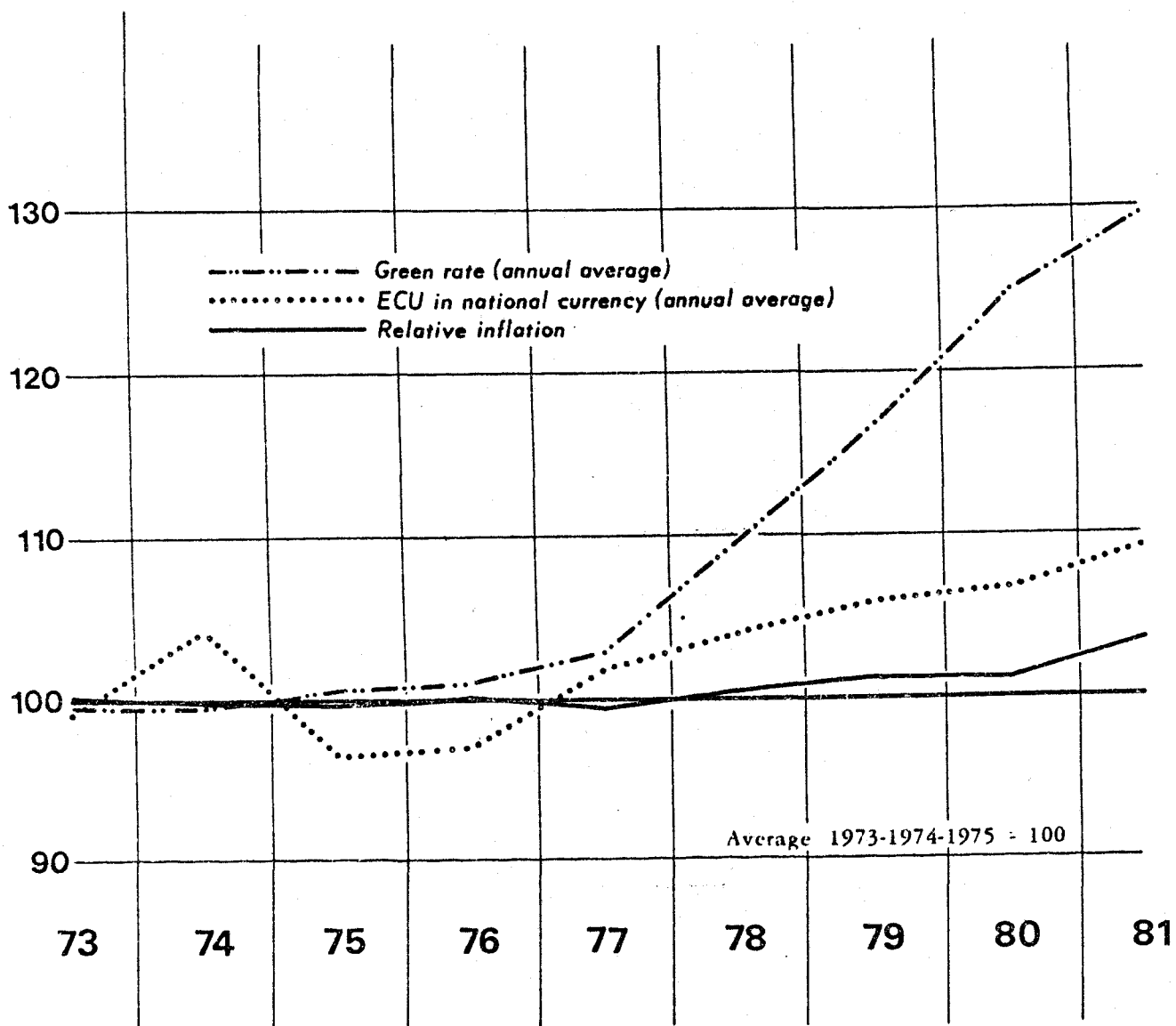


CEE-DG VI A4-8202.12

GRAPH 2.3

FRANCE

DEVELOPMENT OF RELATIVE INFLATION , ECU IN NATIONAL CURRENCIES , GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 24

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
(average 1973/1974/1975 = "1974" = 100)

FRANCE

| Year | Inflation (1) | relative inflation (2) | Producer prices (3) | Purchase prices of inputs (4) | Support prices (5) | | | Ecu in national currency (annual average) | Green rate (annual average) |
|------|---------------|------------------------|---------------------|-------------------------------|--------------------|---------|-------|---|-----------------------------|
| | | | | | in ECU | Nominal | real | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1973 | 89,0 | 100,2 | 93,9 | 82,5 | 88,6 | 88,2 | 99,3 | 99,3 | 99,6 |
| 1974 | 98,8 | 99,9 | 98,7 | 102,4 | 100,8 | 100,2 | 100,7 | 104,2 | 99,6 |
| 1975 | 112,1 | 99,8 | 107,4 | 114,9 | 110,6 | 111,6 | 100,0 | 96,6 | 100,8 |
| 1976 | 123,4 | 100,1 | 122,9 | 122,6 | 119,4 | 123,5 | 100,8 | 97,1 | 101,0 |
| 1977 | 134,4 | 99,5 | 133,8 | 133,5 | 124,2 | 133,2 | 99,6 | 101,8 | 103,0 |
| 1978 | 147,6 | 100,5 | 138,2 | 141,0 | 126,8 | 148,9 | 101,2 | 104,3 | 109,6 |
| 1979 | 162,9 | 101,2 | 147,4 | 154,8 | 128,6 | 162,4 | 99,7 | 105,9 | 117,1 |
| 1980 | 181,7 | 101,2 | 155,7 | 177,8 | 134,6 | 170,5 | 93,5 | 106,6 | 125,0 |
| 1981 | 204,4 | 103,4 | 171,9 | 201,1 | 147,3 | 193,7 | 94,4 | 109,7 | 129,6 |

Footnotes at page 64

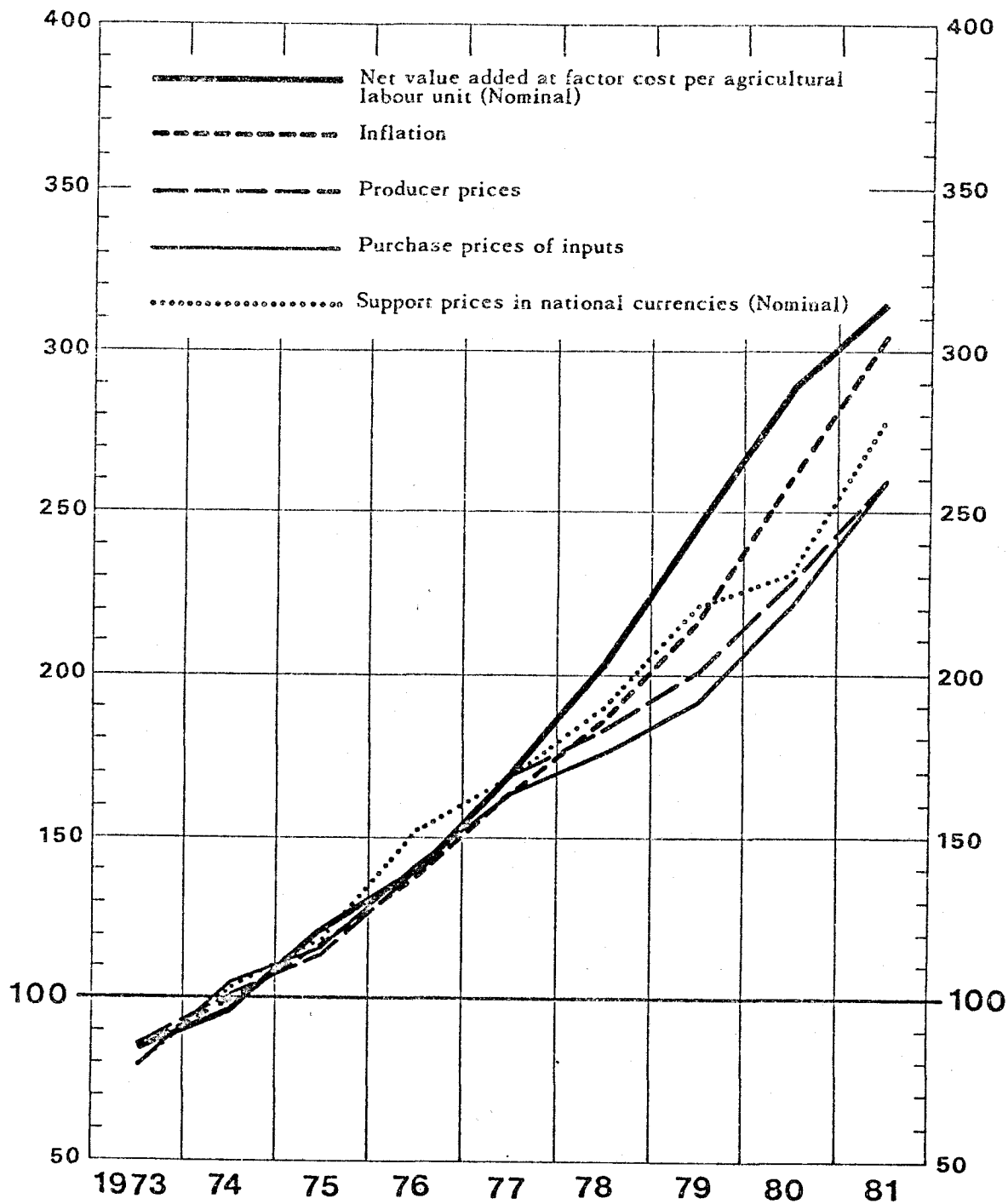
FRANCE

| Year | : Agricultural: Development : | | : Productivity of : | | : Terms of trade : | | : Net value added at factor : | |
|------|-------------------------------|-----------------------------|---------------------|------------|--------------------|--------------|-------------------------------|-----------------|
| | : Labour : | : of gross value added at : | : Labour : | : Inputs : | : Internal : | : External : | : cost per agricultural : | : labour unit : |
| : | : (6) : | : market prices : | : (8) : | : (9) : | : (10) : | : (11) : | : Nominal : | : kcal : |
| : | : in volume (7) : | : | : | : | : | : | : | : |
| : | : | : | : | : | : | : | : | : |
| : | : | : | : | : | : | : | : | : |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 103,3 | 102,4 | 99,1 | 100,4 | 112,5 | 111,7 | 98,4 | 109,8 |
| 1974 | 100,0 | 101,6 | 101,6 | 100,1 | 95,2 | 95,8 | 99,5 | 99,9 |
| 1975 | 96,6 | 95,9 | 99,3 | 99,6 | 92,3 | 92,5 | 102,0 | 90,2 |
| 1976 | 94,5 | 95,0 | 100,5 | 91,6 | 99,1 | 98,3 | 111,3 | 89,5 |
| 1977 | 92,7 | 95,8 | 103,3 | 90,0 | 99,0 | 97,6 | 120,7 | 89,0 |
| 1978 | 91,2 | 102,7 | 112,6 | 90,1 | 96,8 | 91,9 | 134,1 | 90,1 |
| 1979 | 89,7 | 110,8 | 123,5 | 91,7 | 94,1 | 86,5 | 153,7 | 93,4 |
| 1980 | 88,2 | 112,0 | 127,0 | 89,7 | 86,5 | 76,8 | 149,1 | 81,3 |
| 1981 | 86,7 | 111,0 | 128,0 | 86,6 | 84,4 | 74,3 | 156,3 | 75,8 |

ITALIA

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981

(average 1973/1974/1975 = 100)



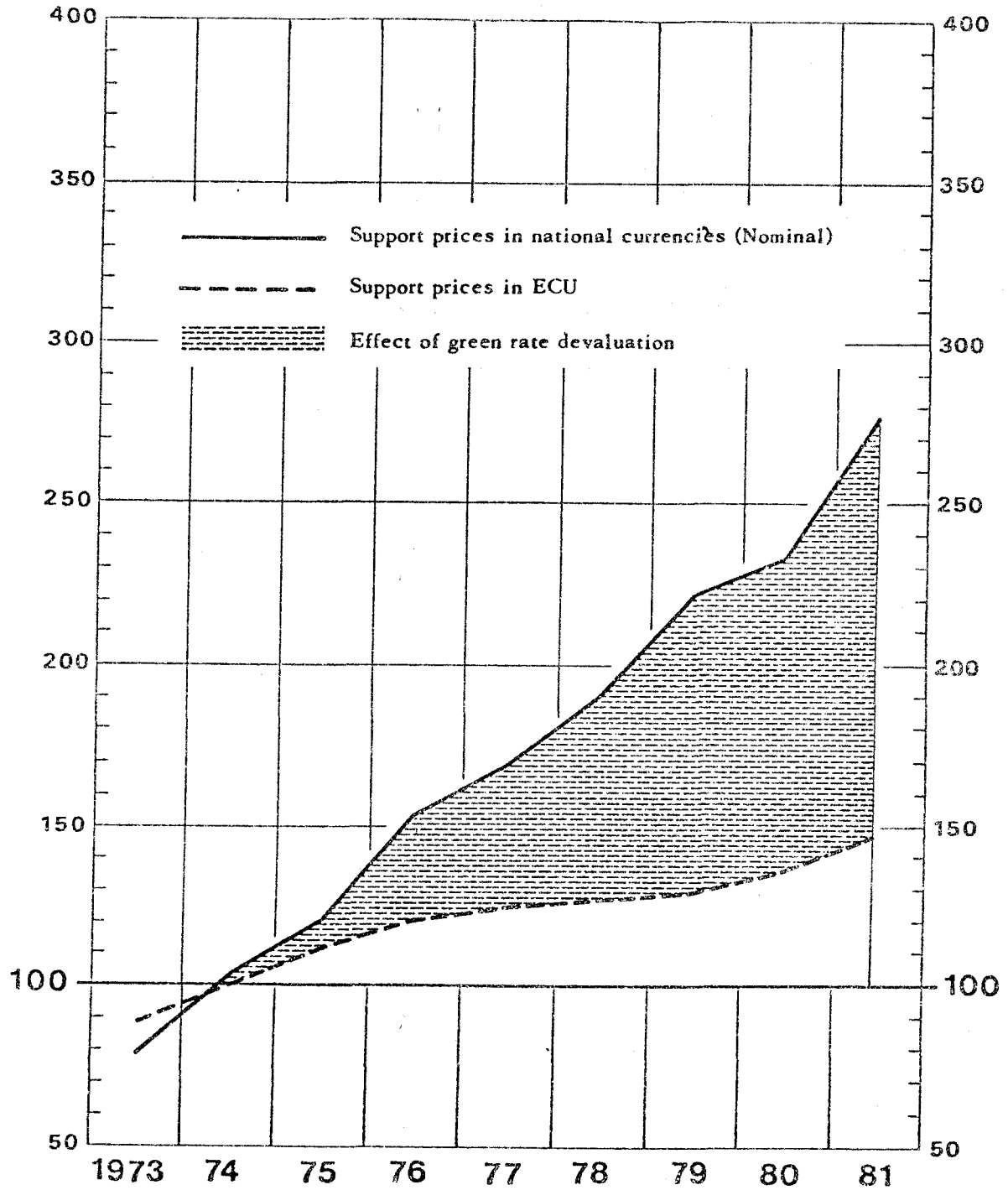
CEE-DG VI A4-8202.03

GRAPH 3.1

ITALIA

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

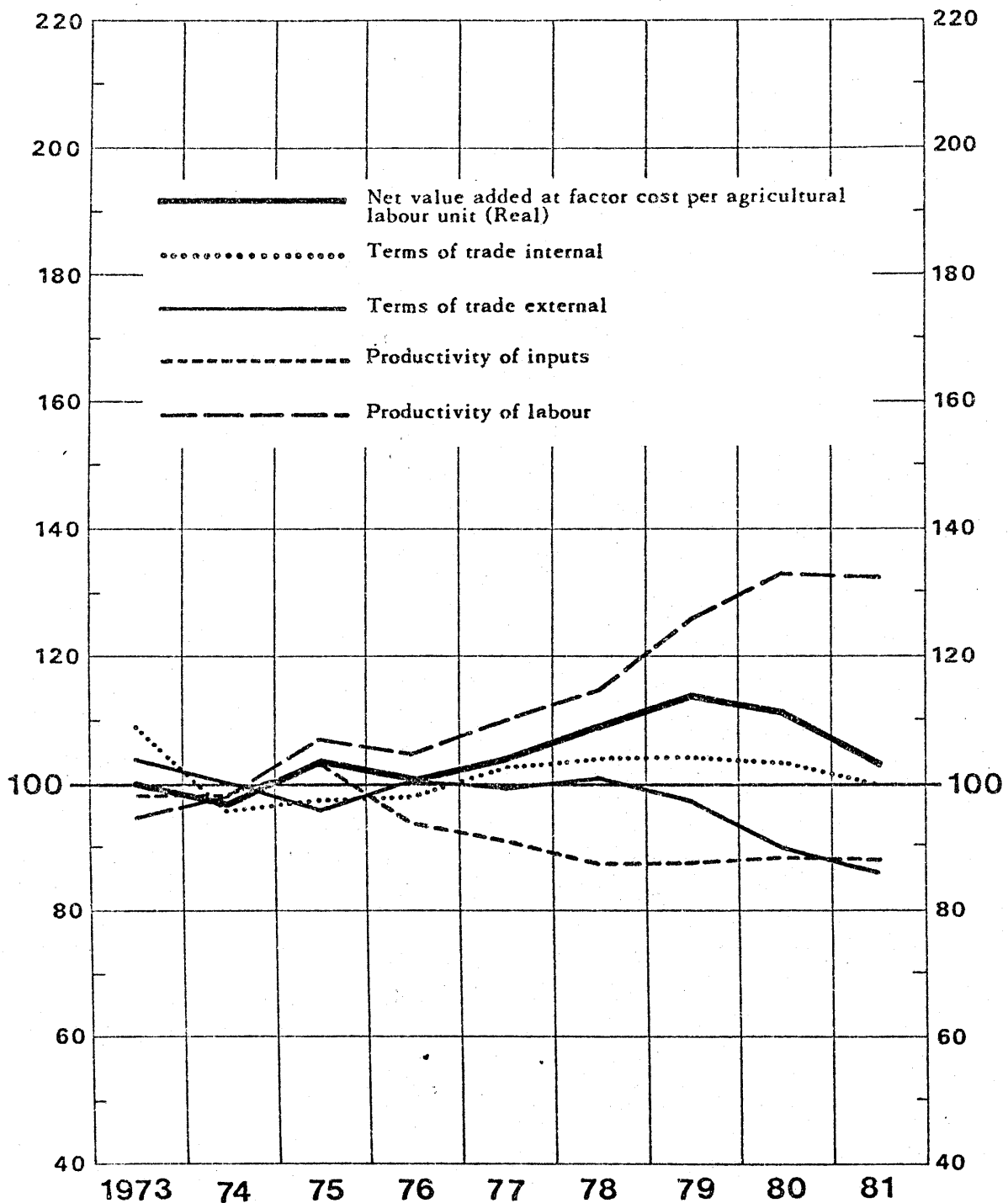


CEE-DG VI A4-8202.23

GRAPH 3.2

ITALIA

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

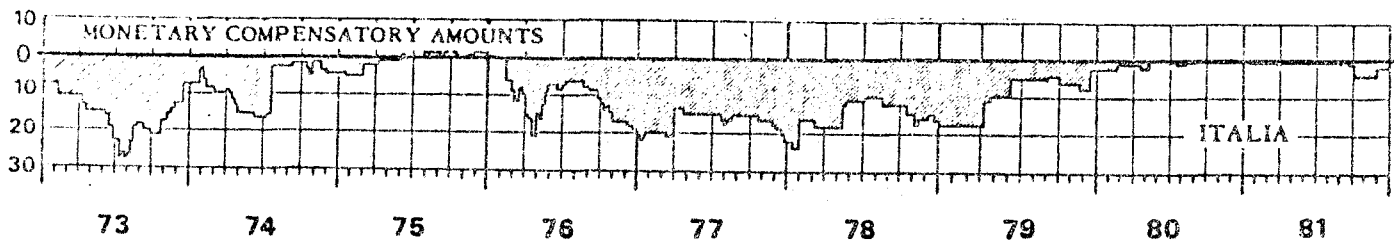
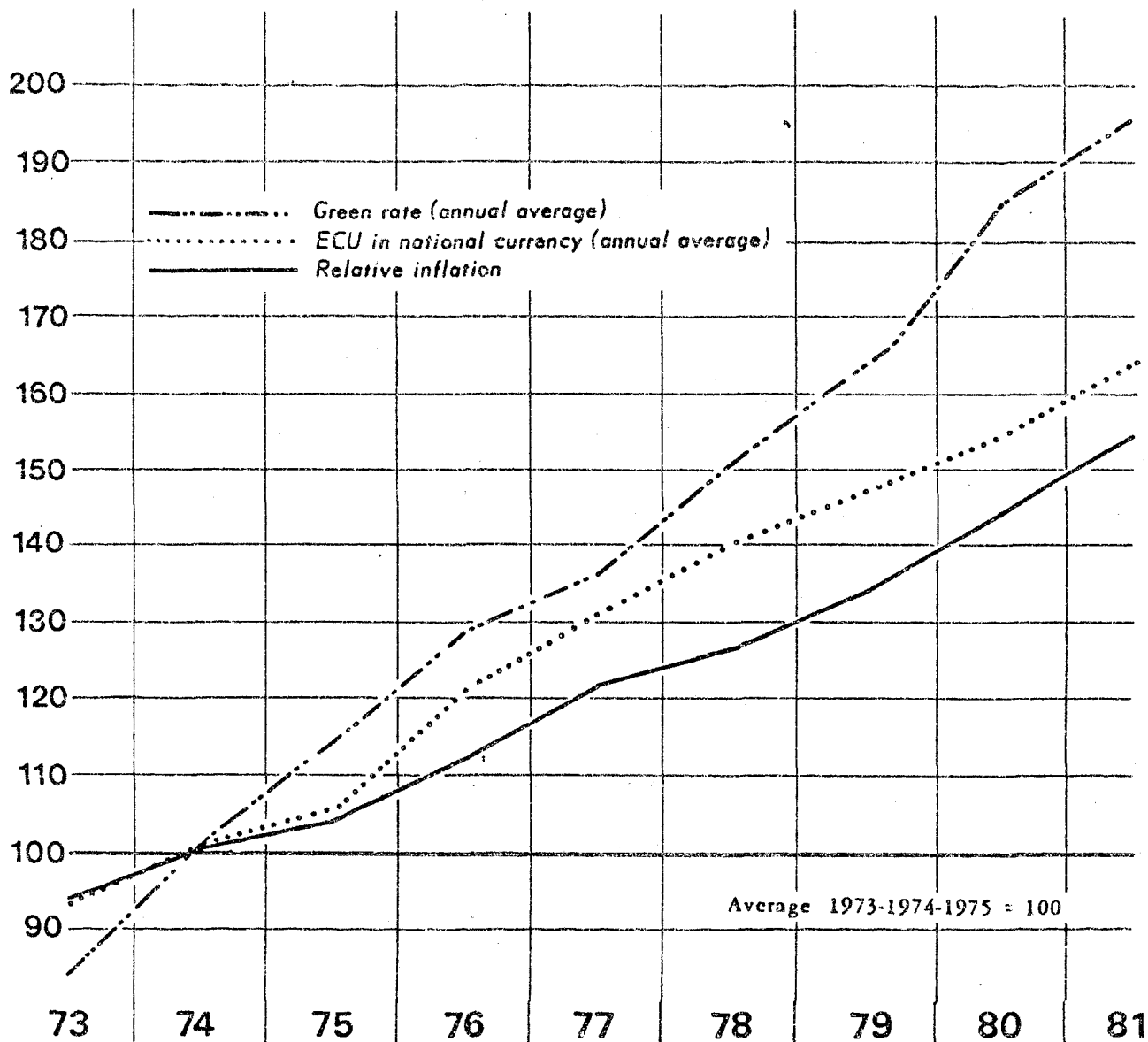


