European Union

Directorate-General for Agriculture and Rural Development

AGRICULTURE IN THE EUROPEAN UNION

STATISTICAL AND ECONOMIC INFORMATION

2005

February 2006

Foreword

Each year the Commission publishes a report on the agricultural situation in the European Union. A large part of the report is devoted to statistical information on Community agriculture. This is drawn up on the basis of information from Eurostat and data collected by the Directorate-General for Agriculture and Rural Development.

In order for it to be more useful, the statistical information should be as up-to-date as possible and made available to users as soon as it is obtained. Therefore, the Directorate-General for Agriculture and Rural Development has decided to devote a special publication to statistical and economic information on Community agriculture, separate from the Agricultural Annual Report.

The statistical information presented here covers a wide range of subjects: the economic situation in agriculture, structures, trade, markets, financial aspects and rural development. An introductory chapter gives an overview of the 2005 agricultural year. It includes a wide range of statistical information on agriculture in the 25 Member States and in the accession Countries for EU membership.

Contents

4 AGRICULTURAL MARKETS

¤ = New table

Remark: The following tables of *The Agricultural Situation in the European Union – 2004* have not been repeated: 3.6.1.4

The 2005 Agricultural Year

Overview

1. The 2005 agricultural year was marked by a slight decrease in crop production and production of livestock products, combined with favourable prices for livestock products and lower prices for crops. Input prices were substantially higher in 2005 in most Member States mainly due to increased prices for energy and fertilisers. However, price developments were highly variable across sectors and countries. The first estimates sent by Member States show a sharp decline in agricultural income by – 6.3 % in real terms as compared to 2004 in the European Union as a whole[1]. Agricultural income dropped by – 6.6 % in the old Member States and by – 3.8 % in the new Member States. The actual range by country varied from – 19.3 % for Hungary to + 25.9 % for Lithuania.

2. As far as the weather is concerned, the autumn 2004 **weather conditions** had been generally favourable for winter crops' sowings. However, a period of substantial rain in autumn delayed the preparation works in Ireland and Germany. Winter was characterised by relatively low seasonal temperatures in the Iberian Peninsula and South West France with rainfall below the average seasonal values. Some unexpected frosts in Spain during the winter 2005 affected vegetable production. During spring 2005 the climatic conditions were satisfactory for crop growth and farming operations but some events of late frosts influenced winter crops in France, Spain, Hungary and Romania. The drought established in the whole Iberian Peninsula with very high seasonal temperatures. Well below the normal rainfall was recorded in South and East France, Greece, Estonia, West Turkey and East Ukraine. In contrast, in Hungary, Romania and Bulgaria rainfall was above or exceptionally above historical average and disastrous for the crops. Summer 2005 was characterised by normal and favourable weather conditions for the development of crops in most Member States. A very extensive drought during the summer 2005 in Iberian Peninsula, major part of France and west Italy however influenced the harvest in these regions.

3. In 2005/06, demand for **cereals** within the European Union is estimated to stand about 1 % higher than the 2004/05 marketing year thanks mainly to the increased feed grain demand supported by the low cereal prices and increased livestock production. As regards **livestock products**, meat consumption declined for beef, pork and sheep and goat meat and increased only for poultry meat. The total EU-25 beef consumption displayed an overall decline of 0.9 % compared to the previous year driven by the sharp fall in demand recorded in the new Member States linked to the lower availability and relative high prices. As prices for pig meat are expected to stay at a relatively high level, slight reduction in consumption (– 0.5 %) is expected, mainly due to a 1.3 % decline in the new Member States. Increased availability of poultry meat contributed to lower prices and slight increase in consumption (+ 2.2 %) while sheep meat and goat meat consumption was only slightly down (– 0.4 %) in 2005. The overall consumption of milk products continued to show a slight upward growth. An increase

[1] Malta and Cyprus have not yet provided with their first income estimates for 2005. As a result, figures for EU-25 and the new Member States only refer to EU-23 and 8 new Member States.

in demand for cheese was registered while butter consumption remained relatively stable and skimmed milk powder consumption declined in 2005 in both the new and old EU Member States.

4. Concerning the global economic situation, the world economy is expected to continue to grow at a robust pace (+4.3%), despite the impact from higher energy prices and the negative effects of Hurricane Katrina on the US economy in the second half of 2005. The economic growth was accompanied by somewhat slower expansion of world trade. The surge in economic activity was driven by a number of factors, including supportive financial conditions such as continued low long-term interest rates and low risk premium on corporate and emerging market debt, and particularly strong growth in some emerging economies, such as China (+9.3%). Oil prices rose sharply since the first quarter of 2005. They increased further over the summer and early autumn driven by concerns about supply disruptions and shortage of refining capacities. Oil prices jumped to new record levels at the end of August and the beginning of September in the wake of the Hurricane Katrina with prices at around USD 68 per barrel (Brent crude futures). Additional reserves made available to the market from the International Energy Agency (IEA) Members and downward developments on the demand side brought crude oil prices down from their record highs and reduced the pressure on petrol prices. Nevertheless, oil prices remained high. Compared to the end of 2004, the price of oil increased by around 50% in USD terms (or 60% when measured in Euro). The persistence of higher oil prices volatility weighted on economic growth in 2005 and is currently one of the main sources of uncertainty for the economic outlook of the next years.

5. In the European Union economic activity was more subdued and the growth rate is projected to have reached +1.5% in 2005. Besides the robust global environment, the main factors behind this development include accommodative macroeconomic policies, supportive financial conditions, wider profit margins and a weaker nominal effective exchange rate. The Euro recorded some highs against the dollar at the beginning of the year (the highest values since the introduction of Euro in 1999, standing at over USD 1.35), followed then by a gradual reduction and more moderate levels during the rest of the year 2005 to close the year at USD 1.17.

6. Global meat and dairy product prices were somewhat above the 2004 levels. Whereas the 2004/05 marketing year was marked by a record growth in production, low prices and high stocks for most cereals, global cereal production is expected to have declined slightly in 2005. Total cereal utilisation is forecasted to have increased thanks mainly to an increase in food use. However, lower feed use led to a more moderate reduction in cereals stocks. International cereal prices (in US dollars) were generally somewhat higher as compared to the 2004 level. At the beginning of 2005 cereal prices were down, but then recovered since August and were somewhat above the 2004 levels at the end of the year. However, low import demand and large supplies of feed wheat from the Black Sea region limited further price increase. Prices were significantly above their previous year level in Argentina as a decline in domestic production is expected. The recent strength in the US dollar against main currencies is expected to intensify export competition with other wheat exporters (all but Argentina) and may weigh on international wheat price developments.

   International maize prices have benefited from reduced exportable supplies from China, Brazil and from a strong demand from several Southern African countries. The prices stayed relatively stable in the US as compared to 2004. By contrast, prices for white and yellow maize from South Africa increased mainly supported by a strong regional demand. Global rice prices were up at the beginning of 2005 and remained relatively stable despite of large harvest until the end of the year.

World market prices for soybean strengthened at the beginning of 2005 in the wake of sustained imports from China, but subsequently weakened, and by the end of 2005 were close to their 2004 levels.

For meat products, the world market situation in 2004 has been mainly determined by sanitary crises and import restriction, leading to generally higher prices. Outbreaks of Pathogenic Avian Influenza in Asia and other countries which progressively moved westward (Russian Federation, Turkey) were prompting the imposition of import bans on poultry products from disease-affected countries. The global market impact of these bans over the past year included a progressive shortage of poultry meat supplies, escalating world poultry prices, a sharp drop in global poultry trade (–8%) and trade diversion. The overall price impact on poultry meat was additionally exacerbated by shortages of other meats, particularly beef from North America, traditionally supplying one-quarter of world beef trade, which was banned by many countries due to BSE-concerns. Restrictions on exports from Asian countries affected by Avian Influenza outbreaks in 2004 and 2005 contributed to a 30% increase in the international poultry prices. These upward world price movements contrasted to dramatically declining prices in disease-affected countries as exportable supplies remained on the domestic markets and domestic demand decreased owing to food safety concerns.

On the beef market, the discovery of BSE cases in Canada and the US has led to import restrictions for North American beef to Asia, particularly Japan, since 2004. On the other hand, strong beef demand supported production gains in many Asian countries, including China, Indonesia and Viet Nam. Robust export demand pushed up slaughtering and production in the countries of South America, particularly Brazil, increasing further the developing countries' share of global beef output. The latter exceeded for the first time the share of the developed countries. In the EU, previously a large competitor in international markets, policy-induced reforms led to a decline in the inventories and slaughter of beef.

Despite relatively strong prices and robust trade prospects, global pig meat production is expected to increase only slightly. In developed countries, output expanded only marginally as the production in North America and Europe remained relatively price unresponsive. Pig meat production increased in South America thanks to export gains while domestic demand induced higher production in Mexico, Viet Nam and many other Asian countries.

