



Agricultural income

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ISTITUTO STATISTICO DELLE COMUNITÀ EUROPEE
BUREAU VOOR DE STATISTIEK DER EUROPESE GEMEENSCHAPPEN
SERVIÇO DE ESTATÍSTICA DAS COMUNIDADES EUROPEIAS

L-2920 Luxembourg — Tél. 43 01-1 — Télex COMEUR LU 3423
B-1049 Bruxelles, rue de la Loi 200 — Tél. 299 11 11

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Signs and abbreviations employed

EC	European Community	FIN	Finland
EU	European Union	S	Sweden
EUR 15	The fifteen Member States of the European Union in 1995	UK	United Kingdom
Eurostat	Statistical Office of the European Communities	AWU	Annual Work Unit
GATT	General Agreement on Tariffs and Trade	ECU	European Currency Unit
OECD	Organization for Economic Co-operation and Development	EMS	European Monetary System
MSt	Member States	PPS	Purchasing Power Standard
		IND	Indicator of income to the branch of agriculture
		TIAH	Total Income of Agricultural Households
B	Belgium	VAT	Value-Added Tax
DK	Denmark	CAP	Common Agricultural Policy
D	Germany	FADN	Farm Accountancy Data Network
D11	Germany as before 03.10.1990	EAA	Economic Accounts for Agriculture
D16	Germany as after 03.10.1990	ESA	European System of integrated economic Accounts
GR	Greece	GVAmp	Gross Value Added at market prices
E	Spain	GVAfc	Gross Value Added at factor cost
F	France	NVAfc	Net Value Added at factor cost
IRL	Ireland	NTI	Net Total Income
I	Italy	NFI	Net Family Income
L	Luxembourg	"1990"	[1989+1990+1991]/3
NL	Netherlands	:	not available
A	Austria	mio	million
P	Portugal		

1 Introduction

As in previous years, Eurostat has undertaken to publish the results of estimates of recent changes in agricultural income in the Member States and in the European Union as a whole in 1996. The calculations are based on data provided by the appropriate national authorities. Users of this publication will find information on and analyses of the income situation in agriculture and how this has changed over time. As the findings are of great importance for a better understanding of agriculture in the European Union, Eurostat does endeavour to improve and extend the analysis procedure each year.

This publication focuses on the changes in agricultural income in the Member States and in the European Union as a whole for 1995 compared with 1994, as well as analyses and comments. These analyses chart the effect of the different factors on changes in incomes in 1995 (Chapters 2 and 3), place recent results in the context of changes in agriculture within the European Union and Member States since 1980 (Chapters 4 and 5), and allow comparisons of absolute levels of agricultural income between Member States (Chapter 6).

The figures are based on the last available estimates (**January - February 1996**) from the appropriate national authorities regarding the probable changes in prices, quantities and values for the products and the charges that determine income in the agricultural sector. The methodology applied is that of the Economic Accounts for Agriculture (EAA)¹

Three Indicators have been derived from the EAA to show unit income trends in agriculture.

The **net value added at factor cost in agriculture** is calculated by taking the value of final agricultural output and deducting intermediate consumption, depreciation and taxes linked to production, and then adding subsidies². By deflating this figure by the implicit price index of gross domestic product at market prices³ and dividing by the volume of total labour input in agriculture⁴, **Indicator 1** is obtained.

Net income from the agricultural activity of total labour input is calculated by subtracting rents and interest payments from net value added at factor cost. This figure, when deflated by the same price index referred to above and divided by the volume of total labour input in agriculture, gives **Indicator 2**.

Net income from the agricultural activity of family labour input is calculated by deducting the compensation of employees from the net income from the agricultural activity of total labour input. This figure is then deflated like the two previous ones and divided by the volume of family labour input only (the holder and members of his family working on the holding) to give **Indicator 3**.

To calculate Indicators 2 and 3, more information is needed than for calculating Indicator 1: data on rents and interest for Indicator 2, and on the compensation of employees and the breakdown into family and non-family (salaried) labour input for Indicator 3. Full harmonization of these variables has yet to be achieved totally in the Member States. For this reason, the analysis centres on Indicator 1, which is more reliable and has better comparability than the other two.

The development of agricultural income in 1995 for the European Union as a whole is presented and analysed in Chapter 2 of this report. It is then examined for each Member State in Chapter 3.

As in previous years, the **development of agricultural income over the longer-term** is the subject of more detailed analyses in this report, with the European Union as a whole being dealt with in Chapter 4 and the Member States in Chapter 5. The period under consideration runs from 1980 to 1995, which enables Portugal, Austria, Finland and Sweden (for which the relevant data series are available only from 1980 onwards) to be included in the analysis. As for the chapters dealing with short-term changes, there is detailed analyses of the factors determining the development of the three income Indicators. The rates of change are calculated on the basis of "years" that correspond to the averages of three years, in order to reduce the impact of strong short-term fluctuations. With the Economic Accounts for Agriculture only being

¹ cf. Eurostat *Manual on Economic Accounts for Agriculture and Forestry*, Theme 5, Series E, Luxembourg 1989 (and *Addendum*, 1992).

² cf. *Methodological Note A.1* on the calculation of agricultural aggregates.

³ cf. *Methodological Note A.4* on the calculation of the deflated series, especially for the European Union as a whole.

⁴ cf. *Methodological Note A.2* on the definition and measurement of the agricultural labour input.

available since 1990 for Germany in its territorial situation after the 03.10.1990, the analysis of the long-term development of agricultural incomes in Germany and the European Union as a whole is presented firstly according to their territorial situation before the 03.10.1990 for the period "1981"/"1991" and then immediately according to their territorial situation after the 03.10.1990 for the period "1991"/"1994".

The analyses and comments on the development of agricultural income presented in Chapters 2-3 (short-term changes) and 4-5 (long-term changes) of this report are mainly related to changes in real terms (deflated). In effect, while studying nominal changes can be of some interest in a national context, it is much less relevant when calculating European Union aggregates or when establishing comparisons between countries with very different inflation rates.

Although annual changes in income remain the central element for analysis, **absolute agricultural income levels** per annual work unit in each Member State are compared in Chapter 6, in spite of considerable methodological and statistical reservations. With a view to improving the comparability of incomes, figures are converted on the basis of both the ECU and purchasing power standards (PPS)⁵. A comparison is also made of the development in the absolute levels of agricultural incomes per annual work unit between the Member States.

It should be noted that the agricultural income concerned in the Chapters mentioned so far is based on **macro-economic and national data**. The figures therefore reflect the average development of agricultural incomes, without any possibility of differentiation according to regions or types of holdings. The actual level of income may, in some cases, deviate substantially from the averages given in this report.

Furthermore, the Indicators relate only to the agricultural **branch**. When interpreting results, it should be remembered that to obtain the disposable income of agricultural holders, income from non-agricultural sources (other activities, salaries, welfare benefits, property income) should be added and personal taxes and social payments deducted.

In this respect, Chapter 7 of the current report reveals the state of progress in the work as well as the principal results from the statistics of the Total Income of Agricultural Households (TIAH). In the first part, the objectives and the methodological framework (the definitions of households and of agricultural income) of these statistics are recalled. The main results are then presented according to four distinct types of analysis: the number of agricultural households, the composition of the total income of agricultural households, the stability of this income and its diverse components and, finally, the level of the total income of agricultural households in comparison to that of households as a whole.

⁵ For a definition see Eurostat: *"Purchasing power standards and gross domestic product in real terms, results 1985"*, Theme 2, Series C, Luxembourg 1988.

2 Changes in agricultural income in the European Union in 1995 over 1994

2.1 Main results: an overview

According to the estimates that were made available in January-February of 1996 by the Member States, agricultural income as measured by net value added at factor cost per annual work unit (**Indicator 1**)⁶ will have risen by an average +4.2% in 1995 for the European Union as a whole (EUR 15) (territorial status of 31.12.1995). Agricultural incomes expressed in these unit terms had been relatively unchanged since the considerable increase in 1989 (+13.3%). However, a strong rise in 1994 (+9.1%) brought the level of income to its highest level since 1973. The latest increase in agricultural income recorded for 1995 consolidates this upward trend and brings agricultural income to more than 12% above the level of the reference base year ("1990"). All the same, this overall income improvement in 1995 masks some widely differing developments in individual Member States (ranging from -8.5% in Belgium to +21.3% in Sweden) and in sectors of production.

The change in the real net agricultural income per AWU of total labour input (**Indicator 2**) is estimated to have been +4.6% in 1995 (after a revised figure of +12.0% in 1994). It was not possible to calculate real net agricultural income per AWU of family labour input (**Indicator 3**), because the item "compensation of employees" could not be estimated for Germany on a basis comparable with that used in the other Member States, due to the particular structure of agricultural holdings in the five new German *Länder*.

Table 2.1 Changes in the three agricultural income indicators for the European Union as a whole and Member States, 1993/92, 1994/93 and 1995/94 (in %)

Member States	Indicator 1			Indicator 2			Indicator 2		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
B	-3.4	8.3	-8.5	-4.5	10.3	-11.6	-4.1	11.6	-13.2
DK	-1.9	16.2	12.2	-3.5	31.8	22.8	-4.5	51.4	34.3
D	-11.6	7.9	7.8	-16.6	7.1	7.8	:	:	:
GR	-6.9	9.2	2.0	-7.5	10.4	2.2	-4.4	10.3	2.3
E	16.7	15.1	-0.4	22.1	22.5	-0.6	30.0	28.2	0.1
F	-1.2	12.8	4.5	-2.1	15.4	5.9	-3.6	20.8	7.2
IRL	0.9	6.9	5.6	3.4	9.0	5.9	3.1	12.0	6.4
I	1.2	1.0	5.4	2.5	3.6	4.8	4.9	9.3	8.6
L	-3.4	1.4	6.8	-4.1	2.0	8.8	-4.1	1.3	10.1
NL	-16.5	20.8	-2.4	-19.2	29.3	-5.1	-28.0	46.5	-7.3
A	-9.2	17.0	4.3	-11.3	21.1	4.4	-14.7	25.9	4.8
P	-9.8	22.9	3.4	-11.9	34.8	6.7	-18.0	50.2	7.7
FIN	3.1	-1.2	-4.6	2.6	-1.2	-5.7	2.3	-2.3	-8.3
S	15.0	-9.5	21.3	65.2	-16.8	55.4	1248.6	-37.6	189.8
UK	7.2	3.5	15.2	13.0	3.7	16.2	20.1	4.6	23.8
EUR 12	-0.2	9.3	4.2	0.2	12.2	4.6	:	:	:
EUR 15	-0.2	9.1	4.2	0.2	12.0	4.6	:	:	:

The latest improvement in agricultural income can be explained by the following factors:

- the continued application of the reform of the Common Agricultural Policy (CAP). For the third successive year, this involved a fall in the support prices for cereals and cattle, measures aimed at controlling output and in the upgrading of direct compensatory payments;
- a degree of stability in real prices. Although the overall development in real prices covered a number of disparate movements (there were, for example, fairly marked falls for certain animal products, particularly cattle), most agricultural products, especially from crop output, continued to benefit from the overhaul of agricultural markets in 1995 (due to a significant reduction in intervention stocks and a

⁶ C.f. Note on Methodology A.3 on the method of calculating short-term changes for the European Union.

decline in the level of output in recent years) and from a degree of rebound after the steep declines of 1993 and 1994;

- a **small increase in the volume of final agricultural output**, following the declines recorded in 1993 and 1994. The output volumes of the main animal and crop products increased, with the notable exception of fruit and fresh vegetables;
- **agro-monetary adjustments** which had a decisive impact on the development of the agricultural situation in 1995. This was particularly true of those Member States, such as Italy and the United Kingdom, for which support prices and aid were revalued in their respective national currencies.

These developments were reflected in:

- moderate growth in the volume of final agricultural output (+0.2%), particularly as a result of higher output volumes for milk (+1.4%), cattle (+0.1%), pigs (+0.4%) and cereals (+1.2%);
- an increase in the nominal prices of the majority of crop products averaging +3.7% (+0.4% in real terms, but +1.1% for EUR 12), whereas the nominal prices of animal products fell by an average -0.9% (+0.7% in EUR 12), this being -3.7% in real terms, with particularly large declines for cattle, poultry and eggs. The average fall in the real price of final agricultural output as a whole was -1.8% (-0.6% for EUR 12). It should be noted that the fall in real prices for EUR 12 was accentuated by the large declines recorded in Austria (-24.7%) and, above all, in Finland (-39.4%);
- a jump in the level of subsidies by +15.6% in real terms (+9.0% for EUR 12), mainly as a result of the upgrading of compensatory aid introduced as part of the reform of the CAP and large amounts paid to the three new Member States when they joined the European Union;
- a reduction of -2.7% in the volume of total agricultural labour input (which represents a significant slowdown in the rate of decline of previous years).

Expressed in nominal terms, the value of **final agricultural output** rose in 1995 by +1.5% (comprised of higher nominal prices of +1.3% and a slight rise of +0.2% in output volume). This fractional increase in the volume of final agricultural output followed two consecutive declines in 1993 and 1994 (-2.6% and -0.3% respectively), the first such falls since 1981. The nominal value of **crop output** increased by +3.2%, thanks to a higher nominal price (+3.7% for crop products as a whole, with rises particularly for olive oil, wine, fresh fruit, potatoes, fresh vegetables, cereals, but not for sugarbeet, cut flowers and oilseeds) and despite a lower volume (-0.5%, due mainly to fresh vegetables and fresh fruit). The nominal value of **animal output** remained unchanged (0.0%). An average increase of +0.9% in the volume of animal output (with increases of more than 1% for milk and poultry, and between +0.1% and +0.5% for the other products) was offset by the decline in nominal prices (-0.9%). The development of the nominal prices for animal products was fairly varied: those of pigs and sheep and goats increased, that of milk was unchanged, and those for cattle, poultry and eggs declined.

Although the share of crop output in final output had been increasing persistently since "1981", eventually accounting for slightly more than half, it represented a little less than 48% of final output in 1995.

Allowing for the effects of inflation⁷, the value of final output fell moderately in real terms (-1.5%) as lower real prices (-1.8%) were only slightly offset by the fractional increase in the volume of output (+0.2%). This decline in real value was essentially due to the developments in final animal output (-2.8%, with a -3.7% fall in real prices), since the real value of final crop output barely slipped (-0.1%, the net result of an average rise of +0.4% in real prices and a -0.5% fall in volume).

Having remained fairly constant in the period from 1990 to 1993, the nominal value of **intermediate consumption** items rose substantially for the second successive year (1995 : +2.7%). This change was due to higher nominal prices (+2.1%) and a more moderate increase in volume (+0.6%). The greater use of intermediate consumption goods in 1995 confirmed the recovery suggested in 1994, after four consecutive

⁷ C.f. *Note on Methodology A.4* on the method of calculating data in real (deflated) terms for the European Union. The inflation rates used for the Member States in 1995 are shown in Table 2.2.

years of decline. These developments led to a slight deterioration in the "terms of trade"⁸ of agriculture in the European Union as a whole (-0.8%) as well as a slight fall in the apparent productivity of intermediate consumption⁹ (-0.4%). The average rate of increase in the price of intermediate consumption was about the same as the average rate of inflation, so that the value of total intermediate consumption was fairly constant in real terms (-0.1%).

The reform of the Common Agricultural Policy and the system of support to agriculture

The reform of the Common Agricultural Policy (CAP) mainly affects the arable crop and cattle sectors. Decided on in the Spring of 1992, the reform of the CAP came into effect for the 1993/94 marketing year (with the exception of oilseeds, for which the new common market organization was applied from the 1992/93 marketing year). The main objective of this reform is to adapt agricultural output to internal and external demand so as to achieve a better balance in the markets as well as a better competitive position for European Union agriculture.

The main measures adopted in the context of this reform centre on the following three arrangements:

- a reduction in the prices of agricultural products: about -7% in the intervention price of cereals in 1995/96 (following decreases of nearly -8% in 1994/95 and -25% in 1993/94); the abolition of guaranteed prices for protein crops and oilseeds; a reduction of -5% in the intervention price of cattle in 1995/96 (following reductions of -5% in 1994/95 and 1993/94);
- measures to control output (in particular, land set-aside);
- the granting of compensatory aid to producers (new types of direct compensatory aid and the upgrading of certain types of existing aid), the amount of which rose considerably in 1995/96.

The reform of the CAP is essentially characterized by the transition from a policy of price support to one more centred towards direct aid to producers. The new orientation of the CAP has caused major changes in the structure and development of the agricultural accounts: the falls in prices and volumes of output are reflected by a clear decline in the value of final output and gross value added at market prices. Nevertheless, the considerable sums paid out in direct compensatory payments and in underpinning existing aid have brought about a very strong increase in subsidies. This reflects a change in the system of agricultural support, with a reduction in the amounts paid by way of market support (prices and export refunds) and an increase in direct compensatory payments to producers.

Given the importance of "operating subsidies" in the composition of agricultural income, it is necessary to stress that the accounting of operating subsidies is carried out according to the criterion of payment, conforming to the method used in the national accounts. Therefore, only the operating subsidies actually paid during the 1995 calendar year are taken into account in the calculation of agricultural income for 1995. It is estimated that around 90% of the total amount of aid linked to the reform of the CAP and available for the 1995/96 marketing year was actually paid out in 1995 and therefore taken into account in the estimate of agricultural income for 1995. Nevertheless, some subsidies that were available for the 1994/95 marketing year were not actually paid out until 1995, and therefore they have also been included in the estimate of agricultural income for 1995.

The developments in intermediate consumption and final agricultural output led to a levelling of **gross value added at market prices (GVAmP)** in nominal terms (+0.4%), although there was a moderate fall when expressed in real terms (-2.7%, but -0.8% for EUR 12). The jump in the level of **subsidies**¹⁰ by +19.4% in nominal terms (+15.6% in real terms), was the result of the upgrading of measures adopted to

⁸ The "terms of trade" of agriculture (sometimes referred to as the "price scissors") are measured by the ratio of the index of the nominal prices of final output to the index of the nominal prices of intermediate consumption.

⁹ The productivity of intermediate consumption is measured by the ratio of the index of the volume of final output to the index of the volume of intermediate consumption.

¹⁰ For the purposes of the Economic Accounts for Agriculture, subsidies include only direct current transfers to agriculture, and therefore exclude price support (the effect of which appears in producer prices themselves), investment aid and aid to the agri-foodstuffs industries (even if used for supporting agricultural production) and transfers to agricultural households. The development of subsidies is therefore not fully representative of the overall support for European Union agriculture.

compensate for the reduction in price and market support in the context of the reform of the CAP on the one hand, and on the other, aid given to the three new Member States upon their accession to the European Union. By adding subsidies and deducting **taxes linked to production**, which were little changed in nominal terms (+0.7%, and -2.2% in real terms), **gross value added at factor cost (GVAfc)** is obtained and this grew by +4.4% in nominal terms (this being +1.0% in real terms).

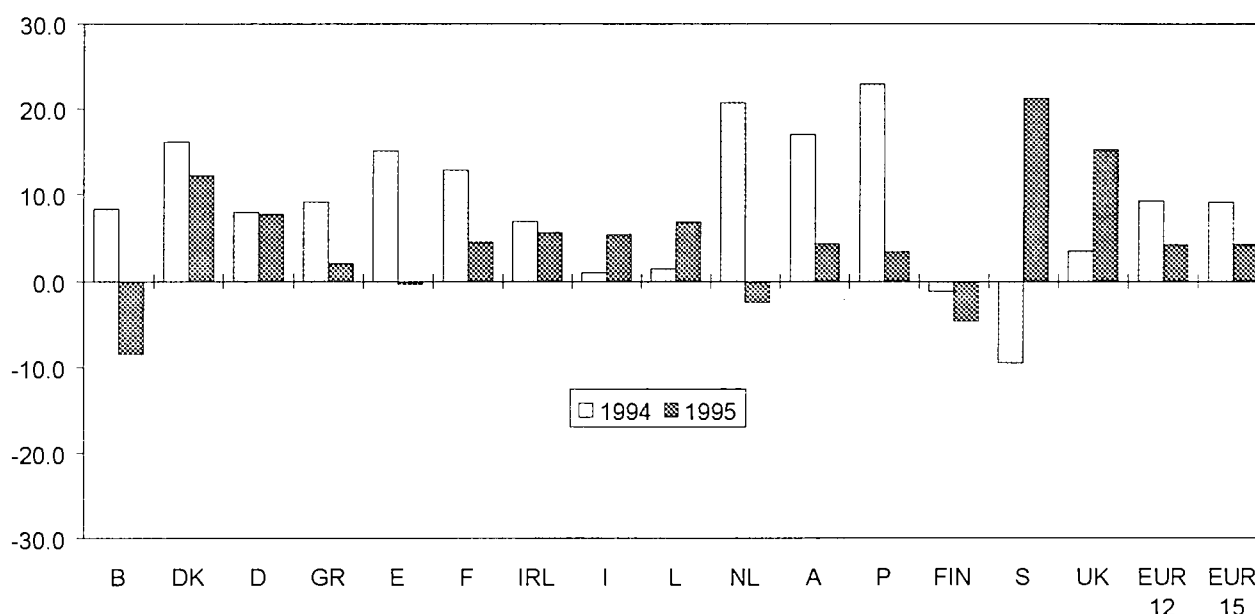
Similarly, by deducting **depreciation** (+2.9% in nominal terms and -0.1% in real terms) from GVAfc, **net value added at factor cost (NVAfc)** is obtained. This rose by an average of +4.8% in nominal terms and +1.4% in real terms for the European Union as a whole.

The reduction in the volume of **total agricultural labour input** (-2.7%), expressed in annual work units, amplified the effect of this rise in NVAfc on **Indicator 1**, which rose by +4.2%.

The change in the expenditure on **rents and interest** (+3.3% and +2.1% in nominal terms respectively; this being +0.2% and -0.9% in real terms respectively, which was below the rise in NVAfc) explains why the rate of increase in the measure of **Indicator 2** (+4.6%) was above that of Indicator 1. **Net income of total labour**, which forms the basis of Indicator 2, rose by +5.3% in nominal terms (compared with +4.8% in the case of NVAfc) and +1.8% in real terms (compared with +1.4% for NVAfc).

It was not possible to calculate the change in the item **compensation of employees** for the European Union as a whole, nor the changes in the income aggregates derived from it (i.e. net income of family labour and agricultural income Indicator 3) because data from Germany were unavailable on a basis comparable with other Member States. Nevertheless, it should be noted that for the other fourteen Member States (EUR 15 without Germany), the compensation of employees rose in nominal terms by +2.3%, which represents a decline of -1.0% in real terms. This led to an increase in **net income of family labour** of +6.2% in nominal terms and +2.5% in real terms. With a decline in the volume of **family labour input** measuring -2.9%, **Indicator 3** of agricultural income rose by +5.6% on average for these fourteen Member States together¹¹.

Graph 2.1 Changes in agricultural income Indicator 1 for the European Union as a whole and Member States, in 1994 and 1995 (in %)



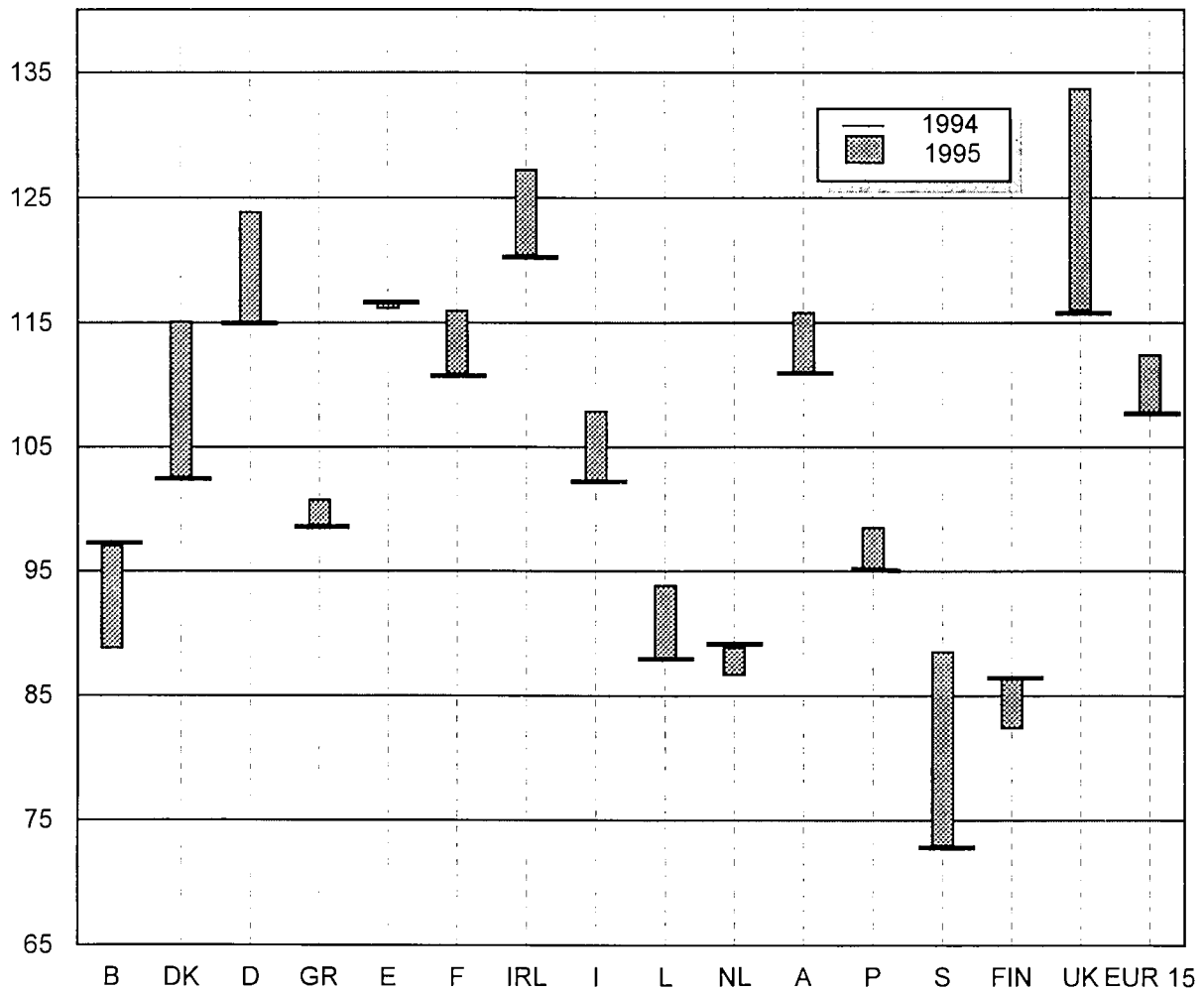
Agricultural income developed in different ways in the **Member States** in 1995, partly because of differing situations at the outset carried over from previous years and partly because of the diversity of the agro-

¹¹ Although not directly comparable in 1995, it is worth noting that changes in Indicator 3 are normally more pronounced (in both directions) than changes in Indicator 2, which themselves are more marked than for Indicator 1, because the same absolute changes (especially in the value of output) apply to a smaller residual aggregate. For example, in "1994", net income of family labour (the basis of Indicator 3) in the European Union represented only 53% of gross value added at market prices, as against 79% for net income of total labour input (the basis of Indicator 2) and 95% for net value added at factor cost (the basis of Indicator 1).

economic structures and cycles in different parts of the European Union. For example, agricultural income as measured by Indicator 1 rose by more than 10% in Sweden in 1995 (the biggest increase), the United Kingdom and Denmark. There were more modest rises in Germany, Luxembourg, Ireland, Italy, France, Austria, Portugal and Greece. Finally, Spain, the Netherlands, Finland and, above all, Belgium, encountered falls in their agricultural income. For many countries, the higher levels in 1995 were the second consecutive increase. This brought agricultural income to its highest level since 1973 in five Member States: these being Denmark, Germany, France, Ireland and the United Kingdom (and since 1979 in Austria).

Graph 2.2 puts the changes in agricultural income in 1995 for the various Member States in a **medium-term** perspective. The index of real net value added at factor cost per annual work unit (Indicator 1) is calculated using a base equal to 100 for the average of the three years from 1989 to 1991¹² ("1990"). The graph takes the value of the index in 1994 as the starting point, and shows the change in 1995 as well as the new level of the index for 1995 in each of the Member States.

Graph 2.2 Indicator 1 in the Member States, indices for 1994 (base: 1989-1991 = 100, with the exception of Germany and EUR 15, 1990-1991 = 100) and changes in 1995



¹² Except for Germany (1990 + 1991)/2 = 100.

When interpreting the values of the index shown in Graph 2.2, it should be remembered that they do not allow a comparison of the income levels between the Member States, but only a comparison of their trends since the start of the 1990s.

In 1994, the highest indices (compared with "1990"), at levels more than +10% above the "1990" reference year, were those for Ireland, Spain, the United Kingdom, Germany, Austria and France. In contrast, the indices for Sweden, Finland, Luxembourg and the Netherlands were more than -10% below their levels in "1990", with those for Portugal, Belgium, Greece, Denmark and Italy remaining at about their "1990" levels.

By adding the changes noted for 1995, it is clear that the greatest rise in agricultural income since the base year ("1990") has been for the United Kingdom (+33.7%). Other favourable trends (of the order of +20% and more) were recorded for Ireland and Germany, with the income levels in France, Austria and Denmark also rising by a large amount. The level of agricultural income is now more than -10% below that in the base year in Sweden, where the situation nevertheless improved considerably in 1995, and in Belgium, where there was a further strong deterioration. There were few major changes in the other Member States.