CEE-DG VI A4-8202.13

GRAPH 3.3

ITALIA

DEVELOPMENT OF RELATIVE INFLATION, ECU IN NATIONAL CURRENCIES, GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 34

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
(average 1973/1974/1975 = "1974" = 100)

ITALIA

| Year | Inflation (1) | relative inflation (2) | Producer prices (3) | Purchase prices of inputs (4) | Support prices (5) | | | | | Ecu in national currency (annual average) | Green rate (annual average) |
|------|------------------|------------------------------|---------------------------|--|--------------------|---------|-------|------------------------|----------|---|-----------------------------------|
| | | | | | in ECU | Nominal | Real | in national currencies | national | | |
| | | | | | 6 | 7 | 8 | 9 | 10 | | |
| 1973 | 83,9 | 94,7 | 86,4 | 79,3 | 88,0 | 77,9 | 93,0 | 93,4 | 84,5 | | |
| 1974 | 99,4 | 100,9 | 100,4 | 104,8 | 100,1 | 103,3 | 104,7 | 101,0 | 100,9 | | |
| 1975 | 116,8 | 104,4 | 113,2 | 115,7 | 111,9 | 118,8 | 102,3 | 105,5 | 114,6 | | |
| 1976 | 137,8 | 112,2 | 138,5 | 141,3 | 119,4 | 152,3 | 110,8 | 121,2 | 128,5 | | |
| 1977 | 164,2 | 122,0 | 168,6 | 164,1 | 123,9 | 168,2 | 104,2 | 131,2 | 136,1 | | |
| 1978 | 187,3 | 128,1 | 183,6 | 176,0 | 126,1 | 190,1 | 102,8 | 140,8 | 151,1 | | |
| 1979 | 215,8 | 134,5 | 200,9 | 192,3 | 127,9 | 221,7 | 102,5 | 148,4 | 165,2 | | |
| 1980 | 259,6 | 145,0 | 227,8 | 220,5 | 134,6 | 233,4 | 90,5 | 154,9 | 185,6 | | |
| 1981 | 304,3 | 154,5 | 258,2 | 258,1 | 147,1 | 277,3 | 91,7 | 164,6 | 196,7 | | |

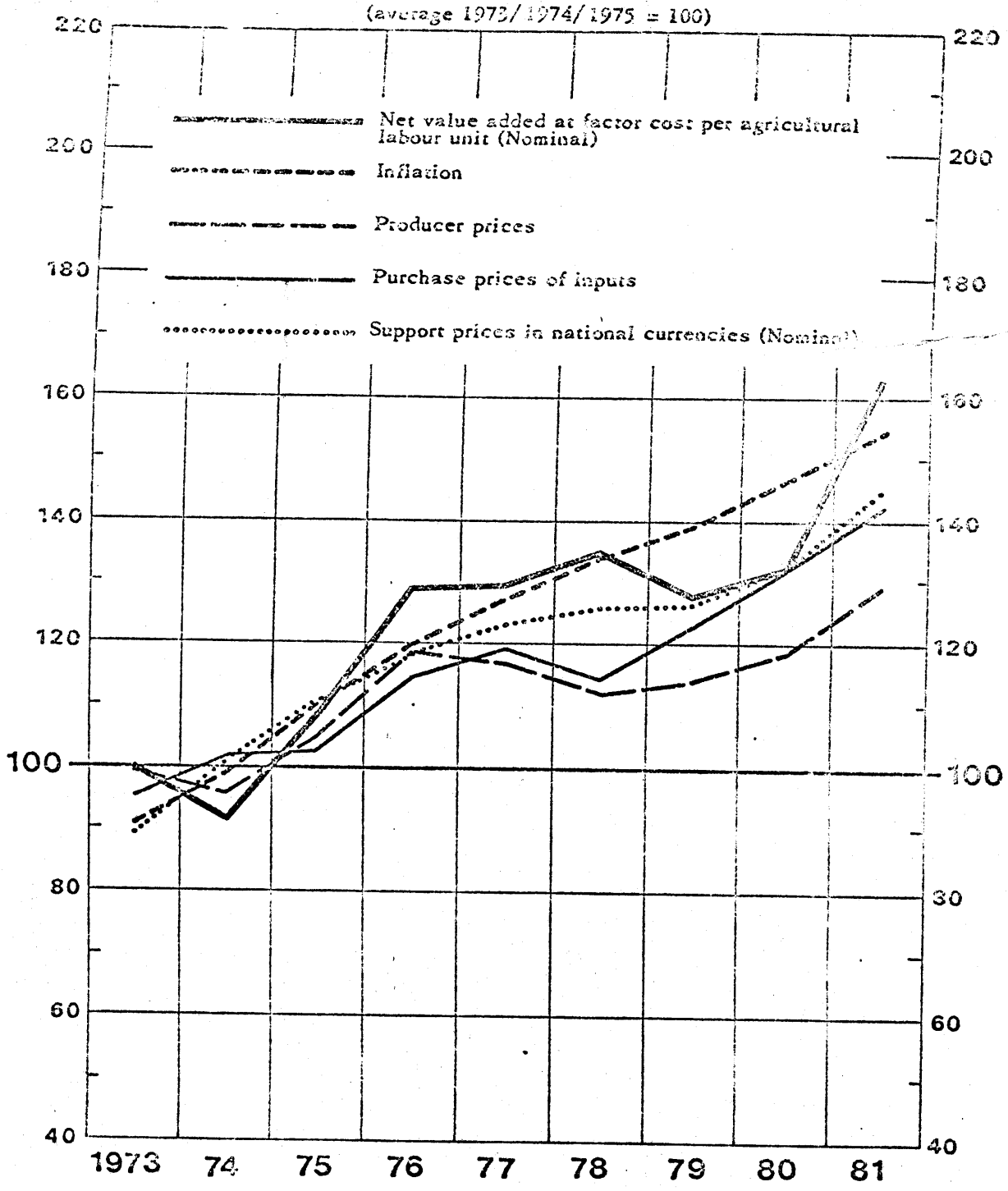
Footnotes at page 64

ITALIA

| | Agricultural: Development | | Productivity of | | Terms of trade | | Net value added at factor | |
|------|---------------------------|-----------------|-----------------|--------|----------------|----------|---------------------------|-------------|
| | Labour | of gross value: | Labour | Inputs | Internal | External | cost per agricultural | Labour unit |
| | Input | added at | (8) | (9) | (10) | (11) | Nominal | Real |
| | (6) | market prices | | | | | | |
| | | in volume (7) | | | | | | |
| | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 102,8 | 97,7 | 95,0 | 98,5 | 108,0 | 103,8 | 83,7 | 100,0 |
| 1974 | 100,6 | 99,0 | 98,4 | 98,5 | 95,0 | 100,3 | 95,8 | 96,5 |
| 1975 | 96,6 | 103,3 | 106,9 | 103,1 | 97,1 | 95,7 | 120,5 | 103,4 |
| 1976 | 95,8 | 100,7 | 105,1 | 93,7 | 97,2 | 100,5 | 138,6 | 100,7 |
| 1977 | 93,5 | 103,0 | 110,2 | 90,6 | 101,9 | 99,6 | 170,2 | 103,9 |
| 1978 | 92,5 | 106,3 | 114,9 | 87,3 | 103,5 | 101,0 | 203,2 | 108,9 |
| 1979 | 90,0 | 113,0 | 125,6 | 87,4 | 103,6 | 97,2 | 246,3 | 114,1 |
| 1980 | 87,5 | 116,5 | 133,1 | 88,3 | 102,4 | 89,8 | 288,2 | 110,9 |
| 1981 | 85,8 | 113,6 | 132,4 | 87,7 | 99,2 | 85,6 | 314,4 | 103,2 |

NEDERLAND

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)



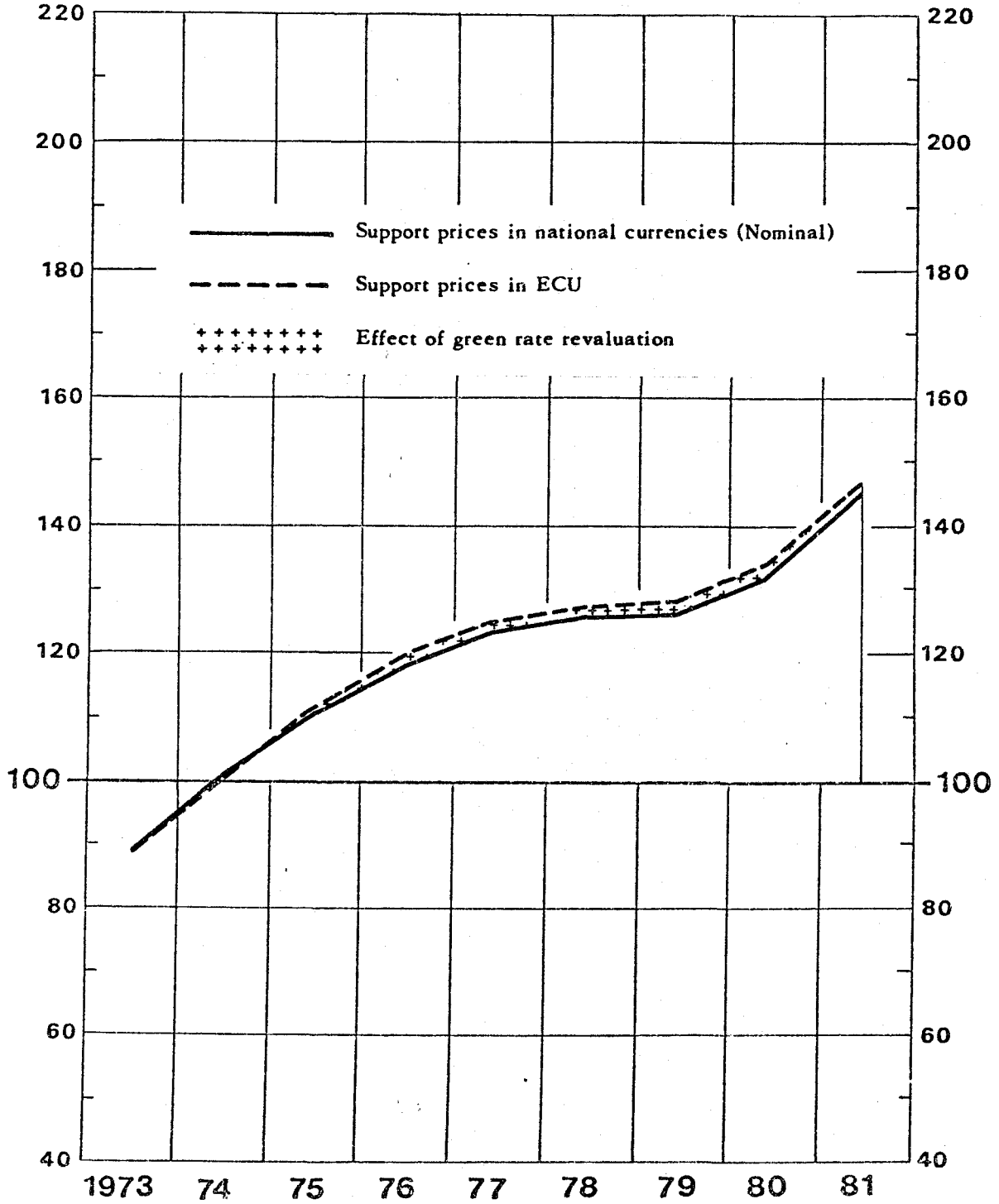
CEE-DG VI A4-8202.04

GRAPH 4.1

NEDERLAND

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

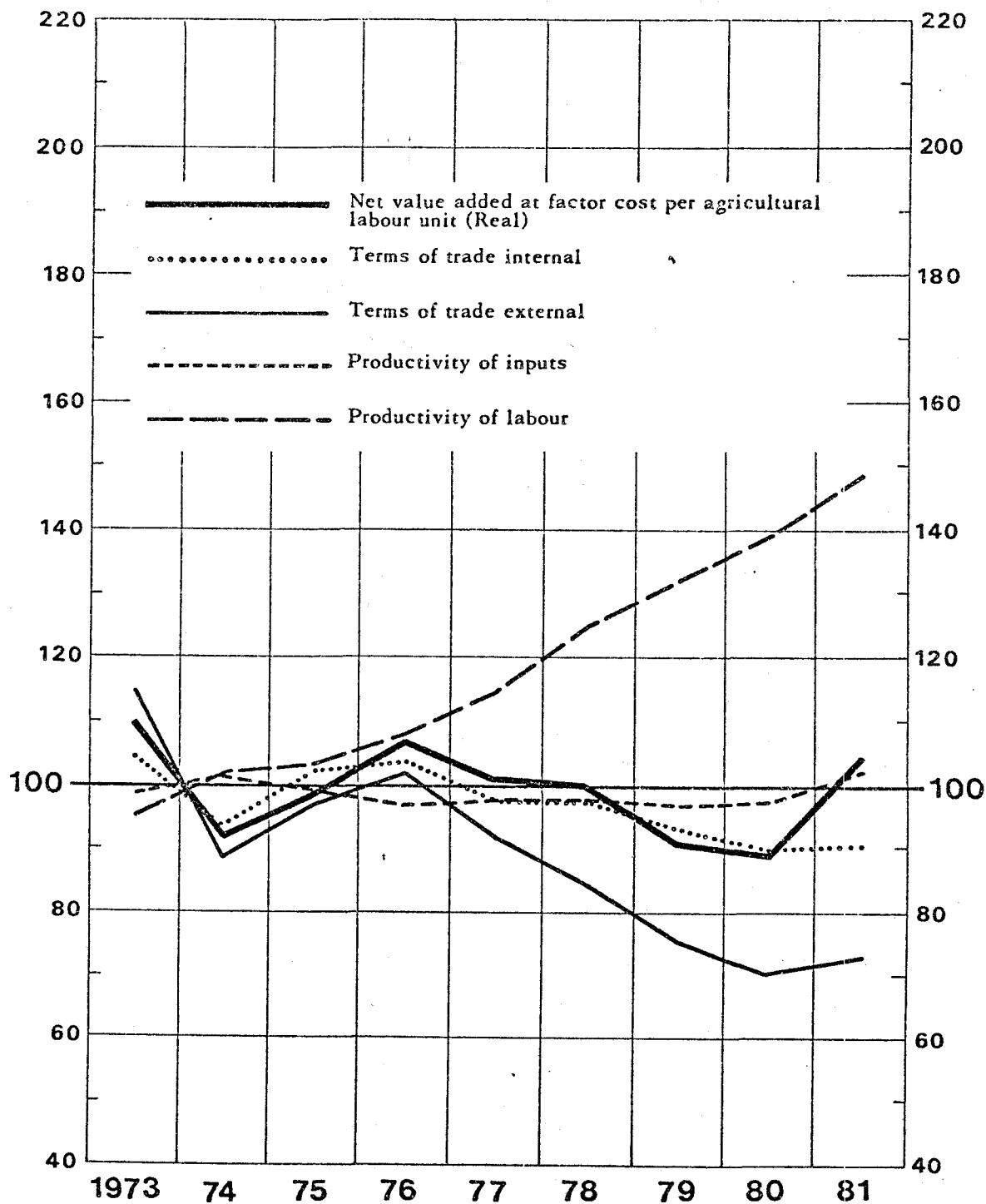


CEE-DG VI A4-8202.24

GRAPH 4.2

NEDERLAND

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
 (average 1973/1974/1975 = 100)

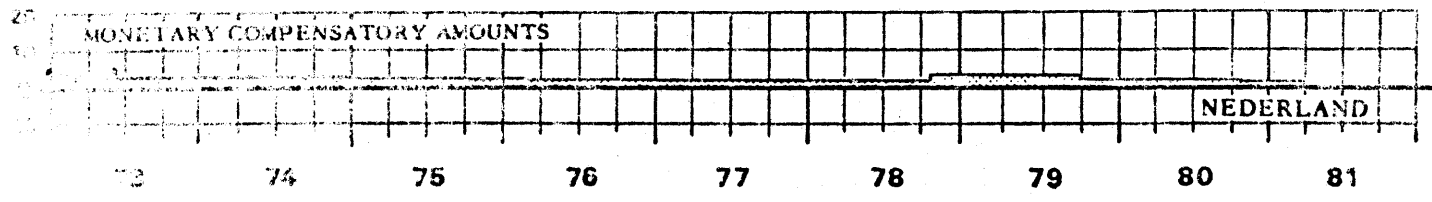
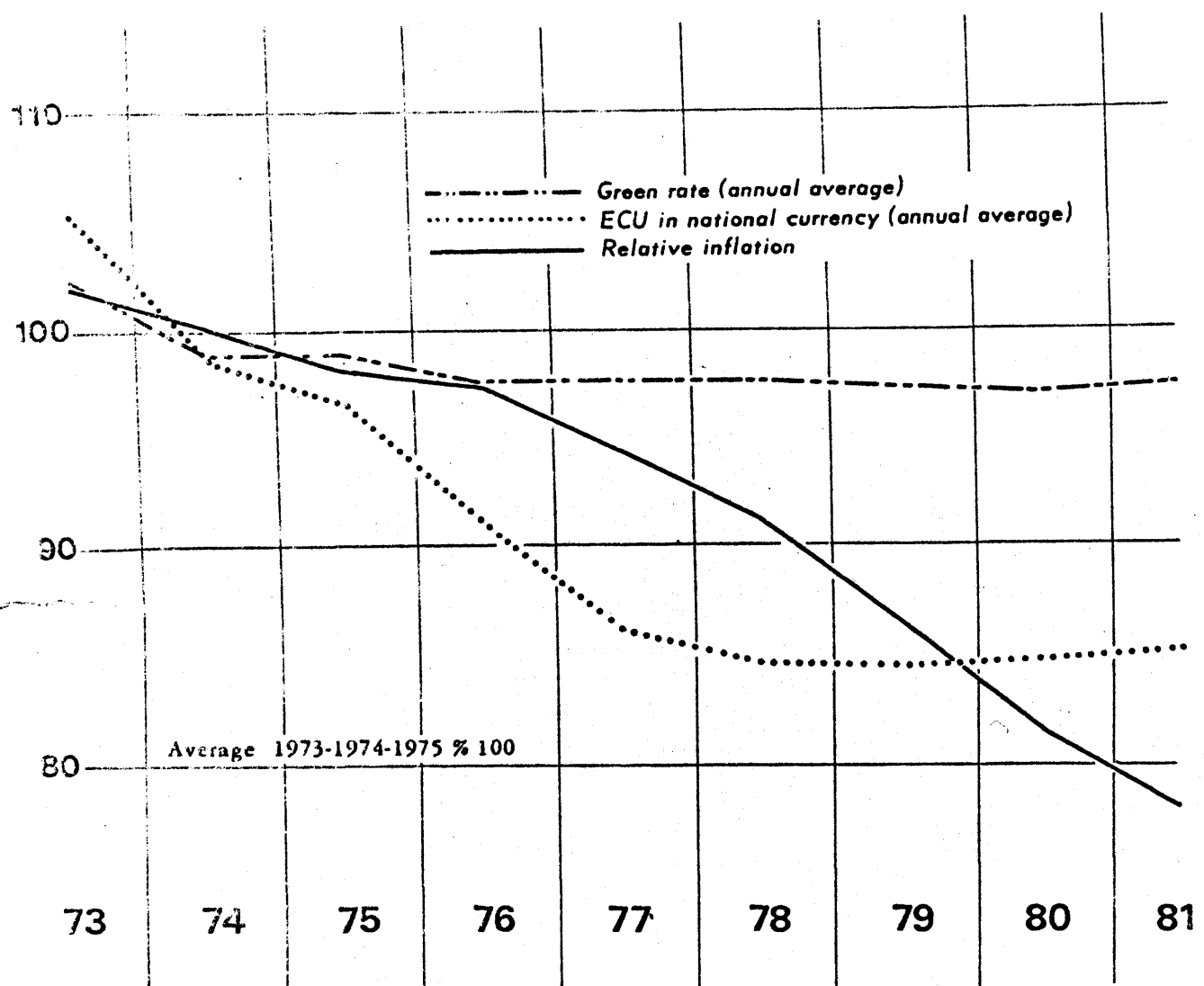