Sheep meat prices remained competitive relative to other meats, prompting higher imports from both Australia and New Zealand. Exports from other less traditional exporters, such as Argentina, Uruguay, China and Pakistan also increased.

After their heavy fall at the beginning of 2002 world milk prices rose substantially over the last three years and remained relatively stable at a high level in 2005 (reaching a 15-year high in September 2005). Prices were about 10-12% higher than in 2004 on average, largely as a result of stronger demand in South East Asia and North Africa, but also because of limited supplies in Oceania and reduced export support by the European Union. Enhanced by high prices world milk production is estimated to grow by 2.4%, thanks mainly to production expansion in Asia and the United States.

Substantial price increases were particularly marked for cheese, butter, skimmed milk powder and whole milk powder as dairy markets are very sensitive to supply changes.

7. In the first nine months of 2005 the overall value of Community agricultural exports increased strongly by 8 %, with wide divergences across agri-food products. The increase was particularly marked for tobacco (+ 41 %), cereals (+ 32 %), sugar and sugar confectionery (+ 31 %), but also for fruit and nuts (+ 14 %), products of animal origin (+ 14 %) and miscellaneous edible preparations (+ 13 %). Exports only fell for some vegetable products (– 29 %), products of the milling industry (– 18 %) and cocoa and cocoa products (– 5 %). The noteworthy increase in cereal export was mainly due to excellent weather conditions in summer 2004 and subsequent record harvest in most EU countries which increased availabilities. In 2005 EU-25 pig meat exports are expected to decline as a consequence of the reduction in pig meat production and lower availability in the new Member States. Poultry meat exports are also projected to decrease slightly in 2005. The overall value of imports remained relatively stable in the first nine months of 2005 as compared to the same period of 2004. As regards cereals, increased exports and significantly lower imports helped to reduce significantly the negative cereal trade balance in 2005. The European Union remained a net importer of agricultural products but its agricultural trade balance improved significantly due to strongly higher exports. The overall trade deficit in agricultural products in the first nine months of 2005 declined to EUR 500 million against EUR 3 456 million in 2004.

8. **Intervention stocks** of dairy sectors fell in 2005, a sign of improved market conditions. On the contrary, cereals stocks are expected to decrease only slightly (– 1.4 million tonnes) despite an increased domestic demand and to stay at a relatively high level (14.1 million tonnes). This situation resulted from an exceptional harvest in 2004 and low international market prices which generated a sharp increase in cereal intervention stocks. The public stocks of soft wheat, rye and barley would decline to 7.5, 1.1 and 1.0 million tonnes respectively. On the other hand maize stocks would increase from 2.8 to 4.5 million tonnes. Rice stocks declined slightly due to reduced imports from third countries to the new Member States and were estimated at 580 000 tonnes at the end of the year 2005. Compared to the previous year total wine stocks are estimated to increase by 21 million hectolitres, and to reach very high levels for both table and quality wine. One reason for these high stocks was that a large part of the wine to be distilled under the Crisis Distillation (8 million hectolitres) was not delivered to distillers until the opening of the current campaign and thus was still included into the stocks. Stocks increased mostly in France (6.3 million hectolitres) and Italy (4 million hectolitres). Stocks of wine alcohol in intervention are estimated to remain at around 2.5 million hectolitres of pure alcohol at the end of 2005. In 2005 the intervention buying-in, hardly ever used for sugar since the introduction of the CMO in 1968, has become an important instrument for regulating the market. Quantities accepted into intervention exceeded 1.2 million tonnes and as the tenders opened for the resale of the intervention stock attracted rather limited interest only 142 000 tonnes were sold. 10 out the 21 sugar-producing Member States accepted sugar offered into intervention, nearly half of the total originating from Italy. Intervention stocks of beef were fully disposed since the beginning 2004. Intervention (public) stocks of dairy products in EU-25 fell to their lowest levels since the autumn of 2002. Skimmed milk powder stocks dropped significantly over the year from 65 000 to 5 000 tonnes while butter stocks fell by 36 000 tonnes to reach 125 000 tonnes at the end of 2005.

Production

9. According to the latest information, the EU-25 **cereal area** is estimated to have declined by 1.6 % to reach about 51.2 million ha in 2005. The main reasons for this decrease are the return to a 10 % mandatory set-aside, less favourable climatic conditions in some EU regions and the first implementation of the single farm payment. Looking at individual cereal, the area of some cereals fell particularly for sorghum (–38 %), durum wheat (–16 %), maize (–4.3 %) and rye (–0.8 %). On the other hand the area of barley (+ 7.9 %), soft wheat (+ 4.3 %) and oats (+19.4 %) increased in 2005. The increase in cereal area (+ 1.9 % or 0.3 million ha) which was observed in the new Member States did not compensate for the decline in cereal area in the EU-15 (– 3.1 % or 1.1 million ha).

   Total cereal production is estimated to stand at 254.9 million tonnes for the 2005/06 marketing campaign, a decrease of 11 % (about 32 million tonnes) compared to 2004/05. Cereal production stood at nearly 196 million tonnes in the old Member States (– 12 % in comparison to 2004/05) and 59 million tonnes in the new Member States (– 4 %). This is mainly due to the favourable, tough not excellent climatic conditions in Europe over the whole harvest season, and, to a minor extent, to the increase in the mandatory set-aside rate. The decrease in cereal production ranges from 6 % for oats to 38 % for durum wheat. Significant decreases are also estimated for rye (– 18 %), barley (– 15 %), triticale (– 12 %), maize (– 11 %) and soft wheat (– 8.9 %).

   All cereals had lower yield in comparison to 2004. Average **cereal yield** was about 4.98 t/ha, 10 % lower than in 2004. The highest yield declines are estimated for durum wheat (– 27 %), barley (– 16 %), rye (– 15 %) and oats (– 12 %).

   France remained the leading cereal producer in the EU, totalling 64 million tonnes (– 8 %). It is followed by Germany with 46 million tonnes (– 8 %) and Poland with 26 million tonnes (– 3 %). After a record harvest in Hungary in 2004 cereal production decreased only slightly to 15.8 million tonnes in 2005/.

10. **Rice** production was lower in 2005 as compared with the excellent previous year, mainly due to reduction in the areas sown (– 9 %), which was noticeable for indica type of rice. The first production estimate for 2005 is about 6 % lower at around 1.56 million tonnes (milled equivalent).

11. Total EU-25 **oilseed** area increased in 2005 (+ 4 % compared to 2004) with rapeseed up by 4.4 % to 4.7 million ha, and soybean up by 4.4 % to 281 000 ha. In contrast, sunflower seed was down by 7.5 % to 2.0 million ha. Rapeseed area increased due to favourable price prospects during sowing and the perspectives for greater use of rapeseed for biodiesel production. Total oilseed area is estimated to stand at 7.2 million ha, including 870 000 ha of non-food crops (the mandatory set-aside rate was adjusted to 10 %). With normal weather conditions, yields were lower compared to the excellent yields recorded in 2004, by – 4.5 % for rapeseed, – 6 % for sunflower seed and – 3 % for soybean, giving a total production of 19.6 million tonnes (2.5 % lower than in 2004/05). The 2005/06 crop would be made of 15.2 million tonnes of rape seeds, 3.6 million tonnes of sunflower seeds and 786 000 tonnes of soybeans. Rapeseed made up over 90 % of the 2.8 million tonnes of non-food oilseed production.

12. The EU-25 **linseed** area settled at a very low level in recent years (114 000 hectares) and the 2005 production is estimated to have reached 142 000 tonnes.

13. The **protein crop** area increased slightly to reach 1.4 million hectare in 2005. A limited decrease in peas yield (2.8 t/ha) combined with a yield stability for beans and sweet lupines (2.8 t/ha) led to a slightly lower total protein crop production of 3.9 million tonnes as compared to the previous year.

14. The EU-25 **sugar** production is estimated to have reached 19.6 million tonnes (19.3 million tonnes from beet, and 0.3 million tonnes from cane or molasses) in 2005, somewhat below the 19.9 million tonnes of 2004. Like in 2004 weather conditions have been excellent in most beet growing regions of the enlarged EU in 2005, which had a positive effect on sugar content of the beet. The area sown increased slightly to 2.17 million ha (+0.7 %). The beet area decreased somewhat in Poland and the Netherlands and remained nearly unchanged in most Member States, with the exception of Italy (+35 %) and Greece (+29 %) which exhibited a strong increase in the area sown as compared to 2004. Sugar production reached 4.1 million tonnes in Germany, close to the outstanding harvest of last year (4.3 million tonnes). Due to a significant increase in beet area both Italy and Greece have managed to fulfil their sugar quotas producing 1.6 and 0.3 million tonnes respectively.