2.2 Final agricultural output

After two years of successive falls, the **volume** of final agricultural output is estimated to have increased very slightly in 1995 (+0.2%). However, this result masks some major disparities among the products (these are discussed later on in this section) and Member States (see Table 2.2). Five Member States recorded falls in the volume of final agricultural output. These countries were Spain, Austria, Finland, Greece and Italy where the decreases measured between -5.0% and -0.6%. In Spain and Italy, the declines were due to lower crop output (down by -10.6% and -1.5% respectively). In the three others, however, the volumes of both crop and animal output declined.

The increases recorded in the ten other Member States ranged from +0.2% in Portugal and the United Kingdom to +4.3% in Luxembourg. In seven of these countries, the rises in the volume of final output were comprised of increases in both crop and animal output (Belgium, Germany, France, Ireland, the Netherlands, Portugal and Sweden). In Denmark and the United Kingdom the higher volume of final crop output more than compensated for the lower volume of final animal output, with the result that final agricultural output in these two countries rose by +1.0% and +0.2% respectively. A reverse situation arose in Luxembourg, where the marked rate of decline in the volume of final crop output was more than offset by the rapid growth (the sharpest in the European Union) in the volume of animal output.

In nominal terms, the **prices** and **values** of final output rose by an average of +1.3% and +1.5% respectively (+2.5% and +2.8% respectively for EUR 12), although differences in rates of inflation mean that comparisons between Member States are not very meaningful. In real terms, there was an average fall of -1.8% in the price of final output for the European Union as a whole (-0.6% for EUR 12), causing the real value of output to decline by -1.5% (-0.3% in EUR 12). It should be borne in mind that considerable price falls in the three new Member States (especially Finland and Austria) depressed the average. This general decline in the real price of final output was prompted by lower prices for animal products (averaging -3.7% in real terms) rather than the prices of crop products (averaging +0.4% in real terms). There were higher prices of final output in real terms for three Member States (the United Kingdom, Italy and Spain) largely through the devaluation of their agricultural conversion rates.

The real value of final output declined by -1.5% on average in the European Union, comprising falls in ten Member States (between -40.5% and -0.1%) and increases in the other five (between +0.3% and +6.1%). With the exception of Luxembourg (+0.3%) and Germany (+0.6%), the higher value of final output in the other three countries (the United Kingdom, Ireland and Italy) originated from higher real values for both animal and crop output. The increase observed for Germany was due mostly to the rise in the value of final crop output, since this more than compensated for the decline in the value of final animal output. In contrast, the fairly stable value of final output in Luxembourg resulted from an increased value of animal output in real terms and a sharp rate of decline in the real value of crop output. Although these changes usually determine to a large extent those in real net value added at factor cost and in agricultural income Indicator 1, this was not to the same degree in 1995 because of the ever larger influence of subsidies (but equally in some Member States the considerable decline in the value of intermediate consumption).

The **rates of inflation** (as measured by the implicit GDP price index at market prices) which served as a basis for calculating prices and values in real terms for 1995 (see Table 2.2) varied from one Member State to another, although there was a very slight general tendency towards a higher rate of inflation. This can be gleaned from the fact that the rates of inflation in 1995 compared with those of 1994 were lower in six Member States (Belgium, Germany, Greece, the Netherlands, Austria and Portugal) but higher in the other nine. The highest rates (between +4.0% and +9.3%) were recorded in the four southernmost Member States of the European Union, with the most modest rate of +2.0% being recorded for France, Ireland and the Netherlands. The rates of inflation in the other Member States ranged between +2.1% and +3.9%.

Table 2.2 Changes in the volumes, prices and values of final agricultural output for the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value	Price index GDPmp
B	1.4	-5.6	-4.3	-7.7	-6.4	2.2
DK	1.0	0.3	1.3	-2.1	-1.1	2.4
D	2.2	0.5	2.7	-1.6	0.6	2.1
GR	-0.7	3.2	2.5	-5.5	-6.2	9.3
E	-5.0	6.0	0.7	1.1	-4.0	4.8
F	1.6	0.3	1.9	-1.7	-0.1	2.0
IRL	3.9	1.2	5.1	-0.8	3.0	2.0
I	-0.6	6.9	6.3	2.8	2.2	4.0
L	4.3	-0.8	3.5	-3.9	0.3	3.2
NL	1.2	-2.7	-1.6	-4.6	-3.5	2.0
A	-2.2	-22.7	-23.6	-24.7	-25.5	2.6
P	0.2	3.5	3.7	-1.8	-1.6	5.4
FIN	-1.7	-37.2	-38.3	-39.4	-40.5	3.6
S	1.3	-1.2	0.1	-4.9	-3.7	3.9
UK	0.2	8.3	8.5	5.8	6.1	2.3
EUR 12	0.3	2.5	2.8	-0.6	-0.3	:
EUR 15	0.2	1.3	1.5	-1.8	-1.5	:

The short commentaries that follow cover the fifteen main products or groups of products in the agricultural branch of the European Union, the individual shares of which (measured in current ECU for "1994") vary between 1.1% (**oilseeds**) and 18% (**milk**) of the value of final output, but which together account for 93.2% of the total (no other product exceeding 1%). In total (i.e. including products on which no comment is given), crop output accounts for 47.3% of the value of final output and animal output for 52.4%¹³.

2.2.1 Crop output: moderate fall in harvest levels and a slight increase in real prices, despite widely contrasting developments

The nominal value of crop output in the European Union grew strongly in 1995 (+3.2%) thanks to higher nominal prices (+3.7%) which more than offset the decline in the volume of output (-0.5%). In real terms, output prices increased by +0.4% (for the second successive year since 1989), even though this resulted in the value of crop output falling fractionally (-0.1%).

The developments in the crop sector are obviously very different from one product to another, particularly because of the varying sensitivity of crops to climatic conditions and because of the diversity of the various market situations. In addition, the changes observed in 1995 depend on the output and price levels attained in 1994. This diversity in developments per product leads to considerable differences in the development of crop output between the Member States, since the breakdown of the various crops varies substantially. Moreover, the situation for the same product can vary from country to country.

¹³ The difference (0.3% of final output) corresponds to "contract work at the agricultural production stage" (normally net new plantings, which means that the figure can be negative for certain Member States) and to a very small adjustment item for Italy.

The real value of final crop output declined in seven Member States (Finland, Austria, Belgium, Luxembourg, Greece, Spain and the Netherlands). It increased in all the other Member States, especially in two of these; in the United Kingdom under the impetus of higher real prices and in Ireland, where the main factor was higher output volumes (see Table 2.3).

Table 2.3 Changes in the volumes, prices and values of final crop output for the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value
B	2.1	-9.2	-7.3	-11.2	-9.3
DK	4.5	-0.8	3.7	-3.1	1.2
D	3.5	2.2	5.8	0.1	3.6
GR	-0.8	2.6	1.8	-6.1	-6.9
E	-10.6	10.3	-1.4	5.3	-5.9
F	2.1	2.2	4.4	0.2	2.3
IRL	11.4	0.8	12.3	-1.2	10.1
I	-1.5	9.0	7.4	4.8	3.3
L	-3.8	-0.7	-4.5	-3.8	-7.5
NL	1.2	-5.2	-4.0	-7.0	-5.9
A	-2.3	-19.9	-22.4	-21.9	-24.4
P	0.1	6.7	6.8	1.2	1.3
FIN	-2.8	-33.2	-35.0	-35.5	-37.3
S	1.9	9.9	12.0	5.8	7.8
UK	1.4	12.9	14.5	10.4	11.9
EUR 12	-0.5	4.4	3.9	1.1	0.6
EUR 15	-0.5	3.7	3.2	0.4	-0.1

An examination of the changes for the main groups of products (see Table 2.4) reveals that the harvests of potatoes, sugarbeet, oilseeds and cereals were higher than in 1994. In contrast, the output volumes of olive oil, wine and flowers were relatively unchanged or even declined slightly. Only in the case of fresh vegetables and, above all, fresh fruit were there substantially lower output volumes. The small decrease in the volume of crop output as a whole in 1995 followed the large declines recorded for 1993 and 1994 (-4.7% and -1.3% respectively for EUR 12). The change in the real price of final crop output, which went some way to offset the effect of a lower aggregate output volume in terms of the real value, masked highly contrasting situations. For example, whereas the real prices of oilseeds, sugarbeet, flowers, cereals and fresh vegetables declined, those of potatoes and, most notably, fresh fruit, olive oil and wine increased. These price movements are explained in part by the combined effect of the overhaul of certain agricultural markets (reduced output in recent years, significant declines in intervention stocks and higher demand) and of a continuing recovery from the steep falls recorded in 1993 (and, for certain products, in 1992). Also, it should be recalled that the fall in the average prices of cereals and oilseeds must be seen in the context of the new CAP and the change in the common organization of their respective markets.

The volume of cereals output (which accounted for 9.1% of final agricultural output in EUR 15 in "1994") was up by +1.2% in 1995 in the European Union as a whole (+1.6% in EUR 12). This increase in cereals output was shared by most Member States. It would, however, have been much more pronounced (+5.2% for EUR 15 and +5.8% for EUR 12) if the Iberian Peninsula had not been affected to such a great degree by the severe drought.

These results, like the developments of recent years, must be seen in the light of measures adopted as part of the reform of the CAP: lower institutional prices and the obligation for farmers wishing to qualify for direct compensatory payments to set aside 15% of the total area under cereals, oilseeds and protein crops (small producers being exempted). The volume of cereal output, which fell by -7.7% between 1992 and 1994 for EUR 12, benefited in 1995 from the reduction of three percentage points in the necessary rate of land set-aside. This observed increase for 1995 resulted principally from higher output volumes of wheat (+2.7% overall, with greater output volumes of soft wheat but lower volumes of durum wheat) and barley (+7.5%). The volume of maize output was fairly constant (+0.3%). Germany and the United Kingdom were the two

main producer countries where volumes soared (+16.9% and +10.8% respectively). There was only a moderate rise in France (+1.1%). The southern Member States were affected to varying degrees by the drought, but the most severe effects were felt in Portugal (-14.9%) and Spain (-43.4%).

The real prices of cereals fell by an average of -1.7% in 1995, dragged down by price falls recorded in Finland (-48.0%) and Austria (-47.5%). Real prices in EUR 12 were stable, despite a new reduction of nearly -7% in the support price adopted as part of the reform of the CAP. The fact that prices held steady was due to the marked improvement of the markets, which benefited in 1995 from a contraction in supply (lower output volumes over the previous three years and a substantial reduction in the level of intervention stocks, even though the level of private stocks increased) and higher demand (thanks to the increased use of cereals as animal feedingstuffs). The development of prices in the European Union was also affected by the progressive rise in prices on the world market. The recovery in consumption, combined with lower output in the some of the main producer countries, led to a big decline in stocks (to their lowest level for 20 years).

The changes in cereal prices varied greatly in the European Union and according to the specific product (for example, maize prices rose strongly, whereas wheat prices were stable and barley prices fell). Apart from the two new Member States mentioned above, prices in real terms declined in seven Member States (from -7.9% in Luxembourg to -3.0% in Belgium). Nevertheless, of the main cereal producer countries, only Germany experienced lower real prices (-7.5%), with the others (France, the United Kingdom, Italy and Spain) recording real prices that increased by between +1.6% (France) and +6.6% (Italy). From these changes, a decline in the real value of cereals of -0.5% for the European Union as a whole resulted (+1.6% in EUR 12), with decreases greater than -40% in Austria, Finland and Spain.

Table 2.4 Changes in the volumes, prices and values of the main crop products for the European Union as a whole, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value
Cereals	1.2	1.0	2.2	-1.7	-0.5
Potatoes	5.1	3.5	8.7	0.4	5.5
Sugarbeet	3.2	-0.3	2.9	-3.0	0.1
Oilseeds	3.5	-6.5	-3.3	-8.9	-5.7
Fresh vegetables	-2.6	2.1	-0.6	-1.5	-4.1
Fresh fruit (*)	-4.3	10.5	6.0	6.6	2.0
Grape must and wine	-0.7	12.5	11.8	9.4	8.6
Olive oil	0.1	14.4	14.5	8.4	8.5
Flowers and ornamental plants	-0.9	-0.3	-1.2	-3.0	-3.8
Crop output	-0.5	3.7	3.2	0.4	-0.1

* Including citrus fruit, tropical fruit and table grapes.

After the big increase of 1992 (+37.3% for EUR 12), the volume of **fresh fruit**¹⁴ output (the value of which accounted for 6.3% of the value of final output in EUR 15 in "1994") has now declined for three years in succession following the latest fall in 1995 (-4.3%). This decrease, which was due for the most part to weather conditions that were unfavourable, was common to the majority of the main producer countries (Italy, Spain and Germany recording falls between -1.3% and -15.6%), with the only exception being France (+5.3%). On average, real prices came back up for the second year running (+6.6%), although they remained below the levels seen at the beginning of the decade (because of the big declines in 1992 and 1993). This pattern of price development was most evident for Italy, Germany and Spain. Overall, the

¹⁴ In this report, the term "fresh fruit" includes citrus fruits, tropical fruits and table grapes.

higher real prices more than compensated for the decline in output volume, with the result that the real value of fresh fruit rose by +2.0% on average.

The recent trend in the volume of **grape must and wine** output (which accounted for 5.2% of final agricultural output in EUR 15 in "1994") has been fairly similar to that of fresh fruit, with a big increase in 1992 (+22.3%), followed by successive declines in 1993 and 1994 (a cumulative decline of -14.6%). The volume of output was fairly stable in 1995, falling by just -0.7% on average. This was the combined result of short-term factors (such as the fairly harsh climatic conditions experienced in countries like Spain) and structural ones (such as the downward trend in the area under these crops as a result of grubbing-up). The volume of output at the European Union level was still well below the levels seen at the beginning of the decade. The overall change in output volume in 1995 comprised changes that differed from -16.5% in Austria to +14.8% in Greece. There were also divergent trends in France and Italy, the two main producer countries (+1.9% and -5.1% respectively). With the recent development in output volumes and three consecutive years of price decline between 1990 and 1993, the market for wine was primed for further price rises in 1995 (+9.4% in real terms) after the initial upturn in 1994. Apart from Luxembourg and Austria, where there were declines, real prices increased in the Member States (especially in Italy, Germany, Portugal and Spain). The combined effect of these contrasting price and volume developments was an average increase of +8.6% in the real value of wine for the European Union as a whole.

Following two successive years of decline, the output volume of **sugarbeet** (which accounted for 2.5% of final agricultural output in EUR 15 in "1994") rose by +3.2% on average. This increase in output volume, which was common to all the Member States except the United Kingdom, Denmark and Spain, was due to larger areas under this crop and improved yields. Given the surplus on the world market, this higher volume of output pushed real prices down (-3.0%), so that the real value of output remained largely unchanged (+0.1%). The volume of **potatoes** output (which accounted for 2.9% of final agricultural output in EUR 15 in "1994") grew strongly in 1995 (+5.1%). This result, which was due to a larger area under this crop, stemmed from rises in output volumes in the majority of Member States, with the exceptions of Denmark, the United Kingdom and Italy. It resulted in the volume of output approaching a level last seen at the beginning of the 1990s, following a cumulative decline of nearly -20% in 1993 and 1994. Against a background of greater supply and quite weak demand, real prices were fairly stable (+0.4%) despite having climbed by more than +50% in 1994. The changes in real prices in 1995 ranged from between -50.0% in Austria to +53.6% in the United Kingdom, and contributed to the increase of +5.5% in real value of potato output for the European Union as a whole.

With a fall of about -24% in the volume of **oilseeds** output (which accounted for 1.2% of final agricultural output in EUR 15 in "1994") between 1990 and 1993 for EUR 12, there was a continuation of the upward recovery started in 1994 (+12.7%) during 1995 (+3.5%). Here too, this average conceals some very different developments in individual countries, with declines noted for the large majority of Member States being more than overshadowed by large increases recorded in France (+22.2%) and, to a lesser extent, Italy (+7.9%). The volume of oilseed rape output grew as the areas used to grow this crop for non-food purposes expanded. However, the value of oilseeds output as a whole fell by -5.7% in real terms with the slump of -8.9% in real prices.

The volume of **olive oil** output (which accounted for 1.7% of final agricultural output in EUR 15 in "1994") remained largely constant in 1995 (+0.1%) despite a substantially lower output volume in Spain (-12.3%), which was caused by the drought that ravaged the Iberian Peninsula. This affected natural fluctuations associated with agronomic factors, as the volume of output which had decreased by -7.1% in 1994 stayed at levels below those seen at the beginning of the decade. The volume of output was also lower in Portugal, but was stable in Greece and increased in Italy. With lower than expected supplies in most of these countries, real prices rose significantly (an average +8.4%). This was the second consecutive annual price increase for the European Union as a whole and was common to all the producer countries; it was most notable for Spain (+18.0%). It led to an average increase of +8.5% in the real value of olive oil output for the European Union as a whole.

Despite some wide variations among Member States, the volume of **fresh vegetables** output (which accounted for 9.1% of final agricultural output in EUR 15 in "1994") declined by an average of -2.6% in 1995. Harvests of fresh vegetables were generally lower in the main producer countries (especially Spain

and Italy), although there were exceptions in the Netherlands and Germany. A similar disparity in changes was recorded for **flowers and ornamental plants** (which accounted for 4.6% of final agricultural output in EUR 15 in "1994"), for which the volume of output decreased by -0.9% on average. The main producer countries, apart from Italy, recorded declines of between -0.3% in the Netherlands and -4.3% in Germany.

The real prices of fresh vegetables fell by -1.5% in 1995 as an average for the European Union as a whole, although this figure contained very different price movements, ranging from -26.9% in Austria to +17.2% in Denmark. Apart from Italy, the United Kingdom and Greece, the other principal fresh vegetables producer countries experienced prices that were well down on those in 1994 (particularly in the cases of the Netherlands and Belgium). These changes led to a reduction of -4.1% in the real value of fresh vegetables, a decline that was well above the long-term trend. The downward movement of prices for flowers averaging -3.0% for the European Union as a whole resulted in the associated value slipping down by -3.8% in real terms.

2.2.2 Animal output: relatively uniform rises in output volumes and declines in real prices

The developments in the animal output sector, that were fairly similar throughout the European Union in 1995, were characterized by higher volumes and lower prices. Although the movements varied from product to product, these changes had similar consequences for the respective real values since they all recorded falls of between -2% and -9%, with the single exception of pigs for which the value of output rose by more than +3%.

Changes in the volumes as well as the prices in real terms (nominal prices vary more widely because of different rates of inflation) of the animal sector tended to be much more uniform between countries than in the crop sector (see Table 2.5). This is because changes in the weather do not have any direct consequence, the markets are generally more uniform, the impact of the common organization of the market for the main product (milk) is pretty rigid, and the product structures vary little from one country to another with the three principal animal products being the same (milk, cattle and pigs) in fourteen of the Member States.

Table 2.5 Changes in the volumes, prices and values of final animal output for the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value
B	1.2	-3.4	-2.2	-5.5	-4.4
DK	-0.4	0.7	0.3	-1.7	-2.0
D	1.5	-0.7	0.8	-2.7	-1.3
GR	-0.5	4.7	4.2	-4.2	-4.7
E	2.7	0.7	3.4	-3.9	-1.3
F	1.1	-1.6	-0.5	-3.5	-2.4
IRL	2.9	1.2	4.1	-0.8	2.1
I	0.8	3.8	4.6	-0.2	0.6
L	6.6	-0.9	5.7	-4.0	2.4
NL	1.2	-0.6	0.6	-2.5	-1.4
A	-2.2	-24.0	-24.2	-25.9	-26.1
P	0.8	0.4	1.2	-4.7	-4.0
FIN	-1.3	-38.9	-39.7	-41.0	-41.8
S	1.1	-5.6	-4.6	-9.2	-8.2
UK	-0.6	5.6	5.0	3.2	2.6
EUR 12	1.1	0.7	1.8	-2.1	-1.0
EUR 15	0.9	-0.9	0.0	-3.7	-2.8

The real value of final animal output rose in only four Member States (the United Kingdom, Luxembourg, Ireland and Italy), and these increases resulted in case of the United Kingdom mainly from higher real prices and in the case of the three other countries from higher volumes. There were fairly big declines in the real value of animal output in the eleven other Member States. These developments largely followed those of

prices, since output volumes for these eleven countries (apart from Spain) changed relatively little with respect to 1994.

Examination of the changes for each product (see Table 2.6) reveals higher output volumes of all animal products. The increases ranged from +0.1% for cattle and sheep and goats to +2.9% for poultry. The prices of all animal products decreased in real terms, with the exception of pigs (+3.0%) where prices recovered from the slump in 1993. There were average falls in real prices of the other animal products that ranged from -9.5% for eggs to -2.9% for sheep and goats for the European Union as a whole.

Table 2.6 Changes in the volumes, prices and values of the main items of animal output for the European Union as a whole, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value
Cattle (including calves)	0.1	-5.2	-5.1	-7.7	-7.6
Pigs	0.4	6.0	6.4	3.0	3.5
Sheep and goats	0.1	1.1	1.2	-2.9	-2.8
Poultry	2.9	-5.8	-3.1	-8.5	-5.9
Milk	1.4	-0.4	1.0	-3.1	-1.8
Eggs	0.5	-6.6	-6.2	-9.5	-9.1
Animal output	0.9	-0.9	0.0	-3.7	-2.8

Following a decline (-5.8%) in 1993 and a slight recovery (+1.5%) in 1994, the output volume of **cattle** for slaughter (including calves) (which accounted for 12.5% of final agricultural output in EUR 15 in "1994") appears to have stabilized in 1995 (+0.1%). With considerably lower volumes in Austria and Finland, when measured on a EUR 12 basis there was a rather more obvious increase (+0.6%) in output volume. There were also, however, lower volumes in some of the principal producer countries (the Netherlands, Germany and Belgium). It appears that the size of the cattle population again remained stable in 1995, after a pronounced cyclical downturn in 1993. The greater volume of output may therefore be explained by the rising average weight of animals. Real prices of cattle, which had held firm in 1993 and 1994, fell sharply in 1995 (averaging -7.7%) against a background of weak demand (unchanged and even falling demand in some cases) and the latest reduction (of nearly -5%) in the support price agreed to as part of the reform of the CAP and despite the fact that there was a degree of improvement on the beef market as intervention stocks reached historical lows. Substantial price cuts were common to the majority of the Member States, with the exceptions being Italy (where there were price rises) and the United Kingdom (where prices fell less steeply than elsewhere). Combined with the stable level of total volume, this downward movement of real prices drove down the value of cattle output by -7.6% in real terms.

Although the picture varies from one Member State to another, the pig population in the European Union as a whole declined, with particularly large falls in Germany and Spain. This gradual reduction in numbers was accompanied by a degree of stability in the volume of **pig** output (accounting for 10.7% of final agricultural output in EUR 15 in "1994"), which grew slightly (+0.4% in 1995 after -0.5% in 1994). This would suggest the volume of output has reached a plateau following the big increase recorded in 1993. This more favourable situation, coupled with firm demand fostered by the low prices of 1993, provided the basis for prices to rise by +3.0% in real terms in 1995 (+5.8% in EUR 12). Nevertheless, prices were still well below the levels seen at the beginning of the decade, because European Union-wide supplies remain at a high level and the balance of the market has encouraged exports to non-member countries. As a consequence of these changes, pigs were the only animal product whose real output value increased in 1995.

Since 1990 there has been little overall change in the volume of **sheep and goats** output (which accounted for 1.9% of final agricultural output in EUR 15 in "1994") for the European Union as a whole, and this was also the case in 1995. This trend was common to most countries, including two of the major producer countries, the United Kingdom and Greece, although there were notable exceptions for Spain and France. The average decline in the real price across the Member States was -2.9%.

Continuing its sustained upward trend, the volume of **poultry** output (which accounted for 4.8% of final agricultural output in EUR 15 in "1994") also increased in 1995 (+2.9%). There were greater volumes in the majority of the Member States apart from Greece, Austria, Italy and Portugal. The sharp drop in prices was fairly uniform across the Member States (averaging -8.5% in real terms). These changes resulted in the real value of poultry output decreasing by -5.9% in 1995.

On the back of a big increase in 1994 for the European Union as a whole, the volume of **egg** output (which accounted for 2.5% of final agricultural output in EUR 15 in "1994") increased slightly (+0.5%) in 1995, enabling output volumes to approach the levels seen at the beginning of the decade. However, there were considerable variations among Member States (ranging from -7.0% in Portugal to +4.9% in Sweden). All the same, this general stabilization of supply caused a further significant fall in real prices (-9.5%, the biggest fall recorded for any animal product). This drove down the real value of egg output (-9.1%).

Lastly, the volume of **milk** output, the main agricultural product at the level of the European Union as a whole (accounting for 18.4% of final agricultural output in EUR 15 in "1994"), increased by +1.4% on average in 1995 (one of the sharpest rates of growth for any animal product, and coming after 0% in 1994). This overall increase, which was basically due to higher cow yields, reflected the situation in most Member States: only Sweden, Finland and, above all, the United Kingdom recorded falls, while the increases in the other countries were in a band between +0.2% (Italy) and +7.2% (Austria). Milk output grew strongly in Germany (+4.4%) and, to a lesser extent, the Netherlands (+2.8%). Milk quotas in 1995 were maintained at their 1994 levels. The reductions in the intervention price applied in 1993 and 1994 contributed to a very large reduction in intervention stocks of butter and skimmed milk powder. As in 1994, this situation consolidated milk prices, which fell only slightly in nominal terms (-0.4%, but +1.8% in EUR 12) but down in real terms (-3.1%, and -0.9% in EUR 12). The net result of these changes was a decline in the real value of milk output in the European Union (-1.8%).

2.3 Intermediate consumption and gross value added at market prices

The nominal value of the intermediate consumption of agriculture in the European Union is estimated to have increased significantly in 1995 (+2.7%), with volume growing by +0.6% and nominal prices by +2.1%. However, with the rise in nominal prices being less than the average inflation rate, prices expressed in real terms declined by an average -0.7%, leading to a fractional decline in the value of intermediate consumption in real terms (-0.1%). It is worth pointing out that the average change in the prices and values of intermediate consumption goods for the European Union as a whole were below those observed in the course of the previous decade.

Changes in the **volume** of intermediate consumption were fairly similar between the Member States (see Table 2.7), since ten of them recorded changes in a range from -1.3% to +1.7% (with five countries within a band of less than one percentage point). France, Ireland and Finland recorded big increases in their volumes of intermediate consumption, in contrast to Denmark and the Netherlands, where volumes decreased by more than -2%. Changes in the **prices** of intermediate consumption in real terms (comparisons of changes in nominal terms are not particularly useful, given the differences in national rates of inflation) were almost all lower (ranging from -0.4% in the Netherlands to -23.6% in Finland), although they were higher in Ireland, France, Sweden and the United Kingdom (between +0.3% and +0.9%) and clearly so in Italy (+4.4%).

Changes in the **real value** of intermediate consumption varied considerably: only the developments in four Member States (between -0.8% and +0.8%) were close to the European Union average of -0.1%. There were clear increases (nearly +3%) in Italy, France and Ireland and clear declines (between -2.1% and -21.1%) in the remaining countries.

By comparing the annual development of intermediate consumption with that of final output, measures of the change in the productivity of intermediate consumption (volume ratio) and the "terms of trade" for agriculture (the nominal price ratio) can be obtained. Given that the change in the volume of final output in 1995 was less marked than the long-term trend and that the volume of intermediate output usually fluctuates less widely than final output, it is to be expected that the productivity of intermediate consumption should have declined.

More specifically, the **productivity of intermediate consumption** declined by an average -0.4% for the European Union as a whole, although this figure conceals wide variations between Member States. This can be gleaned from the fact that five countries recorded a deterioration in the productivity of intermediate consumption (between -6.6% and -0.9%), while the other ten experienced improvements, albeit of a more modest order on average and in absolute terms (+0.1% to +3.8%).

The **"terms of trade"** deteriorated in 1995 (-0.8%) for the European Union as a whole and in eleven of the Member States (with declines ranging between -0.6% for Germany and -20.6% for Finland). The only rises were for Denmark, Portugal, Spain and, most notably, the United Kingdom (+4.9%), these countries being the ones in which the nominal prices of final output increased.