CEE-DG VI A4-8202.14

GRAPH 4.3

NEDERLAND

DEVELOPMENT OF RELATIVE INFLATION, ECU IN NATIONAL CURRENCIES, GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 44

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
(average 1973/1974/1975 = "1974" = 100)

NEDELAND

| Year | Inflation (1) | relative inflation (2) | Producer prices (3) | Purchase prices of inputs (4) | Support prices (5) | | | | |
|------|---------------|------------------------|---------------------|-------------------------------|------------------------|--------|---------|-------|------------------------------------|
| | | | | | in national currencies | in ECU | Nominal | Real | national currency (annual average) |
| | | | | | 6 | 7 | 8 | 9 | 10 |
| 1973 | 90,7 | 102,0 | 99,6 | 95,3 | 88,7 | 88,9 | 98,2 | 105,4 | 102,4 |
| 1974 | 99,1 | 100,0 | 95,4 | 101,7 | 100,5 | 100,7 | 101,3 | 98,4 | 98,8 |
| 1975 | 110,2 | 98,0 | 104,9 | 102,9 | 110,8 | 110,4 | 100,5 | 96,3 | 98,8 |
| 1976 | 120,0 | 97,3 | 118,7 | 114,4 | 119,4 | 118,3 | 99,8 | 90,8 | 97,7 |
| 1977 | 127,6 | 94,4 | 116,8 | 119,2 | 124,1 | 122,9 | 97,8 | 86,1 | 97,6 |
| 1978 | 134,1 | 91,3 | 112,0 | 114,5 | 126,6 | 125,5 | 95,4 | 84,6 | 97,6 |
| 1979 | 139,3 | 86,5 | 113,9 | 122,5 | 127,7 | 126,0 | 91,9 | 84,5 | 97,3 |
| 1980 | 146,5 | 81,6 | 118,6 | 131,2 | 133,6 | 131,6 | 91,1 | 84,8 | 97,0 |
| 1981 | 154,6 | 78,2 | 129,1 | 143 | 146,3 | 145,2 | 94,8 | 85,2 | 97,4 |

Footnotes at page 64

NEDERLAND

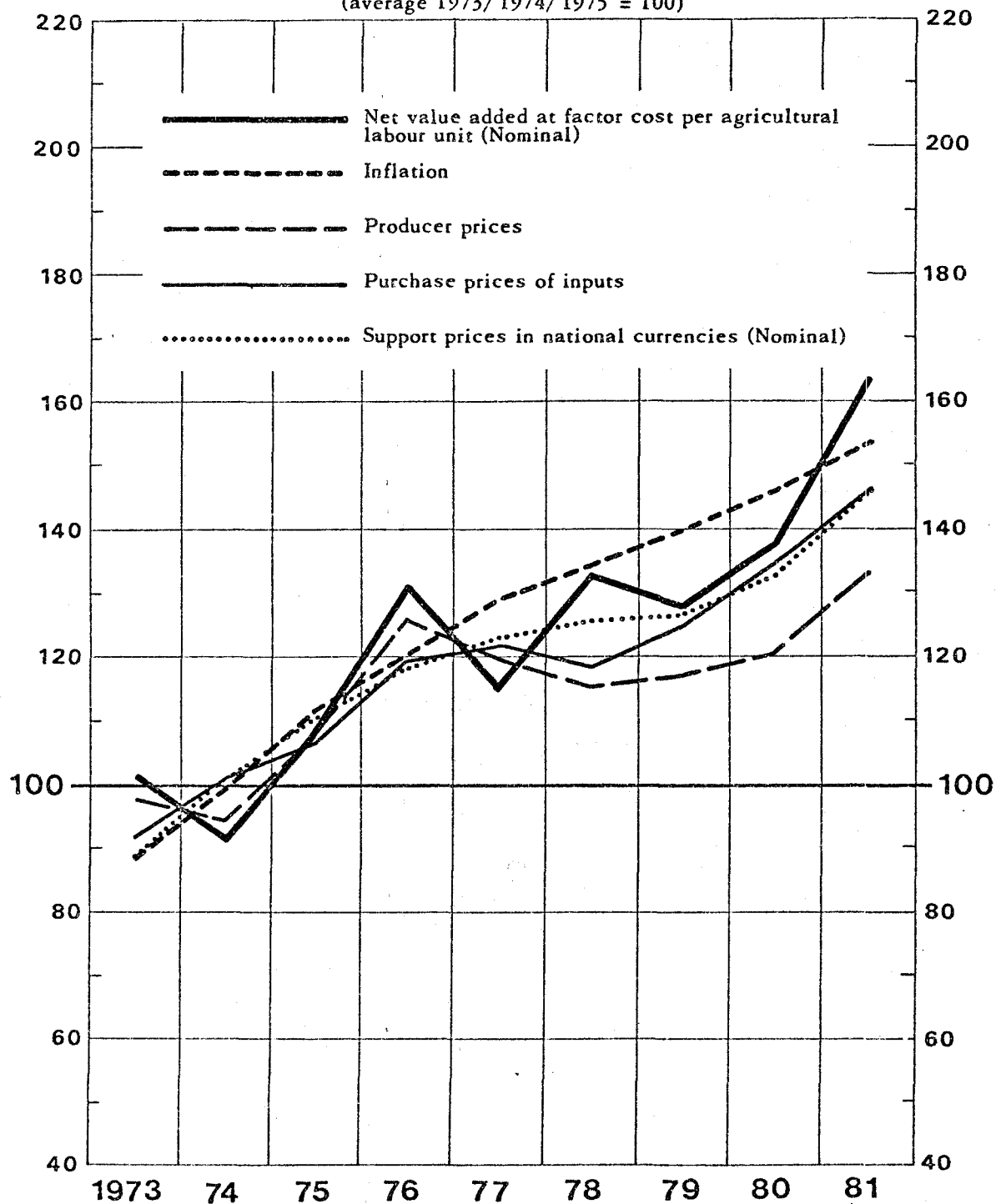
| Year | : Agricultural: Development | | : Productivity of | | : Terms of trade | | : Net value added at factor | |
|------|-----------------------------|---------------------------------------|-------------------|--------|------------------|----------|-----------------------------------|-------|
| | Labour | of gross value added at market prices | Labour | Inputs | Internal | External | cost per agricultural labour unit | Real |
| | (6) | (7) | (8) | (9) | (10) | (11) | | |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 101,5 | 96,5 | 95,1 | 99,0 | 104,5 | 114,8 | 99,9 | 109,8 |
| 1974 | 100,1 | 102,0 | 101,9 | 101,5 | 93,7 | 88,3 | 91,3 | 91,8 |
| 1975 | 98,4 | 101,4 | 103,0 | 99,5 | 101,8 | 96,9 | 108,9 | 98,4 |
| 1976 | 97,4 | 105,3 | 108,1 | 96,9 | 103,7 | 101,8 | 128,9 | 106,9 |
| 1977 | 95,6 | 108,9 | 113,9 | 98,0 | 97,9 | 92,1 | 129,5 | 101,1 |
| 1978 | 93,5 | 116,8 | 124,9 | 97,9 | 97,7 | 84,2 | 134,4 | 99,7 |
| 1979 | 92,0 | 121,8 | 132,4 | 96,8 | 92,9 | 74,9 | 127,4 | 90,8 |
| 1980 | 90,8 | 126,4 | 139,2 | 97,5 | 89,8 | 70,4 | 131,7 | 89,1 |
| 1981 | 89,1 | 132,1 | 148,3 | 102,4 | 90,1 | 73,2 | 162,7 | 104,5 |

Footnotes at page 64

BELGIQUE - BELGIE

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981

(average 1973/1974/1975 = 100)



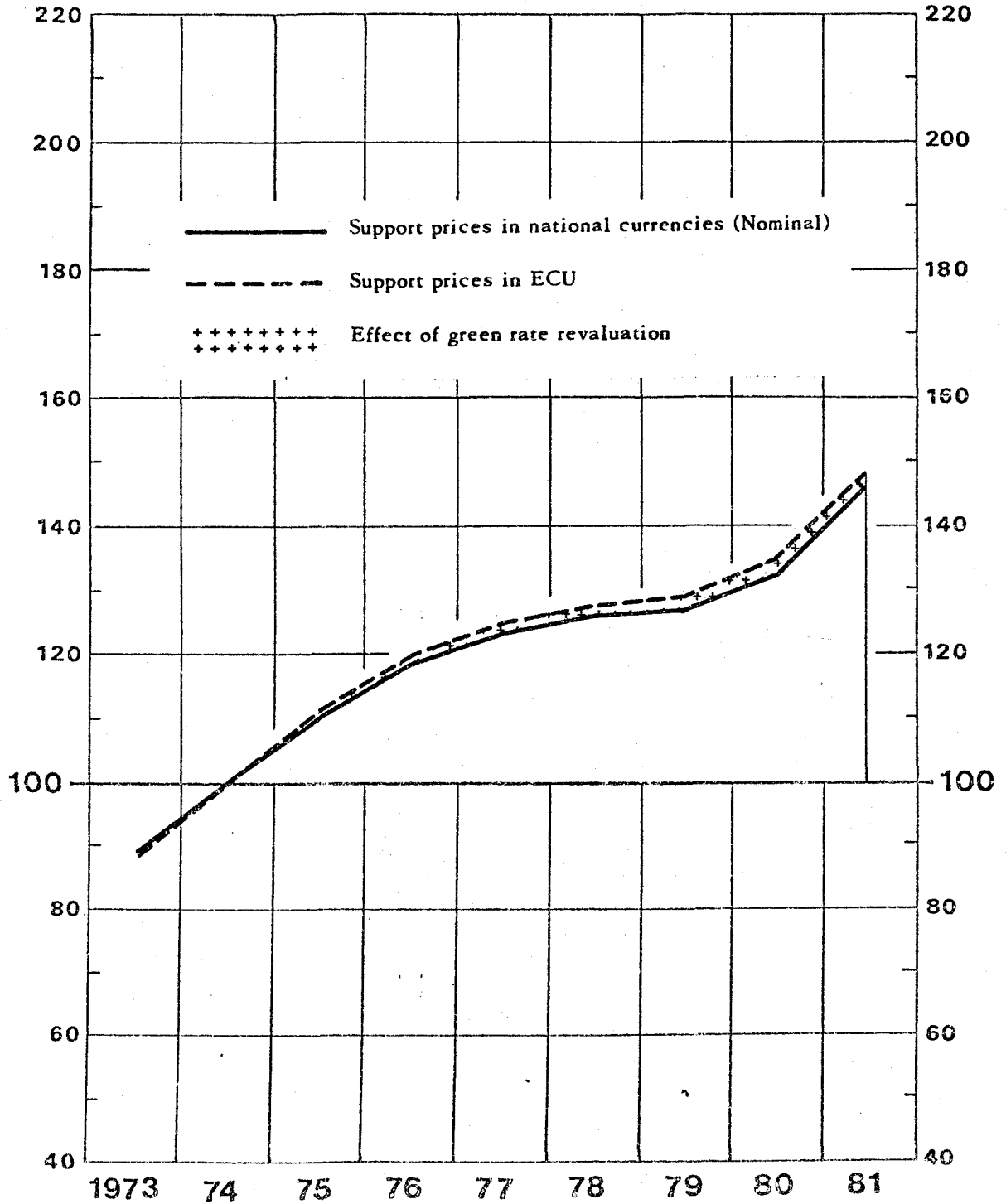
CEE-DG VI A4-8202.05

GRAPH 5.1

BELGIQUE - BELGIE

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

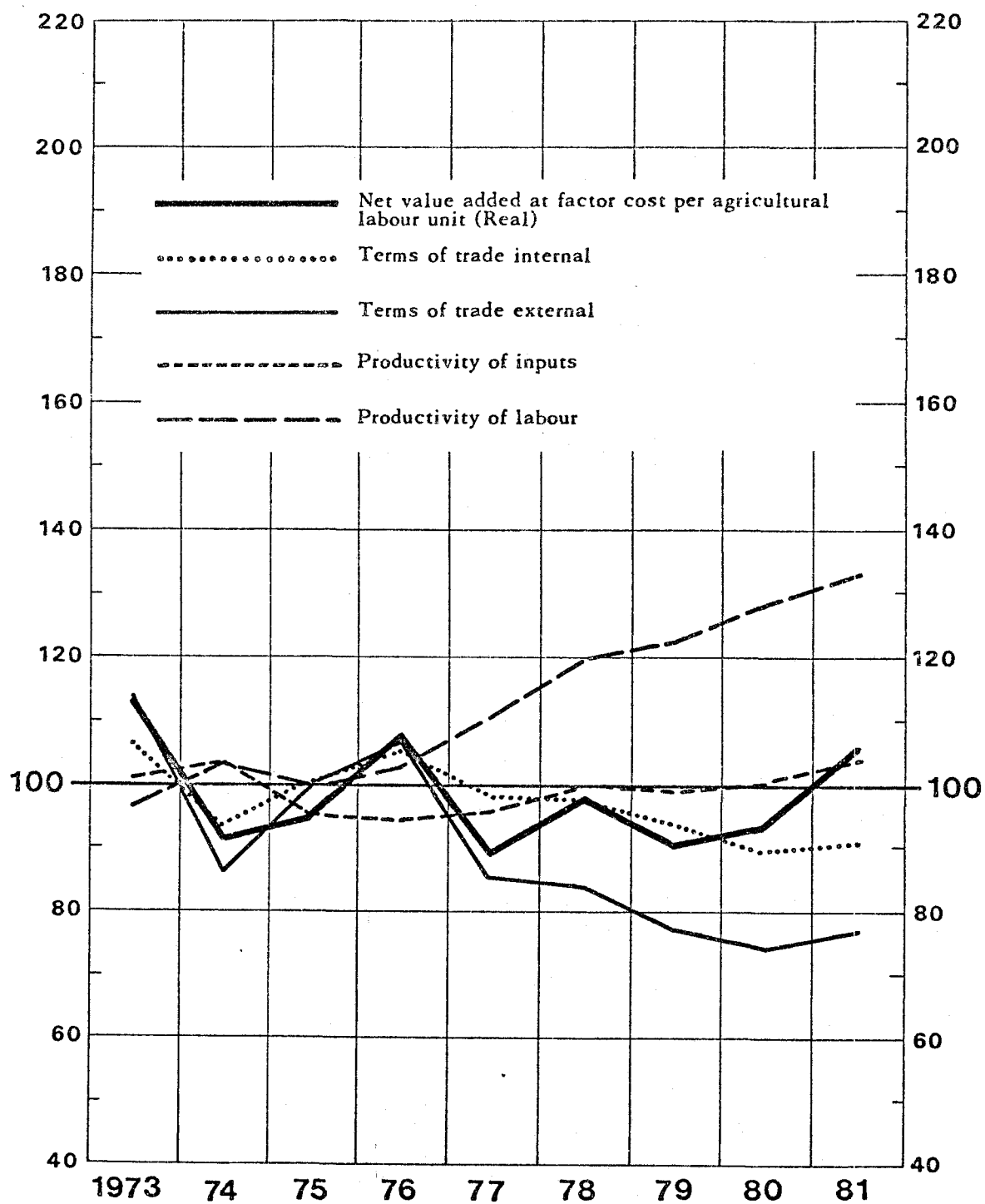


CEE-DG VI. A4-8202.25

GRAPH 5.2

BELGIQUE - BELGIE

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
 (average 1973/1974/1975 = 100)

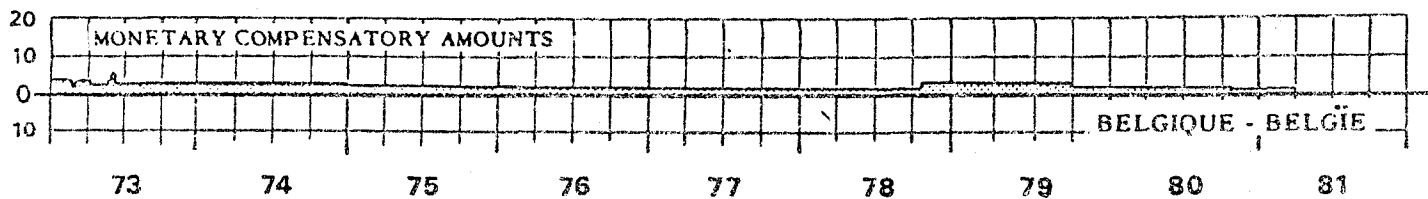
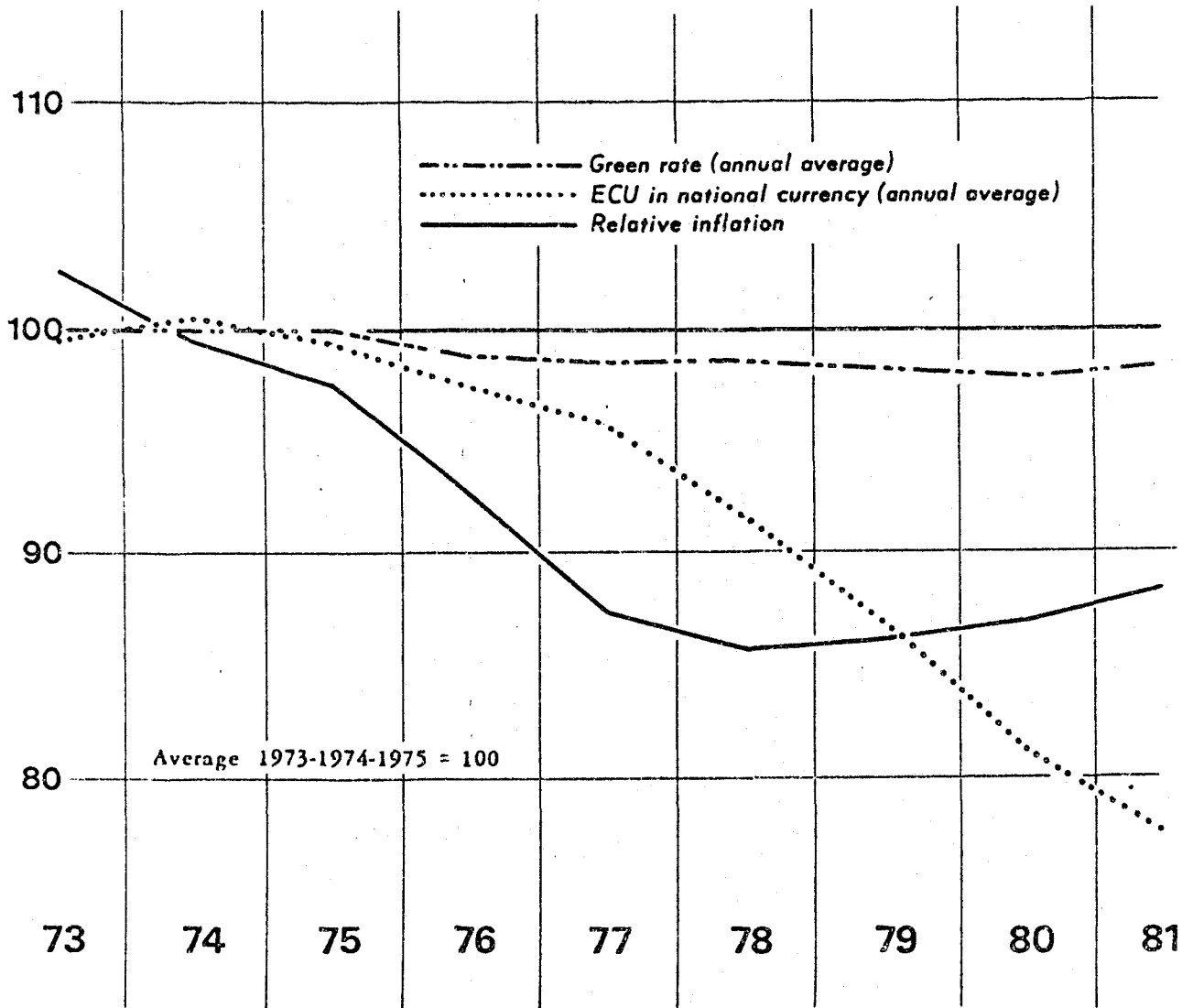