15. **Olive oil** production in 2005 (marketing year 2004/2005) is estimated to have reached 2.3 million tonnes (980 000 tonnes in Spain, 879 000 tonnes in Italy, 435 000 tonnes in Greece, 41 000 tonnes in Portugal and 3 000 tonnes in France). This quantity constitutes a 4 % decline as compared to the record harvest of 2004. The high increases in olive oil production recorded in Italy (+ 28 %), Greece (+ 42 %) and Portugal have not compensated the strong decline in Spain (– 30 %).

16. Initial estimates show very different developments in **fruit** production across the sector. An increase of production was forecasted for citrus (+4 %), peaches and nectarines. The production of pears was expected to have remained stable, whereas the production of apples is foreseen to have declined by 3 %. As regards **vegetables**, only few data were available. Lower production figures were estimated for fresh tomatoes, especially because of the frost in Spain in winter 2005. The production of tomatoes for industrial processing decreased by almost 10 % and reached 10.1 millions tonnes in 2005 as compared to the record production in 2004.

17. The EU **wine** production declined by about 12 % compared to the previous year and reached about 173 million hectolitres in 2005; this is about 3 % lower than the average production over the last 5 campaigns. Significant decreases in production occurred in Hungary (– 35 %), Spain (– 20 %), Portugal (– 11 %) and Italy (– 10 %).

18. The EU-25 **beef and veal** production is estimated to have decreased in 2005 to 7.9 million tonnes, down 1 %. Further de-stocking of the breeding herd linked to the CAP reform and the limited impact of the end of the Over Thirty Months Scheme (OTMS) in the UK was not expected to have reversed the declining trend in production in 2005.

19. According to the last estimates **pig meat** production was expected to have decreased slightly (– 0.5 %) to 21.1 million tonnes in 2005. While production was expected to have remained stable (+ 0.1 %) at 18.0 million tonnes in EU-15 Member States, it declined in the new Member States (the production level falling by a further 3.6 % and reaching 3.1 million tonnes in 2005).

20. **Poultry meat** production in EU-25 increased slightly (+ 0.8 %) in 2005, as a result of rather stable production development in the EU-15 at around 9.1 million tonnes and growing production in the new Member States. National experts in EU-N10 forecast

production to have increased by 3.4 % to 2 million tonnes, driven mainly by the high growth in Poland linked to strong domestic and export demand.

21. For EU-25, the overall decrease of **sheep meat/goat net meat production** was foreseen to have reached 1.6 % in 2005 mainly due to a significant decline in EU-15 imports and a considerable rise in EU-N10 exports of live animals.

22. The downward trend in dairy cow numbers in EU-25 is expected to have continued and to reach 22.9 million heads at the end of the year, a 2.1 % fall compared to the end of 2004. The average milk yield on the other hand is expected to have increased to 6 128 kilos, up 2.3 %. This gives a relative stable **milk production** figure of 142.9 million tonnes, slightly down 0.6 % compared to 2004. Deliveries to dairies in EU-25 are estimated to have increased by almost 1% and to reach 131.2 million tonnes in 2005. While deliveries were projected to have remained at a similar level in EU-15 (+ 0.3 %) they were expected to have increased significantly in the new Member States (+ 4 %) compared to 2004.

    Butter production is estimated to have increased by 0.6 % to slightly below 2.2 million tonnes in 2005. **Cheese** production continued to increase: this year's overall increase of 0.25 % resulted in a cheese production of 8.3 million tonnes. For **milk powder** an increase of about 1–2 % to 1.9 million tonnes in 2005 was expected mainly due to a rebound of skimmed milk powder production by 2.5 % after a drastic decline of 19 % in previous year.

Prices

Producer prices

23. The first estimates available in December 2005 showed different developments in nominal terms in the agricultural producer price index for EU Member States. Producer prices are expected to have increased most in Latvia (+ 17.5 %) and Lithuania (+ 14.8 %), but also in Spain (+ 5.4 %), Germany (+ 5.3 %), Portugal (+ 4.5 %), Greece (+ 3.9 %), Estonia (+ 3.4 %), Belgium (+ 2.8 %), Cyprus (+ 2.3 %), Luxembourg (+ 1.2 %), Austria (+ 1.1 %), to have remained relatively stable in the Netherlands (+ 0.8 %), Slovakia (+ 0.6 %), Ireland (+ 0.3 %) and Hungary (– 0.3 %), but to have declined in Slovenia (– 11.1 %), the Czech Republic (– 9.3%), France (– 4.7 %), Italy (– 4.2 %), the United Kingdom (– 4.0 %), Finland (– 3.6 %), Sweden (– 1.8 %), Denmark (– 1.5 %) and Malta (– 1 %).

24. Prices of cereals were further decreasing following the path which already started in 2004 for most EU Member States. High price drops were expected in the Czech Republic (– 32 %), Italy (– 24 %), Cyprus (– 16.6 %), Lithuania (– 15.9 %), France (– 15.7 %), the United Kingdom (– 15.6 %), Denmark (– 14.1 %), Estonia (– 12.6 %), the Netherlands (– 11.1 %), Latvia (– 10.6 %), Luxembourg (– 10.2 %), Slovakia (– 9.9 %) and Belgium (– 9.4 %), but also in Slovenia (– 6 %), Finland (– 5.4 %), Hungary (– 4.7 %), Greece (– 4.6 %), Austria (– 4.4 %), Ireland (– 4.3 %), Sweden (– 2.9 %) and Spain (– 0.4 %). After a recovery in some EU Member States in 2004, sugar beet prices developed positively in the Czech Republic (+ 39.9 %), Lithuania (+ 27.1 %), Latvia (+ 14.7 %), Sweden (+ 3.2 %) and Italy (– 1.1 %). On the contrary, sugar beet prices were estimated to have decreased or remained stable in other Member States. Wine prices decreased in nominal terms in most wine producing countries, except from Hungary were the prices increased and Germany where they remained stable. In view of these varying developments the overall price index for crop products declined in

most EU Member States, except from Lithuania, Denmark, Portugal, France, Belgium, Greece, Spain, Cyprus and Malta where the nominal prices went up.

25. The overall price index for animal products rose in most EU Member States but this masked wide-ranging changes by sector and by Member States. Pig meat price developed positively in most EU Member States except from Cyprus (–4.2 %), Ireland (–1.9 %), Italy (–0.9 %), Lithuania (–0.2 %) and Belgium (–0.2 %) where nominal prices were down. Beef and veal prices increased in most EU countries but declined slightly in Cyprus (–2.5 %), the United Kingdom (–0.9 %), the Netherlands (–0.3 %) and Portugal (–0.1 %). Poultry meat prices showed no uniform trend: they declined in most Member States, most notably in Slovenia (–42.9 %), but increased again in Belgium, Estonia, the Netherlands, Spain and Cyprus. Sheep and goats meat prices developed somewhat different in EU Member States: they were up in Greece, Spain, France, Germany, Italy, Cyprus, Luxembourg, Hungary, Austria, Slovakia, Finland and Sweden, but decreased in other Member States. Milk price changes in nominal terms over 2004 varied significantly between countries: while the price of milk declined in some EU Member States, it increased significantly in Latvia (+27.9 %) and Lithuania (+18.8 %), but was also up in Greece (+4.4 %), Belgium (+4.2 %), Estonia (+3.6 %), Hungary (+1.1 %), Spain (+0.8 %), Cyprus (+0.6 %), the Netherlands (+0.4 %) and Portugal (+0.2 %). Egg prices dropped significantly in some Member States such as the United Kingdom (–25.8 %), Spain (–22.5 %), the Czech Republic (–21.9 %), Finland (–18.3 %), Slovenia (–12.6 %), Italy (–10.1 %), Denmark (–9.4 %), but also in Germany, Ireland, Latvia, Hungary, Luxembourg, Austria, Slovakia and Sweden, while in other Member States the price change was positive.

Market prices

26. In general **cereal** prices have remained at a relatively low level since the record crop production in 2004 resulted in large falls in all cereal prices. During the first months of the year 2005 the price for bread-making common wheat was around EUR 115-116 per tonne for, for maize EUR 112-118 per tonne, for feed wheat EUR 100-102 and for malting barley EUR 122-127 as a result of last year's excellent crop harvest. Prices then increased somewhat in July-September for durum wheat, feed maize and malting barley but went down again and stayed relative stable until the end of the year for these crops. The price for quality durum wheat declined slightly during 2005 and stayed at the end of the year at EUR 151–152.

27. Paddy **rice** prices were steadily high in 2005, largely above the intervention prices. Indica type rice prices ranged between 10 % and 30 % above the intervention price, japonica type rice prices were even higher, ranging between 15 % and 40 % above the intervention price.