Table 2.7 Changes in the volumes, prices and values of intermediate consumption, as well as changes in the productivity of intermediate consumption and "terms of trade" for the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value	"Productivity"	"Terms of trade"
B	1.3	-1.6	-0.3	-3.7	-2.5	0.1	-4.1
DK	-2.1	-0.6	-2.8	-2.9	-5.0	3.2	0.9
D	0.2	1.1	1.3	-1.0	-0.8	2.0	-0.6
GR	0.4	5.4	5.7	-3.6	-3.3	-1.1	-2.0
E	1.7	3.1	4.8	-1.6	0.0	-6.6	2.8
F	2.5	2.5	5.1	0.5	3.0	-0.9	-2.2
IRL	2.5	2.3	4.9	0.3	2.8	1.4	-1.1
I	-0.7	8.6	7.8	4.4	3.7	0.2	-1.6
L	0.7	0.4	1.0	-2.7	-2.1	3.6	-1.2
NL	-2.5	1.6	-0.9	-0.4	-2.8	3.8	-4.2
A	1.3	-4.4	-3.2	-6.8	-5.6	-3.5	-19.1
P	0.0	0.8	0.8	-4.4	-4.4	0.2	2.7
FIN	3.4	-20.9	-18.2	-23.6	-21.1	-4.9	-20.6
S	-1.3	4.6	3.2	0.7	-0.6	2.6	-5.5
UK	-0.1	3.2	3.1	0.9	0.8	0.3	4.9
EUR 12	0.6	2.7	3.2	-0.2	0.4	-0.3	-0.2
EUR 15	0.6	2.1	2.7	-0.7	-0.1	-0.4	-0.8

Animal feedingstuffs are the main component of intermediate consumption in all the Member States (accounting for 37.7% of the total in EUR 15 in "1994"). The use of animal feedingstuffs increased in 1995 (an average +0.5%), with rises being recorded in Belgium, France and, above all, Spain, Austria and Finland. This increase in consumption was accompanied by an average fall in the real price (-3.8%, which was due in part to lower prices for primary agricultural products on European Union and world markets). The real value of the consumption of animal feedingstuffs dropped by -3.3% for the European Union as a whole.

The use of **fertilizers and soil improvers** (which accounted for 8.8% of intermediate consumption in EUR 15 in "1994") was slightly higher in volume terms in 1995 (+1.0%) than in 1994. The developments in individual Member States were particularly varied, since there was greater use in six countries, less use in six others and about the same level of use as that in 1994 for the remaining three. Of these general patterns, the most extreme cases were the sharp rise in France (+6.0%) and the huge fall in Spain (-7.6%) and in Finland (-14.6%). The increase in the use of fertilizers in 1995 confirmed the turn-about noted in 1994 from the downward trend observed in the previous six years. The changes in farmers' behaviour that appear to be indicated should be seen in the economic context in which they took place (i.e. the reform of the CAP, which initially led to reductions in areas under arable crops, mainly by means of set-aside). It seems that the higher volumes used in some countries can be linked to the reduction in the obligatory rate of land set-aside and greater application rates per hectare. The real prices of fertilizers rose strongly in 1995 (averaging +5.0%) in the European Union from greater demand and a reduced supply at European Union level. The real value of fertilizer consumption rose by +6.1% on average.

The volume of **energy and lubricants** (which accounted for 11.0% of intermediate consumption in EUR 15 in "1994") consumed in the agricultural branch was relatively unchanged in 1995 (with the changes for most Member States being quite close to this average, with the exceptions of Austria and Sweden where large

increases were noted), this being well below the medium-term trend. Prices declined by -1.3% in real terms, with the result that real value fell by a similar rate.

Purchases of **materials and small tools, and maintenance and repair costs** in 1995 (which accounted for 12.9% of intermediate consumption in EUR 15 in "1994") were down a little in volume terms on 1994 (-0.7%). This average change was similar to the rates in most of the Member States, with the exceptions of Denmark, Austria and Spain, where consumption declined significantly, and Ireland, where it increased. With real prices rising +1.9% in real terms, so the value of these purchases grew by +1.2% in real terms.

Table 2.8 Changes in the volumes, prices and values of the main components of intermediate consumption for the European Union as a whole, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal value	Real price	Real value
Energy and lubricants	0.2	1.8	2.0	-1.3	-1.1
Fertilizers and soil improvers	1.0	7.9	9.0	5.0	6.1
Feedingstuffs	0.5	-0.9	-0.5	-3.8	-3.3
Materials, small tools and repairs	-0.7	4.7	4.0	1.9	1.2
Intermediate consumption	0.6	2.1	2.7	-0.7	-0.1

The rise in the nominal value of final agricultural output in 1995 (+1.5%), combined with the even faster rate of increase in the nominal value of intermediate consumption (+2.7%), caused **gross value added at market prices (GVamp)** to rise by an average +0.4% in nominal terms for the European Union as a whole. In real terms, the decline in the value of final output (-1.5%) was faster than that of intermediate consumption (-0.1%), producing a clear fall in GVamp (-2.7%).

Table 2.9 Changes in gross value added at market prices and its volume and price indices for the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Volume	Nominal price	Nominal GVamp	Real price	Real GVamp
B	1.5	-10.9	-9.6	-12.8	-11.5
DK	4.4	1.3	5.7	-1.1	3.2
D	4.9	-0.5	4.4	-2.5	2.3
GR	-1.1	2.5	1.3	-6.2	-7.3
E	-10.6	8.7	-2.8	3.7	-7.3
F	0.8	-1.8	-1.1	-3.8	-3.0
IRL	5.2	0.1	5.3	-1.9	3.2
I	-0.5	6.2	5.7	2.1	1.6
L	7.2	-1.7	5.4	-4.7	2.1
NL	4.6	-6.5	-2.2	-8.3	-4.1
A	-4.4	-33.7	-36.6	-35.4	-38.2
P	0.4	6.5	7.0	1.0	1.5
FIN	-6.0	-58.0	-60.5	-59.5	-61.9
S	4.3	-9.4	-5.5	-12.8	-9.0
UK	0.5	14.6	15.2	12.1	12.6
EUR 12	-2.1	4.6	2.4	1.3	-0.8
EUR 15	-2.2	2.7	0.4	-0.6	-2.7

The development of gross value added at market prices varied considerably between Member States (see Table 2.9). These changes essentially depended on the changes in final output and intermediate consumption, but also the relative size of the two. The importance of intermediate consumption can vary considerably from one country to another, depending on the main types of output and the degree of

intensive production. In more detail, the share of the value of final output accounted for by intermediate consumption in "1994" was below 30% in Greece and Italy, but above 50% in Belgium, Denmark, Germany, Portugal, Finland, Sweden and the United Kingdom. In the other Member States (Spain, France, Ireland, Luxembourg, the Netherlands and Austria), intermediate consumption accounted for between 40% and 50% of the value of final output (the average for the European Union being 46%).

Gross value added at market prices grew in real terms in 1995 for seven Member States (Denmark, Germany, Ireland, Italy, Luxembourg, Portugal and, most notably, the United Kingdom). These countries, with the exception of Denmark and Portugal, were the only ones to have recorded increases in the real value of their final agricultural output. The eight other Member States recorded declines of between -3.0% in France and -61.9% in Finland.

2.4 Distributive transactions

The nominal value of **operating subsidies** received by the agricultural branch of the European Union¹⁵ increased by +19.4% in 1995 (+12.6% in EUR 12) (see Table 2.10). This represented a rise +15.6% in real terms (+9.0% for EUR 12). This latest jump in subsidies was due mainly to the upgrading of aid linked to the reform of the CAP following a further reduction in the intervention prices of cereals and cattle, on the one hand, and the large amounts transferred to the new Member States on their accession to the European Union, on the other.

Recording subsidies and measuring agricultural income

In any analysis of the trend in agricultural incomes, the procedure used for recording subsidies needs to be defined because of their increasing importance in the composition of agricultural income (some 25% of gross value added at market prices) and the need to ensure comparability with the agricultural income statistics of previous years.

The recording of subsidies in the Economic Accounts for Agriculture published by Eurostat is based on a payment criterion. Aid is included in the estimate of agricultural income for the **calendar year in which it is actually paid**, which does not necessarily correspond to the period in which the obligation was incurred.

On the basis of the information available, it has been estimated that, on average, about 90% of aid (whether new or upgraded) in the European Union linked to the CAP reform and due for the 1995/96 marketing year was actually paid out in 1995 and therefore included in the calculation of agricultural income in 1995. This proportion varies between the Member States. However, it is in a range of 80% to 100% for most of the Member States, the exceptions being Greece, Ireland, Luxembourg, Belgium and Finland.

It should also be stressed that the estimate of agricultural income for 1995 includes aid linked to the reform of the CAP which was due for the 1994/95 marketing year but was not paid out until 1995. Although the amounts concerned are generally lower than the aid paid out for the 1995/96 marketing year, they nevertheless made a considerable difference to the trend in agricultural income in some Member States.

It should equally be underlined that the amount of subsidies recorded for 1995 is not readily comparable with that in the years prior to 1993, when the CAP reform came into effect. The big increase in the amount of subsidies recorded in the last three years mainly reflects the replacement of one part of price and market support by direct aid. The implementation of the CAP reform has entailed the payment of direct aid to compensate for the reduction in support prices and measures designed to control output, and the upgrading of existing aid.

Most Member States recorded an increase in subsidies that was fairly close to the average for the European Union as a whole. However, the three new Member States (Austria, Finland and Sweden) experienced more substantial rises of between +76.9% and +144.5% as part of their where adaptation to the CAP. Additionally, the level of agricultural subsidies in Germany and the Netherlands decreased by nearly -5% in real terms, mainly because of the reduction in certain forms of national aid (such as the socio-structural income support

¹⁵ See note (10) in this chapter on the definition of subsidies in the Economic Accounts for Agriculture. The data on subsidies published in this report include estimates of over-compensation of VAT for the countries that operate a flat-rate VAT scheme.

and adjustment aids in Germany and particularly the "old" Länder). In view of their quantitative importance in the composition of income, the development in subsidies had a large impact on the agricultural income indicators in the great majority of Member States.

Taxes linked to production in agriculture in the European Union were relatively stable in 1995 in nominal terms (+0.7%). In real terms, they declined by -2.2%, marking a return to the long-term trend in their rate of change. Over the course of recent years, this item has been greatly affected by the dismantling of the co-responsibility levies on milk and cereals. The slight decline in 1995 only had a moderate effect on agricultural income, since taxes linked to production represented only 3.3% of gross value added at market prices in the European Union in "1994".

National disparities were still considerable, although in some cases they were insignificant, given the almost negligible scale of taxes linked to production in some Member States, notably in Spain, Portugal and Luxembourg. Taxes linked to production fell in most Member States, with the exceptions being in Greece and Italy, where they were almost unchanged, and the Netherlands, Ireland, the United Kingdom and, most notably, Sweden (+275%), where they increased.

Table 2.10 Nominal and real changes in subsidies, taxes linked to production and depreciation in the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Subsidies		Taxes		Depreciation	
	Nominal	Real	Nominal	Real	Nominal	Real
B	13.5	11.1	0.6	-1.6	2.0	-0.2
DK	21.9	19.1	0.0	-2.3	0.4	-2.0
D	-3.1	-5.1	-5.5	-7.5	1.0	-1.1
GR	43.8	31.5	9.3	0.0	10.1	0.7
E	18.1	12.7	3.0	-1.7	9.2	4.2
F	13.2	11.0	-6.9	-8.7	1.0	-1.0
IRL	11.6	9.4	14.8	12.5	4.8	2.7
I	16.0	11.5	5.0	0.9	4.8	0.7
L	7.6	4.3	-0.3	-3.4	1.5	-1.6
NL	-3.1	-5.0	6.5	4.4	1.0	-0.9
A	150.8	144.5	0.2	-2.3	0.3	-2.3
P	10.1	4.5	3.7	-1.6	8.4	2.9
FIN	83.3	76.9	-79.9	-80.6	-6.5	-9.7
S	89.0	81.9	289.6	275.0	3.0	-0.9
UK	14.2	11.6	28.1	25.2	5.9	3.6
EUR 12	12.6	9.0	0.3	-2.6	3.3	0.3
EUR 15	19.4	15.6	0.7	-2.2	2.9	-0.1

The balance of "**net subsidies**" (subsidies less taxes linked to production) was positive in all Member States except the Netherlands (where it rose). The inclusion of the changes for subsidies and taxes linked to production in the account led to a rise in **gross value added at factor cost (GVA_{fc})** of +1.0% in real terms (which compares to the fall of -2.7% in GVA_{mp}).

The rise in the nominal value of **depreciation** (+2.9%) corresponded to a slight decline of -0.1% in real terms. This change, which was much weaker than the trend observed in recent years (close to -2% per year), can be explained by the rises recorded in six Member States. In particular, there were increases of about +3% or more in Spain, the United Kingdom, Portugal and Ireland, and a steep decline (-9.7%) in Finland. The changes recorded in the other Member States (between -2.3% and +0.7% in real terms) were fairly close to the European Union average.

Since depreciation accounted for 28.8% of gross value added at market prices in "1994", the changes in this item had a significant effect on agricultural income. The impact was that **real net value added at factor cost (NVA_{fc})** rose by +1.4%, compared to +1.0% for gross value added at factor cost. This effect varied from one Member State to another, however, depending on the rates of change in 1995 and the relative

importance of depreciation. As with the European Union as a whole, the net effect of the change in depreciation costs was positive in terms of agricultural income for most Member States (the exceptions being Belgium, Greece, Spain, the Netherlands and Portugal).

Rents are of minor importance in the European Union as a whole (accounting for 4.6% of GVAMP in "1994"). Rental payments increased by +3.3% on average in nominal terms, corresponding to +0.2% in real terms. This overall increase was due principally to big increases in Spain and Germany (which together accounted for nearly 40% of all rental payments in the European Union in 1994). Changes ranging from -2.5% to +0.4% were recorded in eight Member States. These developments had only a very minor impact on agricultural income, however.

Table 2.11 Nominal and real changes in rents, interest and compensation of employees for the European Union as a whole and Member States, in 1995 as compared to 1994 (in %)

	Rents		Interest		Compensation	
	Nominal	Real	Nominal	Real	Nominal	Real
B	1.0	-1.2	1.0	-1.2	1.0	-1.2
DK	0.0	-2.3	-0.2	-2.6	-2.0	-4.3
D	5.2	3.1	1.8	-0.2	:	:
GR	6.0	-3.0	7.7	-1.5	8.0	-1.2
E	7.1	2.2	-0.5	-5.1	8.1	3.1
F	-1.0	-2.9	-7.8	-9.6	1.4	-0.6
IRL	0.0	-2.0	4.5	2.4	2.0	0.0
I	3.9	-0.1	16.3	11.8	1.3	-2.6
L	2.6	-0.5	-0.9	-4.0	7.6	4.2
NL	6.0	3.9	5.0	2.9	3.5	1.5
A	0.0	-2.5	0.0	-2.5	2.5	-0.1
P	-0.4	-5.5	-6.9	-11.7	4.2	-1.1
FIN	11.8	7.9	-3.0	-6.4	2.6	-1.0
S	4.3	0.4	-1.2	-4.9	-0.2	-4.0
UK	1.4	-0.9	11.1	8.6	0.7	-1.5
EUR 12	3.2	0.2	2.4	-0.6	:	:
EUR 15	3.3	0.2	2.1	-0.9	:	:

Interest payments are much more significant, since their share of GVAMP was 11.4% for EUR 15 in "1994". In 1995, interest payments rose by +2.1% on average in nominal terms but fell by -0.9% in real terms. In the wake of the rise in net value added, this new decline in interest payments contributed to a reinforcement of the increase in the income aggregate, i.e. real net income of total labour, which grew by +1.8% as compared to +1.4% for NVAfc. This positive effect was more pronounced in Member States where interest payments declined steeply in real terms (as was the case in Portugal and France) or where they account for a large share of NVAfc (as in Denmark). The reasons for the decline in interest payments were lower interest rates in the European Union and a reduction of the agricultural branch's debt in some Member States.

The final cost item in the calculation of agricultural incomes is the **compensation of employees**, whose share of gross value added at market prices reached nearly 18% in the European Union (excluding Germany) in "1994" (and much more in Italy, the United Kingdom and Finland), which means that it has a considerable influence on the development of Indicator 3. Since these data were not available for Germany on a comparable basis to those of other Member States, it was not possible to calculate the change in the item "compensation of employees" for the European Union as a whole or the ensuing changes in net income of family labour. In individual Member States, the influence of the change in the compensation of employees on the change in net income of family labour was particularly favourable in Sweden, the United Kingdom and Denmark (because of the low importance of the residual net family income and the fall in the compensation of employees in real terms).

Finally, it should be pointed out that for the fourteen Member States of the European Union (EUR 15 without Germany), the costs of the compensation of employees rose in nominal terms (+2.6% to be seen in relation with the reduction in the volume of family labour input of -2.0%), which represented a fall of -0.5% in real terms. This pushed the increase in net family income to +6.2% in nominal terms (+2.5% in real terms).

2.5 The three indicators of agricultural income in the European Union in 1995

2.5.1 Real net value added at factor cost of agriculture, per annual work unit (Indicator 1)

Net value added at factor cost grew by +4.8% in nominal terms in 1995 for the European Union as a whole, which corresponds to an increase of +1.4% in real terms. As has already been explained, this change, which was much more pronounced than the long-term trend, was mainly the result of the small average increase in the real prices of crop products and further rises in the level of subsidies (especially direct compensatory aid) (see section 2.4).

Situations among the Member States varied enormously, however. In six Member States (Greece, Austria, Spain and, above all, the Netherlands, Finland and Belgium), real net value added at factor cost declined (in a range from -0.3% to -11.2%) (see Table 2.12). With the exceptions of France and Germany, where the higher levels of real net value added at factor cost were below the average for the European Union, the other Member States recorded increases within the range of +2.1% to +17.8%.

Table 2.12 Changes in agriculture's net value added at factor cost, and the calculation of the Indicator 1 measure of agricultural income, in 1995 and 1994, for the European Union as a whole and Member States (in %)

Member State	NVAfc nominal		Deflator (GDP price index)		NVAfc real		Total labour input (in AWU)		Indicator 1 (real NVAfc/AWU)	
	94/93	95/94	94/93	95/94	94/93	95/94	94/93	95/94	94/93	95/94
B	8.3	-9.3	2.6	2.2	5.5	-11.2	-2.6	-3.0	8.3	-8.5
DK	12.1	11.7	2.3	2.4	9.6	9.0	-5.6	-2.8	16.2	12.2
D	3.1	3.4	2.3	2.1	0.8	1.3	-6.6	-6.0	7.9	7.8
GR	17.2	9.0	10.9	9.3	5.7	-0.3	-3.1	-2.2	9.2	2.0
E	14.2	1.0	4.1	4.8	9.7	-3.7	-4.7	-3.3	15.1	-0.4
F	10.4	2.9	1.4	2.0	8.9	0.9	-3.5	-3.5	12.8	4.5
IRL	4.7	7.2	1.2	2.0	3.4	5.1	-3.2	-0.5	6.9	5.6
I	0.5	8.1	3.6	4.0	-2.9	4.0	-3.9	-1.4	1.0	5.4
L	-2.2	7.7	2.2	3.2	-4.3	4.4	-5.6	-2.3	1.4	6.8
NL	20.4	-4.0	2.3	2.0	17.7	-5.9	-2.5	-3.6	20.8	-2.4
A	14.0	0.8	3.4	2.6	10.3	-1.7	-5.8	-5.8	17.0	4.3
P	30.5	7.6	5.6	5.4	23.6	2.1	0.5	-1.2	22.9	3.4
FIN	-3.1	-5.5	2.5	3.6	-5.5	-8.8	-4.3	-4.3	-1.2	-4.6
S	-9.3	22.3	3.5	3.9	-12.4	17.8	-3.2	-2.9	-9.5	21.3
UK	3.4	17.2	2.1	2.3	1.3	14.6	-2.1	-0.5	3.5	15.2
EUR 12	8.6	4.9	:	:	5.3	1.5	-3.7	-2.6	9.3	4.2
EUR 15	8.4	4.8	:	:	5.0	1.4	-3.7	-2.7	9.1	4.2

Calculating Indicator 1 of agricultural income involves relating the changes in real net value added at factor cost to those of the **volume of total agricultural labour input**. Expressed in AWUs the decline in the volume of total labour input for the European Union as a whole was -2.7% in 1995 (below the trend observed since 1980, which was close to -3.0% per annum). All Member States experienced some shrinking of the volume of labour input. The sharpest rates of decline were once again in Germany (-6.0%), where the process of structural adjustment continued in the new Länder, and in Austria (-5.8%). In contrast, the least steep decreases, with respect to their medium term trends, were in Ireland and the United Kingdom (-0.5%). Of the other Member States the rate of decrease over 1995 extended from -4.3% in Finland to -1.2% in Portugal.

For the European Union as a whole, **agricultural income as measured by Indicator 1** (real net value added at factor cost per annual work unit) is estimated to have increased by +4.2% in 1995. This average change in agricultural income for the European Union comprised contrasting developments in the Member

States. In greater detail, there were agricultural income declines in four Member States (Belgium, Finland, the Netherlands and Spain) of rates ranging between -0.4% and -8.5%, but increases in the other eleven with rates between +2.0% and +21.3%.

In the following six Member States, the changes in the level of Indicator 1 were less favourable than the average for the European Union as a whole:

- **Belgium** (-8.5%, following +8.3% in 1994): the real value of final agricultural output declined strongly due to the considerable price falls for fresh vegetables and cattle, and this despite the much higher value of pig output over 1994. For the income aggregates, this lower real value of final output was not fully offset by the moderate reduction in the value of intermediate consumption nor the substantial hike in subsidies;
- **Finland** (-4.6%, following -1.2% in 1994): the steep decline in the prices for all agricultural products provided the background for the plummeting of the real value of final agricultural output and gross value added at market prices (of the order of -60%). The jump in subsidies combined with the big fall in the volume of total labour input limited the decline in income;
- **The Netherlands** (-2.4%, following +20.8% in 1994): the negative impact of the decline in the real value of final agricultural output (related to lower prices for fresh vegetables, cattle and potatoes) on agricultural income was compounded by the decline in subsidies and higher taxes. The large reduction in the volume of total agricultural labour input, however, went some way to attenuate for the fall in net value added at factor cost in terms of incomes;
- **Spain** (-0.4%, following +15.1% in 1994): higher prices for crop products on average, only partly compensated for the drought affected volumes (affecting most particularly cereals, fresh fruit and olive oil). However, much higher subsidies and the shrinking of the volume of agricultural labour input limited the decline in agricultural income;
- **Greece** (+2.0%, following +9.2% in 1994): the considerably lower prices for crop and animal products (especially for tobacco and milk) triggered a fall in gross value added, although its negative impact on agricultural income was offset by the big rise in subsidies. Indicator 1 improved with the continued decline in the volume of agricultural labour input;
- **Portugal** (+3.4%, following +22.9% in 1994): the real value of final agricultural output fell slightly. This was the net result of contrasting changes in volumes, higher real prices for crop products and a steep fall in the real prices of most animal products (with the exception of pigs). This was offset by the large decline in the value of intermediate consumption (due to animal feedingstuffs and agro-chemical products in particular), which led to an increase in gross value added at market prices. The moderate changes in subsidies and depreciation and the volume of labour input were reflected in the relatively muted rise in Indicator 1;

In the other nine Member States, on the other hand, Indicator 1 was above the average calculated for the European Union as a whole in 1995, reaching record levels in Denmark, Germany, France, Ireland, Austria and the United Kingdom:

- **Austria** (+4.3%, following +17.0% in 1994): the very steep fall in the prices of the main agricultural products in real terms (just under -25%) triggered a severe decline in the real value of final output and in gross value added. These declines were largely compensated for by the jump in the level of subsidies and the sharp reduction in the volume of agricultural labour input.
- **France** (+4.5%, following +12.8% in 1994): the real value of final agricultural output remained stable, with higher volumes for the vast majority of products being offset by lower real prices (especially for animal products). When combined with the significant rise in the value of intermediate consumption, this caused gross value added at market prices to fall. However, the impact of this decline on income Indicator 1 was compensated for by the further increase in subsidies and the declining labour input;
- **Italy** (+5.4%, following +1.0% in 1994): higher prices for crop products in real terms (especially fresh fruit and vegetables, wine and cereals), combined with the slight increase in the volume of animal output

(particularly cattle) led to an increase in gross value added at market prices. This positive effect on Indicator 1 was amplified by higher subsidies;

- **Ireland** (+5.6%, following +6.9% in 1994): the greater volume of final output with respect to 1994 (particularly for cattle and cereals) prompted the rise in gross value added and, in combination with higher subsidies, the increase in the income aggregates;
- **Luxembourg** (+6.8%, following +1.4% in 1994): the rise in the real value of final output resulted largely from the growth in the volumes of cattle and, to a lesser extent, milk output, since the real prices of the main products fell. This increase, combined with the decline in the value of intermediate consumption and higher subsidies, caused net value added at factor cost, the basis of Indicator 1, to rise;
- **Germany** (+7.8%, following +7.9% in 1994): the higher volume of final agricultural output than in 1994 (especially for milk, cereals and potatoes) outweighed the effects of the average decline in real prices, so causing gross value added to rise. This positive impact on agricultural income was somewhat undone by a lower level of agricultural subsidies. Nevertheless, the continued sharp reduction in the volume of labour input was such that Indicator 1 of agricultural income rose significantly;
- **Denmark** (+12.2%, following +16.2% in 1994): higher prices for pigs in real terms and a greater volume of cereals output reduced the decline in the real value of final output (the real values of milk and cattle having fallen considerably due to lower real prices). These developments, combined with the marked fall in the value of intermediate consumption (feedingstuffs) and higher subsidies, resulted in a strong rise in the income aggregates;
- **United Kingdom** (+15.2%, following +3.5% in 1994): the strong increase in the average price of final output in real terms (especially for milk, pigs, potatoes and fresh vegetables), combined with fairly stable average output volumes, led to a big increase in gross value added and the income aggregates;
- **Sweden** (+21.3%, following -9.5% in 1994): steep declines in the prices of animal products led to the real value of final output falling, despite moderate increases in output volumes and in the average price of final crop output. However, the resulting slump in gross value added was largely compensated for by the very considerable increase in subsidies, the net effect being a big increase in the income aggregates.

2.5.2 Real net income from the agricultural activity of total labour input, per annual work unit (Indicator 2)

For the European Union as a whole, the **net income of total labour input** rose by +5.3% in nominal terms and +1.8% in real terms in 1995. This increase in real net income, above the trend observed since 1980 (about -2.0% per annum), was slightly more pronounced than that of real net value added at factor cost, which (as has been seen in section 2.4 above) was due to the decline in interest payments in real terms.

As with real net value added at factor cost, only six Member States recorded negative rates of change in the real net income of the total labour input (Greece, Austria, Spain and, above all, the Netherlands, Finland and Belgium, with reductions between -0.1% and -14.2%) (see Table 2.13). Increases were close to the European Union average in Germany and France (+1.4% and +2.2% respectively), but much higher in the other countries (between +3.3% and +50.9%).

By relating these changes in real net income to those of total labour input measured in annual work units (already commented on in section 2.5.1 above), agricultural income Indicator 2 is obtained, an item that rose by +4.6% in 1995 for the European Union as a whole, which was slightly more than the rate of increase for Indicator 1.

The changes in the Member States in 1995 were fairly close to those already described for Indicator 1, though as in previous years, they were generally more pronounced but in the same direction (see footnote 12 above). The one exception was Italy, where Indicator 2 (+4.8%) increased less steeply than Indicator 1 (+5.4%) because of considerably higher interest payments (+11.8% in real terms). It is worth noting that the differences between the changes in the two Indicators were particularly marked for Denmark (+12.2% and +22.8%) and Sweden (+21.3% and +55.4%), due to the considerable weight of interest payments in agricultural income in these two countries.

Table 2.13 Changes in the net agricultural income of total labour input and the calculation of the Indicator 2 measure of agricultural income, in 1995 and 1994, for the European Union as a whole and Member States (in %)

Member State	Nominal net total income		Deflator (GDP price index)		Real net total income		Total labour input (in AWU)		Indicator 2 (real NTI/AWU)	
	94/93	95/94	94/93	95/94	94/93	95/94	94/93	95/94	94/93	95/94
B	10.2	-12.3	2.6	2.2	7.5	-14.2	-2.6	-3.0	10.3	-11.6
DK	27.2	22.2	2.3	2.4	24.3	19.3	-5.6	-2.8	31.8	22.8
D	2.3	3.5	2.3	2.1	0.0	1.4	-6.6	-6.0	7.1	7.8
GR	18.6	9.2	10.9	9.3	6.9	-0.1	-3.1	-2.2	10.4	2.2
E	21.6	0.7	4.1	4.8	16.8	-3.9	-4.7	-3.3	22.5	-0.6
F	12.9	4.3	1.4	2.0	11.3	2.2	-3.5	-3.5	15.4	5.9
IRL	6.8	7.4	1.2	2.0	5.5	5.3	-3.2	-0.5	9.0	5.9
I	3.1	7.4	3.6	4.0	-0.5	3.3	-3.9	-1.4	3.6	4.8
L	-1.6	9.8	2.2	3.2	-3.8	6.4	-5.6	-2.3	2.0	8.8
NL	28.9	-6.6	2.3	2.0	26.0	-8.5	-2.5	-3.6	29.3	-5.1
A	18.0	1.0	3.4	2.6	14.1	-1.6	-5.8	-5.8	21.1	4.4
P	43.1	11.0	5.6	5.4	35.5	5.3	0.5	-1.2	34.8	6.7
FIN	-3.1	-6.5	2.5	3.6	-5.5	-9.8	-4.3	-4.3	-1.2	-5.7
S	-16.6	56.8	3.5	3.9	-19.5	50.9	-3.2	-2.9	-16.8	55.4
UK	3.7	18.2	2.1	2.3	1.5	15.6	-2.1	-0.5	3.7	16.2
EUR 12	11.6	5.4	:	:	8.1	1.8	-3.7	-2.6	12.2	4.6
EUR 15	11.3	5.3	:	:	7.8	1.8	-3.7	-2.7	12.0	4.6

2.5.3 Real net income from the agricultural activity of family labour input, per annual work unit (Indicator 3)

As has already been pointed out in sections 2.1 and 2.4 above, it was not possible to calculate **net income of family labour input** for the European Union as a whole. Nevertheless, the average increase for the fourteen countries where it was possible (EUR 15 without Germany) was estimated at +6.2% in nominal terms (+2.5% in real terms).