CEE-DG VI A4-8202.15

GRAPH 5.3

BELGIQUE - BELGIE

DEVELOPMENT OF RELATIVE INFLATION , ECU IN NATIONAL CURRENCIES , GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



Indicators concerning inflation and economic development in agriculture for the period 1973-1981
 (average 1973/1974/1975 = "1974" = 100)

BELGIQUE/BELGIE

| Year | (1) | (2) | (3) | (4) | 5 | 6 | 7 | 8 | 9 | 10 |
|------|-----------|--------------------|-----------------|---------------------------|--------|--------------------|------------------------|-------|-------------------|------------|
| | Inflation | relative inflation | Producer prices | Purchase prices of inputs | in ECU | Support prices (5) | in national currencies | Real | national currency | Green rate |
| | (1) | (2) | (3) | (4) | | Nominal | | | (annual average) | |
| 1973 | 88,6 | 99,7 | 97,9 | 91,9 | 88,6 | 88,8 | 99,7 | 102,6 | 100,0 | 100,0 |
| 1974 | 99,5 | 100,6 | 94,6 | 101,0 | 100,6 | 100,9 | 100,8 | 99,6 | 100,0 | 100,0 |
| 1975 | 111,9 | 99,6 | 107,3 | 106,8 | 110,7 | 110,3 | 99,4 | 97,7 | 100,0 | 100,0 |
| 1976 | 120,3 | 97,6 | 125,6 | 119,3 | 119,4 | 118,1 | 99,1 | 92,6 | 98,8 | 98,8 |
| 1977 | 129,1 | 95,6 | 119,9 | 121,8 | 124,2 | 122,9 | 97,0 | 87,7 | 98,7 | 98,7 |
| 1978 | 134,4 | 91,6 | 115,4 | 118,2 | 126,8 | 125,5 | 95,2 | 85,9 | 98,7 | 98,7 |
| 1979 | 139,9 | 86,9 | 116,8 | 124,6 | 128,4 | 126,4 | 92,0 | 86,2 | 98,4 | 98,4 |
| 1980 | 145,9 | 81,2 | 120,5 | 134,6 | 134,5 | 132,1 | 91,9 | 87,1 | 98,0 | 98,0 |
| 1981 | 153,3 | 77,6 | 133,0 | 146,4 | 147,6 | 145,8 | 96,2 | 88,6 | 98,5 | 98,5 |

Footnotes at page 64

BELGIQUE/BELGIE

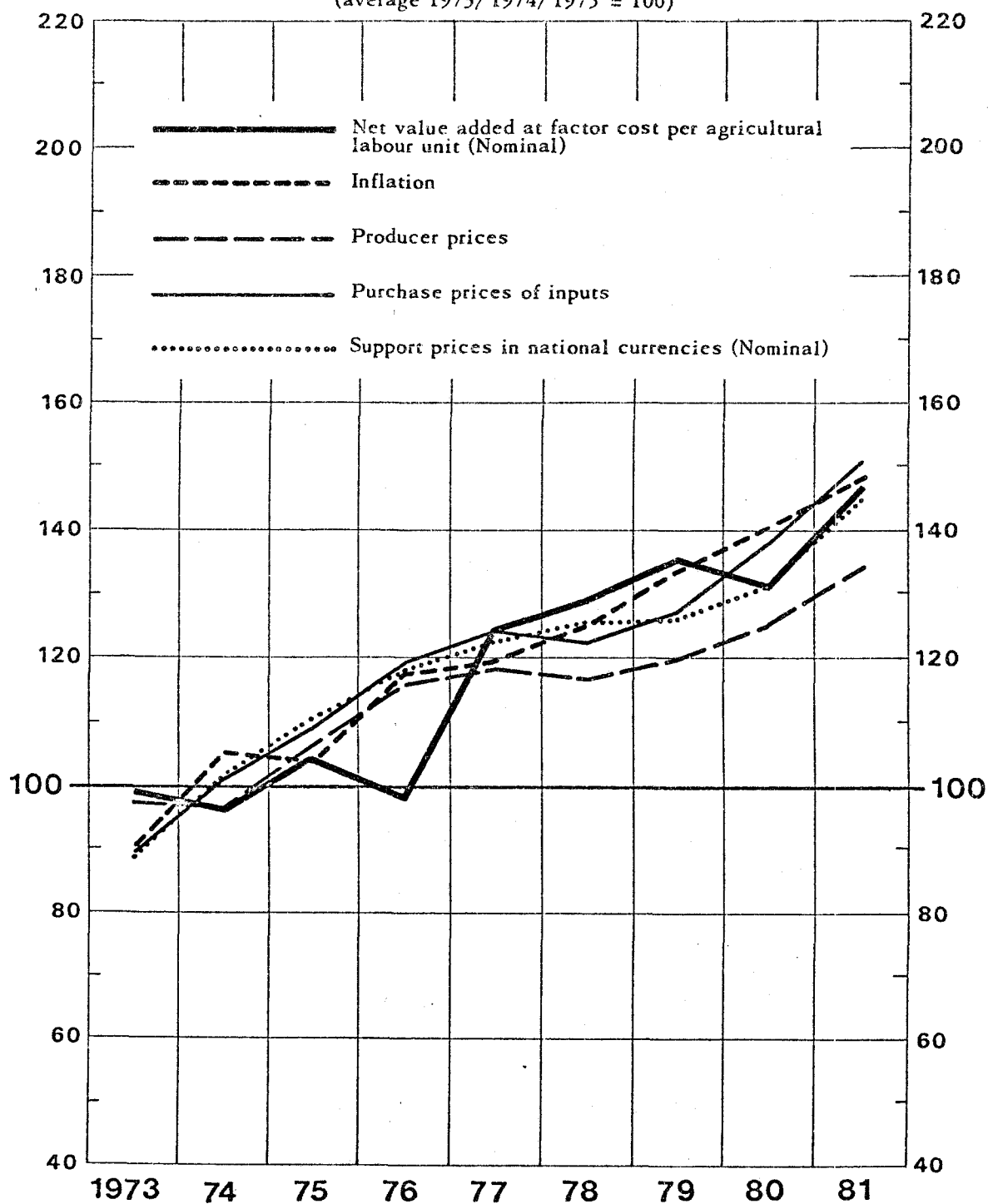
| Year | :Agricultural: Development | | : Productivity of | | : Terms of trade | | : Net value added at factor | |
|------|----------------------------|-------------------|-------------------|----------|------------------|------------|-----------------------------|-------------|
| | Labour | : of gross value: | Labour | : Inputs | : Internal | : External | cost per agricultural | labour unit |
| | : Input | : added at | : (8) | : (9) | : (10) | : (11) | : | : |
| | : (6) | : market prices: | | | | | : Nominal | : kcal |
| | : (7) | : in volume | | | | | : | : |
| 11 | : 12 | : 13 | : 14 | : 15 | : 16 | : 17 | : 18 | : 19 |
| 1973 | : 104,1 | : 101,2 | : 97,2 | : 101,1 | : 106,3 | : 114,0 | : 101,4 | : 113,6 |
| 1974 | : 100,1 | : 103,4 | : 103,2 | : 103,7 | : 93,5 | : 86,2 | : 91,4 | : 91,3 |
| 1975 | : 95,7 | : 95,4 | : 99,6 | : 95,2 | : 100,3 | : 99,9 | : 107,2 | : 95,1 |
| 1976 | : 91,5 | : 94,4 | : 103,2 | : 94,4 | : 105,1 | : 107,2 | : 130,6 | : 107,7 |
| 1977 | : 87,2 | : 96,6 | : 110,8 | : 95,5 | : 98,3 | : 85,3 | : 115,4 | : 89,0 |
| 1978 | : 83,8 | : 100,2 | : 119,6 | : 99,7 | : 97,5 | : 83,8 | : 132,6 | : 98,2 |
| 1979 | : 82,3 | : 100,6 | : 122,2 | : 99,2 | : 93,6 | : 77,0 | : 127,1 | : 90,3 |
| 1980 | : 78,1 | : 100,1 | : 128,2 | : 100,5 | : 89,4 | : 74,0 | : 137,2 | : 93,4 |
| 1981 | : 76,6 | : 101,9 | : 133,0 | : 104,2 | : 90,8 | : 76,7 | : 163,2 | : 105,7 |

Footnotes at page 64

LUXEMBOURG

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981

(average 1973/1974/1975 = 100)



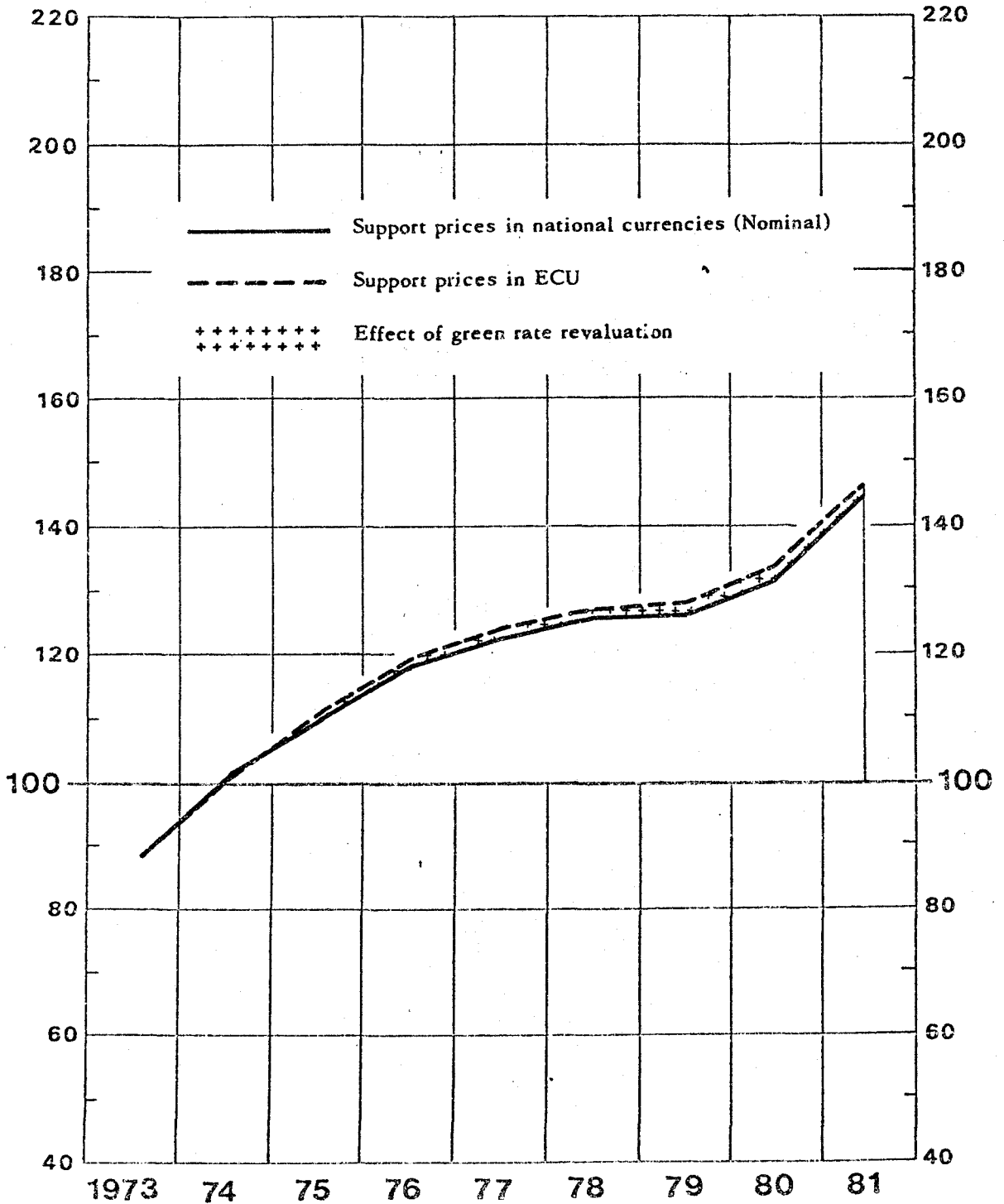
CEE-DG VI A4-8202.06

GRAPH 6.1

LUXEMBOURG

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

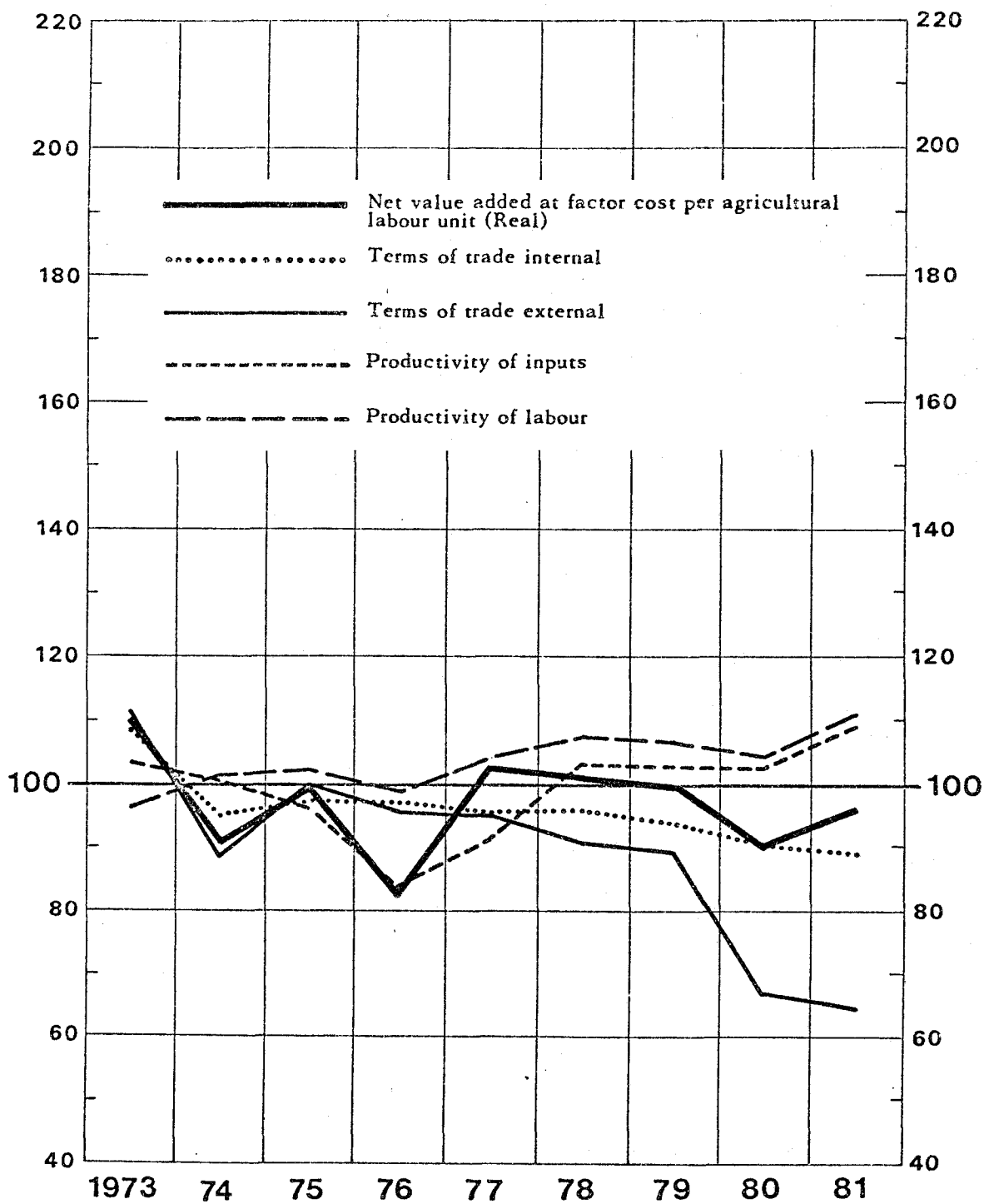


CEE-DG VI A4-8202.26

GRAPH 6.2

LUXEMBOURG

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

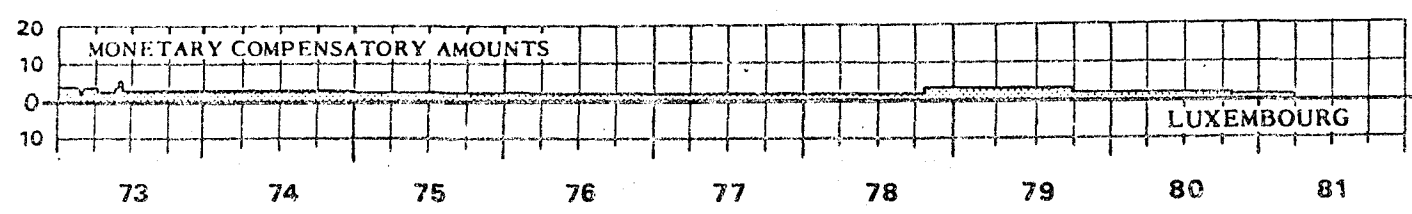
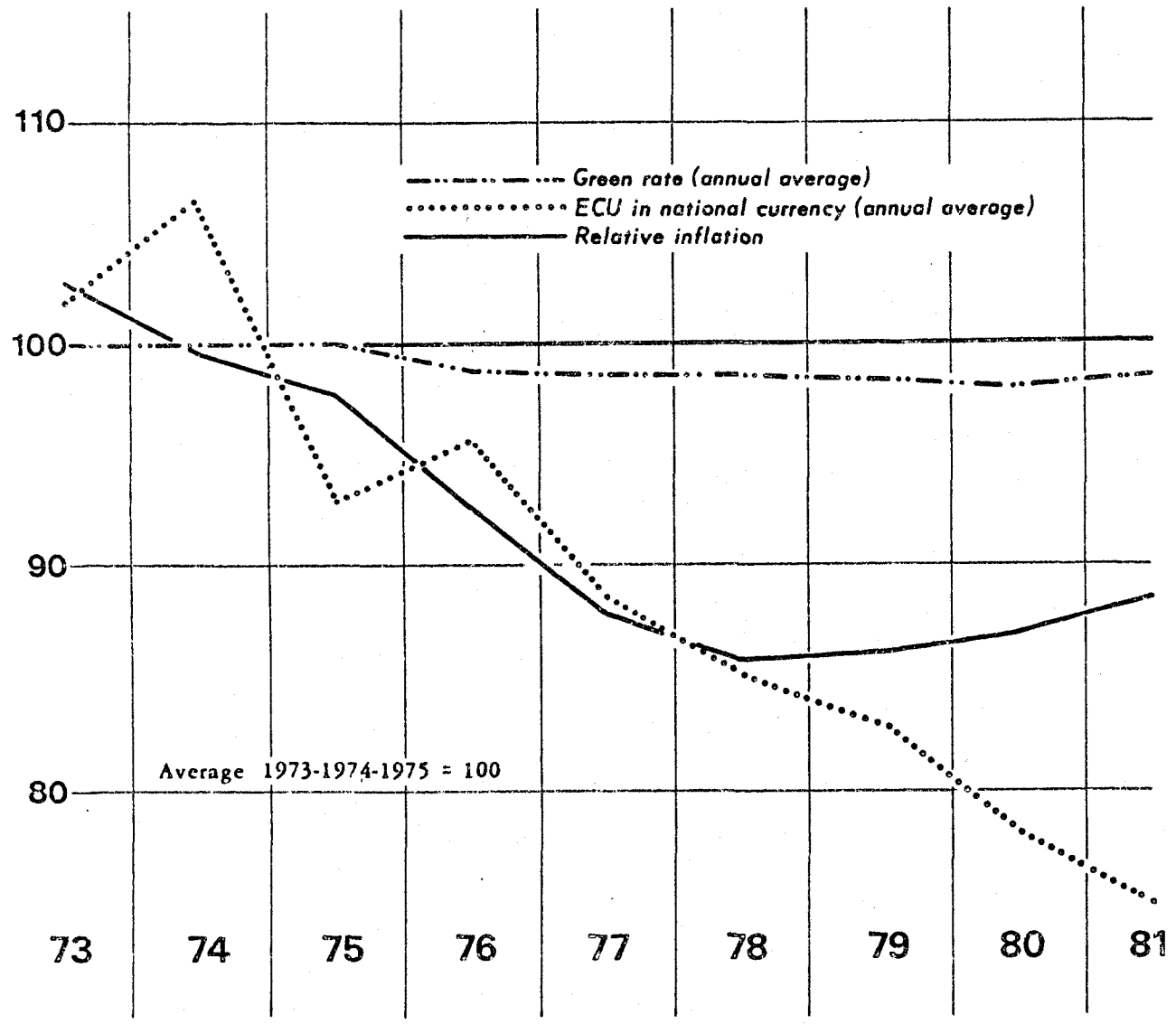