28. In view of the relatively large intervention stocks and low interest observed for the resale of Community's **sugar**, market prices were around the white sugar intervention price of EUR 631.9 per tonne in most Member States.

29. In 2005 **olive oil** prices increased strongly (+15 %) compared to 2004, with the highest increases registered in Spain and Italy.

30. In general, **wine** prices were slightly down in 2005 but this masks varying movements by wine category, region and country. The prices for table wine decreased in France (–25 %) and Italy (–28 %) while they stayed relatively stable in Spain.

31. In general, **bovine meat prices** were at a relatively high level in 2005. For young bulls (category A R3) prices were quite stable until the week 42, varying from EUR 283 to EUR 301 per 100 kg and were about 8 % higher than in 2004. But then they dropped sharply to EUR 240. The price of cows (category D O3) was about 6 % higher than in 2004 and stayed quite stable up until the end of September and then started to decline following the seasonal pattern. Steer prices (category C R3) were slightly higher (on average about + 2 %) compared to 2004 during the first 25 weeks of 2005 but then decreased continuously to recover again as from week 43.

32. **Pig meat** continued to develop on a relatively favourable level until week 37. **During** the first six months of 2005, **poultry meat** prices improved progressively from EUR 148 per 100 kilo up to EUR 160 per 100 kilo until week 37 when it dropped to EUR 153 per kilo.

33. **Due** to a lack of availability **sheep meat prices** stayed at a high and relatively stable level in 2005 for the fifth year in a row. For heavy lamb, prices fluctuated very close to the levels of 2004, between EUR 375 and EUR 433 per kilo following the seasonal pattern. For light lambs, prices were in general lower than in 2004, varying between EUR 505 and EUR 640 per kilo.

34. The prices for **milk products** which were relatively strong in 2004, remained firm in 2005. Like in the previous year the introduction of the second step of the support price cuts agreed within the 2003 CAP reform had no immediate effect on prices. Towards the end of 2005 domestic prices for butter and skimmed milk powder decreased slowly towards the new buying-in price but still remained at about 5°% above that level. A similar trend was observed for whole milk powder prices. In contrast, cheese price reached very high levels throughout the whole year. This favourable price environment allowed for substantial sales out of intervention in particular for skimmed milk powder. Consequently aid levels were reduced for most refunds and internal disposal measures, particularly for skimmed milk powder (–80 %) and casein (–90 %).

Input prices

35. In 2005 the purchase price index for standard consumption goods and services in agriculture rose in most EU Member States in nominal terms over 2004. Prices were particularly higher for energy and fertilisers. Total input prices increased most in Latvia up 14.8 %, Cyprus up 11.6 %, Lithuania up 7.2 %, Malta up 7 %, Greece up 6.0 % and Belgium up 5.4 %. In other countries the index rose more slowly with 4.6 % in Ireland, 3.1 % in Slovakia, 2.9 % in Finland, 2.6 % in the United Kingdom, 2.4 % in France and Slovenia, 2.3 % in Luxembourg, 2.1 % in Spain, 1.9 % in the Netherlands, 1.6 % in Denmark, 1.2 % in Sweden, 1.1 % in Austria, 0.4 % in Germany, 0.2 % in the Czech Republic and 0.1 % in Italy. Only Portugal and Hungary registered a fall in nominal input prices by 4.8 % and 3.2 % respectively.

Farm income

36. The first estimates of the farm income in 2005 provided by Eurostat on the basis of information sent by the Member States in December 2005, show an average decrease of –6.3 % in the income from agricultural activities (measured, in real terms, as the net value added at factor cost per annual work unit) compared to 2004 for the European Union as a whole. This sharp decline was caused by a marked drop in both the old Member States (– 6.6 %) and the new Member States (-3.8 %). Incomes were up in only nine Member States, the strongest rates observed in some of the new Member States.

Agricultural income gained most in Lithuania (+25.9 %), Estonia (+ 23.0 %) but also Ireland (+ 12.8 %), the Netherlands (+ 5.9 %) and Latvia (+ 5.7 %). Income was down in fourteen Member States. The largest fall in agricultural income is estimated in Hungary (–19.3 %), Slovakia (– 14.9 %), Spain (– 12.0 %), Portugal (– 11.0 %), France (– 10.1 %) and Italy (– 9.5 %).

37. The main factors behind these changes are: a sharp decrease in agricultural output quantities as compared to 2004, notably for cereals, (citrus) fruit, wine, potato and olive oil sectors which triggered an overall drop in the total volume of crop production by – 5.3 %, whereas crop prices fell by – 2.9 % in real terms. The nominal value of animal production stabilised thanks to strong nominal prices. The continuation of the introduction of the CAP in the new Member States led to a further rise in the levels of subsidies granted to the farm sector to EUR 4.0 billion (including national top-ups), from EUR 1.2 billion in 2003 and EUR 3.8 billion in 2004. The strong rise in oil prices drove up the prices for energy, lubricants, fertilizers and services for agriculture. However, the total input costs decreased on average in real terms (– 1.6 %) mainly due to a significant fall in feed prices and a renewed reduction in the quantity used.

38. Lastly, the structural decline in the agricultural labour force, the final fundamental factor affecting income movement, is assessed at – 2.3 % in 2005 compared to 2004 for the whole EU. This moderate reduction constitutes a marked slow down compared to the early 2000s. The highest reduction in agricultural labour was recorded in the Czech Republic (– 8.5 %), Lithuania (–5 %) and Portugal (– 4.4 %). Agricultural labour increased only in Luxembourg (+ 0.7 %).

Changes in nominal farm-gate prices in 2005 and 2004 *(%)*

Member States	Crop products		Livestock products		Total	
	2005/2004(p)	2004/2003	2005/2004(p)	2004/2003	2005/2004(p)	2004/2003
EU-25		-6.3	:	1.3	:	-2.6
Belgique/België	3.2	-4.1	1.4	0.7	2.8	2.0
Česká Republika	-25.0	9.2	2.1	5.0	-9.3	6.5
Danmark	13.0	0.0	0.3	3.3	-1.5	2.4
Deutschland	2.9	-7.9	6.9	2.7	5.3	-1.5
Eesti	-3.8	:	4.9	:	3.4	:
Elláda	3.3	-4.2	5.3	2.2	3.9	-2.4
España	7.2	-0.3	2.8	2.7	5.4	1.0
France	-10.7	-3.2	0.8	–0.1	-4.7	-1.7
Ireland	7.2	-11.6	-0.9	4.5	0.3	2.2
Italia	-5.3	-2.9	-2.4	-1.2	-4.2	-2.3
Kypros/Kıbrıs	2.5	:	2.3	:	2.3	:
Latvija	-1.3	25.1	23.4	25.9	17.5	24.3
Lietuva	15.8	-8.0	13.7	11.1	14.8	1.0
Luxembourg	-4.7	1.2	2.5	3.8	1.2	3.4
Magyarország	-0.3	-15.7	0.5	4.1	-0.4	-6.0
Malta	0.3	-19.7	-2.0	0.9	-1.0	-7.3
Nederland	0.0	-10.0	1.7	0.0	0.8	-5.1
Österreich	-1.6	-8.2	2.6	3.1	1.1	-0.6
Polska	:	2.0	:	21.2	:	15.7
Portugal	9.0	-12.4	-0.9	-2.1	4.5	-7.7
Slovenija	-14.8	-12.1	-9.4	3.4	-11.1	-1.3
Slovensko	-7.7	:	3.8	:	0.6	:
Suomi/Finland	-7.8	3.2	-1.4	2.1	-3.6	2.5
Sverige	-5.8	2.1	0.5	–3.4	-1.8	–1.4
United Kingdom	-6.4	4.5	-2.3	2.6	-4.0	3.4

(p) provisional – Source: Eurostat

Changes in nominal purchase prices for agricultural inputs in 2005 and 2004 *(%)*