Table 2.14 Changes in the net agricultural income of family labour input and the calculation of the Indicator 3 measure of agricultural income, in 1995 and 1994, for the European Union as a whole and Member States (in %)

Member State	Nominal net family income		Deflator (GDP price index)		Real net family income		Total labour input (in AWU)		Indicator 3 (real NFI/AWU)	
	94/93	95/94	94/93	95/94	94/93	95/94	94/93	95/94	94/93	95/94
B	10.8	-14.1	2.6	2.2	8.0	-15.9	-3.2	-3.2	11.6	-13.2
DK	45.7	33.2	2.3	2.4	42.5	30.1	-5.9	-3.1	51.4	34.3
D	:	:	2.3	2.1	:	:	-4.4	-5.3	:	:
GR	18.9	9.3	10.9	9.3	7.2	0.0	-2.9	-2.2	10.3	2.3
E	25.5	-0.9	4.1	4.8	20.6	-5.4	-6.0	-5.5	28.2	0.1
F	17.7	5.0	1.4	2.0	16.1	3.0	-3.9	-3.9	20.8	7.2
IRL	7.7	8.0	1.2	2.0	6.4	5.9	-5.0	-0.5	12.0	6.4
I	8.8	11.9	3.6	4.0	5.0	7.6	-3.9	-0.9	9.3	8.6
L	-1.9	10.0	2.2	3.2	-4.1	6.6	-5.3	-3.2	1.3	10.1
NL	45.7	-10.7	2.3	2.0	42.4	-12.4	-2.8	-5.5	46.5	-7.3
A	21.8	0.6	3.4	2.6	17.8	-1.9	-6.4	-6.4	25.9	4.8
P	62.4	13.3	5.6	5.4	53.8	7.5	2.4	-0.2	50.2	7.7
FIN	-4.2	-9.1	2.5	3.6	-6.5	-12.2	-4.3	-4.3	-2.3	-8.3
S	-37.8	191.2	3.5	3.9	-39.9	180.3	-3.5	-3.3	-37.6	189.8
UK	5.0	25.6	2.1	2.3	2.8	22.8	-1.7	-0.8	4.6	23.8
EUR 12	:	:	:	:	:	:	-3.5	-2.8	:	:
EUR 15	:	:	:	:	:	:	-3.6	-2.9	:	:

As with the two other income aggregates, the only negative changes in real terms in 1995 were recorded for Austria, Spain, Finland, the Netherlands and Belgium, where the declines ranged from -1.9% to -15.9%. In Greece, the net income of the family labour input was unchanged despite falls in both real net value added

at factor cost and real net income of total labour input. For the other Member States, the increases in real net income of the family labour input varied widely (between +3.0% and +180.3%).

Whilst the first two Indicators reflect the income of all persons occupied in agriculture, Indicator 3 covers only family labour input (the holder and those members of his family working on the holding), since the compensation of employees has been deducted. The volume of family labour input, measured in AWUs, fell throughout the European Union in 1995, at an average rate of -2.9%. Falls exceeding -5% were recorded in Austria, the Netherlands, Spain and Germany. The changes in the other countries varied between -4.3% in Finland and -0.2% in Portugal.

For fourteen Member States of the European Union (EUR 15 without Germany), Indicator 3 of agricultural income is estimated to have risen by +5.6%. If the changes in the Indicators in the Member States are compared, it is clear that they were generally more pronounced for Indicator 3 than for Indicator 2 and that the resulting differences between Member States were even greater (between -13.2% and +189.8%). Indeed, for thirteen of these Member States, the changes in Indicator 3, whilst being in the same direction as for Indicator 2, were more pronounced and particularly so in the cases of Denmark and Sweden. The exception was Spain, where Indicator 3 rose very slightly although Indicator 2 declined.

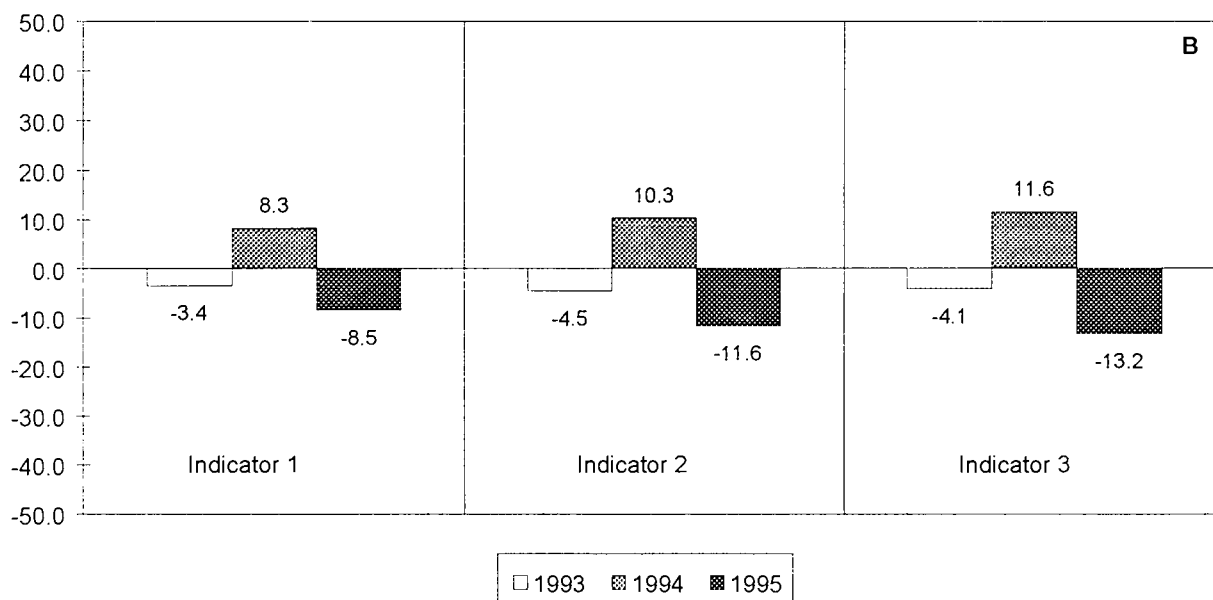
3 Changes in agricultural income in the Member States in 1995 over 1994

3.1 Belgium

Agricultural income as measured by Indicator 1 is calculated to have decreased by -8.5% in 1995. This decline, the sharpest in the European Union, takes agricultural income to its lowest level since 1988. The positive impact of the sharp rise in income in 1994 (+8.3%), which followed four years of consecutive decline, has thus been completely eroded. Agricultural income is now more than 10% below the level of the base year "1990". This development is due to a combination of the following factors:

- an appreciable decrease in the real prices of fresh vegetables (-16.1%), cattle (-17.0%) and, to a lesser extent, potatoes (-21.7%);
- a large increase in the value of pig output, and;
- a further considerable rise in subsidies (+11.1% in real terms).

Graph 3.1 Development of the three income indicators for Belgium in 1993, 1994 and 1995 (Changes in %)



The value of final agricultural output decreased by -4.3% in nominal terms and by -6.4% in real terms, given a +2.2% increase in the GDP price index. This decline is significant as it takes the value of final agricultural output to its lowest level since 1988. It was primarily the result of a sharp decrease in real prices (averaging -7.7%) since output volumes were moderately higher in 1995 (+1.4%). After showing a strong increase over recent years, the value of crop output was affected particularly by falling prices in 1995. The value of final animal output, which represents almost 60% of final agricultural output, fell by an estimated -4.4%, principally through the decline in real prices (-5.5%).

Having plummeted in 1993 owing to the persistent imbalance of European Union markets, the real price of pigs increased by +3.0% in 1995, continuing the recovery that had started in 1994. Nevertheless, the price rise, which was common among most Member States, was dependent on external demand since supply levels on the European market remained high. It should be borne in mind, however, that the average price in 1995 was still well below that at the start of the decade. The volume of pig output increased by +2.8%.

The real value of cattle output was substantially down on the level in 1994 (-18.7%), due principally to falling prices (averaging -17.0% in real terms) but also a lower volume of output (-2.1%). The price fall was brought about by the unfavourable economic situation of the cattle market: a high level of slaughtering in the European Union set against muted demand and a further lowering of the intervention prices adopted as part

of the reform of the CAP. The value of milk output increased by +1.8% in real terms as a result of a +1.2% increase in volume (the first for many years) combined with a real price rise of +0.6%.

The real value of final crop output fell sharply (-9.3%) in 1995. Affecting the majority of crop products, this reduction was the direct consequence of a marked decrease (-11.2% on average) in real prices. The substantial rise in prices recorded for 1994 was therefore partially cancelled out. Average prices for fresh vegetables, the value of which accounts for more than one-third of the value of final crop output, decreased sharply (-16.1%) and output volumes were down too (-1.7%). Particularly affected by this fall in real prices were tomatoes, lettuces, leeks and cauliflowers, which make up more than 50% of fresh vegetable output. The volume of potato output rose by +16.1%, thanks to an increase in the crop area and to higher yields, and thus partly offset the -34.5% fall in output in 1994. After the very strong rise recorded in 1994, prices declined by -21.7% in real terms as a result of this higher supply level.

Table 3.1 Changes in the main components of the income calculation for agriculture in Belgium, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	2.1	-9.2	-11.2	-7.3	-9.3	40.5
Cereals	2.4	-0.9	-3.0	1.4	-0.7	3.6
Potatoes	16.1	-20.0	-21.7	-7.1	-9.1	5.7
Fresh vegetables	-1.7	-14.2	-16.1	-15.7	-17.5	13.3
Fresh fruit (**)	1.9	-3.7	-5.7	-1.8	-3.9	5.2
Final animal output	1.2	-3.4	-5.5	-2.2	-4.4	59.3
Cattle	-2.1	-15.2	-17.0	-16.9	-18.7	16.1
Pigs	2.8	5.2	3.0	8.2	5.9	20.7
Milk	1.2	2.8	0.6	4.0	1.8	14.4
Final output	1.4	-5.6	-7.7	-4.3	-6.4	100.0
Intermediate consumption	1.3	-1.6	-3.7	-0.3	-2.5	59.1
Gross value added at m.p.	1.5	-10.9	-12.8	-9.6	-11.5	40.9
Subsidies				13.5	11.1	14.9
Taxes linked to production				0.6	-1.6	1.9
Depreciation				2.0	-0.2	22.1
Net value added at f.c.				-9.3	-11.2	113.0
Rent				1.0	-1.2	5.2
Interest				1.0	-1.2	18.2
Net income of total labour				-12.3	-14.2	67.6
Compensation of employees				1.0	-1.2	9.0
Net income of family labour				-14.1	-15.9	58.5

(*) The deflator is the implicit price index of GDP at market prices, +2.2%.

(**) Including table grapes.

The decline in the real value of intermediate consumption (-2.5%) was less marked than the fall in the real value of final agricultural output, and was due a smaller decline in the real prices (-3.7%) and a similar rise in volume (+1.3%). These changes resulted in a stabilization of the apparent productivity of intermediate consumption (+0.1%) but a clear deterioration in the "terms of trade" (-4.1%). The decrease in real prices was due essentially to the continued fall in the price of animal feedingstuffs (-6.1%). The value of animal feedingstuffs, which account for more than 40% of the value of total intermediate consumption, decreased by -3.2% in real terms despite the higher volume consumed (+3.0%, certainly the result of increased demand due to the lower prices of raw materials and to greater poultry production).

Subsidies rose by +11.1% in real terms. This increase was largely due to the aid paid out under the CAP reform; it concerned mainly the upgrading of compensatory payments in respect of further falls in the support prices of cereals and cattle. In this respect, it should be pointed out that only 70% of the aid linked to the CAP reform and available for the 1995/96 marketing year was actually paid out in 1995 and therefore included in the estimation of agricultural income for the 1995 calendar year. These changes in subsidies, combined with the slight decline in taxes linked to production (-1.6%), to some extent limited the fall in gross value added at factor cost (-9.3% in real terms). After deducting depreciation costs, which remained largely

unaltered in 1995 from 1994 (-0.2% in real terms), there was a resultant fall in net value added at factor cost (-11.2% in real terms).

With rent and interest payments decreasing by, in each case, -1.2% in real terms, net income from the agricultural activity of total labour fell by -14.2%. Furthermore, with the inclusion of the compensation of employees in the accounts (-1.2% in real terms), real net income from the agricultural activity of family labour decreased by -15.9%. Allowing for the decreases in the volume of total agricultural labour input (-3.0%) and family labour input (-3.2%), the changes in the income indicators were as follows:

Indicator 1:	-8.5%	(1994: +8.3%)
Indicator 2:	-11.6%	(1994: +10.3%)
Indicator 3:	-13.2%	(1994: +11.6%)

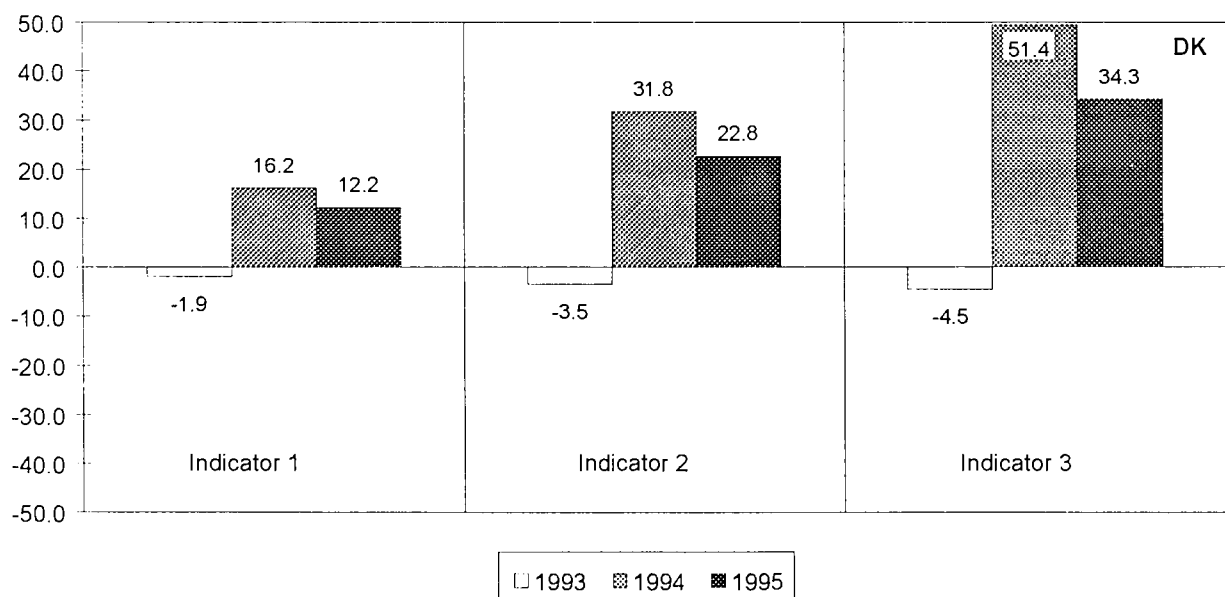
3.2 Denmark

For the second successive year, one of the strongest increases in agricultural income within the European Union is estimated to have been in Denmark. When expressed in terms of Indicator 1, agricultural income is estimated to have risen by +12.2% in 1995 following the rise of +16.2% in 1994. This would suggest a new high for this measurement of agricultural income, standing about +15% above the "1990" base year level.

The animal sector dominates farming in Denmark and particularly the production of pigs and milk. Any analysis of aggregate income movements for agriculture in Denmark will therefore be grounded on the developments for just a few animal output products. The overall stability of the volume of final animal output (-0.4% as a whole) and the concealment of large price fluctuations within the average price for final animal output (-1.7% in real terms but including price changes for the main products ranging from -12.5% for cattle to +3.7% for pigs) set the basis for other factors to influence the direction of income movement in Denmark in 1995. These can be summarized as follows:

- a sharp rise in the output volume of cereals (+15.0%);
- a decline of -5.0% in the real value of intermediate consumption following an even stronger decrease in the real value of feedingstuffs (-7.2%), and
- a sharp rise in total subsidies (+19.1% in real terms), particularly those associated with animal production.

Graph 3.2 Development of the three income indicators for Denmark in 1993, 1994 and 1995 (Changes in %)



The value of final animal output decreased moderately in 1995 relative to 1994 (by -2.0% in real terms). However, there were much stronger falls within this average for all animal output products bar one. The notable exception was pigs, for which the value of output increased in real terms (+2.8%). The volume of output for pigs over the whole calendar year remained fairly similar in 1995 to that in 1994 (-0.9%), but prices rose (averaging +3.7% in real terms), particularly on the back of supply shortages in a number of other Member States. In contrast, there was a moderate rise in the output volume of milk over the calendar year (+1.1%) although lower fat and protein contents helped send prices down (-6.3% in real terms). The cyclical fall in the volume of cattle output continued (-2.9%) and prices tumbled (-12.5% in real terms), with a further reduction in the intervention price for cattle as a consequence of the reform of the CAP.

The value of final crop output rose (+1.2% in real terms) almost entirely on the basis of record yields for the Danish cereal harvest. The greater emphasis on winter sown cereals than in previous years combined with a wetter early summer period followed by more drought-like conditions, brought about these yield and often quality improvements. The increase in the overall cereal output has been estimated at +15.0%. The single intervention price for cereals was adjusted for the last time under the present reform of the CAP in respect of the 1995 harvest. This market adjustment combined with the sharp increase in output volume help explain why cereal prices declined by -8.2% on average.

Table 3.2 Changes in the main components of the income calculation for agriculture in Denmark, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	4.5	-0.8	-3.1	3.7	1.2	30.0
Cereals	15.0	-6.0	-8.2	8.1	5.6	12.8
Flowers	0.0	2.0	-0.4	2.0	-0.4	5.4
Final animal output	-0.4	0.7	-1.7	0.3	-2.0	70.0
Cattle	-2.9	-10.4	-12.5	-13.0	-15.1	7.2
Pigs	-0.9	6.2	3.7	5.2	2.8	33.0
Milk	1.1	-4.0	-6.3	-2.9	-5.2	23.1
Final output	1.0	0.3	-2.1	1.3	-1.1	100.0
Intermediate consumption	-2.1	-0.6	-2.9	-2.8	-5.0	50.0
Gross value added at m.p.	4.4	1.3	-1.1	5.7	3.2	50.0
Subsidies				21.9	19.1	24.3
Taxes linked to production				0.0	-2.3	3.5
Depreciation				0.4	-2.0	28.2
Net value added at f.c.				11.7	9.0	120.8
Rent				0.0	-2.3	4.2
Interest				-0.2	-2.6	34.7
Net income of total labour				22.2	19.3	53.6
Compensation of employees				-2.0	-4.3	13.5
Net income of family labour				33.2	30.1	40.2

(*) The deflator is the implicit price index of gross domestic product, +2.4%.

The change in the value of intermediate consumption (-5.0% in real terms) had a considerable effect on the change in gross value added at market prices (+3.2% in real terms), because it represents exactly a half of the value of final output. The price for feedingstuffs as a whole, an item which accounts for about a half of the value of intermediate consumption, declined by -7.2% in real terms, in large part mirroring the lower cereal prices. Despite lower prices, the use of feedingstuffs did not increase, particularly as the cyclical declines in the cattle population continued, most starkly for bovines less than one years old. The decline in the consumption of plant protection products (-10.0%) continued the trend observed in recent years, although for fertilizers there is estimated to have been no change. The price of intermediate consumption goods as a whole is estimated to have declined by -2.9% in real terms, with the only price rises for individual items being accorded to services and materials and small tools (both +2.5% in real terms).

The productivity of intermediate consumption increased by +3.2% in 1995, principally through the surge in cereal output. Despite the continued decline in price support for a number of markets, the "terms of trade"

also improved slightly (up +0.9%) although this was largely dictated by the developments for pigs and feedingstuffs.

Subsidies, the lion's share of which are related to the reform of the CAP (about 80%), formed just over a fifth of gross value added at market prices in 1994. Further rises in total subsidies in 1995 (+19.1% in real terms) have increased this share yet more. Of a more specific nature, there were large rises in new-CAP subsidies for cereals in 1995 (+21.9% in real terms) and subsidies linked to animal production which increased over two-and-a-half fold¹⁶. Nearly all the new CAP-reform subsidies available for the 1995/1996 marketing year have been entered in the accounts as having been paid in the 1995 calendar year. With taxes linked to production but more especially depreciation, since this accounts for about 30% of gross value added at market prices, declining when expressed in real terms (i.e. -2.3% and -2.0% respectively), net value added at factor cost rose sharply (+9.0% in real terms).

Interest payments and the compensation of employees also account for a high share of gross value added at market prices (35% and 13% respectively), so changes in the value of final output, in the value of intermediate consumption and in subsidies are amplified when these two items are deducted to provide the residuals of net income of total labour (+19.3% in real terms) and net income of family labour respectively (+30.1% in real terms). Both interest payments and the compensation of employees declined (-2.6% and -4.3% in real terms). In the case of the latter, this can be explained by a fall in the volume of hired labour and real-term salaries. The volume of family labour input also decreased at an estimated -3.1% over the calendar year. The net impact of all these factors in terms of the Income Indicators was as follows:

Indicator 1:	+12.2%	(1994: +16.2%)
Indicator 2:	+22.8%	(1994: +31.8%)
Indicator 3:	+34.3%	(1994: +51.4%)

3.3 Germany

This is the third income report to contain data for Germany including the new *Länder*. When interpreting the data, however, it must be borne in mind that there are considerable differences between the agricultural sectors of the "old" and "new" *Länder* in terms of the size distribution of holdings and their ownership characteristics, with the result that the figures for Germany as a whole mask some widely differing trends.

Following a partial recovery of agricultural income in 1994 (+7.9%) from the fall in 1993, the measure of Indicator 1 appears to have increased once more in 1995 (+7.8%). This estimate would bring agricultural income to a level just higher than the previous peak of 1992 during a reference period that stretches back to 1973. The improvement in 1995 is due primarily to the following factors:

- a +3.6% increase in the real value of final crop output, which was due principally to a +3.5% increase in output volume;
- a -1.0% fall in the real term price of intermediate consumption, combined with a near-stable volume of purchases (+0.2%);
- a further steep decline in taxes linked to production (-7.5% in real terms), offset to some extent by a steep fall in subsidies (-5.1% in real terms);
- another large fall in the volume of total agricultural labour input (-6.0%).

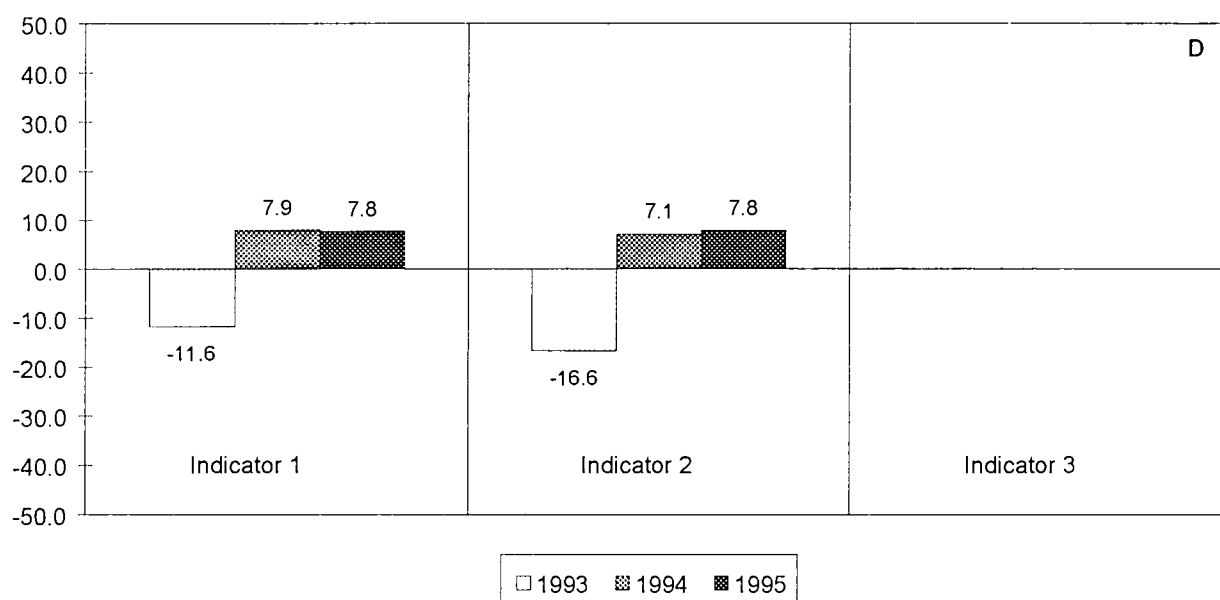
The real value of final agricultural output increased by +0.6% in 1995. This was the net result of a +2.2% rise in final output volume and a fall in real prices averaging -1.6%. However, this aggregate comprised differing developments for final crop and final animal output. The price of final crop output remained virtually unchanged compared with the previous year (averaging +0.1% in real terms), whereas that for final animal output declined moderately (-2.7% in real terms). A higher volume of final animal output (+1.5%) somewhat compensated for the lower prices, but resulted in the real value of final animal output falling in

¹⁶ The increase in subsidies linked to animal production can be, in large measure, explained by the administrative fact that male bovine premiums have been included under this item for the first time in 1995.

1995 by -1.3%. In the case of final crop output, however, a strong increase in output volume (+3.5%) meant that the real value of output rose by +3.6%.

Greater output volumes were particularly pronounced for cereals (+16.9% on average) and root crops (+9.5% on average), which together account for nearly half of final crop output value. Favourable sowing conditions in the autumn of 1994, a mild winter, sufficient rain in the spring and dry weather at harvest time combined to produce good results in the western *Länder*. The main factor in the new *Länder* was a big increase in the area under cereals caused by the re-use of land previously under the short-term set-aside programme and the strict limits placed on the cultivation of oilseeds. Another factor in the recorded increase was that land which had not been surveyed for some time was again surveyed in 1995. With the third stage of the CAP reform and the increase in the green currency-conversion rate, cereal prices fell sharply in real terms in 1995 (-7.5% on average). This meant that the substantially higher volume was not translated into a similarly large rise in the real value, but it nevertheless still increased a sizeable +8.1%.

Graph 3.3 Development of the three income indicators for Germany in 1993, 1994 and 1995 (Changes in %)



There was also a significant decline in the real price of sugarbeet (-5.0%), although this was more than compensated for by higher output volumes (+7.5%) resulting from greater areas under sugarbeet and a big improvement in sugarbeet yields, which were made possible by favourable climatic conditions. The real output value of sugarbeet, which had declined by -13.9% in 1994, recovered slightly in 1995 (+2.1%). The volume of potato output, which fell by nearly a third in 1994, recovered some of the previous year's losses in 1995 (+11.9%). The reason for this increase was both a larger area under potatoes and a slight improvement in yields in the new *Länder*. Prices too rose sharply in real terms (+20.0%), with the result that the real output value of potatoes increased by +34.3% overall.

Big reductions in the areas sown to winter oilseed rape, caused in part by inclement weather shortly before sowing time, led to a -6.3% fall in the total output volume of oilseeds despite improved yields and favourable conditions at harvest time. The real value of oilseed output declined by -17.8% in 1995, because of the bigger share accounted for by lower-priced non-food rape and a -12.3% decline in real prices. The 1995 fruit harvest was much lower than that of the previous year, with particularly steep falls in the harvested volumes of apples, plums and damsons. The output volume of fresh fruit as a whole was down by -15.6% on average. This was partly offset by higher real prices (averaging +7.7%), with the result that the real output value of fresh fruit fell by -9.1%. There was a small increase in the output volume of fresh vegetables (+1.7%), due mainly to an increase in the area under these crops. However, lower prices (-4.0% in real terms) led to a -2.4% fall in the real value of output. Damp, cool weather in the final days of August and in September affected the harvest of grapes and coupled with lower sales, the volume of grape must

and wine output declined by -2.1% compared with the year before, despite a slight increase in the area under vines. The fall in volume was more than compensated for by a jump in prices (averaging +13.6% in real terms), with the result that the real value of output rose by +11.2% (following an increase of +23.5% in 1994).

Negative price and volume trends in the animal output sector, which accounts for nearly 60% of the value of final agricultural output, caused the real value of final animal output to decline by -1.3%. The prices of almost all animal products fell in real terms (averaging -2.7%). The one exception was for pigs, the output value of which accounts for about a quarter of the value of final animal output. An increase in real prices (+3.3%) and only a very slight fall in output volume (-0.2%) combined to raise the value of pig output by +3.1% in real terms. Another important factor influencing the overall result for the animal sector was the clear increase (+4.4%) in the output volume of milk, a product whose monetary value accounts for more than a quarter of the value of Germany's final agricultural output and is its biggest single component. Although milk prices did decline by -2.2% in real terms, the real output value of milk was +2.1% higher than in 1994. In contrast, the output value of cattle, which had already plummeted by -7.5% in 1994, fell by a further -10.1% in 1995. The main reasons for this were lower sales (caused by the continuing controversy over BSE¹⁷) and much lower prices resulting from the continued CAP reform: the volume of cattle output declined by -1.7% and the average price dropped by -8.6% in real terms.