CEE-DG VI A4-8202.16

GRAPH 6.3

LUXEMBOURG

DEVELOPMENT OF RELATIVE INFLATION, ECU IN NATIONAL CURRENCIES, GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 64

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
 (average 1973/1974/1975 = "1974" = 100)

LUXEMBOURG

| Year | Inflation | Relative inflation | Producer prices | Purchase prices of inputs | Support prices (5) | | | national currency | Green rate (annual average) |
|------|-----------|--------------------|-----------------|---------------------------|------------------------|---------|-------|-------------------|-----------------------------|
| | | | | | in national currencies | Nominal | real | | |
| (1) | (2) | (3) | (4) | | 6 | 7 | 8 | 9 | 10 |
| 1973 | 90,5 | 101,2 | 97,4 | 89,7 | 88,1 | 88,4 | 96,0 | 102,6 | 100,0 |
| 1974 | 105,3 | 106,2 | 96,5 | 101,2 | 101,1 | 101,4 | 99,5 | 99,6 | 100,0 |
| 1975 | 104,3 | 92,6 | 106,2 | 109,1 | 110,8 | 110,2 | 104,4 | 97,7 | 100,0 |
| 1976 | 117,8 | 95,2 | 115,8 | 119,4 | 119,3 | 118,2 | 103,1 | 92,6 | 98,8 |
| 1977 | 119,6 | 88,5 | 118,3 | 124,1 | 123,8 | 122,7 | 104,4 | 87,7 | 98,7 |
| 1978 | 124,9 | 84,8 | 116,9 | 122,2 | 126,4 | 125,3 | 101,2 | 85,9 | 98,7 |
| 1979 | 133,6 | 82,7 | 119,5 | 127,0 | 127,6 | 125,8 | 95,6 | 86,2 | 98,4 |
| 1980 | 140,5 | 77,9 | 124,9 | 138,2 | 133,3 | 130,9 | 94,5 | 87,1 | 98,0 |
| 1981 | 148,4 | 74,8 | 133,9 | 150,7 | 145,8 | 144,4 | 98,4 | 88,6 | 98,5 |

Footnotes at page 64

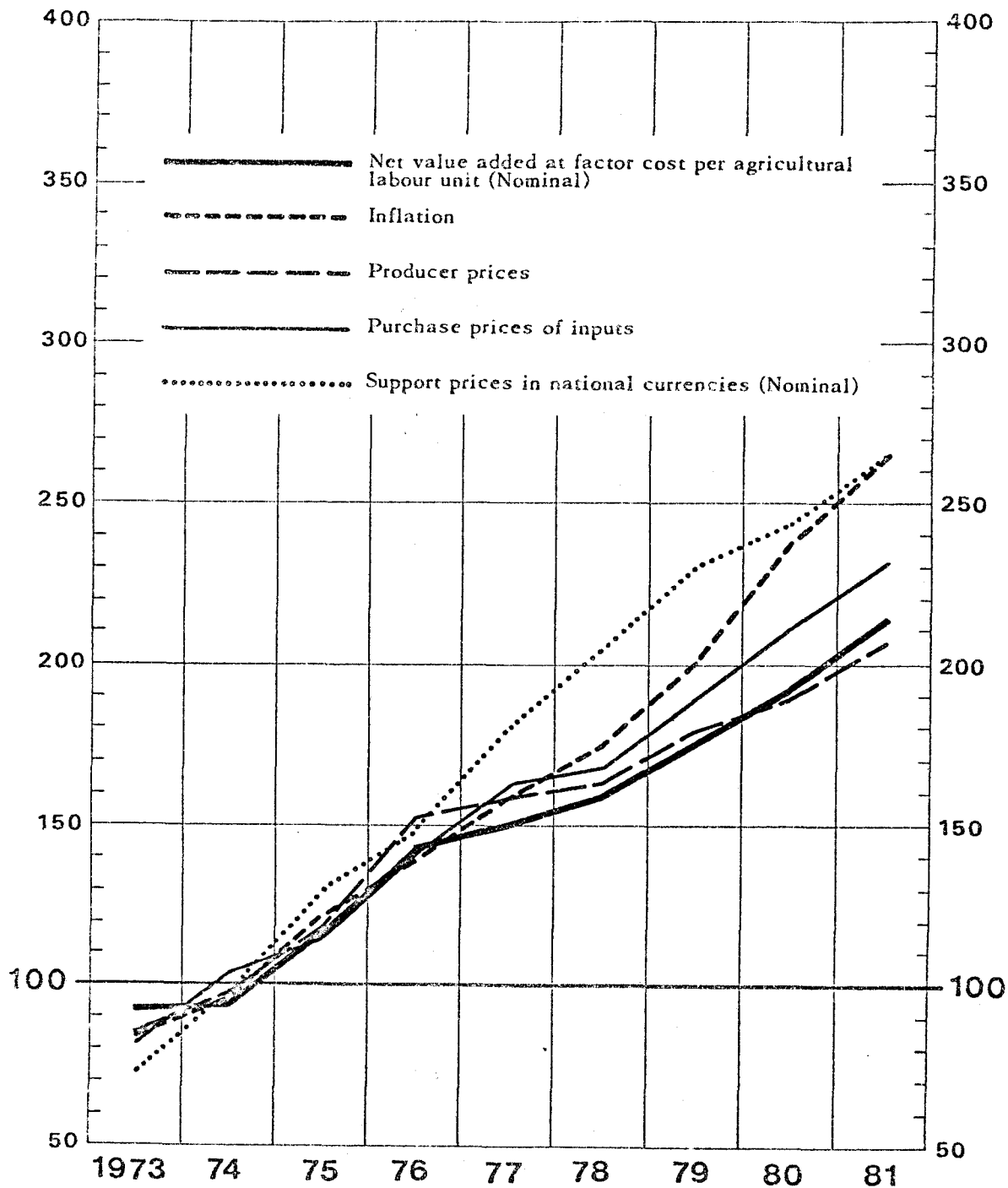
LUXEMBOURG

| Year | Agricultural: Development | | Productivity of | | Terms of trade | | Net value added at factor | |
|------|---------------------------|-----------------|-----------------|----------|----------------|----------|---------------------------|-------------|
| | Labour | of gross value: | Labour | Inputs | Internal | External | cost per agricultural | labour unit |
| | Input | added at | Input | Internal | External | | | |
| | (6) | market prices | (8) | (9) | (10) | (11) | | Real |
| | | in volume (7) | | | | | Nominal | |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 104,1 | 100,4 | 96,4 | 103,3 | 108,1 | 111,6 | 99,3 | 110,0 |
| 1974 | 100,2 | 101,6 | 101,4 | 100,5 | 95,0 | 88,6 | 96,3 | 90,6 |
| 1975 | 95,8 | 97,9 | 102,2 | 96,2 | 96,9 | 99,9 | 104,5 | 99,2 |
| 1976 | 94,0 | 93,0 | 98,9 | 83,8 | 96,6 | 95,6 | 98,3 | 82,7 |
| 1977 | 92,1 | 95,7 | 103,9 | 91,5 | 94,9 | 95,0 | 124,0 | 102,9 |
| 1978 | 91,2 | 98,0 | 107,5 | 103,4 | 95,3 | 90,8 | 128,8 | 101,5 |
| 1979 | 90,2 | 96,2 | 106,7 | 103,0 | 93,7 | 89,2 | 135,3 | 99,8 |
| 1980 | 89,3 | 93,1 | 104,3 | 102,6 | 90,0 | 66,8 | 130,7 | 90,3 |
| 1981 | 88,4 | 97,8 | 110,6 | 108,9 | 88,5 | 64,2 | 146,9 | 96,0 |

Footnotes at page 64

UNITED KINGDOM

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)



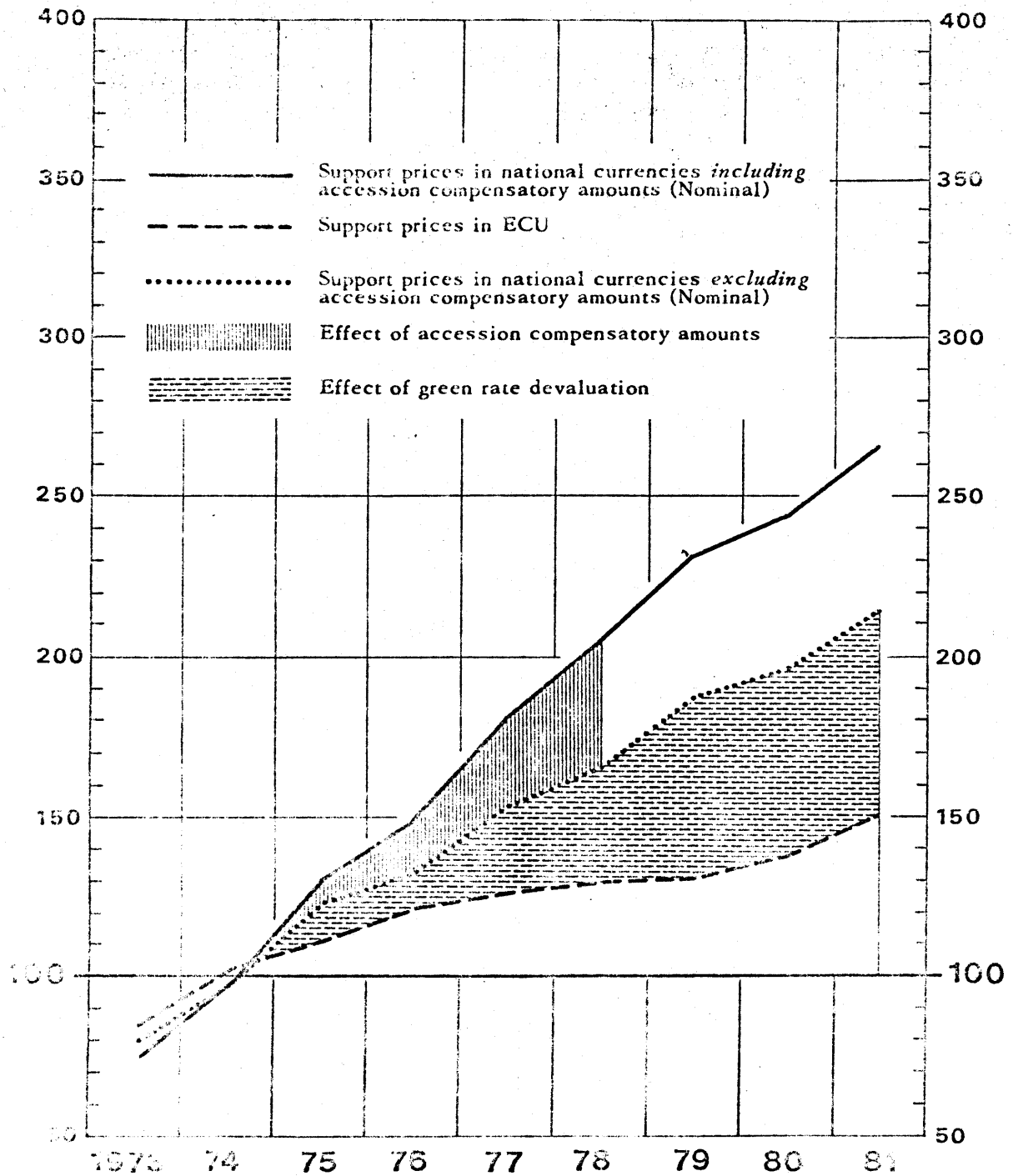
CEE-DG VI A4 - 8202.07

GRAPH 7.1

UNITED KINGDOM

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

(average 1973/1974/1975 = 100)

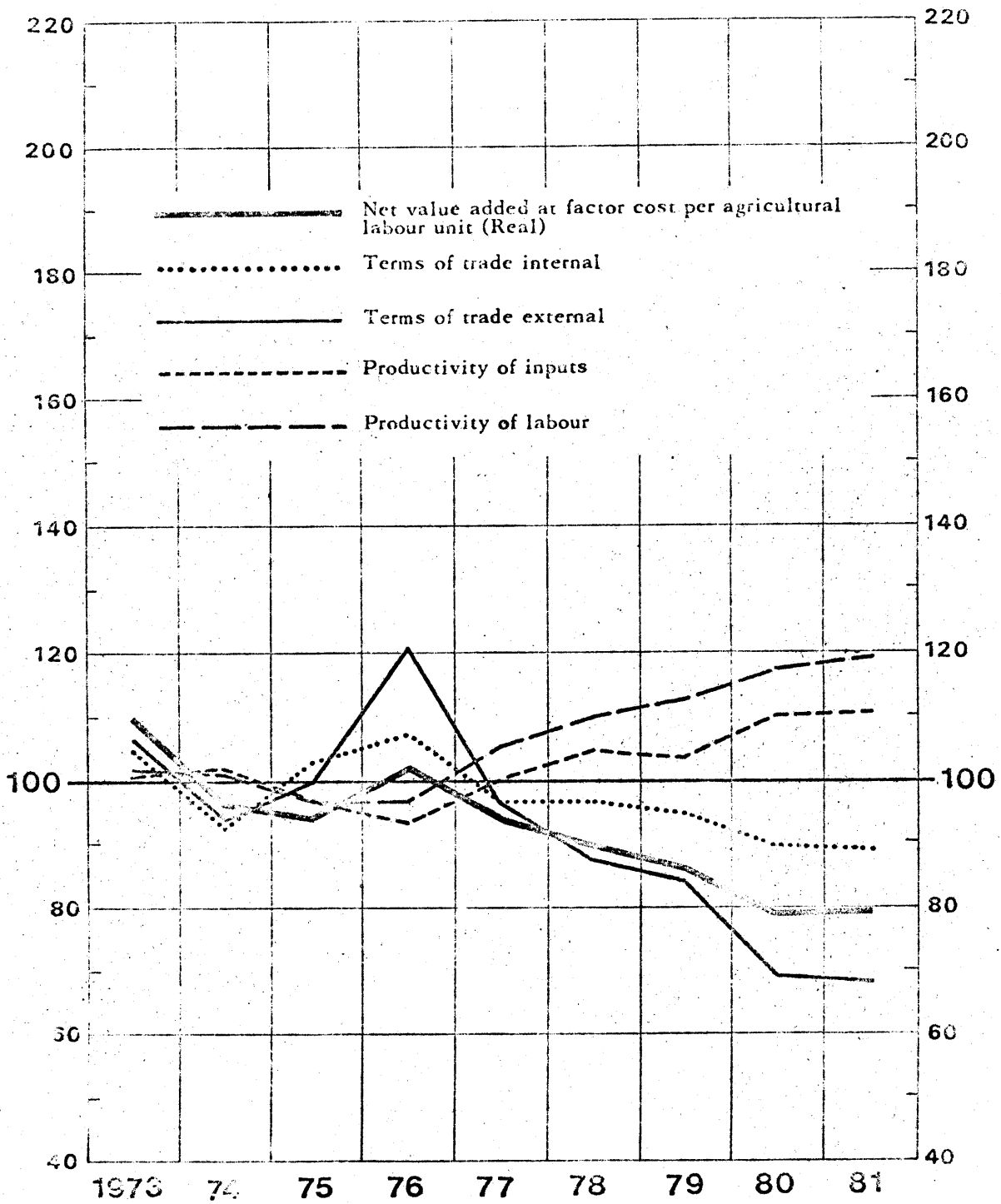


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GRAPH 7.2

UNITED KINGDOM

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

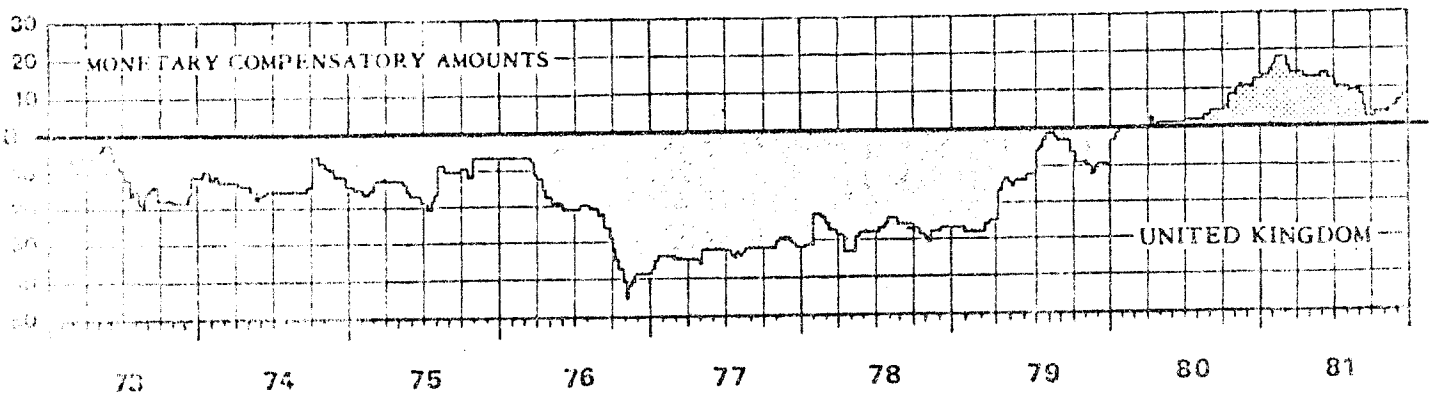
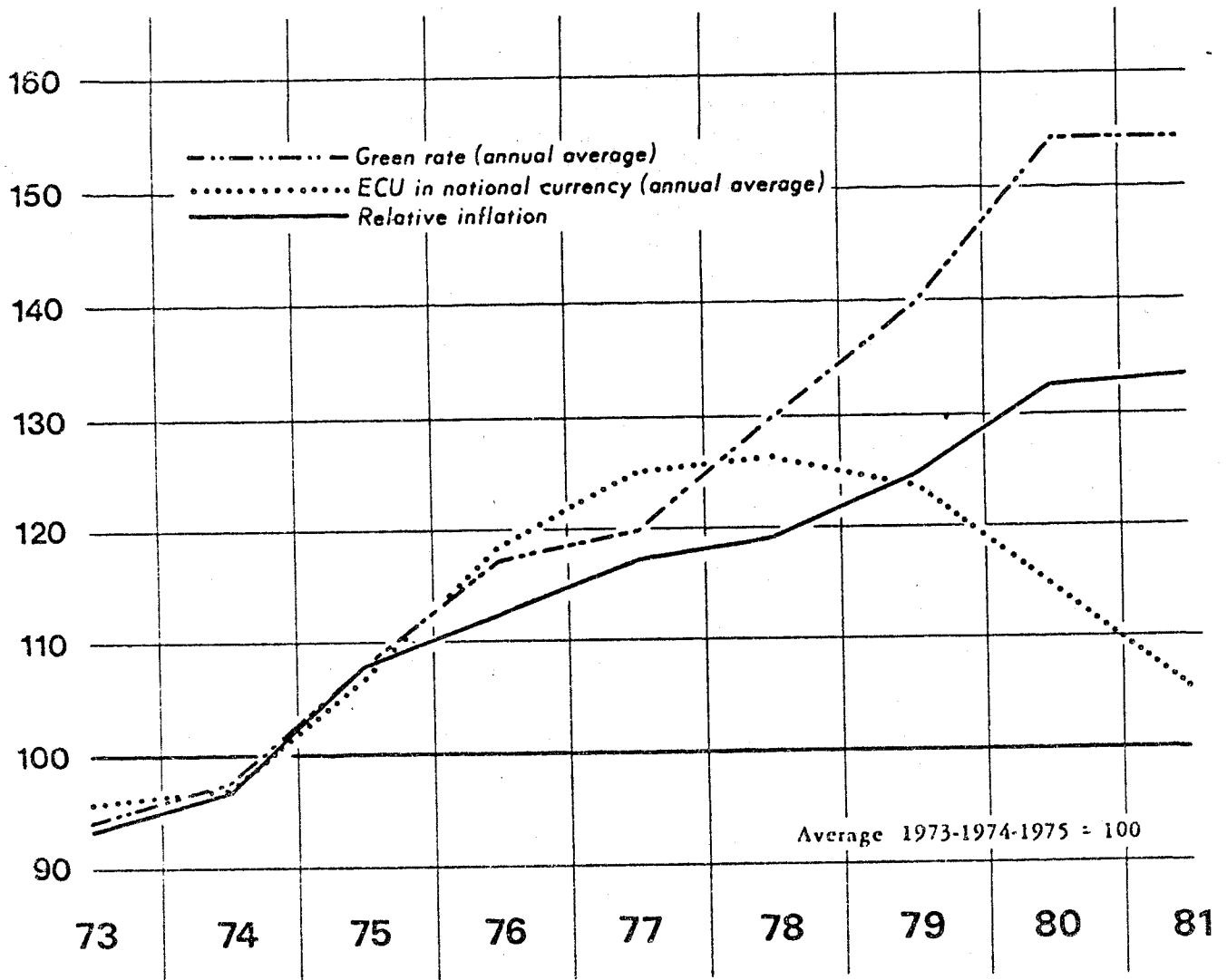