Member States	Intermediate consumption		Investment		Total	
	2005/2004(p)	2004/2003	2005/2004(p)	2004/2003	2005/2004(p)	2004/2003
EU-25	:	4.5	:	2.8	:	3.7
Belgique/België	9.1	–0.1	9.2	-0.1	5.4	0.3
Česká Republika	-0.3	7.5	3.4	2.1	0.2	6.6
Danmark	0.9	3.0	1.2	3.9	1.6	3.1
Deutschland	-0.1	4.4	1.6	1.8	0.4	3.6
Eesti	5.8	:	:	:	:	:
Elláda	6.7	9.7	4.3	3.1	6.0	7.5
España	1.6	4.2	5.2	2.9	2.1	3.9
France	2.1	3.7	3.2	3.7	2.4	3.6
Ireland	5.1	4.3	3.0	1.6	4.6	3.5
Italia	-2.5	5.2	4.0	4.7	0.1	4.8
Kypros/Kıbrıs	12.4	:	3.9	:	11.6	:
Latvija	12.0	8.7	24.6	6.9	14.8	8.1
Lietuva	7.2	–3.1	:	:	7.2	–3.2
Luxembourg	3.0	0.0	0.5	0.9	2.3	0.3
Magyarország	-4.6	12.4	5.4	5.9	-3.2	9.8
Malta	7.1	1.3	-2.9	1.1	7.0	1.3
Nederland	0.3	2.1	2.9	1.9	1.9	1.6
Österreich	-0.3	4.0	3.3	2.5	1.1	3.3
Polska	:	8.0	:	15.5	:	7.6
Portugal	-5.9	5.4	1.4	2.4	-4.8	4.6
Slovenija	1.3	10.3	4.8	9.8	2.4	8.9
Slovensko	2.7	:	4.0	:	3.1	:
Suomi/Finland	3.4	2.6	4.9	3.4	2.9	2.8
Sverige	0.8	4.2	2.4	3.6	1.2	3.8
United Kingdom	2.3	7.6	4.4	2.9	2.6	6.6

(p) provisional – Source: Eurostat

Nominal output price indices for agricultural products over the 2001–2005 (p) period (2000 = 100)

Member States	2001	2002	2003	2004	2005 (p)
EU-25	105.2	102.0	105.4	102.8	:
Belgique/België	104.5	94.7	97.7	99.7	102.5
Česká Republika	110.9	100.1	96.4	102.9	93.6
Danmark	107.4	96.9	92.5	94.9	93.4
Deutschland	107.3	100.4	101.4	99.9	105.2
Eesti	:	:	:	127.4	130.8
Elláda	106.1	113.6	123.6	121.2	125.1
España	103.0	100.3	105.8	106.8	112.2
France	103.5	99.9	103.6	101.9	97.2
Ireland	104.3	100.0	99.6	101.8	102.1
Italia	105.0	106.4	112.0	109.7	105.5
Kypros/Kıbrıs	:	:	:	121.0	123.3
Latvija	102.7	99.9	97.1	121.4	138.9
Lietuva	114.7	114.2	101.9	102.9	117.7
Luxembourg	101.8	99.5	100.5	103.9	105.1
Magyarország	106.0	104.1	110.5	104.5	104.1
Malta	109.4	110.3	106.1	98.8	97.8
Nederland	106.1	103.7	104.9	99.8	100.6
Österreich	106.7	101.7	102.1	101.5	102.6
Polska	104.2	94.6	95.9	111.6	:
Portugal	106.5	101.8	105.2	97.5	102.0
Slovenija	109.0	109.9	113.5	112.2	101.1
Slovensko	:	:	:	103.8	104.4
Suomi/Finland	105.2	103.7	99.0	101.5	97.9
Sverige	105.1	102.1	100.6	99.2	97.4
United Kingdom	108.3	103.3	109.9	113.3	109.3

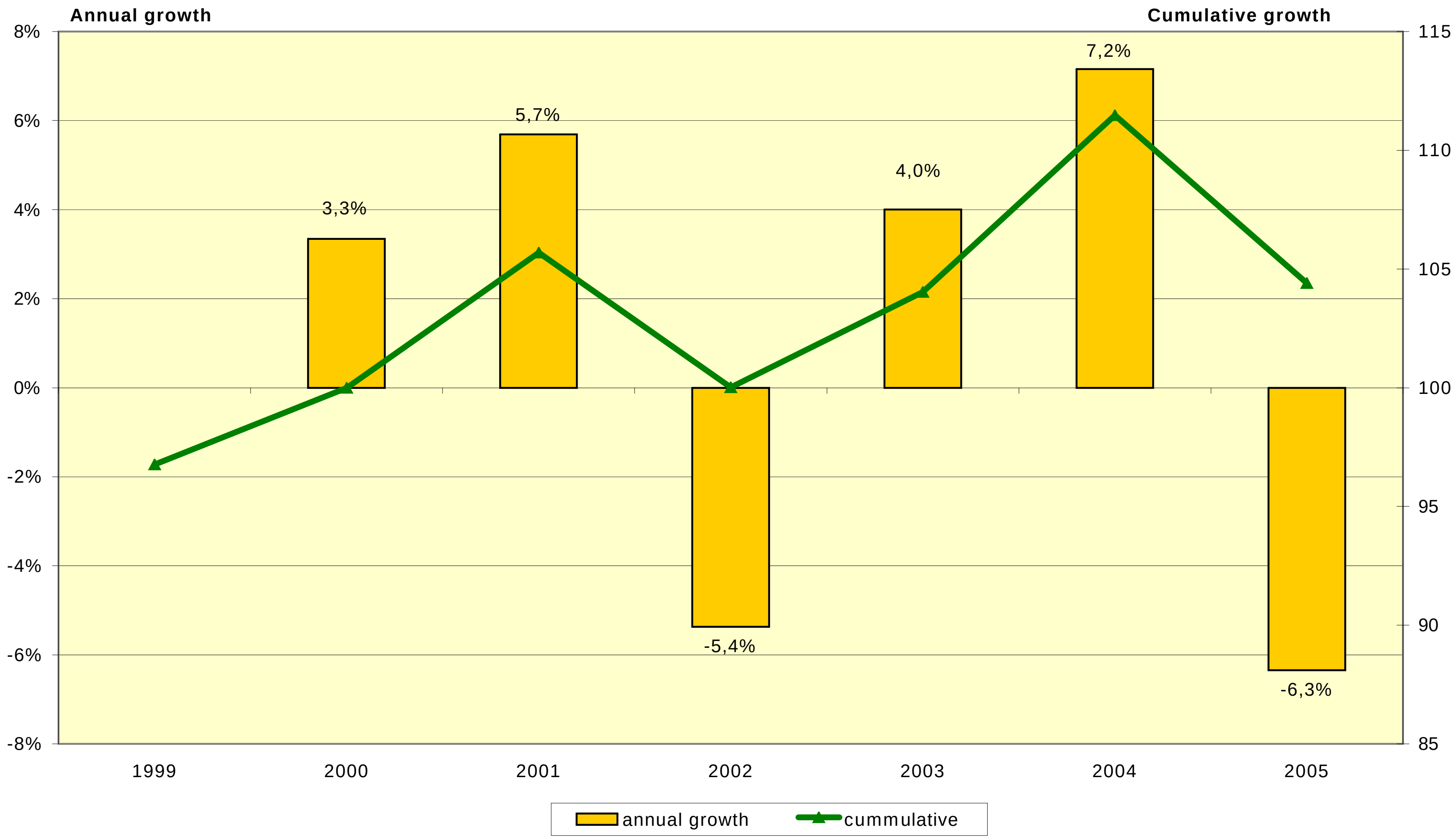
(p) provisional – Source: Eurostat

Indices of nominal purchase prices for goods and services currently consumed in agriculture over the 2001–2005 (p) period (2000 = 100)

Member States	2001	2002	2003	2004	2005 (p)
EU-25	105.0	104.9	106.4	110.9	:
Belgique/België	102.6	102.8	102.7	102.6	111.7
Česká Republika	105.1	103.4	101.3	108.8	108.5
Danmark	106.6	107.7	105.5	108.5	109.4
Deutschland	105.2	104.1	104.2	108.6	108.5
Eesti	:	:	:	114.8	120.6
Elláda	101.5	103.7	108.1	117.8	124.5
España	102.3	102.9	104.1	108.3	109.9
France	103.4	103.2	104.2	107.9	110.0
Ireland	104.8	106.1	108.8	113.1	118.2
Italia	105.3	105.5	107.4	112.6	110.1
Kypros/Kıbrıs	:	:	:	144.7	157.1
Latvija	101.3	102.0	106.5	115.2	127.2
Lietuva	96.4	100.4	96.0	92.9	100.1
Luxembourg	104.0	104.5	105.6	105.6	108.6
Magyarország	112.1	112.3	119.1	131.5	126.9
Malta	100.7	101.8	101.5	102.8	109.9
Nederland	107.3	107.2	109.0	111.1	111.4
Österreich	102.0	100.5	102.8	106.8	106.5
Polska	106.7	109.5	113.0	121.0	:
Portugal	108.3	103.3	107.6	113.0	107.1
Slovenija	114.2	116.1	121.5	131.8	133.1
Slovensko		:	:	114.7	117.4
Suomi/Finland	101.8	101.5	102.5	105.1	108.5
Sverige	105.6	107.2	109.3	113.5	114.3
United Kingdom	104.3	103.7	106.5	114.1	116.4