Table 3.3 Changes in the main items of the income calculation for agriculture in Germany, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	3.5	2.2	0.1	5.8	3.6	40.2	
Cereals	16.9	-5.6	-7.5	10.3	8.1	9.5	
Fresh fruit (**)	-15.6	10.0	7.7	-7.2	-9.1	5.2	
Final animal output	1.5	-0.7	-2.7	0.8	-1.3	59.8	
Cattle	-1.7	-6.7	-8.6	-8.2	-10.1	12.3	
Pigs	-0.2	5.5	3.3	5.2	3.1	14.7	
Milk	4.4	-0.1	-2.2	4.3	2.1	26.1	
Final output	2.2	0.5	-1.6	2.7	0.6	100.0	
Intermediate consumption	0.2	1.1	-1.0	1.3	-0.8	54.5	
Gross value added at m.p.	4.9	-0.5	-2.5	4.4	2.3	45.5	100.0
Subsidies				-3.1	-5.1		35.9
Taxes linked to production				-5.5	-7.5		3.8
Depreciation				1.0	-1.1		46.2
Net value added at f.c.				3.4	1.3		132.2
Rent				5.2	3.1		9.9
Interest				1.8	-0.2		14.4
Net income of total labour				3.5	1.4		61.5
Compensation of employees				:	:		:
Net income of family labour				:	:		:

(*) The deflator is the implicit price index of GDP at market prices, +2.1%.

(**) Including table grapes.

The real value of intermediate consumption fell by -0.8% in 1995 - the combined result of lower real prices (-1.0% on average) and a fractionally higher volume of intermediate consumption purchases (+0.2%). The productivity of intermediate consumption improved by +2.0% in 1995. However, the agricultural "terms of trade" deteriorated by -0.6%, the net result of a +1.1% increase in the nominal price of intermediate consumption and a +0.5% increase in that of final agricultural output.

Due to the smaller area of land set aside from production, there were increases in the input volumes of seeds and seedlings (+1.0%), fertilizers (+1.0%), and plant protection and pharmaceutical products (+4.5%). In the case of seeds and plants and fertilizers, prices expressed in real terms also rose (+2.1% and +7.2% respectively), but this was not the situation for plant protection and pharmaceutical products (-6.0%). Lower

¹⁷ Bovine spongiform encephalopathy, or "mad cow disease".

cereal prices in particular continued to drive down the price of animal feedingstuffs (-5.5% in real terms following -5.4% in 1994), a product which accounts for a quarter of the value of total intermediate consumption and which is its biggest single component. Nevertheless, the volume of feedingstuffs purchased also fell (-0.9%). Lastly, both the use of energy and its price in real terms were down (-0.8% and -3.6% respectively).

With the small increase in the real value of final agricultural output and the fall in the real value of intermediate consumption, so gross value added at market prices rose moderately (+2.3% in real terms). The real value of subsidies is calculated to have fallen by -5.1% in 1995. Although the value of premiums and compensatory payments available under the third phase of the CAP reform rose considerably, the value of the socio-structural compensation for the loss of income and conversion aid was further reduced. Compensation payments for swine fever and for a withdrawal from the milk sector came to an end in 1995. The share of subsidies payable under the reform of the CAP paid out during the first calendar year of the marketing year was almost unchanged, at 83%. When the changes to subsidies were combined in the account with the lower taxes linked to production in 1995 (-7.5% in real terms) and lower depreciation costs (-1.1% in real terms), there was an increase of +1.3% in real net value added at factor cost.

Rental payments were +3.1% higher in real terms in 1995. With interest rates being generally lower than in 1994 and despite a higher volume of credit, interest payments were down very slightly (-0.2% in real terms). Accordingly, real net income from the agricultural activity of total labour rose by +1.4%. Agricultural labour input followed the trend of recent years, with the volume of total labour input falling by an estimated -6.0% (that of family labour declined by -5.3%). As a result, the changes in the income indicators were as follows:

Indicator 1:	+7.8%	(1994 : +7.9%)
Indicator 2:	+7.8%	(1994 : +7.1%)

As in previous years, this report does not give figures for the rate of change in Indicator 3. The reasons for this are that the distinction between family and hired labour is not very meaningful because of the high proportion of holdings in the new *Länder* which have legal personality. In these holdings, the compensation of employees, which in family holdings would have been recorded under net income from the agricultural activity of family labour, would instead be recorded as a non-family item. This applies, for example, to the members of co-operatives (i.e. the owners) or also to payments for management tasks on the holding where the staff in question are hired.

3.4 Greece

Agricultural income, as measured by Indicator 1, is estimated to have increased slightly in 1995 (+2.0%). Following the rise recorded for 1994 (+9.2%), this latest development completes the recovery of incomes to their high base year levels and confirms the impressive growth in this measurement of agricultural income over the reference period (about +70% since 1973).

Greece has a diversified agricultural base, which indicates that there is no overwhelming influence of a particular product on the determination of the development of aggregate agricultural income in any one year. This means that there are rarely common price and volume patterns with which to explain easily income developments. However, what can be shown as the principal factors in 1995 are:

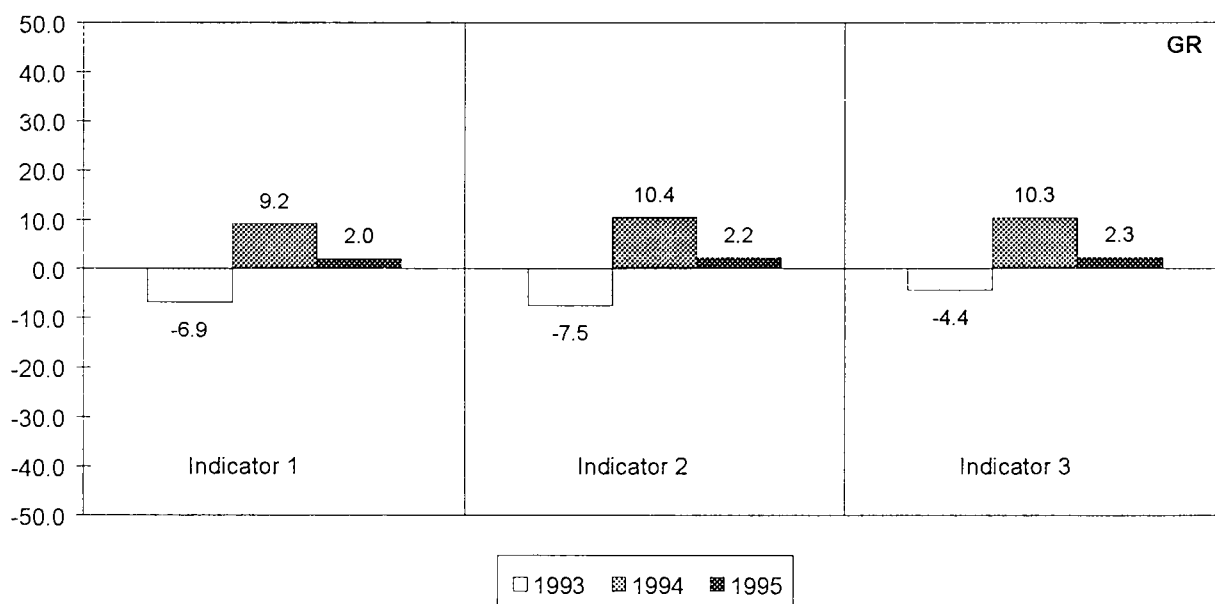
- the relatively unchanged level of final crop output volume (-0.8%) and final animal output volume (-0.5%);
- price rises at less than the general rate of inflation for most products - the average price for final output fell by -5.5% in real terms - with a particularly special case for tobacco (-82.0% in real terms) linked to the change in the market organization, and;
- a substantial increase in the level of subsidies (+31.5% in real terms), much of which was to compensate for the fall in tobacco prices as a result of the reorganization of the market.

The value of final crop output accounts for about 70% of the value of final output. Therefore, much of the decline in the value of final output (-6.2% in real terms) can be attributed to crops. Fresh vegetables and fibre plants are the two single most important crop products in terms of their share of final output value. The

contrasting developments in prices and output volumes for the two typified the heterogeneous nature of the agricultural markets in Greece in 1995. The volume of fresh vegetables fell very slightly (-1.0%) but prices shot upwards (+13.1% in real terms) because of strong demand. In contrast, there was a moderate rise in the volume of fibre plant output (+5.0%), although this would have been higher had not unfavourable weather restrained the effects of the expansion in the cultivated area resulting from comparatively higher income returns for cotton in previous years. After recent rises, prices slumped in 1995 (-14.3% in real terms) as export demand for ginned cotton from the textile industry receded and as the aid scheme for the production of unginned cotton was amended with effect from the 1995 harvest.

There was little change in the output volume of olive oil on the basis of the calendar year (+0.5%). This situation arose because higher volumes relating to the 1994/1995 crop were balanced by lower volumes associated with the 1995/1996 crop, which was affected by disease and unfavourable weather conditions. With output shortfalls in other Member States, export demand for Greek olive oil raised prices (+1.9% in real terms). Adverse weather in Spring greatly reduced fruit tree yields, which led to sharp declines in the output volume of peaches, apricots and pears in particular. As a whole, the output volume of fresh fruit (citrus fruit being excluded) declined considerably in 1995 (-14.5%) and with export demand being muted, prices also dropped (-3.5% in real terms).

Graph 3.4 Development of the three income indicators for Greece in 1993, 1994 and 1995 (Changes in %)



Cereal production is based firmly around wheat and maize. For these two principal cereals there were falls in output volumes (-4.4% and -11.8% respectively) mainly through lower yields for Durum wheat in the former and a reduced cultivation area for the latter in favour of cotton. The average price of cereals fell (-4.5% in real terms, with little difference between cereal types) as the third and last of the current CAP reform cuts in the single intervention price for cereals was carried out. Market regulations also had a considerable bearing on raw tobacco. Price support at the manufacturer level gave way to a system of direct premiums to producers in 1995, with the consequence that producer prices were determined solely in the market. This resulted in prices crashing (-82.0%) but the level of subsidies soaring at the same time. Additionally, new production quotas for the 1995 harvest were introduced and resulted in a moderate fall in output volume (-3.4%).

The real value of final animal output (-4.7%) fell only slightly less than the decline recorded for final crop output (-6.9%). Much of this change for final animal output can be attributed solely to developments for milk and sheep and goats. There was a small increase in the volume of milk output (+0.9%), resulting from higher quantities of sheep and goat's milk rather than cow's milk, which are subject to quota restrictions. However, the price of milk when expressed in real terms fell strongly (-6.2%) as dimmer export possibilities

for domestic dairy products and competition from imports led indirectly to a lower demand for milk. Similarly, the output volume of sheep and goats in Greece rose fractionally (+0.3%), with prices declining in real terms (-2.3%). Of the other animal products, the most notable changes were the strong declines in output volumes of cattle (-4.9%) and poultry (-6.4%, as imports of frozen poultry meat restricted domestic production) and widespread real price falls. The exception to this general pattern was pigs, for which output volumes rose moderately (+1.2%) with real prices remaining stable (+0.2%).

Table 3.4 Changes in the main components of the income calculation for agriculture in Greece, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	-0.8	2.6	-6.1	1.8	-6.9	69.5
Cereals	-6.7	4.3	-4.5	-2.6	-10.9	6.0
Fibre plants	5.0	-6.3	-14.3	-1.6	-9.9	13.0
Fresh vegetables	-1.0	23.6	13.1	22.3	11.9	15.1
Fresh fruit (**)	-11.8	8.2	-1.0	-4.6	-12.7	10.4
Olive oil	0.5	11.4	1.9	11.9	2.4	9.9
Final animal output	-0.5	4.7	-4.2	4.2	-4.7	30.5
Sheep and goats	0.3	6.7	-2.3	7.0	-2.1	6.3
Milk	0.9	2.5	-6.2	3.5	-5.4	12.9
Final output	-0.7	3.2	-5.5	2.5	-6.2	100.0
Intermediate consumption	0.4	5.4	-3.6	5.7	-3.3	27.0
Gross value added at m.p.	-1.1	2.5	-6.2	1.3	-7.3	73.0
Subsidies				43.8	31.5	31.7
Taxes linked to production				9.3	0.0	4.2
Depreciation				10.1	0.7	6.4
Net value added at f.c.				9.0	-0.3	127.4
Rent				6.0	-3.0	4.2
Interest				7.7	-1.5	7.5
Net income of total labour				9.2	-0.1	109.4
Compensation of employees				8.0	-1.2	7.2
Net income of family labour				9.3	0.0	102.2

(*) The deflator is the implicit price index of gross domestic product, +9.3%.

(**) Including citrus fruit and table grapes.

The real value of intermediate consumption declined by -3.3% on the basis of prices being down by a similar amount (-3.6% in real terms). Energy and feedingstuffs account for over half of the value of intermediate consumption. The fall in the real values of energy and feedingstuffs (-5.0% and -8.6% respectively) were due in the most part to declines in real prices (-6.9% and -6.1% respectively). With the use of intermediate consumption goods remaining similar to 1994 levels (+0.4%) and not much change in the volume of final output either (-0.7%), so the measure of the productivity of intermediate consumption did not change greatly (-1.1%). Nominal prices for intermediate consumption goods rose a little more than for final output, which can be gleaned from the fact that the agricultural "terms of trade" for Greece in 1995 worsened slightly (-2.1%).

As has already been touched on, there was a substantial rise in the total level of subsidies (+31.5% in real terms). All of this increase in total subsidies could be attributed to subsidies linked to crop production (+76.1% in real terms), predominantly arising from new CAP reform subsidies paid in 1995 with the reorganization of the markets for tobacco and olive oil. There was no change in the amount of taxes when recorded in real terms.

When subsidies and taxes were taken into account, gross value added at factor cost was almost unchanged from the level in 1994 when expressed in real terms (-0.2%). Real net value added at factor cost also remained barely unchanged (-0.2%) and therefore the adjustment to a small rise in the level of Indicator 1 can be attributed to the decline in volume of total agricultural labour input (-2.2%). When the moderate declines in rental payments, interest payments and the compensation of employees (-3.0%, -1.5% and

-1.2% in real terms, respectively) were also considered, the following changes to the complete list of Income Indicators were as follows:

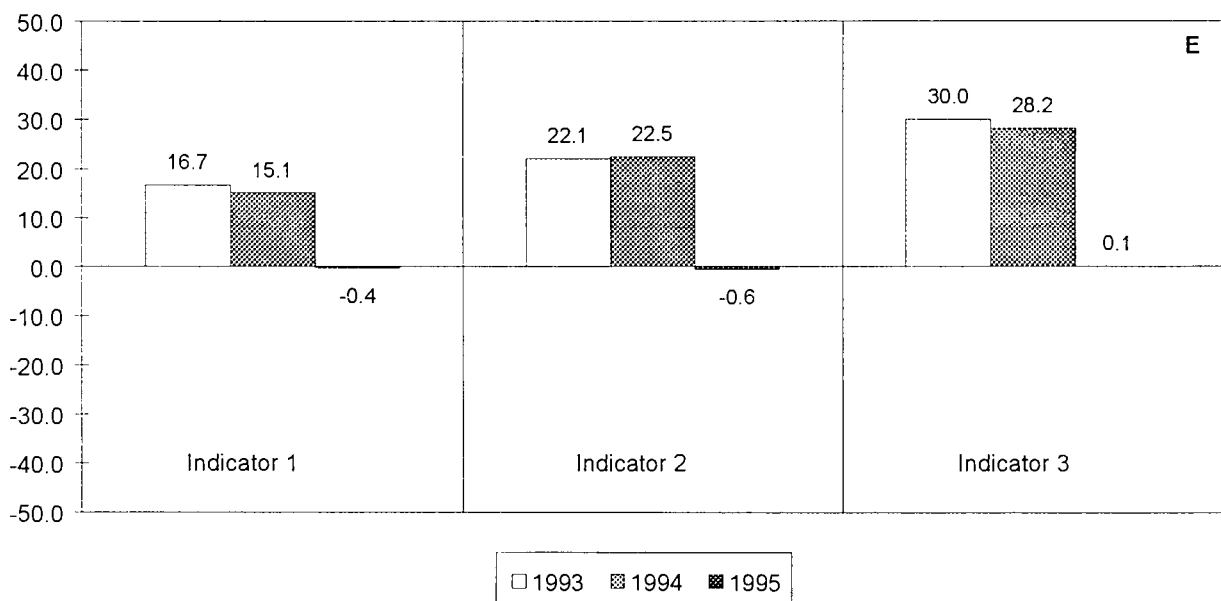
Indicator 1:	+2.0%	(1994: +9.2%)
Indicator 2:	+2.2%	(1994: +10.4%)
Indicator 3:	+2.3%	(1994: +10.3%)

3.5 Spain

Agricultural income as measured by Indicator 1 is calculated to have declined slightly in 1995 (-0.4%), following the sharp increases recorded for the previous two years (1994: +15.1%; 1993: +16.7%). The main reasons for the income development in 1995 were:

- a very steep fall in the volume of final crop output (averaging -10.6%) as a result of a severe drought;
- a distinct slide in the average price of final animal output (-3.9% in real terms), of which the slump in the price of cattle was particularly strong (-11.8%);
- a further sharp increase in the level of subsidies (+12.7% in real terms);
- a continuation of the decline in the volume of total agricultural labour input (-3.3%).

Graph 3.5 Development of the three income indicators for Spain in 1993, 1994 and 1995 (Changes in %)



For agricultural purposes, there were extremely unfavourable weather conditions in Spain during 1995. With the exception of the last week in April 1995, temperatures were above the medium-term average (1950 to 1980) as from October 1994. In the last week of April, there was a severe frost which caused damage particularly to cereals, fresh fruit and wine production. The level of precipitation was even below the low level of the previous year and confirmed that the dry period which had begun in 1992 continued for a fourth year running. In the case of non-irrigated crops, spring frost and drought led to severe declines in yields and losses of extensive areas for cultivation. Thus, despite the lowering of the set-aside limit in the context of the CAP, the area of land lying fallow increased in 1995 by 30 000 hectares. With water shortages, even the irrigated areas under crops had to be reduced considerably (by 150 000 hectares) and here too, the spring frost had an adverse effect on yields. As a result, the aggregate volume of final crop output in the year under review decreased by -10.6%. Due in large part to the weather affected supplies, prices for crop products rose (on average by +5.3% in real terms). Nevertheless, price rises only partly compensated for the severe shortages in supply: the real value of final crop output decreased by -5.9%.

The effects of the unfavourable weather were particularly felt by cereals: the yields per hectare declined sharply as a result of the drought and spring frost, and the output volume decreased by almost half (-43.4%) compared to the previous year. The output volume of olive oil decreased by -12.3%, that of fresh fruit¹⁸ by -6.8% and that of wine by -5.1%. Sharp declines were also recorded in the case of rice (-16.1%), pulses (-16.5%) and the group of industrial crops (averaging -22.8%). The output volume of potatoes increased (+3.4%) despite lower yields thanks to a greater area sown. Nevertheless, for some of these products, particularly wine, olive oil and fresh fruit, price rises more than offset the lower volumes harvested. Wine prices, for example, rose in real terms by an average +32.5%, resulting in a +25.8% increase in the real value of output. In the case of olive oil, a +18.0% rise in real prices meant that the real value of output was +3.5% higher than in 1994, and with prices of fresh fruit up by an average +16.2% in real terms so the real output value climbed +8.3% on average.

Table 3.5 Changes in main components of the income calculation for agriculture in Spain, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	-10.6	10.3	5.3	-1.4	-5.9	56.8	
Cereals	-43.4	9.4	4.4	-38.0	-40.9	3.9	
Fresh vegetables	-3.8	-3.3	-7.7	-7.0	-11.2	14.4	
Fresh fruit (**)	-6.8	21.8	16.2	13.5	8.3	16.1	
Final animal output	2.7	0.7	-3.9	3.4	-1.3	43.2	
Cattle	4.6	-7.5	-11.8	-3.3	-7.7	7.9	
Pigs	2.0	12.7	7.5	15.0	9.7	12.7	
Sheep and goats	2.0	2.6	-2.1	4.7	-0.1	5.1	
Milk	1.1	3.3	-1.4	4.4	-0.4	8.8	
Final output	-5.0	6.0	1.1	0.7	-4.0	100.0	
Intermediate consumption	1.7	3.1	-1.6	4.8	0.0	47.4	
Gross value added at m.p.	-2.9	5.1	0.2	-2.8	-7.3	52.6	100.0
Subsidies				18.1	12.7		36.4
Taxes linked to production				3.0	-1.7		0.9
Depreciation				9.2	4.2		17.7
Net value added at f.c.				1.0	-3.7		135.5
Rent				7.1	2.2		6.6
Interest				-0.5	-5.1		9.8
Net income of total labour				0.7	-3.9		101.3
Compensation of employees				8.1	3.1		19.7
Net income of family labour				-0.9	-5.4		81.5

(*) The deflator is the implicit price index of GDP at market prices, +4.8%.

(**) Including citrus fruit, tropical fruit and table grapes.

Apart from the partial loss of grazing areas, the unfavourable weather conditions had less impact on animal production than on crop production. Overall, the output volume of animal products increased by +2.7%. At the same time, real prices decreased by an average of -3.9%, so that the real value of animal output declined slightly, by -1.3%. The increase in the volume of cattle output was particularly distinct (+4.6%). An increase in the volume of milk output was also recorded, though this was somewhat lower at +1.1%. The substitution of beef cattle for dairy herds thus continued: the stock of beef cattle in 1995 was bigger than that of dairy cattle (ten years ago the number of beef cattle was around half that of dairy cattle). In both product areas real prices declined: by -11.8% in the case of cattle and by -1.4% for milk output, so that real output values fell by -7.7% and -0.4% respectively. In the case of pigs, the output volume rose by +2.0% and real prices by +7.5%, leading to growth of +9.7% in the real value of output.

The volume of intermediate consumption items used increased by +1.7% in 1995. With intermediate consumption prices declining at the same time by -1.6% in real terms, so the real value of items consumed remained practically unchanged ($\pm 0.0\%$). The productivity of intermediate consumption decreased by -6.6%

¹⁸ Including citrus fruit, tropical fruit and table grapes.

(on account of the severe decline in the volume of crop output). The agricultural "terms of trade", on the other hand, improved by +2.8%.

The unfavourable weather conditions also made themselves felt in the area of intermediate consumption. For example, the volume of fertilizers used decreased overall by -7.6% on account of the poor harvest prospects. On the cattle breeding side, the loss of grazing areas led to higher consumption of animal feedingstuffs. As the output volume of pigs and poultry increased at the same time, the total volume of animal feedingstuffs used in the reference period rose by +4.7%. Prices of feedingstuffs decreased at the same time by -5.1% in real terms on average, so that in net terms the real value of the animal feedingstuffs item decreased (-0.6%). The +7.8% year-on-year increase in the consumption of plant protection products reflected, in particular, the greater use of insecticides to combat a new citrus-fruit pest (*Philocnistis citrella*). However, with the price of such plant protection products falling by -6.7% in real terms, so the value of this item increased only slightly (+0.6%; +0.5% for the aggregate of plant protection products and pharmaceutical products).

At the same time as taxes linked to production were down slightly in 1995 (-1.7%), the value of operating subsidies was rising substantially once more (in real terms +12.7%; 1994: +20.9%, 1993: +86.3%). The higher subsidies in 1995 were mainly the result of a rise in the output premiums for olive oil and tobacco, an increase in the area under textile plants and protein crops qualifying for support, higher premiums for suckler cow breeding and the EU-supported grubbing-up of apple orchards. Premiums for the storage of grape-must and wine, on the other hand, were in decline (due to a fall in volume in the previous year). There was likewise a downward trend in the premium for abandoning milk output and in the viticultural grubbing-up premium. The value of depreciation increased sharply in 1995 (+4.2%), a development which stemmed from machinery purchases, leading to lower maintenance and repairs, after the positive economic results of the previous two years. With real gross value added at market prices declining by -7.3%, real net value added at factor cost decreased in the reference period by -3.7%.

Rental payments increased by +2.2% in real terms in 1995 whereas interest payments decreased by -5.1% in real terms. As a result, net income from the agricultural activity of total labour input decreased by -3.9%. The volume of total agricultural labour input continued to decline (-3.3%), with that of family labour input falling even more steeply (-5.5%). The difference between the two was because the volume of non-family labour input actually rose (+2.7%), which was also reflected in the increase of the compensation of employees (+3.1% in real terms). The income indicators thus developed as follows:

Indicator 1:	-0.4%	(1994: +15.1%)
Indicator 2:	-0.6%	(1994: +22.5%)
Indicator 3:	+0.1%	(1994: +28.2%)

3.6 France

After the sharp increase in 1994 (+12.8%), that sent agricultural income as measured by Indicator 1 to its highest level since the series started in 1973, there is thought to have been another rise in 1995 (+4.5%). This latest increase therefore consolidates the rise in 1994 and sent the level of Indicator 1 more than +15% above the level of the base year ("1990").

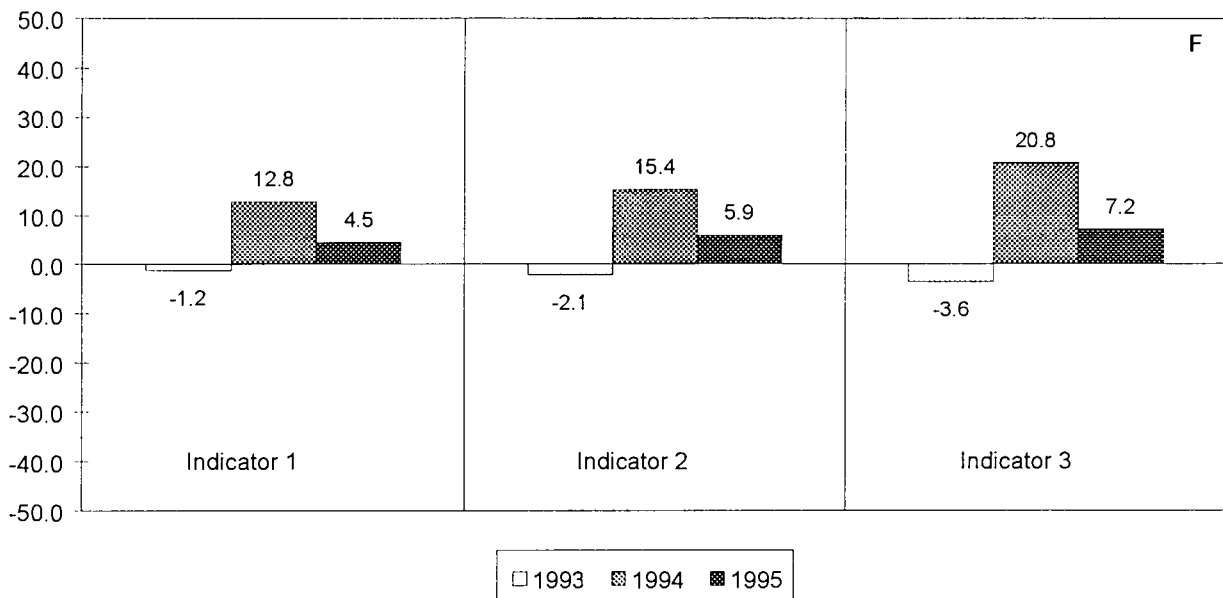
This latest change in income was due to the combination of several factors:

- a certain stabilisation of nominal prices, consolidating the increase recorded in 1994;
- a further increase in the output volumes of the vast majority of agricultural products (particularly oilseeds, wine, pigs and poultry);
- the continued application of the reform of the CAP, which was reflected principally in further cuts in support prices cuts in the cereals and cattle sectors and in an upgrading of compensatory aids;
- the considerable growth in the value of intermediate consumption by the agricultural branch, which thus confirmed the pick-up observed in 1994 after several years of decline (particularly the consumption of fertilizers and plant protection products).

The value of final agricultural output increased, in nominal terms, for the second year in succession (+1.9%, which corresponds to a very slight decrease of -0.1% in real terms, given that the GDP price index was up +2.0%). Nevertheless, it remained at a level below that of the period 1987-1992. After two years of severe decline linked to the reform of the CAP, the share of final crop output in final agricultural output exceeded the 50% mark again, as the prices and volumes of crop output rose faster on average than those of animal output.

For the first time since the implementation of the CAP reform in July 1993, the volume of cereals output increased (+1.1%). This rise, which relates to virtually all cereals with the notable exception of maize (-1.2%), stemmed principally from the lowering of the rate of compulsory land set-aside. However, the impact of this increase in production area, which benefited mainly the production of soft wheat, was partially offset by a decline in yields. Despite a further reduction in institutional prices adopted as part of the CAP reform (of about -7%), cereal prices increased by +1.6% in real terms in the context of reduced supplies at both national and global levels (falls in stocks and in output over recent years).

Graph 3.6 Development of the three income indicators for France in 1993, 1994 and 1995 (Changes in %)



The volume of oilseeds output jumped for the second year running thanks to a substantial increase in areas planted and in yields. This seems to have been largely due to the development of rape for industrial purposes (e.g. non-food reasons like bio-fuels) on "set-aside" land, with the volume of sunflower output remaining relatively stable.