CEE-DG VI A4-8202.17

GRAPH 7.3

UNITED KINGDOM

DEVELOPMENT OF RELATIVE INFLATION, ECU IN NATIONAL CURRENCIES, GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 74

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
(average 1973/1974/1975 = "1974" = 100)

UNITED KINGDOM

| Year | Inflation | relative inflation | Producer prices | Purchase prices of | Support prices (5) | | | | | national currency | Green rate |
|------|-----------|-----------------------|--------------------|-----------------------|--------------------|-------|-------|--------|--------|----------------------|------------|
| | | | | | (1) | (2) | (3) | inputs | in ECU | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 1973 | 83,1 | 94,1 | 85,3 | 81,5 | 85,5 | 72,7 | 90,1 | 95,9 | 94,4 | | |
| 1974 | 95,7 | 97,3 | 96,8 | 104,1 | 102,3 | 97,6 | 100,3 | 97,3 | 97,6 | | |
| 1975 | 121,3 | 108,7 | 117,9 | 114,4 | 112,1 | 129,6 | 109,5 | 106,9 | 108,0 | | |
| 1976 | 138,7 | 113,2 | 151,6 | 141,0 | 121,1 | 148,4 | 109,9 | 118,6 | 117,5 | | |
| 1977 | 157,9 | 117,6 | 157,6 | 162,9 | 125,8 | 181,2 | 118,9 | 124,7 | 119,8 | | |
| 1978 | 174,8 | 119,8 | 162,5 | 167,6 | 128,7 | 204,0 | 119,5 | 126,7 | 129,9 | | |
| 1979 | 200,3 | 125,2 | 179,3 | 188,6 | 130,3 | 231,3 | 116,8 | 123,4 | 139,8 | | |
| 1980 | 238,2 | 133,4 | 189,3 | 211,2 | 136,5 | 242,5 | 105,4 | 114,2 | 154,3 | | |
| 1981 | 264,2 | 134,5 | 206,4 | 232,3 | 149,1 | 264,8 | 104,3 | 105,6 | 154,3 | | |

Footnotes at page 64

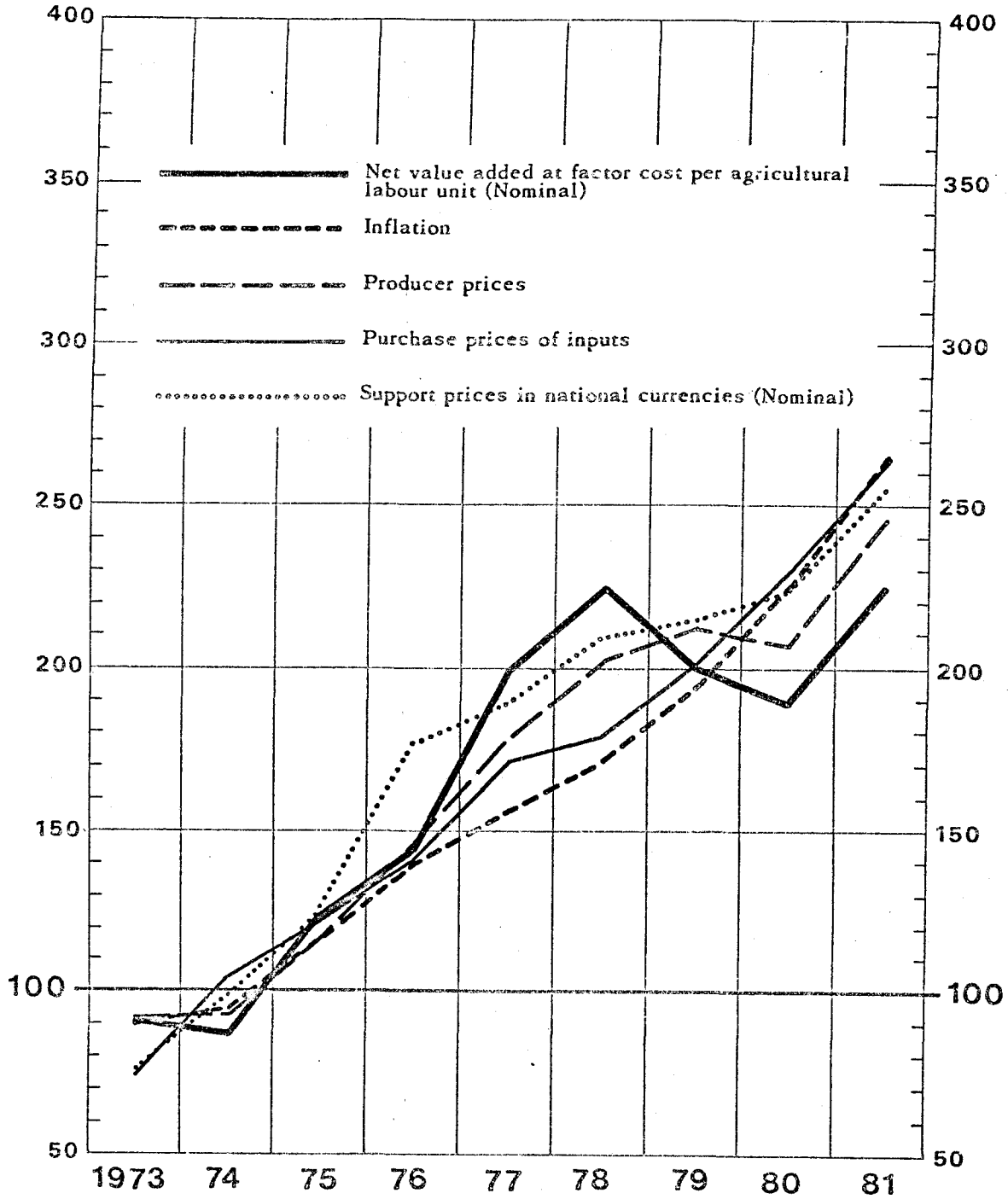
UNITED KINGDOM

| Year | Agricultural: Development | | Productivity of | | Terms of trade | | Net value added at factor | |
|------|---------------------------|-----------------|-----------------|--------|----------------|----------|---------------------------|-------------|
| | Labour | of gross value: | Labour | Inputs | Internal | External | cost per agricultural | labour unit |
| | (6) | market prices | (8) | (9) | (10) | (11) | | |
| | | in volume (7) | | | | | Nominal | Real |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 101,6 | 103,5 | 101,9 | 100,5 | 104,4 | 106,2 | 92,2 | 109,8 |
| 1974 | 99,9 | 101,1 | 101,2 | 102,6 | 92,8 | 93,6 | 92,8 | 96,3 |
| 1975 | 98,5 | 95,3 | 96,8 | 96,8 | 102,8 | 100,1 | 115,1 | 94,0 |
| 1976 | 97,4 | 94,1 | 96,6 | 93,5 | 107,2 | 120,6 | 143,0 | 101,9 |
| 1977 | 96,8 | 102,2 | 105,6 | 100,2 | 96,5 | 96,4 | 149,9 | 93,6 |
| 1978 | 96,3 | 106,2 | 110,3 | 104,8 | 96,7 | 87,5 | 159,4 | 89,8 |
| 1979 | 95,0 | 107,2 | 112,8 | 103,5 | 94,8 | 83,9 | 175,8 | 86,0 |
| 1980 | 93,6 | 110,0 | 117,5 | 109,4 | 89,5 | 69,2 | 192,2 | 79,1 |
| 1981 | 91,9 | 109,5 | 119,2 | 110,7 | 88,7 | 67,9 | 213,9 | 79,4 |

Footnotes at page 64

IRELAND

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981 (average 1973/1974/1975 = 100)

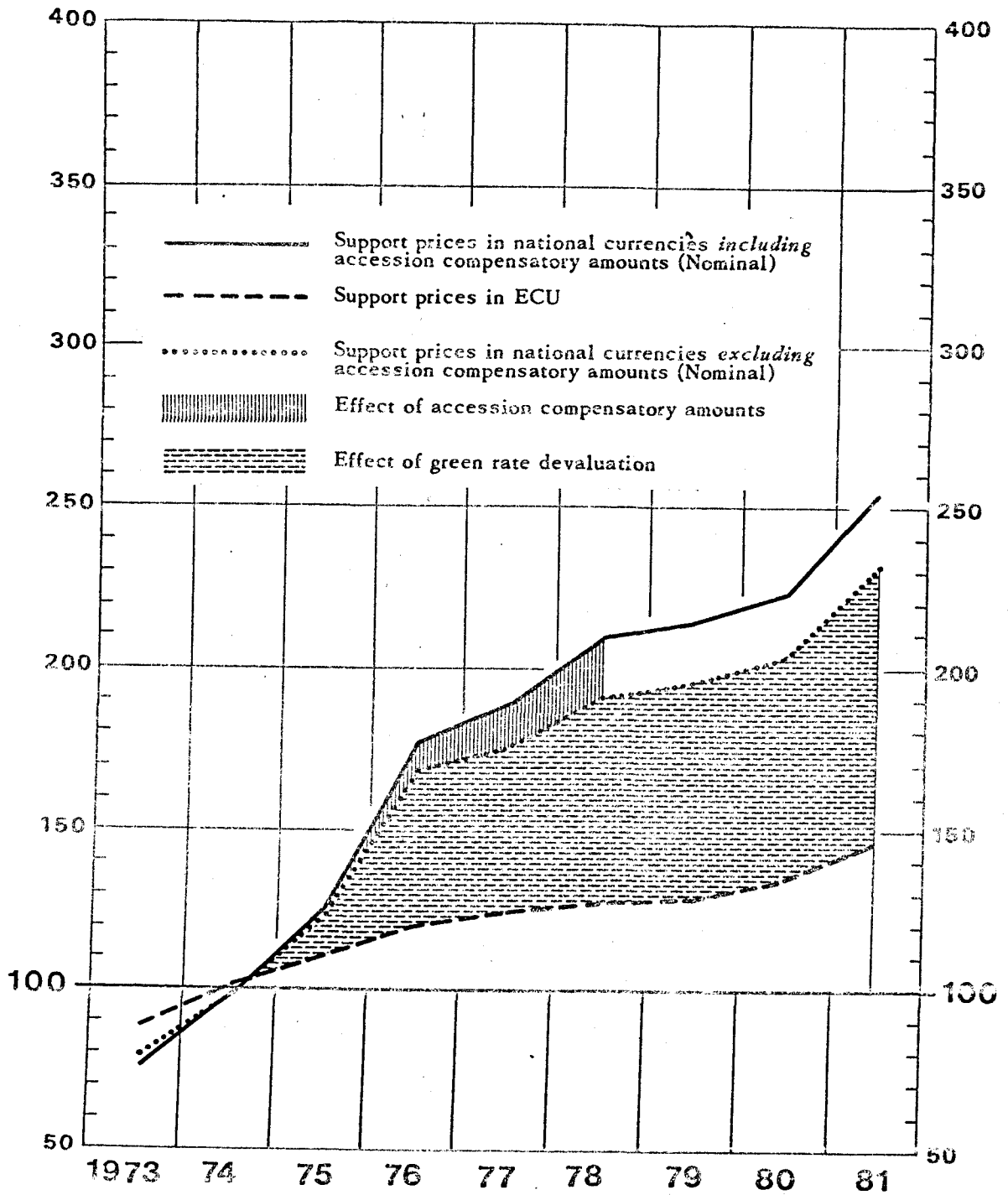


CEE-DG VI A4 - 8202.08

GRAPH 8.1

IRELAND

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

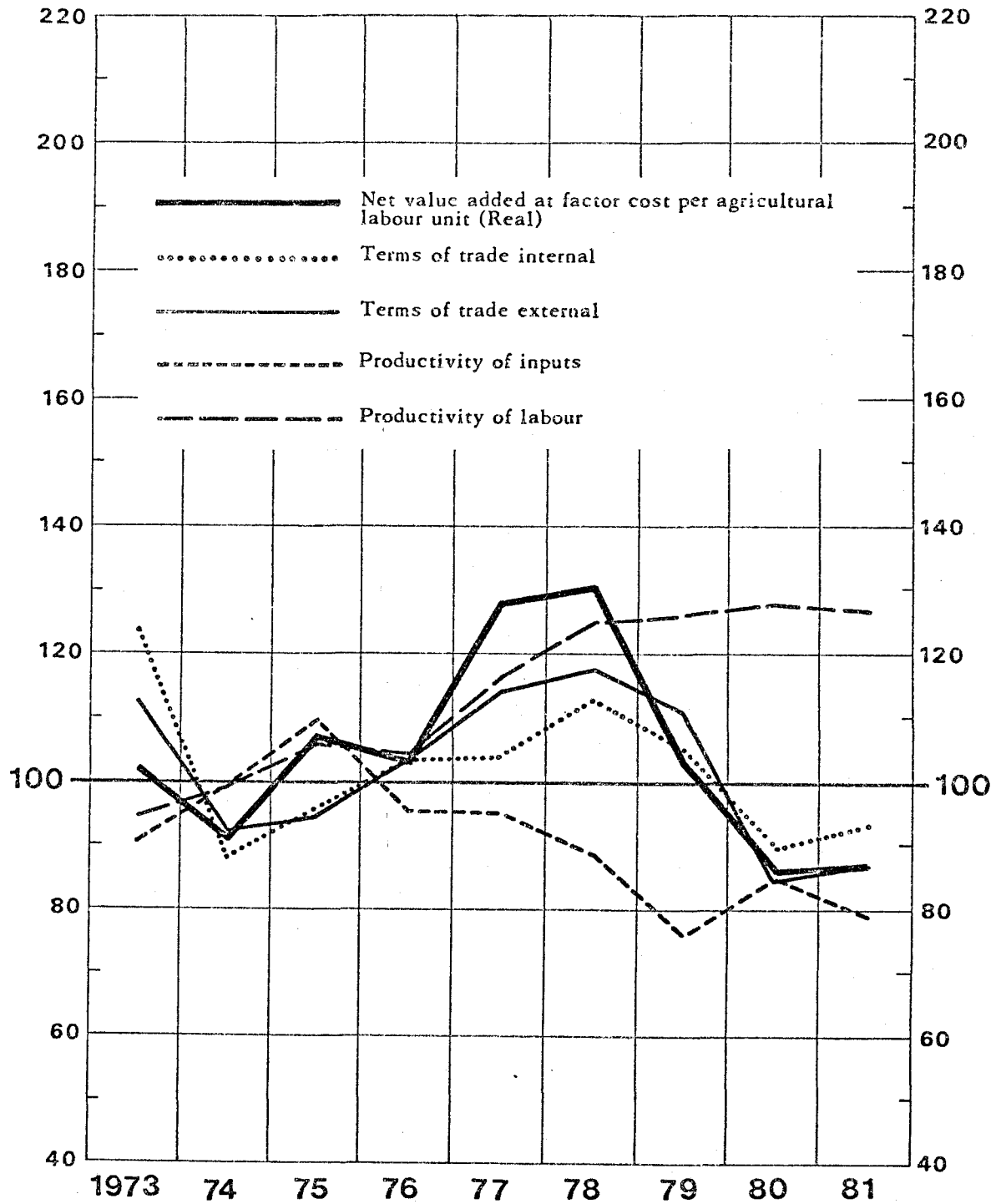


CEE-DG VI A4-8202.28

GRAPH 8.2

IRELAND

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

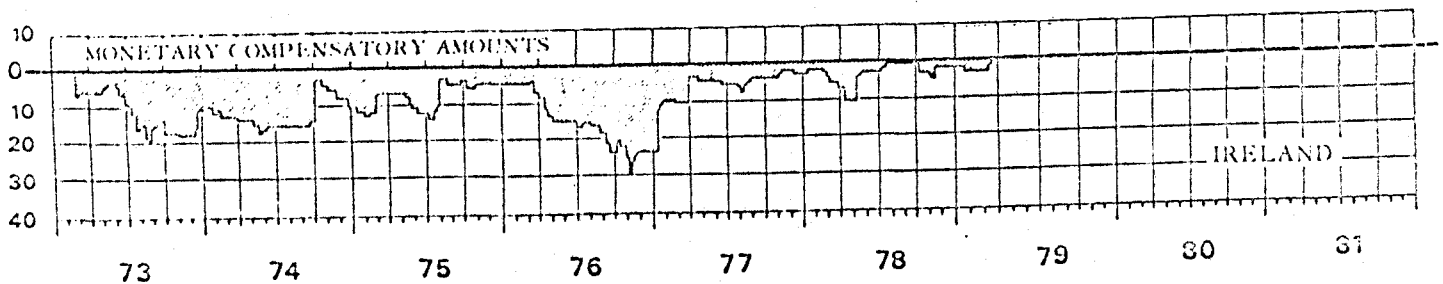
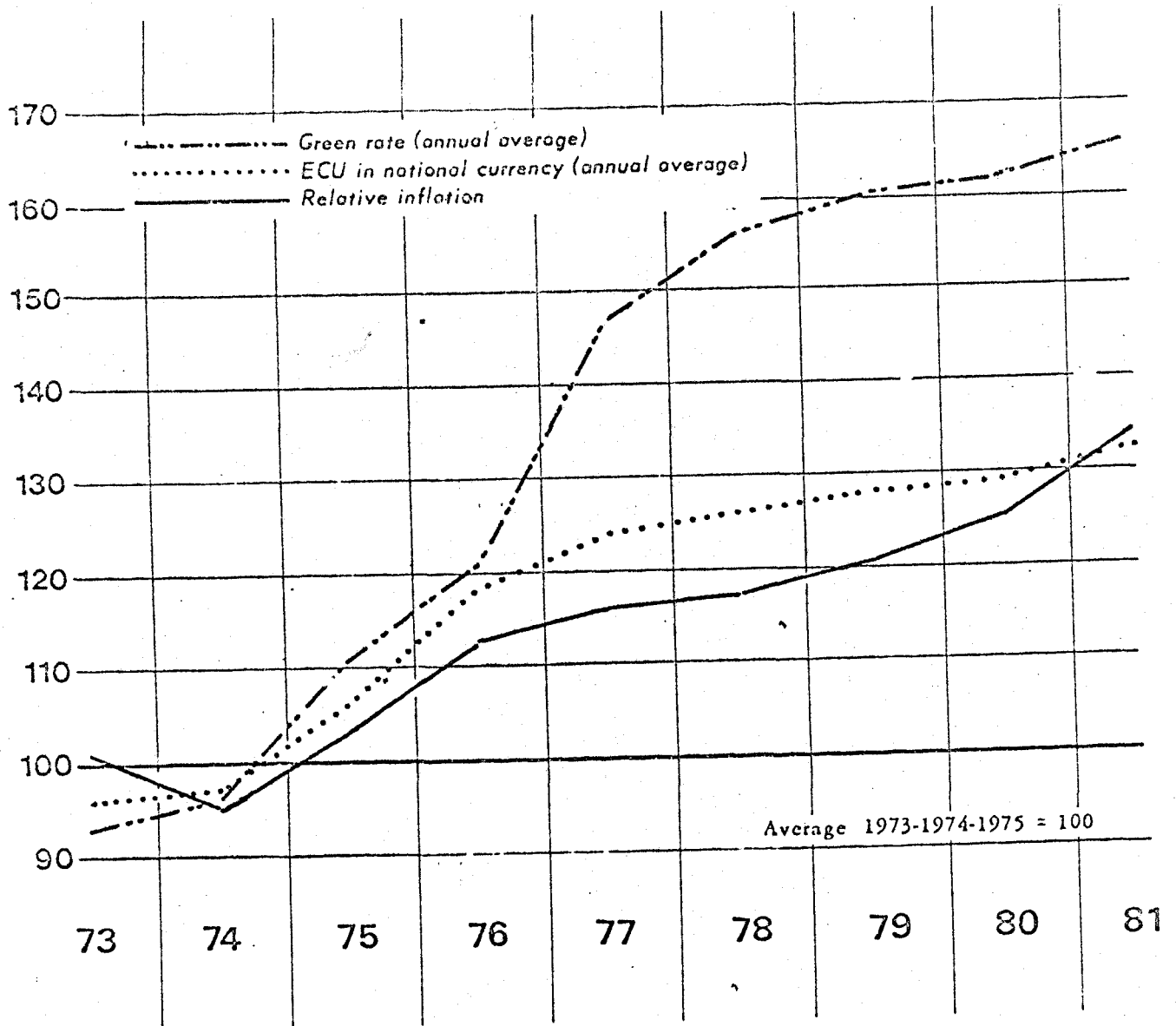