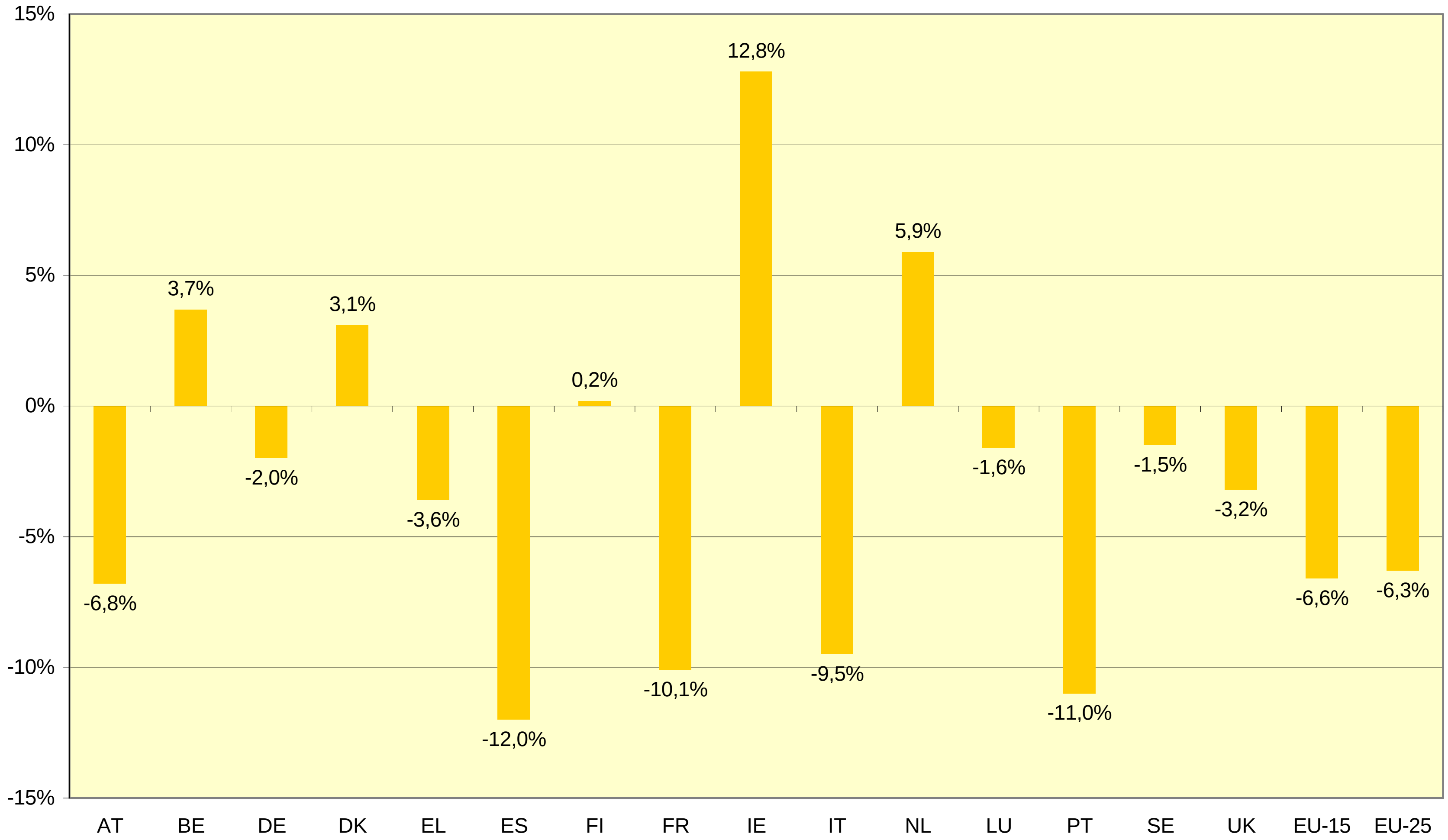
(p) provisional – Source: Eurostat

Development of the agricultural income in the EU-25 over the 1999–2005(p) period, in terms of annual change (%) and cumulative growth (2000=100)



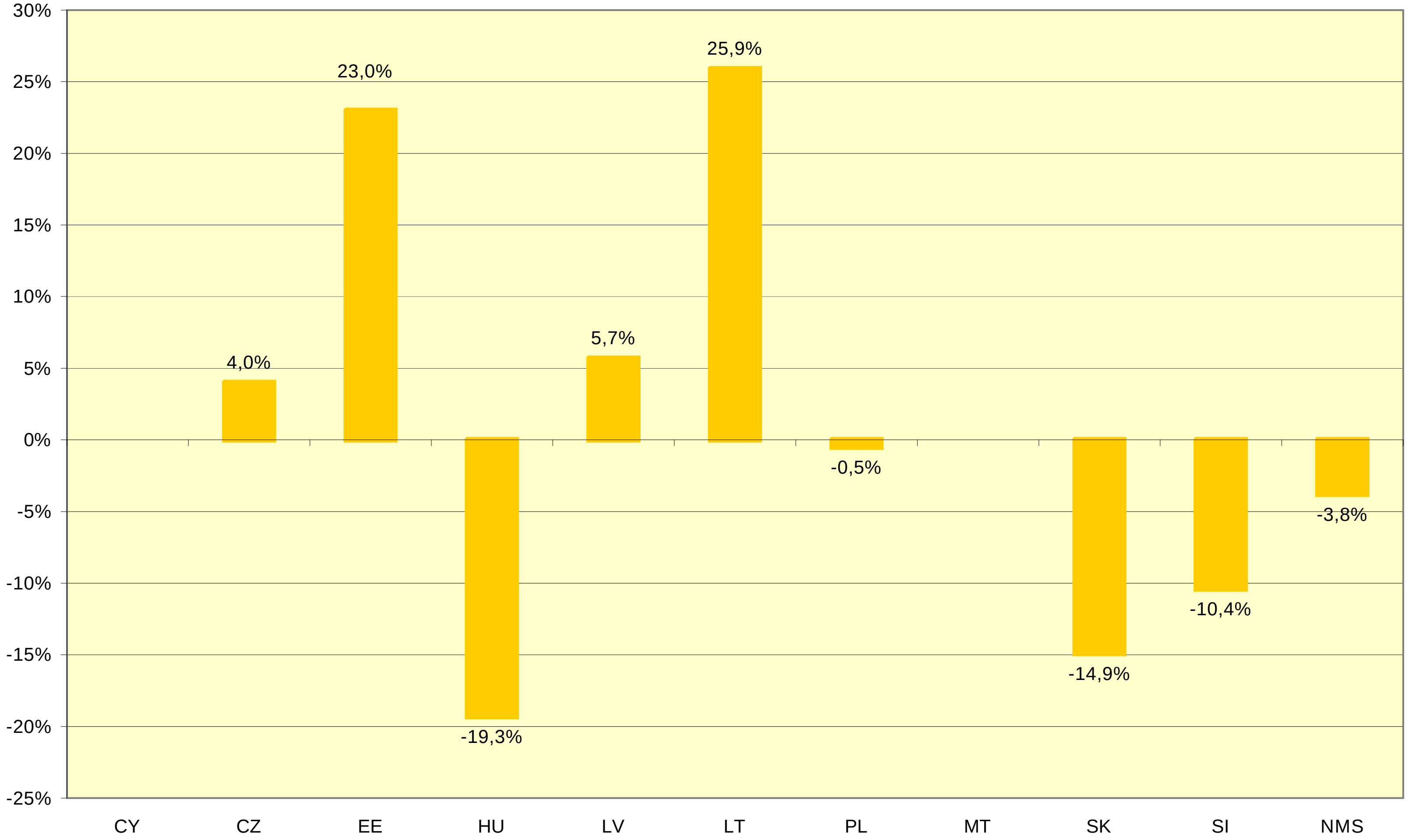
(p) provisional – Source: Eurostat

Development of agricultural income in the EU-15 Member States in 2005 (p) (% change versus 2004)



(p) provisional – Source: Eurostat

Development of agricultural income in the new Member States in 2005 (p) (% change versus 2004)



(p) provisional – Source: Eurostat

Development of agricultural income in the EU Member States over the 2000–2005 (p) period (average 1999-2001 = 100)