The volume of fresh vegetables output declined in 1995 (-2.2%). All the same, it remained at levels comparable with those of recent years. Prices for the main fresh vegetables decreased in real terms (-1.3% on average), with the notable exception of asparagus, for which a considerable price rise was recorded. Fresh fruit¹⁹ output volumes increased in 1995 by +5.3% on average. This higher output, however, masked widely contrasting developments for individual types of fresh fruit, with a sharp rise in the volumes of apples, peaches, plums and grapes set against distinct falls in the volumes of cherry and apricot output. With the exception of the last two of these products, the prices of the main fresh fruits decreased moderately in real terms (-1.7% on average).

Following two consecutive years of decline, the volume of potato output rose by +9.6%, due in the main to the larger production areas for this crop and higher yields. The greater supplies in the face of sluggish demand meant that prices fell by -18.0% in real terms. The volume of sugarbeet output also increased (+4.4%) thanks to higher yields and larger areas under this crop (particularly those devoted to beet intended

¹⁹ Including citrus fruit, tropical fruit and table grapes

for non-food purposes). In response to the surplus on the world market, prices declined by -5.4% in real terms.

The volume of wine output rose slightly in 1995 (+1.9%). The recovery in real prices that began in 1994 after three years of steep decline continued with an increase of +5.2% in real terms.

The real value of cattle output declined by -7.6% in the wake of lower prices (-8.0% in real terms) and an almost unchanged output volume (+0.4%). The latter, which followed a strong rise in 1994 (+5.4%) could be explained by the higher average animal weight. Cattle prices declined as a result of a greater level of slaughtering, muted demand, less external trade at the beginning of the year due in part to the devaluations of the Italian and Spanish currencies, and a further 5% reduction in the intervention price agreed under CAP reform.

Against a backdrop of steady volume levels for the European Union as a whole, the volume of pig output in France rose once more, by +3.0%. The more favourable state of the European Union market contributed towards sustaining prices, which increased by +4.1% in real terms in France. Nevertheless, pig prices were still at levels considerably below those at the beginning of the decade, with supply remaining high and the balance of the market still very dependent on external markets. Stimulated by the fall in the costs of feedingstuffs, there was renewed firm growth in poultry output volume (+3.0%).

The volume of milk output remained relatively stable in 1995 as a whole (+0.4%) despite large fluctuations throughout the course of the year. The price of milk stabilized in nominal terms (+0.2%) but declined by -1.8% in real terms.

Table 3.6 Changes in the main components of the income calculation for agriculture in France, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	2.1	2.2	0.2	4.4	2.3	50.9	
Cereals	1.1	3.6	1.6	4.7	2.7	13.5	
Oleaginous seeds	22.2	-5.9	-7.7	15.0	12.7	2.4	
Fresh vegetables	-2.2	0.7	-1.3	-1.6	-3.5	6.7	
Wine	1.9	7.3	5.2	9.3	7.2	13.6	
Final animal output	1.1	-1.6	-3.5	-0.5	-2.4	49.2	
Cattle	0.4	-6.2	-8.0	-5.8	-7.6	14.4	
Pigs	3.0	6.1	4.1	9.3	7.2	7.0	
Poultry	3.0	-2.8	-4.7	0.1	-1.9	6.6	
Milk	0.4	0.2	-1.8	0.6	-1.4	17.2	
Final output	1.6	0.3	-1.7	1.9	-0.1	100.0	
Intermediate consumption	2.5	2.5	0.5	5.1	3.0	50.1	
Gross value added at m.p.	0.8	-1.8	-3.8	-1.1	-3.0	49.9	100.0
Subsidies				13.2	11.0		34.5
Taxes linked to production				-6.9	-8.7		4.7
Depreciation				1.0	-1.0		21.1
Net value added at f.c.				2.9	0.9		129.8
Rent				-1.0	-2.9		6.3
Interest				-7.8	-9.6		8.5
Net income of total labour				4.3	2.2		93.9
Compensation of employees				1.4	-0.6		19.5
Net income of family labour				5.0	3.0		74.4

(*) The deflator is the implicit price index of GDP at market prices, +2.0%.

The real value of intermediate consumption increased by +3.0%, as a result of both higher volumes used (+2.5%) and higher real prices (+0.5%). These changes, together with the development in final output, caused a decline in the apparent productivity of intermediate consumption (-0.9%) and in the "terms of trade" (-2.2%). The change in volume would appear to confirm the trend reversal observed in 1994, after several years of substantial decline, resulting principally from the greater use of fertilizers, animal

feedingstuffs and plant protection products (which together account for nearly 55% of total intermediate consumption).

The rise in the consumption of plant protection products (+10.0% in 1995, after +4.0% in 1994) marks a break with the trend observed since 1989 (-16% in four years). The same applies to the use of fertilizers, which increased for the first time since 1990 (+6.0% after -22% in four years). These higher volumes used can be linked principally to the reduction in the rate of land set-aside, which raised sharply the areas under soft wheat and rape, and to increased fertilizer application per hectare. Fertilizer prices were up distinctly in 1995 (+5.3% in real terms) due to the sustained domestic and global demand. The consumption of animal feedingstuffs continued to increase with a +1.0% rise in volume, supported in particular by the development in poultry output and the adverse weather conditions at the start of the year.

The level of subsidies rose by +11.0% in real terms, due largely to the upgrading of the compensatory aid paid under the CAP reform. This aid concerns mainly payments made out to producers of arable crops (cereals, protein plants and oilseeds) by way of compensation for lower prices and the set-aside of land, but also concerns new or upgraded aid for cattle production. The amount of aid linked to the reform of the CAP in the 1995/96 marketing year²⁰ but which was actually paid and accounted for in the subsidies for 1995, corresponded to 93%. The considerable decrease in taxes linked to production (-8.7% in real terms) was mainly due to the reduction in the rates of some national taxes.

The increase in subsidies combined with the reduction in taxes linked to production led to a stabilization of both real gross value added at factor cost (+0.6%) and, after the deduction of depreciation (which decreased by -1.0% in real terms), real net value added at factor cost (+0.9%). Lower rental payments (-2.9% in real terms) and interest payments (-9.6% in real terms, the third consecutive decrease due to lower interest rates and a fall in the agricultural branch's debt) led to an increase of +2.2% in real net income from agricultural activity of total labour. The slight fall in the compensation of employees (-0.6% in real terms, linked to a decline in the volume of hired labour and a rise in the hourly wage rate close to the rate of inflation) led to a rise of +3.0% in real net income from agricultural activity of family labour. The declines in the volume of total and family labour input (-3.5% and -3.9% respectively) in 1995 (estimates identical to those of 1994) accentuated the increases in the income indicators:

Indicator 1:	+4.5%	(1994: +12.8%);
Indicator 2:	+5.9%	(1994: +15.4%);
Indicator 2:	+7.2%	(1994: +20.8%).

3.7 Ireland

Real net value added at factor cost per AWU (Indicator 1) is estimated to have increased in 1995 (+5.6%) at a similar rate to that of 1994 (+6.9%), to stand at its highest level since the start of Eurostat's series in 1973. In the period from the early 1980s through to the base year ("1990"), the level of income to the branch of agriculture in Ireland rose steadily and recaptured gains made up to 1978. However, since the base year there have been further strong rises in the level of agricultural income (+27% to 1995).

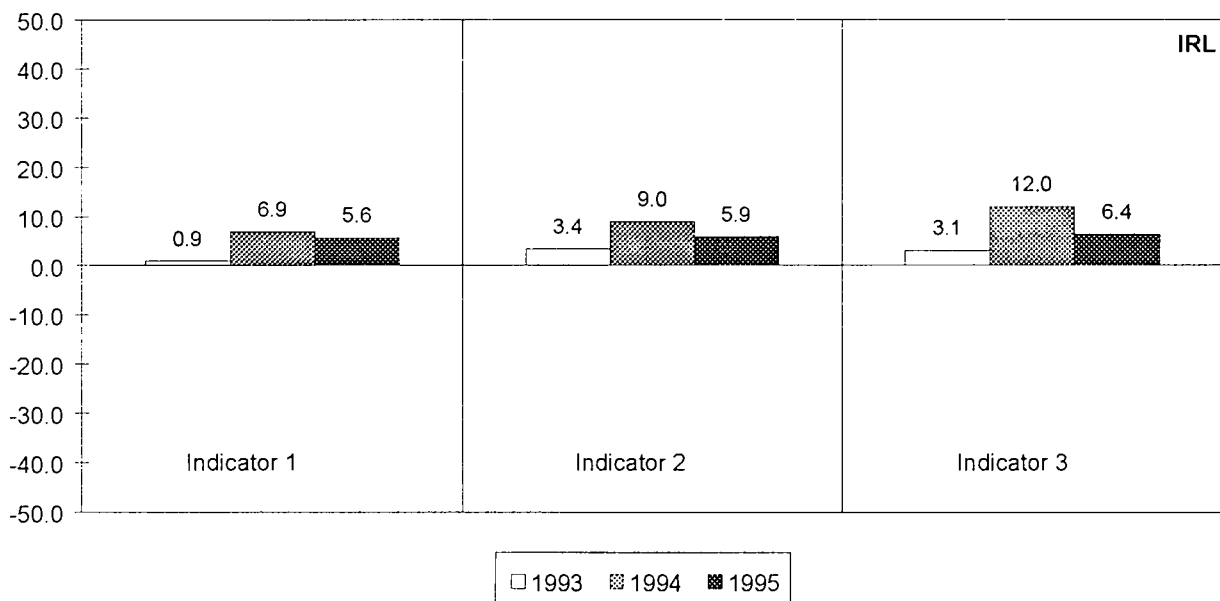
Given that agriculture in Ireland is dominated by the production of milk and cattle, the combined value of their output volumes accounting for slightly over 70% of the value of final output in 1995, the additional role of some other factors in the increase in income for 1995 is noteworthy. The changes with the most influence on income in 1995 were:

- the rise in the values of milk, cattle, pigs and cereal output (+3.5%, +1.1%, +14.1% and +45.4% in real terms, respectively), generally through higher volumes but also prices in some instances;
- higher subsidies paid (+9.4% in real terms), and
- the increase, on the other hand, in the value of intermediate consumption used (+2.8% in real terms).

²⁰ In this respect, it should be pointed out that some subsidies due for the marketing year 1994/95 and which were paid only in the 1995 calendar year, have also been taken into account in the agricultural income estimate for 1995.

Cattle herd numbers are expected to have continued to grow in 1995 (+1.9%) and output volume is estimated to have risen sharply (+5.6%), particularly due to the slaughter of the fattening stock of adult cattle in the first half of the year. Exports to non-EU destinations remained high in 1995, with countries like North Africa providing important market outlets. Nevertheless, demand from Britain, the largest export market for Irish beef, was depressed for much of the year because of the relative strength of the punt against sterling. Restricted demand and higher output volumes led to lower prices (-4.3% in real terms). A slightly higher output volume of milk in 1995 (+0.4%) was a reflection of the continued replacement of the dairy herd with more productive breeds and the good weather in 1995. Dairy intakes and the milk fat content were fractionally higher. However, this would all suggest that Ireland will be over-quota once more at the end of the 1995/1996 milk year. After a moderate fall in milk prices in 1994, there was a steady upward trend in 1995 (averaging +3.1% in real terms over the year). The volume of pig output also rose (+4.0%), although this average conceals the fact that abattoir slaughterings was down. There was a small rise in stocks but it was the strong surge in live pig exports to Northern Ireland in particular that help explain the overall rise in output volumes and prices (+9.7% in real terms). The value of sheep output declined once more in 1995 (-10.8% in real terms), because of lower volumes (-3.4%) and prices (-7.6% in real terms). A general lack of confidence caused by recent low returns was reflected by shrinking breed numbers, particularly for ewes over two years. As a whole though, the real value of final animal output was +2.1% higher in 1995 than the level in 1994.

Graph 3.7 Development of the three income indicators for Ireland in 1993, 1994 and 1995 (Changes in %)



An even sharper rise in the real value of final crop output (+10.1%) can be explained by the developments for cereals, the value of which rocketed (+45.4% in real terms). The volume of cereal output was substantially higher than in 1994 (+27.4%) resulting from a small rise in the area cultivated following a change in set-aside specifications (especially the 6% increase in the cultivated area of barley) but especially the boost in yields from ideal growing conditions. Nevertheless, output volumes were still significantly below the levels reached in 1992. Despite the rise in output volume and the final cut in the single intervention price for cereals, prices also surged (+14.2% in real terms) as a reflection of the higher demand for cereals in compound feedingstuffs, the world shortage of cereals and the quality of the 1995 harvest. The area of potatoes cultivated also increased, leading to a higher output volume for root crops as a whole (+7.1%) but there was a mirror fall in prices (-6.9% in real terms).

Against the trend seen in a majority of Member States, the value of intermediate consumption went up (+2.8% in real terms) in Ireland, as a result of higher volumes used (+2.5%) and a fairly stable average price for total intermediate consumption (+0.3% in real terms). Given that the value of feedingstuffs represents such a large proportion of the value of total intermediate consumption (about 40%), it is

surprising to find, therefore, that developments for this good should be so different from the total. The value of feedingstuffs declined moderately (-4.8% in real terms) with both volumes (-1.3%) and prices (-3.5% in real terms) down. Demand for feedingstuffs slackened because the good weather improved grazing conditions and because over-quota milk worries led to some substitution of feedingstuffs for on-farm milk. Two goods with a large influence on the aggregate development were fertilizers and materials/small tools. Despite initiatives from the Rural Environment Protection Scheme to reduce fertilizer use, there was a sharp increase in volumes used (+5.5%) as a result of the further reclamation of land and the fact that there was probably more grass grown for silage. At the same time, the price of fertilizers also increased (+6.8% in real terms), at a rate similar to the average in the European Union. Benefiting from favourable returns in recent years it appeared that many farmers invested in or replenished some of their small tools and materials (+8.1% in the volume of purchases) causing prices to rise slightly (+1.8% in real terms). With the volume of final output rising by more than the volume of intermediate consumption goods, the productivity of intermediate consumption rose a little (+1.4%). On the other side, the terms of trade worsened somewhat (-1.1%).

Table 3.7 Changes in the main components of the income calculation for agriculture in Ireland, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	11.4	0.8	-1.2	12.3	10.1	12.7
Final animal output	2.9	1.2	-0.8	4.1	2.1	87.3
Cattle	5.6	-2.4	-4.3	3.1	1.1	36.8
Pigs	4.0	11.9	9.7	16.4	14.1	6.5
Sheep and goats	-3.4	-5.8	-7.6	-9.0	-10.8	4.3
Milk	0.4	5.2	3.1	5.6	3.5	33.9
Final output	3.9	1.2	-0.8	5.1	3.0	100.0
Intermediate consumption	2.5	2.3	0.3	4.9	2.8	45.6
Gross value added at m.p.	5.2	0.1	-1.9	5.3	3.2	54.4
Subsidies				11.6	9.4	38.2
Taxes linked to production				14.8	12.5	1.9
Depreciation				4.8	2.7	19.2
Net value added at f.c.				7.2	5.1	136.4
Rent				0.0	-2.0	0.1
Interest				4.5	2.4	8.5
Net income of total labour				7.4	5.3	108.6
Compensation of employees				2.0	0.0	9.3
Net income of family labour				8.0	5.9	99.3

(*) The deflator is the implicit price index of gross domestic product, +2.0%.

With the value of final output increasing at a greater rate than that of intermediate consumption, gross value added at market prices rose (+3.2% in real terms). In order to arrive at gross value added at factor cost (+4.8% in real terms), it is necessary to add subsidies and deduct taxes. Total subsidies paid to farmers in the calendar year increased sharply (+9.4% in real terms), with new CAP reform subsidies accounting for just over 60% of the total. Of the new CAP reform subsidies actually paid out in 1995, a third were related to the 1994/1995 marketing year. Taxes linked to production were also higher (+12.5% in real terms) but represented less than 5% of the value of subsidies. Reflecting the greater volume of capital formation in 1995, particularly for agricultural machinery, and higher prices, depreciation costs were up (+2.7% in real terms). This limited the growth in net value added at factor cost (+5.1% in real terms).

Interest payments rose (+2.4% in real terms) as charges were made for the use of borrowed assets with which to buy new capital. Rental payments remained unchanged as a whole in nominal terms but the compensation of employees rose with the general rate of inflation. With preliminary returns from the 1995 Labour Force Survey suggesting a small decline of -0.5% in the volume of agricultural labour input, the following changes to the Income Indicators were estimated:

Indicator 1:	+5.6%	(1994: +6.9%)
Indicator 2:	+5.9%	(1994: +9.0%)
Indicator 3:	+6.4%	(1994: +12.0%)

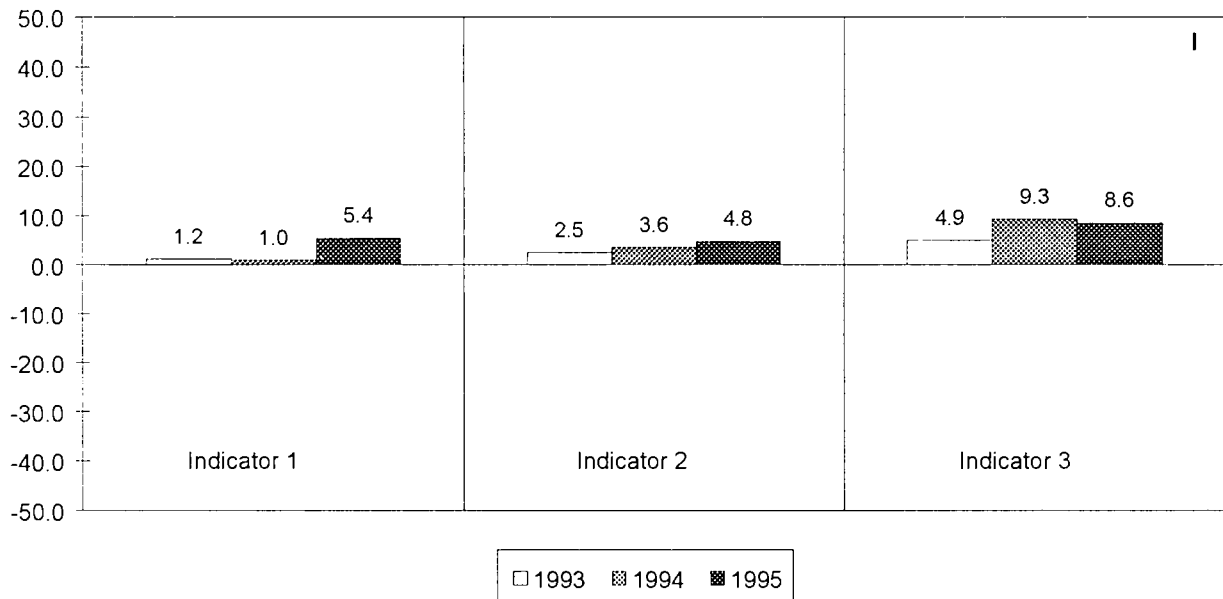
3.8 Italy

After the small rises recorded for the previous two years, agricultural income as measured by Indicator 1 is calculated to have risen again in Italy in 1995. With this latest rise in Indicator 1 being estimated at +5.4%, the level of agricultural income has recovered to a level last held in the mid-1980s. The development of agricultural income for 1995 can be attributed above all to the following factors:

- fairly sharp nominal price increases for most agricultural products, particularly crop products (+9.0%);
- a considerable rise in the level of subsidies (+11.5% in real terms);
- a slight decrease in the volume of total agricultural labour input (-1.4%).

The downward trend in the value of Italy's final agricultural output that had lasted for more than ten years (with the exception of 1991) did not continue in 1995, chiefly on account of the much higher prices for crop products. The value of final agricultural output in 1995 rose by + 2.2% in real terms as a result of the combined effect of the higher values of final crop output and final animal output (+3.3% and +0.6% in real terms, respectively). The general rise in nominal prices, there being few exceptions, in large part reflected the devaluation of the Italian lira during 1995.

Graph 3.8 Development of the three income indicators for Italy in 1993, 1994 and 1995 (Changes in %)



The rise in the value of final crop output was due to higher prices (averaging +4.8% in real terms) rather than volumes which were lower (an average -1.5%). This general increase in real prices was particularly pronounced for wine (+10.6%), but also fresh fruit²¹ (+7.2%), cereals and fresh vegetables (both +6.6%). For olive oil the price level increased in real terms by a smaller +4.8%, although with the volume of output being +13.0% greater than in 1994, the real output value of olive oil rose by +18.5%. The output volume of fresh vegetables and wine declined in 1995 for the third year in succession. In the case of fresh vegetables, which - on the basis of output value - is the most important crop product group, the volume decreased by -5.3% in 1995 and the volume of wine output declined by -5.1%. As a result of these changes, the output value of fresh vegetables and wine rose (+1.0% and +4.9% in real terms respectively). Likewise, the

²¹ Including citrus fruit, tropical fruit and table grapes

volumes of fresh fruit and cereals output were down on 1994 levels, although relatively slightly (-1.3% and -0.8% respectively), though the developments for individual crops within the two aggregates were quite varied. Citrus fruit, in particular, showed a sharp increase in output volume (+7.4%). With their higher prices, the output values of both fresh fruit and cereals rose by +5.8% in real terms overall.

In terms of final animal output, prices decreased very slightly in real terms (by an average -0.2% although in nominal terms there was also a price increase too, of +3.8%). This was more than offset, however, by an increase in the volume of final animal output (+0.8%) which reflected particularly the higher output volumes of cattle (+2.7%) and pigs (+1.0%). In the case of the latter, there was also a sharp increase in real prices (averaging +9.1%) that pushed the real output value of pigs much higher than in 1994 (+10.2%). There was also an increase, although smaller, in the real price of cattle output (+1.1%), so that here too a rise in real output value was recorded (+3.8%). In contrast, the real output values of milk and poultry declined in 1995 (-1.0% and -9.7% respectively). In the case of milk, this was the result of a real price decline (-1.2%) and an annual output volume that remained virtually unchanged (+0.2%). In the case of poultry, both the real price (-8.8%) and output volume (-1.0%) decreased.

Table 3.8 Changes in the main components of the income calculation for agriculture in Italy, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	-1.5	9.0	4.8	7.4	3.3	60.5
Cereals	-0.8	10.9	6.6	10.0	5.8	7.7
Fresh vegetables	-5.3	10.9	6.6	5.0	1.0	14.5
Fresh fruit (**)	-1.3	11.5	7.2	10.0	5.8	12.2
Wine	-5.1	15.0	10.6	9.1	4.9	8.0
Flowers	0.5	-1.5	-5.3	-1.0	-4.8	5.3
Final animal output	0.8	3.8	-0.2	4.6	0.6	38.3
Cattle	2.7	5.1	1.1	7.9	3.8	10.1
Pigs	1.0	13.5	9.1	14.6	10.2	7.1
Poultry	-1.0	-5.2	-8.8	-6.1	-9.7	5.0
Milk	0.2	2.8	-1.2	3.0	-1.0	10.8
Final output	-0.6	6.9	2.8	6.3	2.2	100.0
Intermediate consumption	-0.7	8.6	4.4	7.8	3.7	28.6
Gross value added at m.p.	-0.5	6.2	2.1	5.7	1.6	71.4
Subsidies				16.0	11.5	16.7
Taxes linked to production				5.0	0.9	1.8
Depreciation				4.8	0.7	34.5
Net value added at f.c.				8.1	4.0	114.9
Rent				3.9	-0.1	0.9
Interest				16.3	11.8	7.0
Net income of total labour				7.4	3.3	72.5
Compensation of employees				1.3	-2.6	28.7
Net income of family labour				11.9	7.6	43.8

(*) The deflator is the implicit price index of GDP at market prices, +4.0%.

(**) Including citrus fruit, tropical fruit and table grapes.

The real value of intermediate consumption, which is relatively low compared to the other Member States (29% of the value of final output in 1995 against 47% for the European Union), rose in 1995 (+3.7%), which was attributable to an average increase in real prices (+4.4%) for intermediate consumption items since the total volume used was down slightly (-0.7%). An increase in real prices was particularly marked for fertilizers (+10.7%) and energy (+9.4%). The price level also rose for the other intermediate consumption items, with the exception of plant protection products. The development in total volume was dominated by the falls in the consumption of fertilizers (-2.5%) and animal feedingstuffs (-1.8%), because there were slight increases in the volumes of the other intermediate consumption items used. The results of these volume and price changes were that the productivity of intermediate consumption remained virtually unchanged compared with the previous year (+0.2%) and that the agricultural terms of trade deteriorated slightly (-1.6%).

Real gross value added at market prices increased slightly in 1995 (+1.6%). At the same time, the real value of subsidies actually paid out rose by +11.5% (1994: -8.5%), mainly due to a further jump in subsidies paid under the CAP reform. Higher subsidies should also be seen in the light of the devaluation of the Italian lira and of the greater share of CAP-reform subsidies paid in the first calendar year of the relevant marketing year (up to 93% in 1995 from just under 80% in 1994). Both taxes linked to production and depreciation costs (which represents just over a third of gross value added at market prices compared to 29% for the European Union as a whole) increased a little in 1995, by +0.9% and +0.7% in real terms respectively. The increase in these two items, however, was more than offset by the higher level of subsidies and as a result, real net value added at factor cost increased by +4.0%.

Rental payments remained virtually constant in real terms (-0.1%) in the reference year. Interest payments, by contrast, rose sharply (+11.8% in real terms) resulting in net income from the agricultural activity of total labour increasing by a somewhat lesser extent (+3.3%) than real net value added at factor cost. There was a further decline (-2.6%) in compensation of employees (as a result of the -2.4% decrease in non-family labour input). The volume of total agricultural labour input decreased by -1.4% and that of family labour input by a smaller -0.9%. The overall trend in the income indicators was as follows:

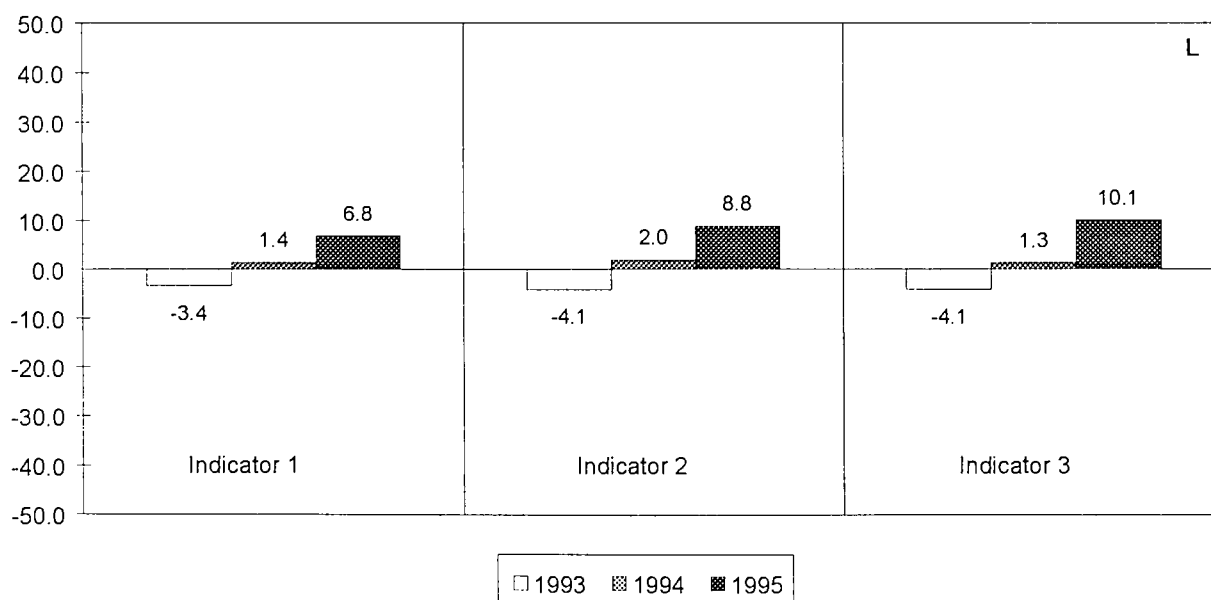
Indicator 1:	+5.4%	(1994: +1.0%)
Indicator 2:	+4.8%	(1994: +3.6%)
Indicator 3:	+8.6%	(1994: +9.3%)

3.9 Luxembourg

Following on from the small increase noted for 1994, the level of agricultural income in Luxembourg as measured by Indicator 1 is expected to have improved distinctly in 1995 (+6.8%) and has thus further recovered some of the losses since the "1990" base year. The main reasons for this development of income in 1995 were:

- a substantial increase in the volume of cereal output (+15.8%);
- a considerable rise in the volume of cattle output (+16.3%);
- higher levels of subsidies (+4.3% in real terms) combined with lower taxes linked to production (-3.4% in real terms);
- a decline in the total volume of agricultural labour input (-2.3%).

Graph 3.9 Development of the three income indicators for Luxembourg in 1993, 1994 and 1995 (Changes in %)



The real value of final agricultural output in 1995 was very slightly above the level in 1994 (+0.3%) as a result of an increase in output volume (+4.3%) and real price decreases (averaging -3.9%). With few exceptions, these lower prices were common to both animal and crop products (averaging -4.0% and -3.8% in real terms respectively). However, whilst the volume of final crop output decreased (-3.8%), the volume of final animal output, the value of which accounts for more than four-fifths of the value of final output, increased by +6.6%.