CEE-DG VI A4-8202.18

GRAPH 8.3

IRELAND

DEVELOPMENT OF RELATIVE INFLATION, ECU IN NATIONAL CURRENCIES, GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 84

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
 (average 1973/1974/1975 = "1974" = 100)

IRELAND

| Year | Inflation : (1) | relative : inflation : (2) | Producer : prices : (3) | Purchase : prices of : inputs : (4) | Support prices (5) | | | | Ecu in : national : currency : (annual : average) : |
|------|-----------------|----------------------------|-------------------------|-------------------------------------|--------------------|---------|-------|--------------------------|---|
| | | | | | in ECU | Nominal | Real | in national currencies : | |
| | | | | | 6 | 7 | 8 | 9 | 10 |
| 1973 | 89,4 | 100,7 | 91,7 | 74,1 | 88,2 | 75,5 | 88,1 | 95,9 | 92,5 |
| 1974 | 94,7 | 95,9 | 91,8 | 103,7 | 101,1 | 98,9 | 103,6 | 97,3 | 96,1 |
| 1975 | 115,8 | 103,3 | 116,4 | 122,1 | 110,7 | 125,6 | 108,2 | 106,8 | 110,9 |
| 1976 | 139,2 | 113,1 | 146,8 | 141,2 | 119,5 | 177,4 | 130,0 | 118,7 | 121,3 |
| 1977 | 156,5 | 116,0 | 179,1 | 171,7 | 124,1 | 188,6 | 125,2 | 124,7 | 147,1 |
| 1978 | 172,3 | 117,6 | 201,7 | 179,0 | 126,8 | 209,9 | 125,5 | 126,7 | 155,9 |
| 1979 | 194,7 | 121,1 | 212,1 | 201,4 | 128,0 | 214,3 | 112,4 | 127,8 | 160,5 |
| 1980 | 225,1 | 125,5 | 207,2 | 230,2 | 133,8 | 223,8 | 101,0 | 129,1 | 161,8 |
| 1981 | 264,7 | 134,1 | 245,6 | 263,7 | 146,3 | 254,2 | 97,6 | 131,9 | 166,4 |

IRELAND

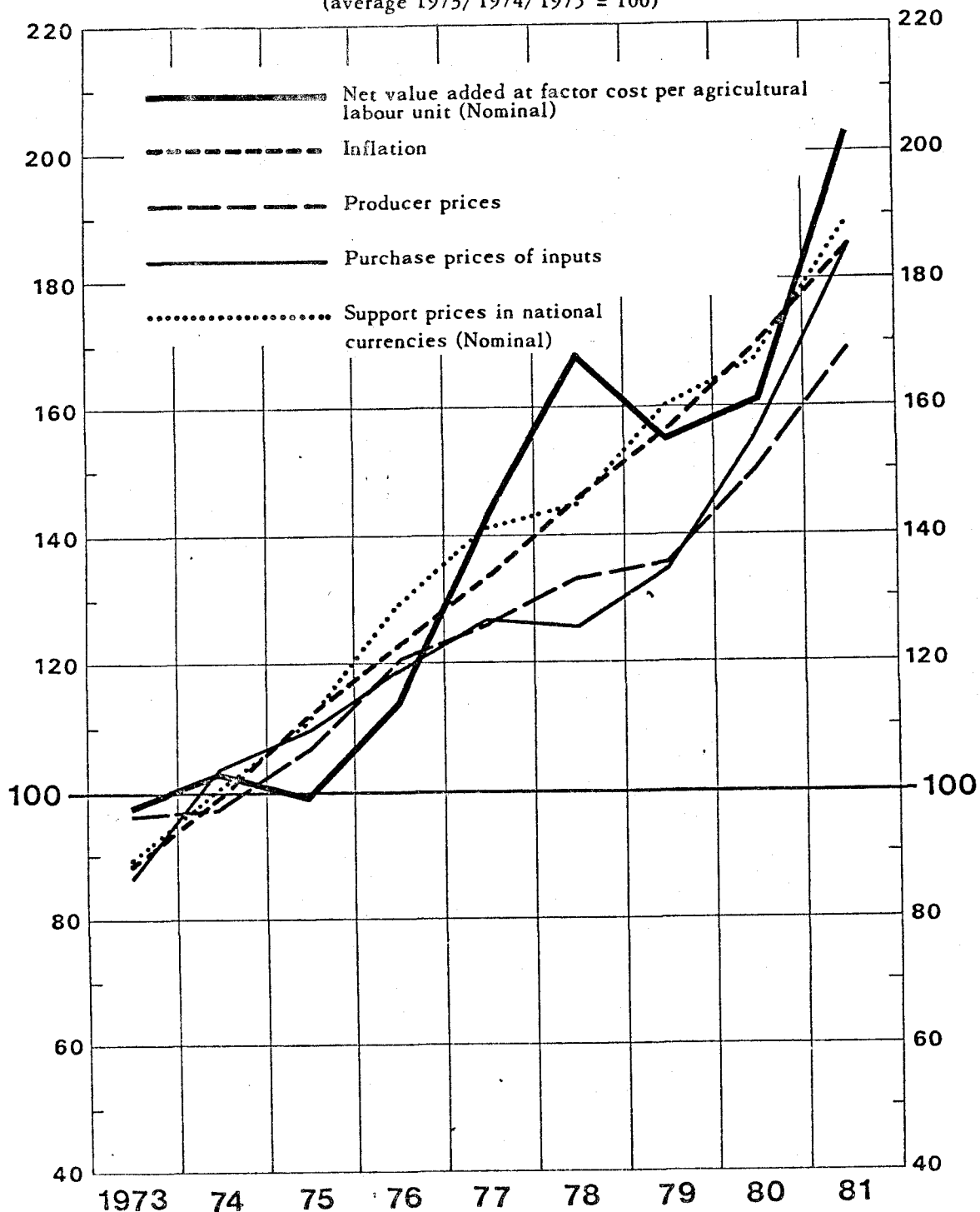
| Year | Agricultural: Development | | Productivity of | | Terms of trade | | Net value added at factor | |
|------|---------------------------|---------------------------------------|-----------------|--------|----------------|----------|-----------------------------------|---------|
| | Labour | of gross value added at market prices | Labour | Inputs | Internal | External | cost per agricultural labour unit | Nominal |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 102,1 | 96,7 | 94,7 | 90,6 | 120,7 | 112,7 | 90,7 | 101,9 |
| 1974 | 99,6 | 98,8 | 99,2 | 99,2 | 86,3 | 92,3 | 85,9 | 91,0 |
| 1975 | 98,4 | 104,5 | 106,2 | 110,1 | 93,0 | 94,8 | 123,4 | 106,9 |
| 1976 | 95,8 | 100,0 | 104,4 | 95,6 | 101,4 | 103,2 | 142,7 | 102,9 |
| 1977 | 94,1 | 109,7 | 116,6 | 95,4 | 101,7 | 114,3 | 198,9 | 127,7 |
| 1978 | 93,3 | 116,5 | 124,9 | 88,4 | 109,2 | 117,7 | 224,8 | 130,5 |
| 1979 | 91,9 | 115,6 | 125,8 | 76,2 | 102,7 | 110,8 | 199,9 | 103,3 |
| 1980 | 90,7 | 115,8 | 127,7 | 84,8 | 87,8 | 84,4 | 189,4 | 85,7 |
| 1981 | 89,4 | 113,0 | 126,4 | 79,3 | 90,8 | 86,8 | 223,5 | 86,0 |

Footnotes at page 64

DANMARK

Comparison between the development of inflation, producer prices, purchase prices, support prices and income per head (in nominal terms) in agriculture for the periode 1973 to 1981

(average 1973/1974/1975 = 100)



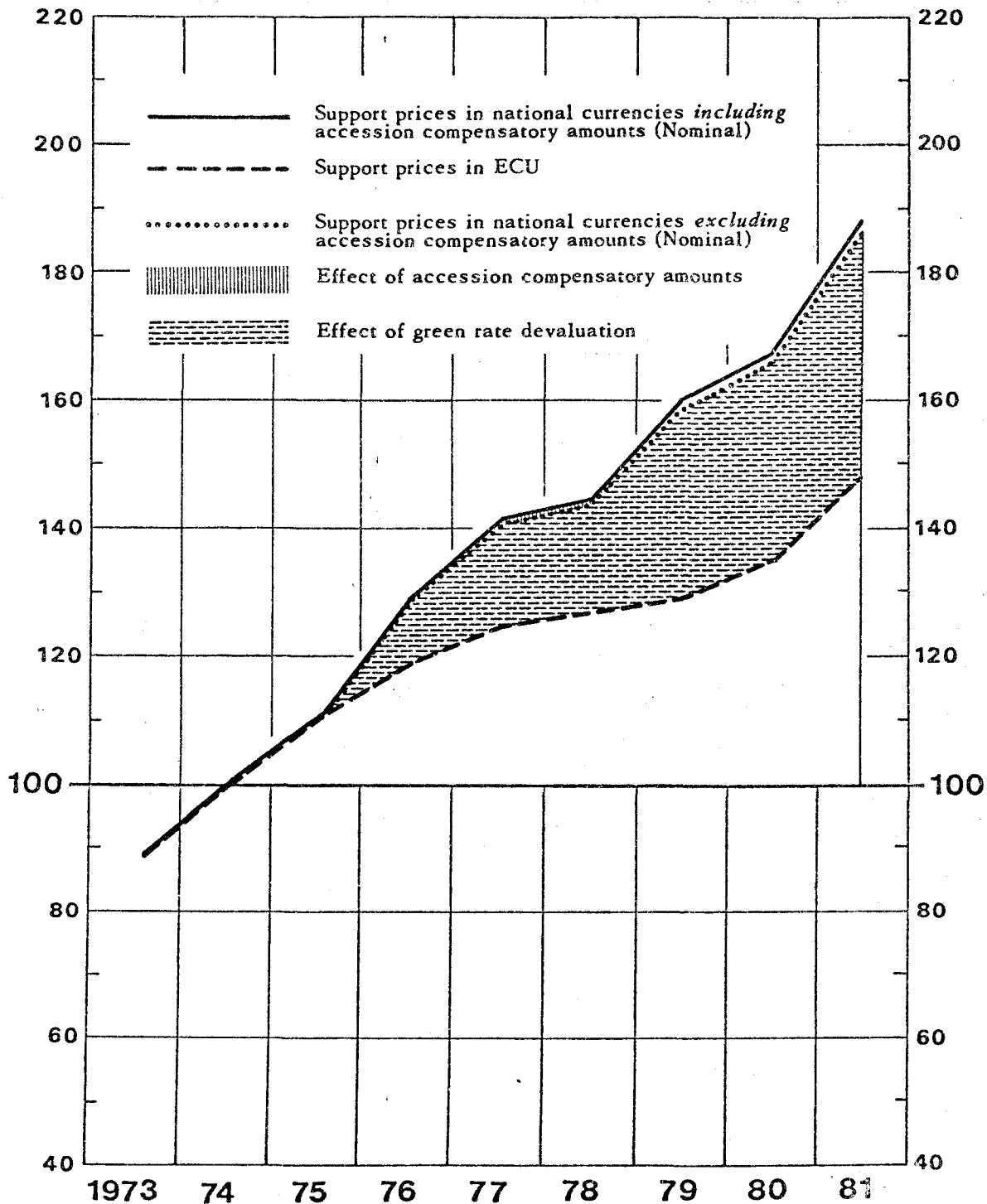
CEE-DG VI A4-8202.09

GRAPH 9.1

DANMARK

Development of support prices in ECU and in national currencies
for the periode 1973 to 1981

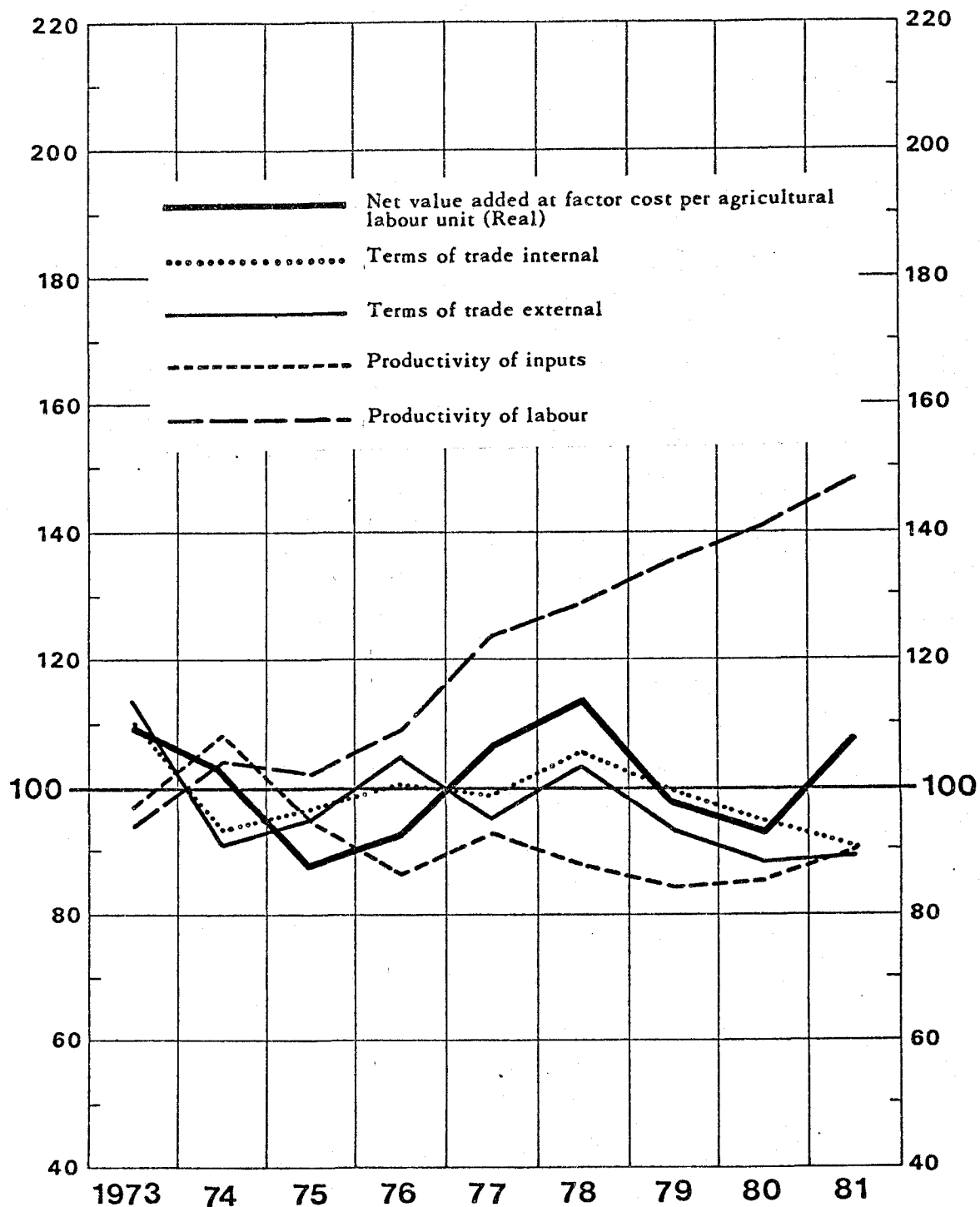
(average 1973/1974/1975 = 100)



CEE-DG VI A4-820.29

DANMARK

Comparison between the development of income per head (in real terms), terms of trade and productivity in agriculture for the periode 1973 to 1981
(average 1973/1974/1975 = 100)

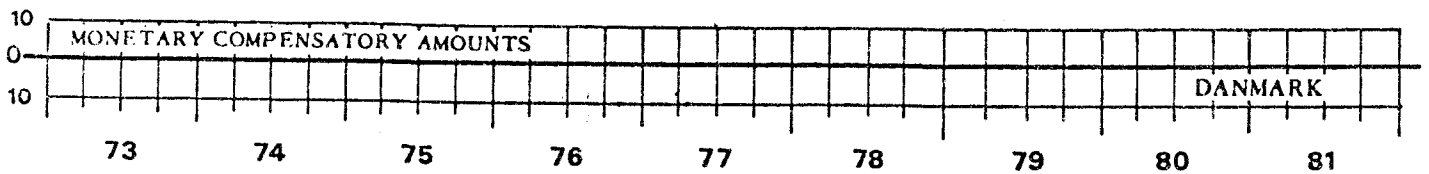
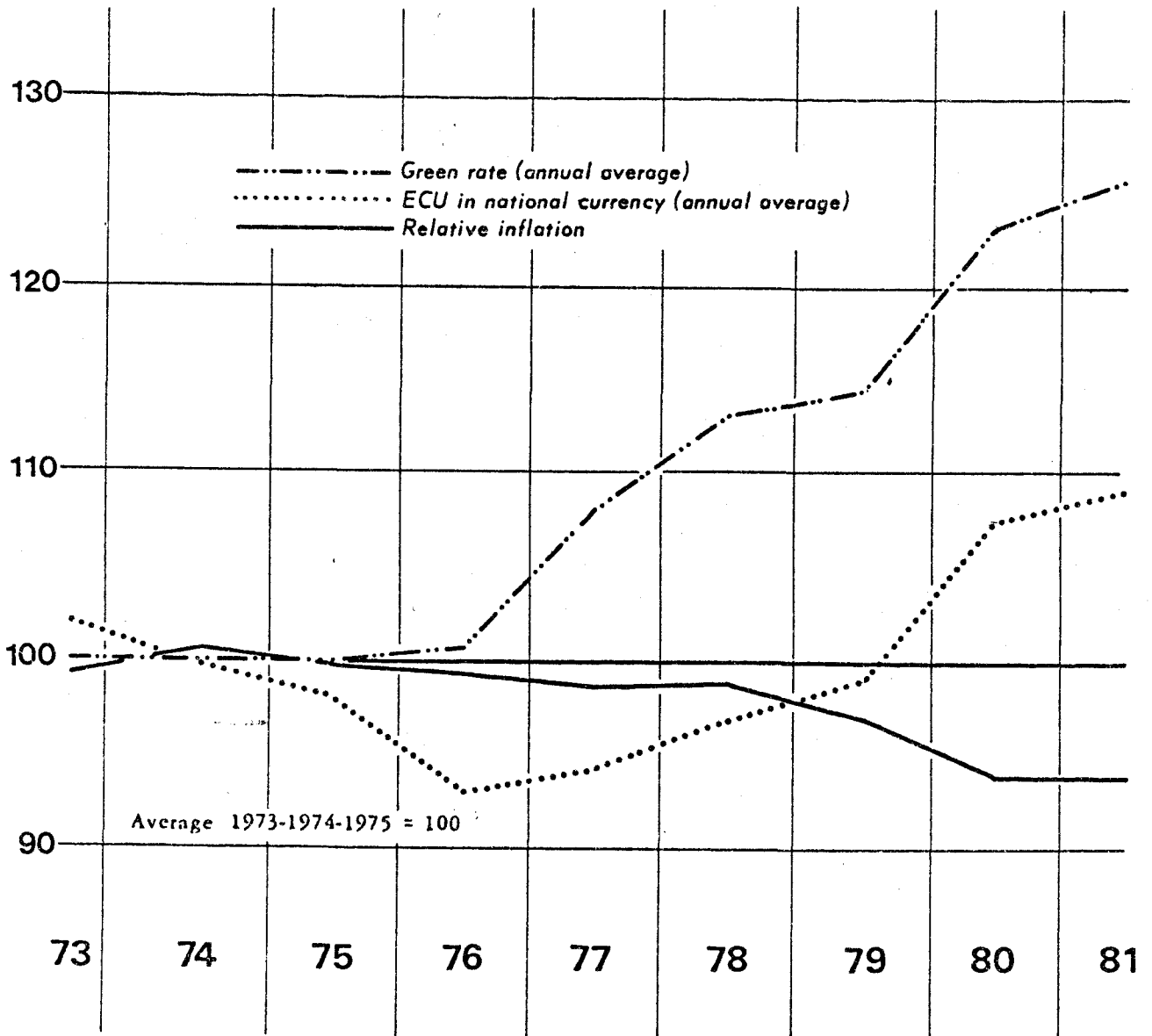


CEE-DG VI A4-8202.19

GRAPH 9.3

DANMARK

DEVELOPMENT OF RELATIVE INFLATION , ECU IN NATIONAL CURRENCIES , GREEN RATES AND MONETARY COMPENSATORY AMOUNTS FOR THE PERIOD 1973 TO 1981



GRAPH 94

Indicators concerning inflation and economic development in agriculture for the period 1973-1981
 (average 1973/1974/1975 = "1974" = 100)