Member States	2000	2001	2002	2003	2004	2005 (p)
EU-25	99.2	104.8	99.2	103.2	110.6	103.8
Belgique/België	103.4	105.8	95.6	93.1	91.3	94.7
Česká Republika	121.1	123.2	68.3	66.4	106.3	110.5
Danmark	101.5	114.2	82.8	79.1	95.6	98.6
Deutschland	98.2	123.2	91.0	85.4	123.2	120.8
Eesti	104.1	126.2	126.0	179.8	279.3	343.6
Elláda	99.4	100.9	96.9	85.9	81.7	78.8
España	99.2	107.1	103.8	117.4	117.5	103.4
France	99.2	99.4	97.7	97.1	95.5	85.9
Ireland	105.3	103.7	98.3	98.1	97.5	110.0
Italia	98.7	99.1	94.9	95.8	95.0	85.9
Kypros/Kıbrıs	:	:	:	:	:	:
Latvija	97.6	116.3	120.3	121.1	216.0	228.4
Lietuva	100.1	92.9	82.0	96.6	163.4	205.6
Luxembourg	98.7	97.7	100.4	95.0	90.4	89.0
Magyarország	93.8	100.2	85.2	86.0	133.2	107.5
Malta	:	:	:	:	:	:
Nederland	101.1	98.9	85.0	90.7	82.1	86.6
Österreich	96.8	111.8	105.8	105.5	103.1	96.2
Polska	95.8	110.1	100.5	99.2	193.5	192.5
Portugal	89.1	106.9	100.4	106.0	107.8	95.9
Slovenija	107.5	92.9	126.1	96.2	144.8	129.7
Slovensko	94.5	108.3	102.3	88.3	126.1	107.3
Suomi/Finland	106.7	105.5	104.4	103.1	100.8	101.0
Sverige	99.9	108.1	108.2	109.0	106.0	104.3
United Kingdom	96.9	102.9	112.6	134.2	130.1	125.9

Statistical and economic

information

Codification of the tables

The choices made for the revision of the tables are reflected in a new codification, established on the basis of the same principle for all the tables. Each of them has been given a code with four digits, the first of which designates the subject to which the table refers (see table of contents following this foreword):

1. Conversion rates,
2. Basic data,
3. Economic tables,
4. Tables on agricultural markets.

The second and third digits refer to specific aspects of the field concerned and their significance varies from one field to another.

For the tables concerning the agricultural markets (Tables 4) a standard codification for all the products has been used for these two digits:

(i) the second digit of the code designates the agricultural product concerned,

(ii) the third digit refers to the nature of the statistic presented:

–.–.0.– livestock numbers,
–.–.1.– area, yields and production (crop products) or slaughterings and production (livestock products),
–.–.2.– world production,
–.–.3.– external trade,
–.–.4.– supply balance,
–.–.5.– prices (producer prices, market prices, consumer prices),
–.–.6.– market management,
–.–.9.– various.

For certain sectors, all the possibilities are used (e.g. cereals). For other products only some are used (e.g. potatoes), either because the data needed are not available or because the features of these sectors in the EU do not justify such an exhaustive presentation in a general document such as this, which, for considerations of space, can provide only the most important information.

Key to symbols, names and abbreviations

Statistical symbols

–	Nil
0	Less than half a unit
x	Not applicable
:	Not available
#	Uncertain
p	Provisional
*	Eurostat estimate
**	European Commission estimate, Directorate-General for Agriculture and Rural Development
r	Revised
s	Secret
»2000«	Average (1999, 2000, 2001)
2000/01	Marketing year, starting in 2000 and ending in 2001
%	Percentage
% TVA	Annual rate of change (%)

Units

– *Currency*

EUR	Euro	LUF	Luxembourg franc
ECU	European currency unit	HUF	Hungarian forint
USD	US dollar	MTL	Malta lira
NC	National currency	NLG	Dutch guilder
BEF	Belgian franc	ATS	Austrian schilling
CZK	Czech koruna	PLN	New polish zloty
DKK	Danish crown	PTE	Portuguese escudo
DEM	German mark	SIT	Slovenian tolar
EEK	Estonian kroon	SKK	Slovak koruna
GRD	Greek drachma	FIM	Finnish markka
ESP	Spanish peseta	SEK	Swedish crown
FRF	French franc	GBP	Pound sterling
IEP	Irish pound	BGN	New Bulgarian lev
ITL	Italian lira	HRK	Kuna (Croatia)
CYP	Cyprus pound	ROL	Romanian leu
LVL	Latvian lats	TRY	New Turkish lira
LTL	Lithuanian litas		

Geographical abbreviations

EU	European Union
EU- 9	Total of the Member States of the EC (1980)
EU- 10	Total of the Member States of the EC (1981)
EU- 12	Total of the Member States of the EC (1986)
EU- 15	Total of the Member States of the EU (1995)
EU- 25	Total of the Member States of the EU (01 May 2004)
BLEU/UEBL	Belgo-Luxembourg Economic Union
DOM	French overseas departments
ACP	African, Caribbean and Pacific countries party to the Lomé Convention
PTOM	Countries and overseas territories of Member States of the EU

List of Countries

-Member States

Belgique/belgië	Belgium	Luxembourg	Luxembourg
Česká republika	Czech Republic	Magyarország	Hungary
Danmark	Denmark	Malta	Malta
Deutschland	Germany	Nederland	Netherlands
Eesti	Estonia	Österreich	Austria
Elláda	Greece	Polska	Poland
España	Spain	Portugal	Portugal
France	France	Slovenija	Slovenia
Ireland	Ireland	Slovensko	Slovakia
Italia	Italy	Suomi/Finland	Finland
Kypros/Kibris	Cyprus	Sverige	Sweden
Latvija	Latvia	United Kingdom	United Kingdom
Lietuva	Lithuania		

-Candidate Countries

Bălgarija	Bulgaria	România	Romania
Hrvatska	Croatia	Türkiye	Turkey

–

– *Other units*

cif	Cost, insurance, freight
VAT	Value-added tax
Bn	Thousand million
Mio	Million
t	Tonne
kg	Kilogram
hl	Hectolitre
l	Litre
ha	Hectare
UAA	Utilized agricultural area
LU	Livestock unit
ESU	European size unit
FU	Fodder unit
AWU	Annual work unit
TF	Type of farming
PPS	Purchasing power standard
NUTS	Nomenclature of territorial units for statistics

Sources

Eurostat	Statistical Office of the European Communities
SITC	Standard international trade classification (Eurostat)
Nimexe	Nomenclature of produce for the EU's external trade statistics and trade between its Member States (Eurostat)
ESA	European system of integrated economic accounts (Eurostat)
FADN	Farm accountancy data network (European Commission, Directorate-General for Agriculture)
OECD	Organization for Economic Cooperation and Development
FAO	Food and Agriculture Organization of the United Nations
UNRWA	United Nations Relief and Works Agency
IMF	International Monetary Fund
GATT	General Agreement on Tariffs and Trade
Fefac	European Federation of Manufacturers of Compound Feedingstuffs
Fediol	Federation of Seed Crushers and Oil Processors in the EU
AIMA	Intervention Agency for the Agricultural Markets (Italy)
USDA	United States Department of Agriculture
WTO	World International Organisation
ISAAA	International Service for the Acquisition of Agri-biotech Applications

Currency units used in this report

1. European Monetary System (EMS) – ecu

Entry into force of the EMS on 13 March 1979 (Regulations (EEC) No 3180/78 and No 3181/78 of 18 December 1978) brought in the ecu as sole unit of account for the Community. Its definition is identical to that of its predecessor the EUA except for a review clause allowing changes in its composition. The ecu is a currency unit of the 'asket' type made up of specified amounts of currencies of the EMS member countries determined mainly on the basis of the economic size of each. It is defined by Council Regulation (EC) No 3320/94. The central rates used in this system are rates set by the central banks around which the market rates of the EMS currencies may fluctuate within spot margins.

2. The ecu in the common agricultural policy

– Before 9 April 1979, the unit of account used in the agricultural sector was the u.a. defined by Regulation (EEC) No 129/62 and the representative rates (green rates) were fixed by the Council.
– On 9 April, the ecu began to be used in the CAP (Regulation (EEC) No 652/79) and is still being used (Regulation (EEC) No 3813/92).
– On the changeover from the u.a. to the ecu on 9 April 1979 common agricultural prices and amounts expressed in u.a. and converted into ecus were adjusted by the coefficient 1,208953. The green rates were however adjusted by the reciprocal coefficient 1/1,208953, leaving national price levels unchanged. For example, 100 u.a. 3,40 = DEM 340 because ECU 121 2,81 = DEM 340.
– For the recording of world market prices, offer prices are converted at the representative market rate, which is an average of the rates recorded on the market. The common agricultural prices and amounts are set in ecus and converted into national currency at the agricultural conversion rates.
– Since 1 January 1993 these have been adjusted by the Commission whenever their divergence from representative market rates exceeds specified margins.
– Between the beginning of the 1984/85 marketing year and 31 January 1995 all conversion rates used for agriculture were multiplied by a correcting factor under the 'switchover' mechanism the effect of which was to express the common agricultural prices and amounts in a unit of account derived from the ecu, the 'green ecu'. This correcting factor, originally 1,033651, was increased in line with the revaluation of the EMS currency appreciating most among those observing all the rules. On abolition it was 1,207509. As on the changeover from the u.a. to the ecu in 1979 common agricultural prices and amounts were increased in ecus by a factor of 1,207509 on 1 February 1995 and all conversion rates used in agriculture reduced by a factor of 1/1,207509 so making the operation neutral in national currency terms.