There was particularly strong growth in the volume of cattle output (+16.3%), Luxembourg's second most important agricultural product after milk in terms of value. This more than offset the resulting price decreases (averaging -6.6% in real terms), so that the value of output increased (+8.9% in real terms). Additionally, the volume of milk output rose, though only by +1.8%, although in this case it was insufficient to compensate for lower prices (-3.1% in real terms). As a result, the value of milk output decreased by -1.4%. Pig prices recovered somewhat: in real terms prices rose by +0.7%, while nominal prices were up +3.9%. Together with a higher volume of output (+1.8%), this led to an increase in the real value of output (+2.5%).

The developments noted for individual crop products in 1995 differed considerably. In the case of wine, Luxembourg's most important crop product, the poor harvest of 1995 led to a decline of -14.5% in output volume, with prices falling at the same time (-5.0% in real terms). As a result, the real output value of wine decreased substantially (-18.8%). The 1995 harvest of fresh fruit was also poor, with the volume of output tumbling by -36.0%. Despite real prices surging (+49.5% in real terms), the real value of fresh fruit output was down (-4.4%) on the corresponding level in 1994. In contrast, the volume of cereal output soared (+15.8%), after it had slumped in 1994 (-11.9%), more than compensating for the decline in real prices (-7.9%) so that the real value of cereals output was higher in 1995 than in 1994 (+6.6%). Similarly, the volume of potatoes output leapt higher (+34.4%) in 1995, and although there was a resulting drop in prices (-22.3% in real terms), the real value of output increased (+4.5%).

Table 3.9 Changes in the main components of the income calculation for agriculture in Luxembourg, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	-3.8	-0.7	-3.8	-4.5	-7.5	17.6	
Wine	-14.5	-2.0	-5.0	-16.2	-18.8	7.7	
Final animal output	6.6	-0.9	-4.0	5.7	2.4	82.1	
Cattle	16.3	-3.6	-6.6	12.4	8.9	28.8	
Pigs	1.8	3.9	0.7	5.8	2.5	7.8	
Milk	1.8	0.0	-3.1	1.7	-1.4	43.8	
Final output	4.3	-0.8	-3.9	3.5	0.3	100.0	
Intermediate consumption	0.7	0.4	-2.7	1.0	-2.1	42.9	
Gross value added at m.p.	7.2	-1.7	-4.7	5.4	2.1	57.1	100.0
Subsidies				7.6	4.3		28.3
Taxes linked to production				-0.3	-3.4		0.8
Depreciation				1.5	-1.6		34.9
Net value added at f.c.				7.7	4.4		127.5
Rent				2.6	-0.5		9.3
Interest				-0.9	-4.0		10.5
Net income of total labour				9.8	6.4		72.8
Compensation of employees				7.6	4.2		6.0
Net income of family labour				10.0	6.6		66.8

(*) The deflator is the implicit price index of gross domestic product at market prices, +3.2%.

The slightly greater volume of purchases of intermediate consumption goods (+0.7%) reflected the fact that prices were lower (averaging -2.7% in real terms). As a result, the real value of intermediate consumption in 1995 was down on 1994 (-2.1%). In nominal terms, a small increase in intermediate consumption prices was recorded (+0.4%), leading to a deterioration in the agricultural "terms of trade" (-1.2%). On the other hand though, the productivity of intermediate consumption rose notably (+3.6%).

With the exception of plant protection products and pharmaceuticals, the prices of all other intermediate consumption items fell when expressed in real terms. Severe declines in prices were noted for livestock and animal products (-8.7% in real terms) and the most important single item (measured by value) in the group of intermediate consumption items, animal feedingstuffs (-4.6% in real terms). In the case of the latter, there was also a slight decline in the volumes purchased (-1.0%). In contrast, there was strong growth in the volume of livestock and animal products (+24.3%), which accords with the volume increases in cattle and milk output, resulting in the real value surging +13.5% in 1995. There were moderate falls in the value of seed and seedlings and of fertilizers (-1.4% and -2.3% in real terms respectively) resulting from falling prices (in real terms -2.9% and -0.8%) and in the case of the latter lower purchases too (-1.5%).

The value of subsidies rose by +4.3% in real terms, with those subsidies which were not linked to a specific form of output being the main cause since they account for around three-quarters of the total value of subsidies; the subsidies associated with crop and animal output decreased (-13.1% and -6.8% in real terms respectively). Of the CAP reform subsidies available for the 1995/96 marketing year, 69% were actually paid out in the 1995 calendar year. When combined with the lower taxes linked to production (-3.4% in real terms) and lower depreciation costs (-1.6% in real terms), net value added at factor cost rose by +4.4% in real terms.

Against the background of a falling interest rate level, interest payments dropped relatively sharply in 1995 (-4.0% in real terms). With rental payments also declining (-0.5% in real terms), real net income from the agricultural activity of total labour thus increased (+6.4% in real terms). The volume of total agricultural labour input decreased by -2.3%, and was comprised of a reduction in the volume of family labour input (-3.2%) but greater use of non-family labour (+4.1%). The greater compensation of employees (+4.2% in real terms) was linked to the increase in the volume of hired labour input. Bearing these changes in mind, the following rates of change were recorded for the three income indicators:

Indicator 1:	+ 6.8%	(1994: +1.4%)
Indicator 2:	+ 8.8%	(1994: +2.0%)
Indicator 3:	+10.1%	(1994: +1.3%)

3.10 The Netherlands

Agricultural income, as measured by real net value added at factor cost per total AWU (Indicator 1), is estimated to have declined moderately in 1995 (-2.4%). This decrease follows a considerable rise in the same measure of agricultural income in 1994 (+20.8%), although this too must be considered against the background of the steep falls recorded for the Netherlands in 1993 (-16.5%) and 1992 (-10.6%). Since the base year of "1990", it is now estimated that the level of Indicator 1 has fallen by -13.3%.

Two of the principal factors behind the fall in the level of Indicator 1 for 1995 were:

- a widespread decrease in real prices, averaging -4.6% for final output, in part caused by the strength of the dutch guilder, which comprised significant falls for potatoes (-20.3%), fresh vegetables (-11.9%) and cattle (-8.0%) and the single exception of an increase for pigs (+5.2%), and;
- an increase in net taxes (+19.4% in real terms) as taxes linked to production rose and subsidies decreased.

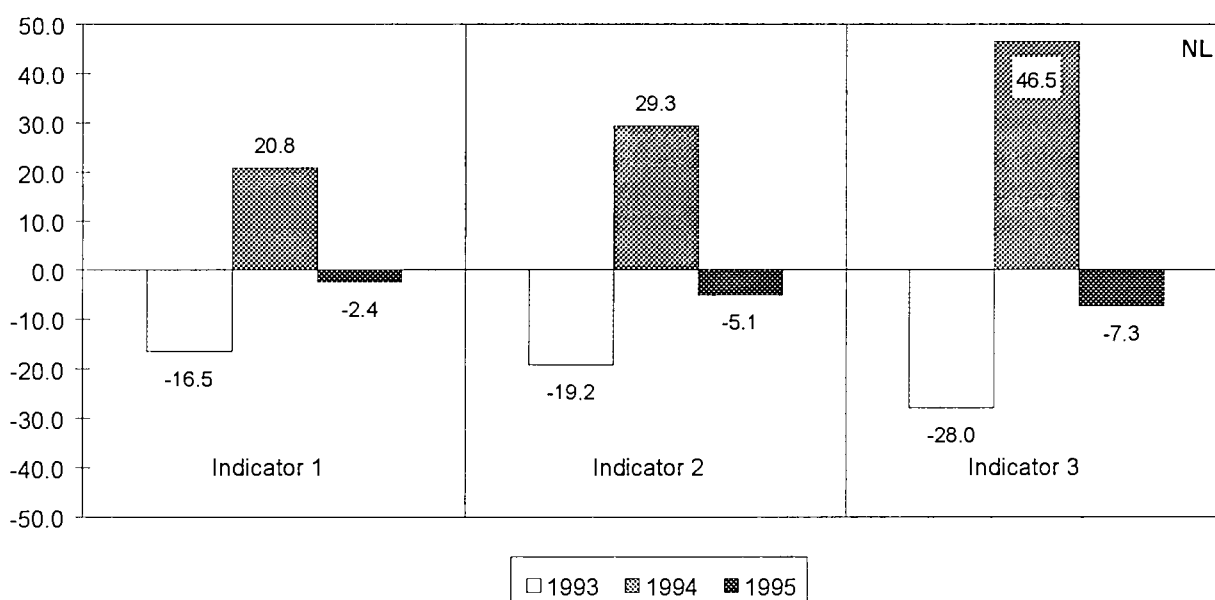
This was despite:

- the sharpest fall in the volume of total agricultural labour input (-3.6%) in the Netherlands during the reference period, with the fall in family labour input being even stronger (-5.5%).

The value of final output in real terms is estimated to have declined by -3.5% in 1995, as a result of the aforementioned decrease in the average price and a rise in output volume of +1.2%. Both the composite final crop output volumes and final animal output volumes increased by +1.2%, although individual trends within these aggregates varied considerably. There was greater distinction between the two in terms of real prices, however, with that for final crop output tumbling an average -7.0% and that for final animal output declining -2.5%.

The value of animal output, which represents just over half of the value of final output, decreased by -1.4% in real terms in 1995. Within this average, highly disparate developments were noted for the three main products - milk, pigs and cattle - that together comprise just over 85% of the value of total animal output. The real value of milk output remained stable (-0.4%), that of pigs increased (+5.2%) and that of cattle slumped (-11.1%). In closer detail, the output volume of milk rose (+2.8%) over the calendar year but particularly at the beginning of 1995, in reaction to the lower production during the summer of 1994. Milk prices fell for the third consecutive year (-3.1% in real terms), partly due to lower fat and protein content, to offset the higher output volume. With the output volume for pigs in 1995 remaining level with that of 1994, the increase in the real value can be attributed solely to rising real prices (+5.2% on average), which were pushed up by export demand for weaners in Spain for example. For cattle, there was a fall in the output volume of -3.4% and prices were down an average -8.0% in real terms, following a further drop in intervention prices as a result of the reform of the CAP. Finally, the output volume of poultry rose sharply (+7.6%) but was more than offset by a fall in prices (-10.8% in real terms).

Graph 3.10 Development of the three income indicators for the Netherlands in 1993, 1994 and 1995 (Changes in %)



The decline in the value of crop products (-5.9% in real terms) was greater than the counterpart for animal output because of a stronger fall in real prices. All the main crop products experienced average prices for the year that were lower than those in 1994 in real terms. The real price of flowers and ornamental plants, which account for a third of the value of all crop products, declined by -3.1%, with particularly strong falls for Chrysanthemums and Gerbera, although the output volume for the year remained almost unchanged (-0.3%). The regular feature of strong annual fluctuations in the price for fresh vegetables and potatoes, which together account for another third of the value final crop output, continued as prices fell by -11.9% and -20.3% respectively in real terms. Moderate increases in the output volume for fresh vegetables (+3.5%) are attributed to the very low supply levels of 1994 and the moderate rise for potatoes (+2.4%) to a greater area sown to this crop, in the North - North East area in particular, following the high price level of 1994. On the other hand, potato yields in the South - South West areas fell somewhat. The developments for sugarbeet followed closely those for potatoes, with real prices down (-7.8%) and output volumes rising moderately (+2.3%). The warm and dry summer improved yields of wheat and maize, which had been particularly low in 1994, and output volumes rose strongly, averaging +16.6% for cereals as a whole. Although cereal prices fell for the fourth year in a row (-6.8% in real terms), the real value recovered somewhat (+8.7%) from the strong decline in 1994.

The volume of intermediate consumption items used fell by -2.5%, particularly because of the declines noted for feedingstuffs (-2.9%) and seeds and seedlings (-15.0%). When compared to the rise of +1.2% in the volume of final output, it can be derived that the productivity of intermediate consumption increased by

+3.8%. Prices for all the main items of intermediate consumption increased or remained stable, except for feedingstuffs, where lower cereal prices in particular helped push down prices by an average -4.3% in real terms. With feedingstuffs representing almost a half of the value of intermediate consumption, this real price decline offset the increases noted for seeds and seedlings (+17.6%), fertilizers (+14.2%) and energy (+2.7%), so that the resultant real price for total intermediate consumption remained at a similar level in 1995 to that for 1994 (-0.4%). The "terms of trade" deteriorated -4.2%, with the divergent nominal price trends recorded for final output (-2.7%) and for intermediate consumption (+1.6%). With the value of intermediate consumption declining (-2.8% in real terms) at slower rate than final output (-3.5% in real terms), gross value added at market prices fell more strongly (-4.1% in real terms) than the two of them.

Table 3.10 Changes in the main components of the income calculation for agriculture in the Netherlands, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	1.2	-5.2	-7.0	-4.0	-5.9	45.9	
Potatoes	2.4	-18.7	-20.3	-16.7	-18.4	5.0	
Fresh vegetables	3.5	-10.1	-11.9	-7.0	-8.8	11.0	
Flowers	-0.3	-1.2	-3.1	-1.5	-3.4	19.6	
Final animal output	1.2	-0.6	-2.5	0.6	-1.4	54.1	
Cattle	-3.4	-6.2	-8.0	-9.4	-11.1	9.6	
Pigs	0.0	7.3	5.2	7.3	5.2	15.6	
Milk	2.8	-1.2	-3.1	1.6	-0.4	21.5	
Final output	1.2	-2.7	-4.6	-1.6	-3.5	100.0	
Intermediate consumption	-2.5	1.6	-0.4	-0.9	-2.8	47.2	
Gross value added at m.p.	4.6	-6.5	-8.3	-2.2	-4.1	52.8	100.0
Subsidies				-3.1	-5.0	3.4	
Taxes linked to production				6.5	4.4	6.1	
Depreciation				1.0	-0.9	26.1	
Net value added at f.c.				-4.0	-5.9	97.3	
Rent				6.0	3.9	3.0	
Interest				5.0	2.9	14.2	
Net income of total labour				-6.6	-8.5	54.0	
Compensation of employees				3.5	1.5	17.1	
Net income of family labour				-10.7	-12.4	37.0	

(*) The deflator is the implicit price index of gross domestic product, +2.0%.

Bucking the developments noted for almost all other countries, taxes linked to production, which are twice as high as subsidies, increased by +4.4% in real terms whilst subsidies decreased by -5.0%, affected by the strength of the guilder. With depreciation declining slightly in real terms (-0.9%), net value added at factor cost, the basis for the calculation of Indicator 1, declined by -5.9%. Rental payments, interest payments and the compensation of employees, all rose in real terms (+3.9%, +2.9% and +1.5% respectively). The higher compensation of employees did not appear to stem from higher wages, but rather a greater volume of hired labour (+1.3%). In contrast, the greatest rate of decline in the volume of family labour input in agriculture in the Netherlands (-5.5%) since Eurostat's records started in 1973 was noted. As a result of all these factors, the following changes in the three Income Indicators apply:

Indicator 1:	-2.4%	(1994 : +20.8%)
Indicator 2:	-5.1%	(1994 : +29.3%)
Indicator 3:	-7.3%	(1994 : +46.5%)

3.11 Austria

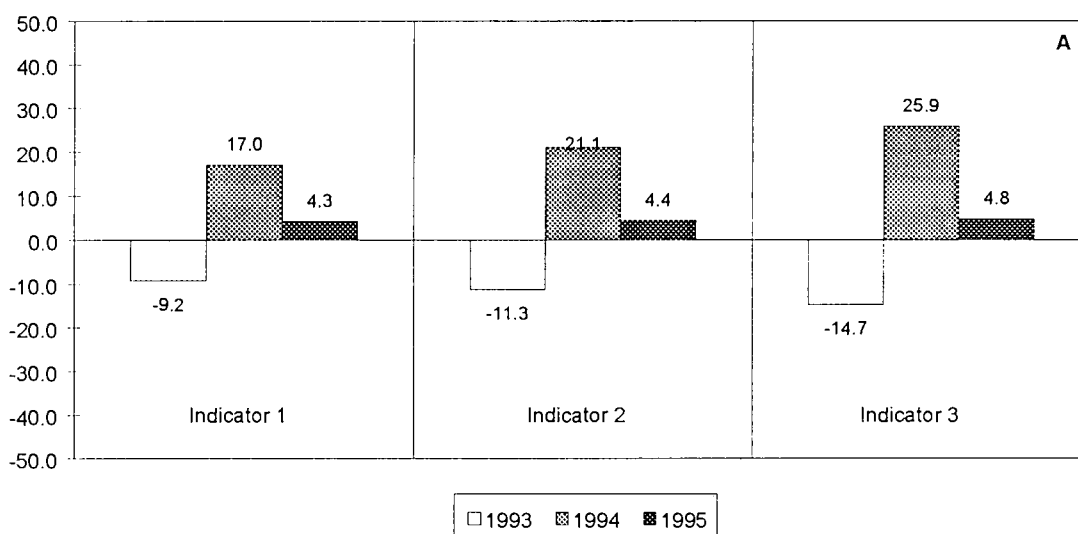
Figures for Austria, as a new Member State of the European Union, are included for the first time in this report. With accession to the European Union so the agricultural markets in Austria had to changed to accord with the regulations of the Common Agricultural Policy, with the main consequences being:

- considerable cuts in agricultural producer prices to levels pertaining on EU markets and, at the same time,
- a huge rise in operating subsidies.

With this in mind, aggregate agricultural income as measured by Indicator 1 is estimated to have risen by +4.3% in 1995 (1994: +17.0%) in Austria. This development arose in most part due to the following factors:

- a steep fall in the value of final agricultural output (-25.5% in real terms);
- a surge in the level of subsidies, the real value of which increased by +144.5% in 1995, accompanied by a slight decline in taxes linked to production (-2.3% in real terms);
- lower expenditure, when expressed in real terms, on intermediate consumption (-5.6%), depreciation (-2.3%) and, for Indicator 2, rent and interest payments (in each case -2.5%), and
- a sharp decline in the volume of total agricultural labour input (-5.8%).

Graph 3.11 Development of the three income indicators for Austria in 1993, 1994 and 1995 (Changes in %)



The high volume of final output in 1994 was not quite matched in 1995 (-2.2%), as both final crop output volume (-2.3%) and final animal output volume (-2.2%) fell. With the implementation of the CAP, there were severe cuts in the prices of almost all agricultural products (averaging -24.7% in real terms). These cuts were more or less compensated for by higher subsidy payments, but nevertheless the real value of final output tumbled (-25.5%). In the composite final crop output and final animal output, the price decreases (averaging -21.9% and -25.9% in real terms respectively), pushed down values (averaging -24.4% and -26.1% in real terms respectively), although these aggregated figures naturally conceal some appreciable differences between the individual products.

For crop products, the lower volumes of cereals output (-10.3%), due partly to lower soft wheat and barley yields per hectare, and of wine (-16.5%), as a result of a poor grape harvest, were particularly pronounced. In the case of cereals, the average price also came crashing down (-47.5% in real terms), so that the overall value of cereals output slumped by -52.0% in real terms. Wine prices decreased by only -1.5% in real terms (indeed, there was a slight rise in nominal terms of +1.1%). Despite a sharp increase in the volume of sugarbeet output (+11.3%), the real value of decreased considerably (-14.1%), because of a lower sugar content and falling real prices.

The output volume of fresh fruit, the most important crop product group with a share of more than one-fifth in the value of final crop output, was much higher in 1995 (+8.9%) than in 1994, and this raised the real value of fresh fruit output (+9.2%). Although the volume of fresh vegetables output also increased in 1995 (+5.0%), the drop in prices by about a quarter (-26.9% in real terms) led to the real value of fresh vegetables output collapsing by almost one-quarter (-24.6% in real terms).

In final animal output, too, which accounts for two-thirds of the value of final agricultural output, the price falls in 1995 were very pronounced. Compared with the previous year, the real prices of the three most important product groups decreased by more than one-fifth on average in 1995. More specifically, milk prices fell by -34.7% in real terms, pig prices by -21.5% in real terms and cattle output by -18.5%. There was greater contrast in the developments of output volumes for the three. The lower price for cattle combined with a steep fall in output volume (-12.1%), led to the value of cattle output crashing (-26.9% in real terms). A less pronounced drop in the output volume of pigs (-1.0%) still helped drive down the real value of output (-23.0%). In contrast, the volume of milk output increased (+7.2%) following the end of the premium scheme for withdrawal from milk production and as a result of arrangements that were being introduced to facilitate ex-farm sales.

The real value of intermediate consumption decreased (-5.6%) in 1995 principally because of a fall in prices (an average -6.8% in real terms). A reason for the lower prices of those intermediate consumption goods of agricultural origin (particularly animal feedingstuffs but also imported livestock and seeds), was that following the introduction of the CAP, the price of the agricultural raw materials had decreased. The volume of intermediate consumption items used increased slightly (+1.3%), implicitly leading to a deterioration in the productivity of intermediate consumption (-3.5%).

Table 3.11 Changes in the main components of the income calculation for agriculture in Austria, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	-2.3	-19.9	-21.9	-22.4	-24.4	34.5
Cereals	-10.3	-46.1	-47.5	-50.7	-52.0	5.2
Fresh vegetables	5.0	-25.0	-26.9	-22.6	-24.6	3.8
Fresh fruit (**)	8.9	1.1	-1.5	12.0	9.2	7.0
Wine	-16.5	1.1	-1.5	-15.6	-17.7	6.2
Final animal output	-2.2	-24.0	-25.9	-24.2	-26.1	65.5
Cattle	-12.1	-16.4	-18.5	-25.0	-26.9	17.0
Pigs	-1.0	-19.5	-21.5	-21.0	-23.0	18.5
Milk	7.2	-33.0	-34.7	-28.2	-30.0	21.3
Final output	-2.2	-22.7	-24.7	-23.6	-25.5	100.0
Intermediate consumption	1.3	-4.4	-6.8	-3.2	-5.6	49.3
Gross value added at m.p.	-4.4	-33.7	-35.4	-36.6	-38.2	50.7
Subsidies				150.8	144.5	98.0
Taxes linked to production				0.2	-2.3	6.8
Depreciation				0.3	-2.3	75.6
Net value added at f.c.				0.8	-1.7	191.2
Rent				0.0	-2.5	5.8
Interest				0.0	-2.5	9.2
Net income of total labour				1.0	-1.6	100.6
Compensation of employees				2.5	-0.1	17.8
Net income of family labour				0.6	-1.9	82.9

(*) The deflator is the implicit price index of GDP at market prices, +2.6%.

(**) Including table grapes.

With the animal sector dominating the agricultural scene in Austria, so the majority of the purchases of intermediate consumption items are linked to the animal sector. The value of animal feedingstuffs, for example, account for about 20% of the value of all intermediate consumption, and the use of this good rose by +19.8% as prices crashed (-26.8% in real terms). Likewise, the volume of imported livestock and animal products used by way of intermediate consumption also rose sharply (+13.6%) as prices fell steeply (-14.2%

in real terms). In both cases, however, real values declined (-12.3% and -2.5% respectively). The same pattern was noted for energy consumption, as higher volumes used (+6.3%) were outweighed by steeper rates of price decline, so that value of energy input decreased (-0.6% in real terms). The real values of plant protection products (-10.1%, with prices down -10.3% in real terms) and seeds and seedlings (-4.3%) were also lower. One of the few price rises was for fertilizers (+2.8% in real terms), and when combined with the lower volume used (-2.5%) led to a slightly higher value (+0.3% in real terms) compared with the previous year.

Although gross value added at market prices declined by -38.2% in real terms in 1995 (with the lower prices being a particularly important element), this was largely offset by a huge rise in operating subsidies (+144.5% in real terms). Such subsidies included direct payments in the form of the newly introduced EU market-organization premiums, sliding-scale compensatory payments, greater aid for holdings in disadvantaged areas and, not least, an important programme designed to promote an environmentally-sensitive agricultural sector. With the changes that took place in 1995, the value of subsidies paid in 1995 virtually corresponded to the value of gross value added at market prices in real terms. With taxes linked to production and the value of depreciation being calculated to have fallen both by -2.3% in real terms, so net value added at factor cost decreased by -1.7% in real terms.

The effect of rent and interest payments both being -2.5% lower in real terms was that real net income from the agricultural activity of total labour input declined by a still smaller -1.6%. The compensation of employees remained almost unchanged (-0.1%) in 1995 with the volume of hired agricultural labour input falling only slightly (-0.6%). Nevertheless, the volume of total agricultural labour input is estimated to have decreased by -5.8%, as the volume of family labour input declined sharply (-6.4%). The result of all these factors led to the following changes in the income indicators :

Indicator 1:	+4.3%	(1994: +17.0%)
Indicator 2:	+4.4%	(1994: +21.1%)
Indicator 3:	+4.8%	(1994: +25.9%)

3.12 Portugal

Agricultural income as measured by Indicator 1 is estimated to have increased by +3.4% in 1995. This rise, following the very sharp one recorded for 1994 (+22.9%), takes agricultural income back to a level above that observed during the 1980s. This latest change in income resulted from a combination of the following factors:

- a slight fall in the real value of final agricultural output (-1.6%), despite varying developments for individual products;
- a more marked reduction in the value of intermediate consumption (-4.4% in real terms);
- a further increase in subsidies to the agricultural branch (+4.5% in real terms).

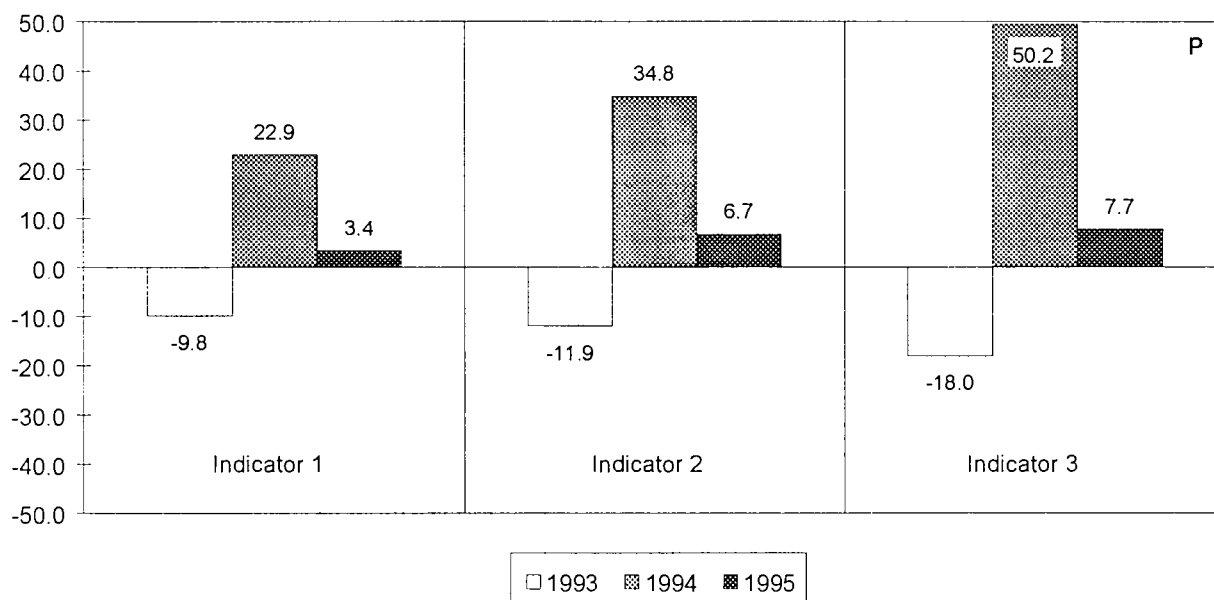
The limited decline in the value of final agricultural output was mainly thanks to final crop output (and wine and potatoes in particular), the real value of this aggregate increasing by +1.3%, since the real value of final animal output was -4.0% lower. As a result of these changes, the share of crop output in final agricultural output rose close to the 50% mark. Nevertheless, these average changes mask widely varying individual developments.

With this in mind, the unchanged volume of final crop output (+0.1%) in 1995 from that in 1994 was the net result of higher output volumes of wine (+11.0%), potatoes (+7.9%) and fresh vegetables (+1.0%) and of the appreciable decreases for fresh fruit²², olive oil and cereals (-5.6%, -8.0% and -14.9% respectively). It should be pointed out that the production of numerous products, particularly cereals, was affected greatly by the unfavourable weather conditions (drought) that prevailed on the Iberian peninsula. Crop output prices increased for the second year running in real terms (+1.2% on average). While the real prices of wine, olive oil and fresh fruit all rose (+28.1%, +7.2% and +2.9% respectively), those of cereals and fresh vegetables

²² Including citrus fruit, tropical fruit and table grapes.

declined by -4.7% and -15.0% respectively. These figures are, moreover, similar to those recorded in 1994. The fall in the real price of cereals is explained essentially by the further cut in the intervention price, agreed on as part of the CAP reform. The real price of potatoes remained stable after a marked rise in 1994 (which followed a price slump in 1992).

Graph 3.12 Development of the three income indicators for Portugal in 1993, 1994 and 1995 (Changes in %)



The fall in the real value of final animal output was common to the vast majority of its composite products. It was particularly severe, however, for eggs (-19.2%) and sheep and goats (-13.0%). By contrast, the real value of pig output showed a further increase (+1.1%) by virtue of a +5.3% rise in real prices. Nevertheless, prices still remained at levels well below those at the beginning of the decade, owing to the steep fall in 1993. After having been down by almost 30% since 1991, the volume of cattle output picked up substantially (+10.0%). In reply, real prices fell by -12.7%, also due in part to the reduction in support prices adopted in the framework of the reform of the CAP and to lacklustre demand.