DANMARK

| Year | Inflation | relative inflation | Producer prices | Purchase prices of inputs | Support prices (5) | | | | | Ecu in national currency | Green rate (annual average) |
|------|-----------|--------------------|-----------------|---------------------------|--------------------|-------|-------|--------|---------|--------------------------|-----------------------------|
| | | | | | (1) | (2) | (3) | in ECU | Nominal | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 1973 | 88,3 | 99,3 | 95,8 | 86,5 | 88,7 | 88,7 | 100,0 | 102,0 | 100,0 | | |
| 1974 | 99,6 | 100,7 | 97,3 | 103,5 | 100,7 | 100,7 | 100,7 | 99,8 | 100,0 | | |
| 1975 | 112,2 | 99,9 | 106,7 | 109,8 | 110,5 | 110,6 | 99,3 | 98,0 | 100,0 | | |
| 1976 | 122,5 | 99,4 | 120,5 | 118,7 | 119,2 | 128,7 | 105,8 | 93,1 | 100,7 | | |
| 1977 | 133,5 | 98,8 | 126,0 | 126,7 | 124,4 | 141,5 | 106,6 | 94,3 | 108,1 | | |
| 1978 | 145,8 | 99,3 | 133,0 | 125,2 | 126,7 | 144,7 | 100,4 | 96,6 | 113,0 | | |
| 1979 | 156,5 | 97,2 | 135,4 | 134,8 | 128,4 | 159,8 | 102,9 | 99,2 | 114,5 | | |
| 1980 | 169,6 | 94,4 | 149,8 | 156,4 | 134,7 | 167,5 | 99,2 | 107,7 | 123,2 | | |
| 1981 | 185,3 | 93,8 | 168,6 | 184,6 | 147,5 | 188,2 | 103,2 | 109,0 | 125,5 | | |

Footnotes at page 64

DANMARK

| Year | Agricultural: Development | | Productivity of | | Terms of trade | | Net value added at factor | |
|------|---------------------------|-----------------|-----------------|--------|----------------|----------|---------------------------|-------------|
| | Labour | of gross value: | Labour | Inputs | Internal | External | cost per agricultural | labour unit |
| (6) | added at | market prices | (8) | (9) | (10) | (11) | | |
| | in volume (7) | | | | | | Nominal | Real |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 1973 | 103,5 | 97,1 | 93,8 | 97,3 | 110,0 | 113,6 | 97,6 | 109,6 |
| 1974 | 101,6 | 105,9 | 104,2 | 108,0 | 93,4 | 91,1 | 103,1 | 102,7 |
| 1975 | 94,8 | 96,9 | 102,2 | 94,7 | 96,5 | 95,3 | 99,4 | 87,7 |
| 1976 | 90,1 | 98,1 | 108,9 | 86,2 | 100,8 | 104,8 | 113,9 | 92,4 |
| 1977 | 87,6 | 107,9 | 123,2 | 92,6 | 98,9 | 95,1 | 142,7 | 106,5 |
| 1978 | 85,5 | 110,0 | 128,7 | 87,5 | 105,5 | 103,4 | 168,0 | 113,6 |
| 1979 | 83,6 | 113,2 | 135,4 | 84,3 | 99,8 | 93,0 | 155,0 | 97,4 |
| 1980 | 80,4 | 113,3 | 140,9 | 85,3 | 95,2 | 88,1 | 160,4 | 92,9 |
| 1981 | 78,0 | 115,6 | 148,2 | 89,7 | 90,8 | 89,2 | 202,5 | 107,5 |

FOOTNOTES :

- (1) Measured by the GDP price deflator.
- (2) Expressed as an index of the ratio between the GDP price deflator for each Member State and, the GDP price deflator for the Community.
- (3) EC index of producer prices of agricultural products.
- (4) EC index of purchase prices of goods and services for current consumption in agriculture.
- (5) The weighted average of support prices (in principle target prices) appropriate to each individual Member State (according to the relative importance of final agricultural production for the period 1978-79-80), fixed by the Council for each marketing year. The figures in national currencies include the effect of agri-monetary measures applied in the corresponding marketing year.
- (6) In principle measured in agricultural labour units; source EUROSTAT - Sectoral Income Index.
- (7) Calculated from the Economic Accounts for Agriculture at 1975 prices.
- (8) Index of the ratio between the final production of agriculture (at constant prices) and the index of labour input.
- (9) Index of the ratio between the final production of agriculture (at constant prices) and the index of total intermediate consumption (at constant prices).
- (10) The "internal" terms of trade express the development of the output and input prices within the agricultural sector : ratio between EC index of producer prices of agricultural products and EC index of purchase prices of the means of agricultural production.
- (11) The "external" terms of trade express the development of prices in agriculture compared with the total economy : ratio between implicit prices of the gross value-added of agriculture at market prices and the GDP price deflator.

ANNEX 6

INFLATION RATES AND INCREASES IN COMMON AGRICULTURAL PRICES IN NATIONAL CURRENCY AND IN u.a./ECU

(average annual percentage change)

| Three year period | D | F | I | NL | B | L | UK | IRL | DK | GR | EEC |
|---------------------|---|-------|--------|-------|-------|-------|--------|--------|-------|------|------|
| | A. Average inflation rate | | | | | | | | | | |
| 1973 - 1975 | 6.5 | 10.8 | 15.9 | 9.6 | 10.6 | 8.7 | 16.3 | 14.6 | 11.9 | 17.5 | 10.8 |
| 1976 - 1978 | 3.8 | 9.6 | 17.1 | 6.8 | 6.3 | 6.3 | 13.0 | 14.2 | 9.1 | 13.9 | 9.3 |
| 1979 - 1981 | 4.4 | 11.5 | 17.6 | 4.9 | 4.5 | 5.9 | 14.8 | 15.4 | 8.3 | 19.8 | 10.4 |
| Ø 1973 - 1981 | 4.9 | 10.6 | 16.9 | 7.1 | 7.1 | 7.0 | 14.7 | 14.7 | 9.8 | 17.1 | 10.2 |
| | B. Immediate impact (2) of green-rate changes on common agricultural prices expressed in national currency | | | | | | | | | | |
| (1) | | | | | | | | | | | |
| 1973/74 - 1975/76 | - 1.7 | + 0.5 | + 13.3 | - 2.0 | - 0.4 | - 0.4 | + 10.8 | + 12.3 | 0 | - | - |
| 1976/77 - 1978/79 | - 0.8 | + 5.3 | + 10.4 | - 0.2 | - | - | + 9.7 | + 10.3 | + 4.2 | - | - |
| 1979/80 - 1981/82 | - 1.9 | + 4.0 | + 7.8 | + 0.2 | - 0.1 | - 0.1 | 0 | + 1.6 | + 3.8 | - | - |
| Ø 1973/74 - 1981/82 | - 1.5 | + 3.3 | + 10.5 | - 0.7 | - 0.2 | - 0.2 | + 6.8 | + 8.1 | + 2.7 | - | - |
| | C. Total increase in common agricultural prices expressed in national currency (3) | | | | | | | | | | |
| (1) | | | | | | | | | | | |
| 1973/74 - 1975/76 | 8.9 | 10.0 | 22.6 | 7.9 | 9.5 | 10.0 | 28.2 | 23.5 | 10.3 | - | 12.4 |
| 1976/77 - 1978/79 | 2.9 | 10.1 | 17.2 | 4.4 | 4.4 | 4.4 | 16.4 | 19.6 | 9.5 | - | 9.1 |
| 1979/80 - 1981/82 | 3.1 | 9.2 | 13.6 | 5.0 | 5.2 | 4.9 | 9.1 | 6.7 | 9.2 | - | 7.9 |
| Ø 1973/74 - 1981/82 | 5.0 | 9.8 | 17.8 | 5.8 | 6.4 | 6.4 | 17.9 | 16.6 | 9.7 | - | 9.8 |
| | in nat. curr. | | | | | | | | | | |
| | in u.a./ECU | | | | | | | | | | |

1. 31/3 - 1/4; for 1978/79 until the introduction of the EMS on 9.4.1979.

2. Excluding the direct impact of common price increases (expressed in u.a./ECU) which took place after the changes in the green rates.

3. Including the effect of price alignment during the transitional period for the United Kingdom, Ireland and Denmark.

ANNEX 7

FACTORS INFLUENCING THE TREND IN AGRICULTURAL INCOMES

(arithmetic mean per three-year period on the indices shown in the tables in Annex 5)

Indices 1973 - 75 = 100

| Three-year period | Relative inflation (1) | Internal "terms of trade" (2) | External "terms of trade" (3) | Productivity of inputs (4) | Productivity of labour (5) | Real agricult. income per labour unit (6) |
|---------------------|------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|---|
| <u>Deutschland</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 84.9 | 99.7 | 99.5 | 94.1 | 114.2 | 100.8 |
| 1979 - 1981 | 72.5 | 90.5 | 82.7 | 92.4 | 129.9 | 81.6 |
| Average 1973 - 1981 | 85.8 | 96.7 | 94.1 | 95.5 | 114.7 | 94.1 |
| <u>France</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 100.0 | 98.3 | 95.9 | 90.6 | 105.5 | 89.5 |
| 1979 - 1981 | 101.9 | 88.3 | 79.2 | 89.3 | 126.2 | 83.5 |
| Average 1973 - 1981 | 100.6 | 95.5 | 91.7 | 93.3 | 110.6 | 91.0 |
| <u>Italia</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 120.8 | 100.9 | 100.4 | 90.5 | 110.1 | 104.5 |
| 1979 - 1981 | 144.7 | 101.7 | 90.9 | 87.8 | 130.4 | 109.4 |
| Average 1973 - 1981 | 121.8 | 100.9 | 97.1 | 92.8 | 113.5 | 104.6 |
| <u>Nederland</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 94.3 | 99.8 | 92.7 | 97.6 | 115.6 | 102.6 |
| 1979 - 1981 | 82.1 | 90.9 | 72.8 | 98.2 | 140.0 | 94.8 |
| Average 1973 - 1981 | 92.1 | 96.9 | 88.5 | 98.8 | 118.5 | 99.1 |

| Three-year period | Relative inflation (1) | Internal "terms of trade"(2) | External "terms of trade"(3) | Productivity of inputs (4) | Productivity of labour (5) | Real agricult. income per labour unit (6) |
|------------------------|------------------------|------------------------------|------------------------------|----------------------------|----------------------------|---|
| <u>Belgique/België</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 94.9 | 100.3 | 92.1 | 96.5 | 111.2 | 98.3 |
| 1979 - 1981 | 81.9 | 91.3 | 75.9 | 101.3 | 127.8 | 96.5 |
| Average 1973 - 1981 | 92.3 | 97.2 | 89.3 | 99.3 | 113.0 | 98.3 |
| <u>Luxembourg</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 89.5 | 95.6 | 93.8 | 92.9 | 103.4 | 95.7 |
| 1979 - 1981 | 78.5 | 90.7 | 73.4 | 104.8 | 107.2 | 95.4 |
| Average 1973 - 1981 | 89.3 | 95.4 | 89.1 | 99.2 | 103.5 | 97.0 |
| <u>United Kingdom</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 116.9 | 100.1 | 101.5 | 99.5 | 104.2 | 95.1 |
| 1979 - 1981 | 131.0 | 91.0 | 73.7 | 107.9 | 116.5 | 81.5 |
| Average 1973 - 1981 | 116.0 | 97.0 | 91.7 | 102.5 | 106.9 | 92.2 |
| <u>Ireland</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 115.6 | 104.1 | 111.7 | 93.1 | 115.3 | 120.4 |
| 1979 - 1981 | 126.9 | 93.8 | 94.0 | 80.1 | 126.6 | 91.7 |
| Average 1973 - 1981 | 114.2 | 99.3 | 101.9 | 91.1 | 114.0 | 104.0 |

| Three-year period | Relative inflation (1) | Internal "terms of trade" (2) | External "terms of trade" (3) | Productivity of inputs (4) | Productivity of labour (5) | Real agricult. income per labour unit (6) |
|---------------------|------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|---|
| <u>Danemark</u> | | | | | | |
| 1973 - 1975 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1976 - 1978 | 99.2 | 101.7 | 101.1 | 88.8 | 120.3 | 104.2 |
| 1979 - 1981 | 95.1 | 95.3 | 90.1 | 86.4 | 141.5 | 99.3 |
| Average 1973 - 1981 | 98.1 | 99.0 | 97.1 | 91.7 | 120.6 | 101.2 |

1. Inflation (GDP deflator) in each Member State as compared with inflation in the Community.
2. Ratio of the index of farmgate prices to the index of input prices.
3. Ratio of the deflator for gross value added in agriculture to the GDP deflator.
4. Ratio of final production by volume to intermediate consumption by volume.
5. Ratio of final production by volume to labour input.
6. The concept used is the net valued added at factor cost per labour unit, adjusted for inflation.

ANNEX 8

The following table gives an assessment of the relative performance of incomes in seven main sectors (agriculture, industrial production, ferrous and non-ferrous ores and metals, machinery, food, textiles and clothing, market services) for six Member States (Germany, France, Italy, United Kingdom, Netherlands, Belgium) for the period up to 1979.

Unfortunately the statistical data is not available for a comparison in the most recent years 1980 and 1981. It must also be emphasized that the nature of the indicator available (gross value added per person employed) is different from the indicator used elsewhere in this study for the development of agricultural income (net value added per work unit).

However, with these reservations, it may be observed that during the period up to 1979, the performance of agriculture, although in general less favourable than the average, has in several cases been better than in certain of the other sectors mentioned in Annex 8, notably in the ores and metals and in the market services. Moreover, in the Member State with one of the highest rates of inflation (Italy) the performance of agriculture has been relatively favourable compared with other sectors, while in the Member State with the lowest rate of inflation (Germany) it has been relatively unfavourable.

VALEUR AJOUTÉE BRUTE AU COUT DES FACTEURS PAR PERSONNE OCCUPÉE DÉFL. PAR IND. FR. I. P. I. B. TOTAL (1973-74-75=100)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| ALCOOL | 87.61 | 91.99 | 98.34 | 104.46 | 93.03 | 101.51 | 110.30 | 113.54 | 110.39 | 105.57 |
| AGRICULTURE | 90.40 | 96.41 | 92.43 | 96.41 | 102.76 | 101.93 | 109.50 | 113.56 | 113.68 | 120.36 |
| PROD INDUST | 79.51 | 90.40 | 76.73 | 90.27 | 102.81 | 96.92 | 93.06 | 97.41 | 107.48 | 124.00 |
| MINERAI NET | 92.02 | 94.51 | 94.74 | 98.06 | 99.87 | 101.38 | 109.03 | 115.32 | 117.10 | 125.03 |
| MACH INDUST | 93.91 | 94.21 | 94.57 | 99.63 | 99.03 | 101.28 | 107.53 | 108.78 | 108.32 | 109.69 |
| PROD ALIMENTA | 93.97 | 92.74 | 93.12 | 99.64 | 102.77 | 103.97 | 107.53 | 113.68 | 111.71 | 116.73 |
| TEXT CUIR HAB | 84.34 | 93.47 | 91.12 | 96.25 | 99.36 | 104.40 | 110.12 | 115.51 | 111.75 | 119.32 |
| SERV MARCH | 72.99 | 86.64 | 91.86 | 96.25 | 99.36 | 104.40 | 110.12 | 115.51 | 111.75 | 119.32 |
| INDUSTRIE | 72.99 | 77.02 | 91.71 | 105.82 | 100.74 | 93.45 | 95.31 | 101.72 | 100.59 | 114.18 |
| AGRICULTURE | 87.95 | 91.16 | 94.46 | 97.19 | 119.30 | 103.51 | 109.94 | 112.72 | 116.93 | 129.08 |
| PROD INDUST | 78.81 | 78.92 | 80.29 | 90.40 | 119.01 | 83.76 | 83.04 | 178.21 | 81.18 | 97.60 |
| MINERAI NET | 82.41 | 87.16 | 81.26 | 100.40 | 95.40 | 104.20 | 107.22 | 110.14 | 119.28 | 119.91 |
| MACH INDUST | 79.95 | 87.108 | 80.80 | 95.19 | 99.21 | 102.00 | 104.28 | 119.35 | 111.34 | 122.57 |
| PROD ALIMENTA | 84.08 | 87.97 | 93.42 | 97.63 | 99.78 | 102.96 | 104.82 | 107.36 | 104.18 | 109.57 |
| TEXT CUIR HAB | 85.65 | 90.54 | 93.42 | 97.33 | 101.24 | 101.42 | 101.96 | 103.71 | 104.18 | 97.71 |
| SERV MARCH | 82.57 | 80.61 | 82.00 | 98.55 | 97.14 | 104.30 | 102.73 | 106.32 | 110.08 | 115.61 |
| AGRICULTURE | 81.63 | 81.45 | 86.26 | 97.31 | 104.82 | 97.87 | 109.03 | 107.82 | 96.46 | 117.81 |
| PROD INDUST | 74.90 | 74.94 | 76.77 | 98.72 | 112.16 | 88.18 | 94.05 | 84.31 | 96.23 | 91.71 |
| MINERAI NET | 74.65 | 72.56 | 74.66 | 94.54 | 104.85 | 103.68 | 110.17 | 116.96 | 110.35 | 109.26 |
| MACH INDUST | 86.03 | 92.30 | 85.70 | 99.77 | 98.85 | 101.59 | 107.24 | 112.04 | 113.57 | 135.09 |
| PROD ALIMENTA | 88.91 | 92.77 | 88.72 | 98.54 | 102.40 | 97.08 | 112.25 | 101.21 | 101.77 | 104.79 |
| TEXT CUIR HAB | 75.22 | 84.99 | 86.75 | 102.50 | 96.87 | 99.63 | 106.54 | 106.61 | 106.83 | 108.16 |
| SERV MARCH | 91.73 | 94.81 | 91.80 | 102.38 | 96.50 | 101.27 | 108.11 | 104.12 | 114.83 | 114.53 |
| AGRICULTURE | 81.35 | 75.91 | 81.80 | 92.93 | 102.85 | 104.76 | 114.05 | 111.89 | 115.30 | 120.78 |
| PROD INDUST | 85.41 | 100.94 | 95.11 | 105.58 | 92.35 | 101.44 | 112.55 | 118.43 | 114.10 | 115.04 |
| MINERAI NET | 91.04 | 100.35 | 103.25 | 101.09 | 97.08 | 102.83 | 114.81 | 105.55 | 110.01 | 108.28 |
| MACH INDUST | 88.48 | 92.66 | 91.55 | 100.82 | 102.45 | 96.73 | 102.16 | 98.28 | 102.92 | 99.81 |
| PROD ALIMENTA | 83.48 | 89.66 | 91.55 | 100.82 | 102.45 | 96.73 | 102.16 | 98.28 | 102.92 | 99.81 |
| TEXT CUIR HAB | 75.79 | 84.52 | 86.82 | 108.11 | 92.72 | 99.17 | 107.36 | 103.71 | 103.76 | 97.90 |
| SERV MARCH | 87.17 | 88.82 | 93.44 | 92.72 | 92.76 | 94.51 | 101.34 | 102.17 | 104.97 | 106.85 |
| AGRICULTURE | 105.43 | 99.01 | 96.85 | 102.81 | 105.92 | 74.27 | 85.96 | 81.65 | 81.26 | 82.63 |
| PROD INDUST | 87.42 | 91.11 | 89.85 | 99.38 | 100.26 | 100.36 | 104.08 | 104.99 | 108.33 | 107.03 |
| MINERAI NET | 86.57 | 92.76 | 97.66 | 101.03 | 97.80 | 100.86 | 107.85 | 105.91 | 109.78 | 104.29 |
| MACH INDUST | 85.87 | 92.76 | 97.41 | 100.46 | 101.78 | 99.70 | 109.85 | 100.01 | 111.90 | 112.73 |
| PROD ALIMENTA | 74.09 | 81.09 | 105.19 | 113.26 | 92.28 | 94.47 | 108.05 | 91.52 | 99.75 | 97.04 |
| TEXT CUIR HAB | 85.01 | 82.40 | 94.32 | 100.26 | 104.23 | 95.51 | 105.08 | 107.05 | 111.47 | 117.80 |
| AGRICULTURE | 94.10 | 75.41 | 81.61 | 109.84 | 127.43 | 119.76 | 176.61 | 165.48 | 125.47 | 136.31 |
| PROD INDUST | 87.82 | 90.07 | 96.61 | 97.29 | 99.01 | 103.30 | 116.81 | 123.85 | 106.65 | 108.01 |
| MINERAI NET | 83.55 | 94.07 | 94.63 | 101.58 | 102.18 | 103.27 | 108.33 | 107.73 | 113.62 | 113.21 |
| MACH INDUST | 89.11 | 90.13 | 101.43 | 101.78 | 102.68 | 100.97 | 108.33 | 109.34 | 112.62 | 113.21 |
| PROD ALIMENTA | 89.11 | 90.13 | 101.43 | 101.78 | 102.68 | 100.97 | 108.33 | 109.34 | 112.62 | 113.21 |
| TEXT CUIR HAB | 81.30 | 83.21 | 91.55 | 104.37 | 96.21 | 99.42 | 102.20 | 104.51 | 105.29 | 109.04 |
| SERV MARCH | 87.46 | 89.73 | 92.08 | 98.50 | 101.81 | 99.55 | 108.33 | 118.01 | 119.63 | 110.63 |
| AGRICULTURE | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |
| PROD INDUST | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |
| MINERAI NET | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |
| MACH INDUST | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |
| PROD ALIMENTA | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |
| TEXT CUIR HAB | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |
| SERV MARCH | 86.39 | 90.85 | 90.34 | 99.54 | 119.09 | 89.63 | 92.47 | 111.54 | 114.48 | 118.44 |