3. Introduction of the euro

On 1 January 1999, the currencies of the 11 Member States adopting the single currency were replaced by the euro but, during the transitional period until the end of 2001, units of national currency will continue to be used as subdivision of the euro. Series in ecus have been left unchanged as far as the past is concerned but are expressed in euros from 1 January 1999. Series in euro are the statistical continuation of series in ecus.

Fixed conversion rates of the euro

The conversion rates irrevocably fixed between the euro and the currencies of the Member States adopting the euro are:

EUR 1	=	40,3399 Belgian francs
	=	1,95583 German marks
	=	166,386 Spanish pesetas
	=	6,55957 French francs
	=	0,787564 Irish pounds
	=	1936,27 Italian lire
	=	40,3399 Luxembourg francs
	=	2,20371 Dutch guilders
	=	13,7603 Austrian schillings
	=	200,482 Portuguese escudos
	=	5,94573 Finnish marks
	=	340,750 Greek drachmas (On 1st January 2001)

According to context, different currency units have been used in this publication. The statistical series in terms of value are also calculated:

– at constant exchange rates, i.e. at the exchange rates obtaining during a specific period (e.g. 1980). These rates are used to eliminate the influences of exchange-rate changes on a time series;
– at current exchange rates (notably for external trade).

To assist the user of this publication wishing to convert units of account into national currencies and conversely, Table 1.0.1, gives the rates to be used. Fuller information is given in specialized publications of the European Commission.

Observations on statistical method

A – Statistics on external trade – explanatory note

Council Regulation (EEC) No 1736/75, of 24 June 1975, on the external trade statistics of the Community and statistics of trade between Member States, includes provisions to ensure that data are not recorded twice:

(i) when goods from a non-member country are first brought into a Member State, that Member State must record the import according to the origin of the goods;

(ii) if the goods are then subject to a legal operation (for example clearance for consumption) and subsequently imported into another Member State, the latter must record the goods according to the Member State from which they were received.

However, to satisfy national requirements, the Member States may, if they wish, operate in parallel with the above system the arrangements they applied previously; this means that a Member State’s national data may be substantially different from the data supplied by Community sources.

For the calculation of the intra-Community trade of the Community as a whole in the supply balances, there were two possibilities: the sum of the Member States’ intra-Community exports (calculation on the basis of goods leaving) or the sum of the Member States’ intra-Community imports (calculation on the basis of entries). Eurostat has chosen the second alternative. Also, exports to non-member countries in the supply balances of the Community as a whole are calculated by deducting intra-Community trade from Member States’ total exports.

As a result, there may be discrepancies between the external trade data given in the supply balances and those given in the specific external trade tables.

Users must also allow for a break in the series of Community external trade statistics in 1977, the date on which Regulation (EEC) No 1736/75 entered into force.

A last point is that, while the data relating to the external trade of the Community of Twelve from reference year 1985 use the same source for all the Member States (Community statistics), those which refer to a previous period may have been obtained from the Community statistics for the Community of Ten and from other sources for the new Member States.

B – Definition of Agricultural Products for External Trade Statistics

Agricultural products are defined as follows:

Chapters 1 – 24 of the Combined Nomenclature excluding fish and fish products:

-	chapter 03	fish and crustaceans, molluscs and other aquatic invertebrates
-	0511 91 90	products of fish and crustaceans, …..
-	1604	prepared fish; caviar, and caviar substitutes prepared from fish eggs
-	1605	prepared crustaceans, molluscs, and other aquatic invertebrates
-	1902 20 10	stuffed pasta, containing >20% fish, crustaceans, ….
-	2301 20	flours, meals and pellets of fish or crustaceans,…..

adding the following products outside the Chapters 1 to 24. (“Other products covered by the Uruguay Round Agreement”):

-	2905 43	mannitol
-	2905 44	D-glucitol (sorbitol)
-	2905 45	glycerol
-	3301	essential oils
-	ex 3302 10	preps containing flavouring agents for beverages
-	3301 to 3305	albuminoidal substances, modified starches, glues
-	3809 10	finishing agents
-	3823 11	stearic acid
-	3823 12	oleic acid
-	3823 13	tall oil fatty acids
-	3823 19	other
-	3823 70	industrial fatty acids
-	3824 60	sorbitol n.e.p.
-	4101 to 4103	hides and skins
-	4301	raw furskins
-	5001 to 5003	raw silk and silk waste
-	5101 to 5103	wool and animal hair
-	5201 to 5203	raw cotton, waste and carded or combed cotton
-	5301	raw flax
-	5302	raw hemp

C – Economic Accounts for Agriculture (EAA): implementation of a new methodology

1. The Economic Accounts for Agriculture are drawn up according to a new methodology, which was published in the "Manual on Economic Accounts for Agriculture and Forestry EAA/EAF (Rev. 1.1)" (EUROSTAT, 2000, ISBN 92-828-2996-0).

2. The introduction of the new methodology has resulted in a number of changes in the data, as a result both of the change in the methodology itself and of the use of new data sources. Some of the changes have had a direct impact on value added and thus on the measurement of agricultural incomes, whereas others have altered only the level of certain aggregates without, however, affecting value added and the measures of agricultural income.

3. The following methodological revisions affecting the measures of agricultural income can be noted:

   a. The recording of secondary, non-agricultural activities of agricultural units where these activities cannot be separated from the main agricultural activity. This mainly concerns the processing of agricultural products and agri-tourism.

   b. The exclusion of the output of units producing solely for own-final consumption (e.g. kitchen gardens).

   c. The exclusion of upstream and downstream production activity involved in seed multiplication.

   d. The recording of the output of wine and olive oil (from grapes and olives produced on the holding).

   e. The recording of various operations according to the principle of rights and obligations, meaning that the amounts are recorded during the year in which the claim or obligation, in the economic sense of the term, is created, transformed or removed. For example, the value of subsidies recorded in the accounts for year n corresponds to aid granted in year n even if all or part of the payment takes place in year n+1 or at a later date.

   f. The reclassification of certain agricultural aid which used to be classed as "operating subsidies" and which will now be recorded as "capital transfers". The value of this aid will no longer enter into the calculation of income.

4. Revisions which have had no impact on the measurement of income (all things being equal) concern:

   a. The valuation of output at basic prices. The basic price is defined as the price received by the producer, after deduction of all taxes on products but including all subsidies on products.

   b. The abandonment of the concept of national farm: besides production sold, stocked or for own-consumption by agricultural units, the production of the agricultural industry will now include a part of output used as intermediate consumption by the same unit (for example, grain or forage used in animal feed).

D – Annual rate of change (% TAV)

1. The annual rate of change (symbol: % TAV) is used throughout this report for the calculation over periods of time of changes in a given aggregate. It measures the compound annual average increase or reduction, as a percentage, of the variable concerned from a base year (T in the following equations).
2. The annual rate of change is calculated as follows:

$$100 \text{ x Anti-Log } \left[\text{ Log } \frac{(\text{statistic for year T + N})}{(\text{ statistic for year T})} : \text{N} \right] - 100 = \text{\% TAV}$$

Where the annual rate of change is calculated over only two successive years, N = 1 and the formula becomes:

$$100 \text{ x } \left[\frac{\text{statistic for year T + 1}}{\text{statistic for year T}} \right] - 100 = \text{\% TAV}$$

3. The following series illustrates the use of this formula:

	1990	1991	...	1995	1996
Series =	100 000	112 000		161 051	177 156

	$\frac{1991}{1990}$	$\frac{1995}{1990}$	$\frac{1996}{1995}$
% TAV	12,0	10,0	10,0

Remarks

1. From 1991 data for the former German Democratic Republic are included in the figures for the Federal Republic of Germany and accordingly in the figures for the EU as a whole.

2. Present report was based on data available on 22/12/2005.

3. From 1 January 1997 statistics for France and Spain have been amended to include the French overseas departments (Guadeloupe, French Guiana, Martinique and Réunion) and the Canary Islands respectively.

4. Data on the Candidate Countries are gradually included in our tables. These data are mostly based on the figures provided by Eurostat and the Directorate-General for Agriculture and Rural Development. The process of harmonising the national statistics in the candidate countries is under way. The figures provided are therefore not fully comparable with the figures for the European Union and are expected to be revised frequently. We are publishing them for information only. The Commission cannot be held responsible for how the figures given for these countries are used or interpreted.