A considerable rise in the output volume of milk was recorded for 1995 (+5.0%), taking it close to the levels reached at the start of the decade. However, with the average price tumbling (-6.1% in real terms), there was a reduction in the real value of milk output (-1.4%). For the first time in many years the volumes of egg and poultry output decreased (by -7.0% and -1.0% respectively) but despite this their prices in real terms suffered further steep falls (-13.1% and -4.2% respectively).

As a result of all these changes, the aggregate volume of final agricultural output rose very slightly (this average being +0.2%) but the average price fell (-1.8% in real terms). The value of intermediate consumption within the agricultural branch showed a more pronounced change, as total volume also stabilised but prices fell by an average -4.4% in real terms. Of individual goods, the consumption of agrochemical products (plant protection products and fertilizers) remained stable in 1995 after having decreased by -34% since 1990 and the consumption of animal feedstuffs, the biggest single item of intermediate consumption (accounting for nearly 45% of the total) decreased slightly in volume terms. The real prices of most intermediate consumption goods fell, with the notable exception of materials and small tools (+2.4%). The net effect of these changes was an improvement in the apparent productivity of intermediate consumption (+0.2%) and in the "terms of trade" (+2.7%).

Subsidies to the agricultural branch rose by +4.5% in real terms. This increase was largely due to the aid paid under the CAP reform, the third year of which brought an upgrading of aid paid as compensation for the further decreases in support prices for cereals and cattle. However, part of this aid available for the 1995/96 marketing year was not included in the estimate of agricultural income in 1995. This was because the estimate only took account of those subsidies actually paid in the calendar year under review. By the

same token, just under 40% of the aid available for the 1994/95 marketing year was included in the 1995 agricultural income estimate because it was paid out in 1995.

Table 3.12 Changes in the main components of the income calculation for agriculture in Portugal, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	0.1	6.7	1.2	6.8	1.3	48.2	
Cereals	-14.9	0.5	-4.7	-14.5	-18.9	3.8	
Potatoes	7.9	5.5	0.1	13.8	8.0	7.6	
Fresh vegetables	1.0	-10.4	-15.0	-9.4	-14.1	11.3	
Fresh fruit (**)	-5.6	8.5	2.9	2.4	-2.9	6.2	
Wine	11.0	35.0	28.1	49.9	42.2	12.6	
Final animal output	0.8	0.4	-4.7	1.2	-4.0	49.1	
Cattle	10.0	-8.0	-12.7	1.2	-4.0	7.8	
Pigs	-4.0	11.0	5.3	6.6	1.1	12.6	
Poultry	-1.0	1.0	-4.2	0.0	-5.1	7.9	
Milk	5.0	-1.0	-6.1	4.0	-1.4	12.9	
Final output	0.2	3.5	-1.8	3.7	-1.6	100.0	
Intermediate consumption	0.0	0.8	-4.4	0.8	-4.4	51.4	
Gross value added at m.p.	0.4	6.5	1.0	7.0	1.5	48.6	100.0
Subsidies				10.1	4.5		33.7
Taxes linked to production				3.7	-1.6		0.4
Depreciation				8.4	2.9		16.9
Net value added at f.c.				7.6	2.1		133.3
Rent				-0.4	-5.5		2.3
Interest				-6.9	-11.7		17.8
Net income of total labour				11.0	5.3		96.4
Compensation of employees				4.2	-1.1		22.4
Net income of family labour				13.3	7.5		74.0

(*) The deflator is the implicit price index of GDP at market prices, +5.4%

(**) Including citrus fruit and table grapes.

The inclusion of the slight decrease in taxes linked to production (-1.6% in real terms) together with the rise in depreciation costs (+2.9% in real terms), led to a +2.1% increase in real net value added at factor cost. With the subsequent deduction of rent and interest payments, which fell again (-5.5% and -11.7% respectively in real terms), so real net income from the agricultural activity of total labour, which increased by +5.3%, is obtained. When the moderate decrease in the compensation of employees (-1.1% in real terms) and in the volume of total labour input (-1.2%) and family labour input (-0.2%) were also included, the following results for the three income indicators were obtained:

Indicator 1:	+3.4%	(1994: +22.9%)
Indicator 2:	+6.7%	(1994: +34.8%)
Indicator 3:	+7.7%	(1994: +50.2%)

3.13 Finland

Analysis of the change in aggregate agricultural income for Finland is included in this report for the first time. On 1 January 1995, Finland became a member of the European Union, accepting all the provisions of the Accession Treaty. The Common Agricultural Policy was therefore applied in Finland as from this joining date, without a transitional period. This has proved to have a considerable bearing on the development of agricultural incomes in Finland in 1995.

Income from agricultural activity in Finland, as measured by Indicator 1, is estimated to have declined in 1995 by -4.6%. With the provision of historical series on a comparable basis, it can be seen that this same measurement of agricultural income has fallen by about 18% since the "1990" base year. A number of key factors to have an influence on this latest change in aggregate agricultural income can be identified:

- a huge decline in prices - averaging -39.4% in real terms for final output - as the markets in Finland adjusted to prices prevailing in the European Union, once the accession had been made;
- by way of compensation, there was a considerable increase in the level of subsidies (+76.9% in real terms), originating from both the European Union and national government;
- a strong decline in the price of intermediate consumption products (averaging -23.6% in real terms), as the change from a turnover tax system to a standard VAT system from the start of 1995 allowed farmers to deduct VAT from the purchases of inputs and capital goods;
- an estimated decline in the volume of agricultural labour input of -4.3%, which was a stronger rate of decline than for most other Member States.

The agricultural sector in Finland is dominated by the production of animals and animal products. The value of animal output constitutes about 70% of the value of final output, with the output values of milk, pigs and cattle constituting about 57% alone. Therefore, changes in the prices and output volumes of these three products largely dictated the change in the value of final output.

Graph 3.13 Development of the three income indicators for Finland in 1993, 1994 and 1995 (Changes in %)



Despite milk deliveries increasing for each of the first five months of 1995 over their corresponding levels in 1994, strong falls during the summer and towards the end of the year meant that, on an annual basis, milk deliveries decreased slightly (-0.9%). The fat content of milk was down slightly but protein content up. These changes, though, had little bearing on the substantial fall in prices (averaging -37.5% in real terms). As with almost all products, the reason for the price falls was the switch away from national market controls to the market organizations of the European Union. This was also clearly the principal factor in the massive price cuts for pigs and cattle (-53.9% and -42.4% in real terms). In terms of volumes, the output of pigs in 1995 was similar to that in 1994 (-0.7%), despite being somewhat down during the summer. However, what is not reflected in these figures is that there was a sharp rise in the consumption of pigmeat in Finland. In contrast to pigs, the output volume of cattle is estimated to have declined strongly (-9.0%) in 1995, most notably for bulls and bullocks, and heifers but less so for cows. The value of final animal output slumped (an aggregate -41.8% in real terms) principally because of these price falls (averaging -41.0% in real terms).

Cereals account for a third of the value of crop products and of these cereals the most important are barley and oats. The output volume of cereals declined moderately over the period (-4.2%) despite a strong rise in the output volume of wheat (+14.2%, with winter wheat doing particularly well). Despite a small increase in the area planted to barley for the 1995 harvest, output volumes declined (-11.1%) as yields fell back to the average for the 1990 to 1994 period. In contrast, the area planted to wheat and rye for the 1995 harvest

increased by a quarter and yields for the former were well above the same short-term average. With the final adjustment of the single intervention price for cereals as part of the CAP reform in respect of the 1995 harvest, so further impetus was given to the price falls in Finland as part of the shake-up resulting from accession; prices for cereals fell sharply (averaging -48.0% in real terms). The late arrival of spring in Finland coupled with production uncertainties help explain the decline in the volume of fresh vegetable output (-9.5%). With prices falling markedly (-25.4% in real terms) so the value of fresh vegetable output decreased clearly (-32.4%). Like final animal output, the value of final crop output also plummeted (-37.3%) on the basis of price decreases.

A standard VAT system was introduced to agriculture in 1995, replacing the turnover tax system that had previously been in place when the amount of tax the agricultural branch paid on its purchases of intermediate consumption goods or capital items could not be deducted. The arrival of the standard VAT system makes it possible for the farmers to deduct any deductible VAT from these purchases and has thus resulted in the price level of intermediate consumption goods, as recorded in the accounts, declining greatly (averaging -23.6% in real terms). In the case of feedingstuffs, an item which accounts for about a third of the value of intermediate consumption, the reduction in prices (-30.5% in real terms) can additionally be attributed to the decline in the price of cereals. In reaction to these price falls, the volume of feedingstuffs used increased by +6.8%. A similar demand reaction to price falls was noted for fertilizers; prices decreased -32.6% in real terms with the volume used rising by +8.6%.

Table 3.13 Changes in the main components of the income calculation for agriculture in Finland, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	-2.8	-33.2	-35.5	-35.0	-37.3	30.7
Cereals	-4.2	-46.1	-48.0	-48.4	-50.2	9.5
Fresh vegetables	-9.5	-22.7	-25.4	-30.0	-32.4	4.1
Flowers	-12.4	-1.6	-5.0	-13.8	-16.8	4.8
Final animal output	-1.3	-38.9	-41.0	-39.7	-41.8	69.3
Cattle	-9.0	-40.3	-42.4	-45.7	-47.6	11.5
Pigs	-0.7	-52.2	-53.9	-52.5	-54.2	10.7
Milk	-0.9	-35.2	-37.5	-35.7	-38.0	34.9
Final output	-1.7	-37.2	-39.4	-38.3	-40.5	100.0
Intermediate consumption	3.4	-20.9	-23.6	-18.2	-21.1	69.6
Gross value added at m.p.	-6.0	-58.0	-59.5	-60.5	-61.9	30.4
Subsidies				83.3	76.9	279.3
Taxes linked to production				-79.9	-80.6	0.8
Depreciation				-6.5	-9.7	111.8
Net value added at f.c.				-5.5	-8.8	378.4
Rent				11.8	7.9	9.2
Interest				-3.0	-6.4	41.9
Net income of total labour				-6.5	-9.8	215.5
Compensation of employees				2.6	-1.0	51.4
Net income of family labour				-9.1	-12.2	164.1

(*) The deflator is the implicit price index of gross domestic product, +3.6%.

Given the special case of the accession of Finland to the European Union in terms of price fluctuations, the measure of the "terms of trade" seems of little meaning for this year. However, it seems pertinent to consider the productivity of intermediate consumption. With the volume of intermediate consumption used rising by +3.4% but the volume of final output declining by -1.7%, the measure of the productivity of intermediate consumption declined by -4.9%.

To help redress much of the impact of the aforementioned price cuts, subsidies provided by the Finnish government and from the European Union increased substantially (+76.9%). As part of the Accession Treaty, the European Union and the Finnish government agreed to a package of agro-environmental support on the basis of a fifty-fifty finance arrangement. In 1995, this support amounted to about a quarter of the new increase in subsidies, with a further third provided under joint Less-Favoured-Area schemes, another quarter under new CAP reform subsidies and the rest from a special Finnish government

agricultural support package. The level of support to agriculture in Finland was already high in 1994 as can be seen from the fact that subsidies represented 60% of gross value added at market prices. With gross value added at market prices slumping by -61.9% in real terms in 1995, principally due to the aforementioned price cuts, and the level of subsidies rising to compensate for much of this, so the level of subsidies to the Finnish agricultural sector is now about two and three-quarter times the level of gross value added at market prices. The addition of subsidies and the deduction of taxes, which fell sharply but are extremely small in total value, helped redress the impact of the price falls, shown by the fact that gross value added at factor cost fell so much less steeply (-9.0% in real terms) than gross value added at market prices.

Despite the fact that depreciation declined markedly (-9.7% in real terms), because this was barely more than the rate of decline for gross value added at factor cost, net value added at factor cost, the basis for Indicator 1, still decreased sharply (-8.8% in real terms). When the impact of the fall in interest payments and the compensation of employees (-6.4% and -1.0% in real terms, respectively) are considered along with the rise in rental payments (+7.9%) and the blanket estimate of the decline in the volume of agricultural labour input (-4.3%), the following changes to the Income Indicators were estimated:

Indicator 1:	-4.6%	(1994: -1.2%)
Indicator 2:	-5.7%	(1994: -1.2%)
Indicator 3:	-8.3%	(1994: -2.3%)

3.14 Sweden

For the first time, this year's agricultural income report includes data for Sweden, as it does for the other new Member States of the European Union. An integral part of 1995 for these new Member States therefore involved the accessionary procedures to the European Union and the associated application of the CAP. Some reform measures had already been introduced in Sweden during the course of the previous few years, so that the price levels prevailing in the country in 1995 were to a large extent already comparable with the prices prevailing in the European Union, avoiding the kind of considerable price falls seen in Finland and Austria for 1995.

As measured by Indicator 1, agricultural income in Sweden is estimated to have risen substantially (+21.3%) in 1995 following a severe decline in 1994. The principal factors behind the sharp increase in 1995 were:

- a very steep rise in the real prices of sugarbeet (+41.9%), potatoes (+36.3%) and to a lesser extent cereals (+2.8%);
- the strong growth in the volume of cattle output (+7.2%);
- a jump in the level of subsidies (+81.9% in real terms);
- a further decline in the volume of total agricultural labour input (-2.9%),

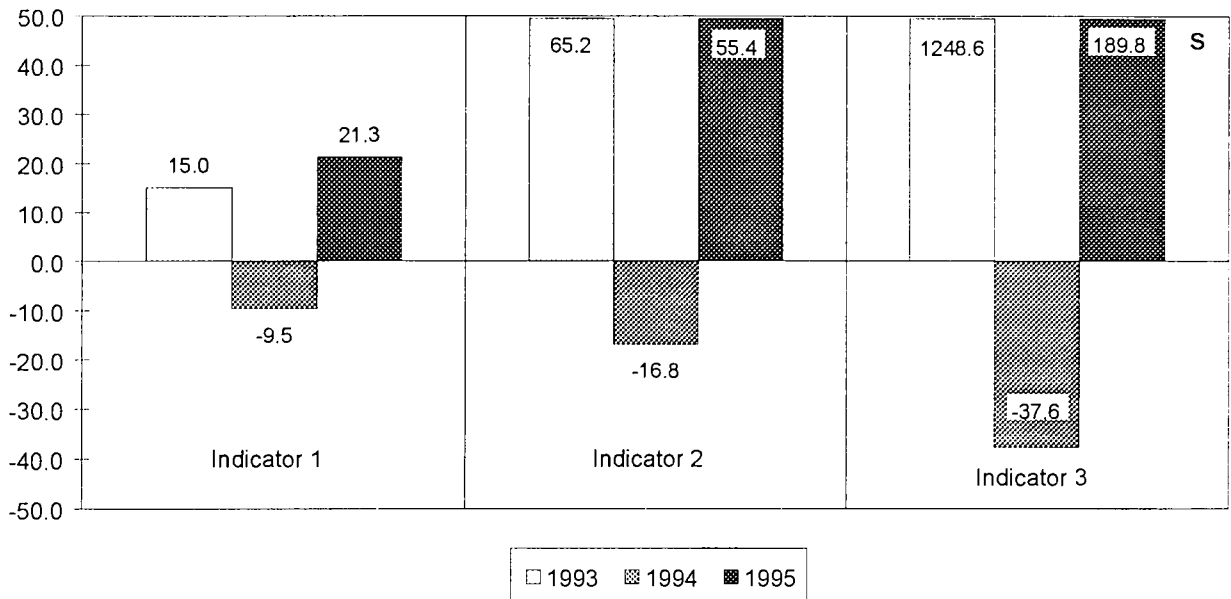
and for Indicator 3,

- the fall in the compensation of employees (-4.0% in real terms).

The real value of final agricultural output in Sweden declined by -3.7% in 1995 as a net result of an increase in the aggregate volume (+1.3%) and lower prices (an average -4.9% in real prices). However, this average fall in prices conceals highly contrasting developments for the composite prices of final crop output (itself averaging +5.8%) and final animal output (an average of -9.2%). The changes in the aggregate volume of crop output (+1.9%) and animal output (+1.1%) were, on the other hand, quite similar.

As can therefore be determined, the value of final crop output rose sharply (+7.8% in real terms). The development in the values of sugarbeet output and potatoes output (+50.6% and +40.7% in real terms) provided two strong reasons for this rise in the aggregate value of final crop output. For both these products, prices soared (+41.9% and +36.3% in real terms respectively) whilst output volumes also improved over 1994 (+6.2% and +3.2%). With cereals being the most important crop product group, the dual impact of an average rise in price (+2.8%) and higher output volume (+2.4%) for this crop was not insignificant either.

Graph 3.14 Development of the three income indicators for Sweden in 1993, 1994 and 1995 (Changes in %)



Of greater influence than crop products was the development in the value of final animal output, since this accounts for more than two thirds of the value of final agricultural output. With the aforementioned slump in the average price for animal output being barely lessened by a higher volume of output, there was a large fall in the value of final animal output (-8.2% in real terms). Despite the strong growth in the volume of cattle output, the drastic cut in the average producer price (-11.6% in real terms) led to a net decline in the real value of cattle output (-5.2%). There was also a steep decline in the value of milk output (-7.0% in real terms), the most important product, crop or animal, in Swedish agriculture with a share of around one-third in the value of final output. This was a consequence of both of reduced milk deliveries (-1.5%) and a lower average real price (-5.6%). Even more pronounced than the price declines for cattle and milk output, was that for pigs (averaging -14.2% in real terms). With the volume of pig output only being a little higher than the level in 1994 (+0.5%), the resultant value of output plummeted (-13.8% in real terms).

The real value of intermediate consumption decreased by -0.6% in 1995 as the average rise in prices (+0.7% in real terms) was offset by lower purchases (-1.3%), despite the volume of final agricultural output rising. This suggests an improvement in the productivity of intermediate consumption (+2.6%). The ratio of the nominal price of final output to that of intermediate consumption, however, the so-called "terms of trade", decreased (-5.5%) with a fall in producer prices and a rise in intermediate consumption prices.

The lower volume of total intermediate consumption stemmed mainly from the composite fall in fertilizer consumption (-14.6%) but also, to a certain extent, from both animal feedingstuffs (-1.9%) and materials and small tools (-1.1%). The price developments for these three sets of goods were quite varied: on the one hand, the average fertilizer price soared (+21.6% in real terms) with that of materials and small tools also up a little (+2.5%), and on the other, the average price of animal feedingstuffs declined (-5.7%). The volume of other intermediate consumption items used, namely energy and seeds and seedlings, actually rose in 1995 (+3.6% and +4.6% respectively). To complete the picture, the price of energy remained almost constant in real terms (-0.1%) but that of seeds and seedlings decreased (-4.9% in real terms).

The above-mentioned changes to the values of final output and intermediate consumption led to a decline in gross value added at market prices in 1995, measured at -9.0% in real terms. As in the case of Austria, however, this decrease was offset by a considerable rise in subsidies, especially those paid under the CAP and linked to crops. The value of total subsidies increased by +81.9% in real terms despite those linked to animal production being halved (-45.3% in real terms), the reason being that the absolute value of such subsidies was very low. Likewise, the impact on net subsidies of a +275.0% hike in the taxes linked to production was relatively small, since they still accounted for less than one tenth of the value of subsidies paid in 1995. The impact of the rise in net subsidies and lower depreciation costs (-0.9% in real terms) on

the agricultural accounts was that real net value added at factor cost rose quite substantially (+17.8%) in 1995.

Table 3.14 Changes in the main components of the income calculation for agriculture in Sweden, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995
Final crop output	1.9	9.9	5.8	12.0	7.8	31.6
Cereals	2.4	6.8	2.8	9.4	5.3	10.3
Potatoes	3.2	41.7	36.3	46.2	40.7	4.8
Fresh vegetables	0.0	0.0	-3.8	0.0	-3.8	3.6
Final animal output	1.1	-5.6	-9.2	-4.6	-8.2	68.4
Cattle	7.2	-8.2	-11.6	-1.5	-5.2	12.4
Pigs	0.5	-10.9	-14.2	-10.4	-13.8	13.5
Milk	-1.5	-1.9	-5.6	-3.4	-7.0	32.0
Final output	1.3	-1.2	-4.9	0.1	-3.7	100.0
Intermediate consumption	-1.3	4.6	0.7	3.2	-0.6	66.2
Gross value added at m.p.	4.3	-9.4	-12.8	-5.5	-9.0	33.8
Subsidies				89.0	81.9	58.5
Taxes linked to production				289.6	275.0	4.2
Depreciation				3.0	-0.9	62.2
Net value added at f.c.				22.3	17.8	154.4
Rent				4.3	0.4	7.7
Interest				-1.2	-4.9	37.6
Net income of total labour				56.8	50.9	46.9
Compensation of employees				-0.2	-4.0	20.9
Net income of family labour				191.2	180.3	25.9

(*) The deflator is the implicit price index of GDP at market prices, +3.9%.

A further boost to agricultural incomes arose through the lower levels of interest payments (-4.9% in real terms), that offset any dampening on positive income growth from the slight rise rental payments (+0.4% in real terms) in 1995. The resultant net income of total labour jumped +50.9% in real terms. The volume of agricultural labour input decreased in 1995 by a further -2.9% while that of family labour input showed a somewhat sharper decline (-3.3%). With the compensation of employees at the same time declining in real terms by -4.0%, linked in part to the fall in volume of non-family labour input (-0.8%), the full set of income indicator developments was:

Indicator 1:	+ 21.3%	(1994: - 9.5%)
Indicator 2:	+ 55.4%	(1994: -16.8%)
Indicator 3:	+189.8%	(1994: -37.6%)

3.15 United Kingdom

Agricultural income, as measured by real net value added at factor cost per annual work unit (Indicator 1), is estimated to have increased sharply in 1995 for the United Kingdom (+15.2% in real terms). With the forecast of 1995 suggesting a fourth consecutive rise in this measurement of agricultural income, the increase since the base year "1990" is now calculated to be about +30%.

Much of this cumulative gain in income can be attributed to monetary factors. Fluctuations in European currencies and the weakness of the pound sterling have led to the devaluation of the agricultural conversion rate. In the United Kingdom, this has meant that the price decreases envisaged as part of the reform of the CAP, in the general movement away from price support towards direct income support, have often been turned into price increases in national currency terms. Moreover, aggregate incomes have been boosted by the granting of compensatory payments for these intended price cuts, which in turn have benefited from the changes in the conversion rate.

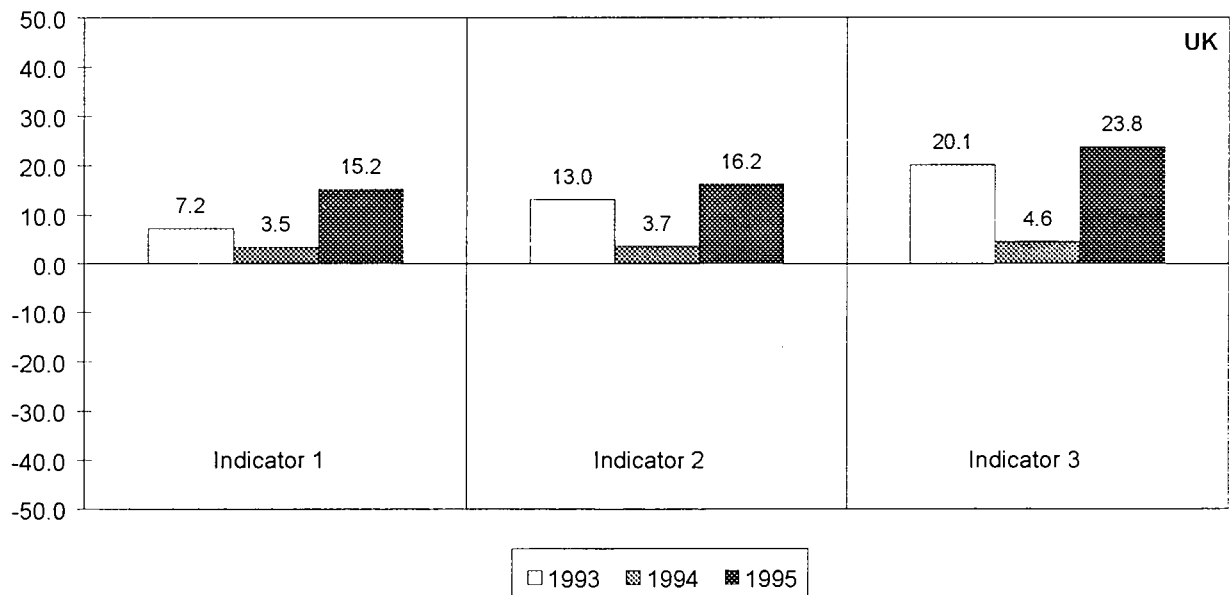
To a certain degree this general scenario was also evident in 1995, although there have also been other reasons for price rises which will be identified later. The key contributors to the latest rise in agricultural income have been distinguished as:

- a general increase in prices - final output prices +5.8% in real terms - particularly due to milk, pigs, potatoes and fresh vegetables, whilst
- the volume of final output remained barely unchanged from the level in 1994 (+0.2%), and
- another strong increase in the level of subsidies (+11.6% in real terms).

The real value of final animal output, which represents about 60% of the value of final output, rose moderately in 1995 (+2.6% in real terms) on the basis of general price increases (+3.2% in real terms). A higher price for milk, a product that alone accounts for about a quarter of the value of final output, was particularly clear (+7.7% in real terms). This appears to have resulted from the dismantlement of the Milk Marketing Board and the subsequent creation of a genuine market for milk, in which new purchasers have scrambled to attract producers away from Milk Marque, its successor in England and Wales, during a year when milk deliveries were down (the volume of output decreasing -2.4%).

Pig prices too rose substantially above comparative 1994 levels (+17.9% in real terms), especially in the second half of the year. These increases were driven by supply shortages in the UK (-4.6%) and some other Member States. The overall calendar year changes in the output volumes and prices for cattle and sheep were similar; output volumes remained barely unchanged from 1994 levels (+0.2% and +0.3% respectively) with prices down slightly (-1.2% and -0.7% in real terms, respectively). Among animals and animal products, only the output volume of poultry increased substantially (+6.0%), although this was matched by alike price falls (-6.4% in real terms).

Graph 3.15 Development of the three income indicators for the United Kingdom in 1993, 1994 and 1995 (Changes in %)



To a much greater degree than the animal sector, the weather plays an important part in the output volumes and hence prices of crop products. Like other Member States, there was a summer drought in the United Kingdom. For some crop products the hot weather boosted yields and output, but for others the effects were more adverse. On balance, final crop output volumes did rise slightly (+1.4%), and for a variety of reasons the average price of final crop output increased substantially (+10.4%). The value of cereal output in 1995 was considerably higher than that of 1994 (+13.7% in real terms). This was due on the one hand to higher output volumes (averaging +10.8%) from an increased acreage, the set-aside requirement being reduced from 15% to 12%, and higher yields in nearly all regions. On the other, prices continued to edge up (+2.5% in real terms) from their already high level, despite the final phase of intervention price cuts under CAP

reform. The reasons for this somewhat paradoxical price development were the world supply shortage and more particularly the continued weakness of the pound sterling.

The effects of the lower output volume of potatoes in 1994 on prices, following reduced planting areas and lower yields, continued in the first half of 1995. The summer drought then led to even lower yields and hence a lower output volume for the 1995 crop, so keeping prices high. Year-on-year prices rocketed (+53.6% in real terms), whilst the output volume fell moderately (-3.3%). There was a similar picture for fresh vegetables and fresh fruit, as the summer drought drove prices higher; the volumes of output were down -6.8% and -5.1% respectively with prices up +12.9% and +6.3% in real terms respectively.

There was a small rise in the value of intermediate consumption (+0.8% in real terms), with virtually no change in consumption volumes (-0.1%) and a slight rise in prices (+0.9% in real terms). The largest component of intermediate consumption is feedingstuffs, representing about 40% of the total value. Unlike most other Member States, the price of feedingstuffs ($\pm 0.0\%$ in real terms) did not decrease. However, with the summer drought affecting the supply of hay, silage and forage crops, and the high price of cereals, compound feed prices rose, particularly towards the end of the year. Other significant changes for individual items of intermediate consumption were: the higher consumption volume of plant protection products (+6.8%) and higher prices for fertilizers and materials/small tools (+6.8% and +3.1% in real terms respectively).

Table 3.15 Changes in the main components of the income calculation for agriculture in the United Kingdom, % change in 1995 over 1994

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)	Share of each item in % in 1995	
Final crop output	1.4	12.9	10.4	14.5	11.9	39.0	
Cereals	10.8	4.9	2.5	16.3	13.7	14.1	
Potatoes	-3.3	57.1	53.6	51.9	48.5	6.6	
Fresh vegetables	-6.8	15.5	12.9	7.7	5.2	7.7	
Final animal output	-0.6	5.6	3.2	5.0	2.6	61.0	
Cattle	0.2	1.1	-1.2	1.2	-1.1	13.6	
Pigs	-4.6	20.6	17.9	15.4	12.8	7.5	
Sheep and goats	0.3	1.6	-0.7	1.8	-0.4	5.2	
Poultry	6.0	-4.2	-6.4	1.5	-0.7	7.0	
Milk	-2.4	10.2	7.7	7.6	5.2	23.6	
Final output	0.2	8.3	5.8	8.5	6.1	100.0	
Intermediate consumption	-0.1	3.2	0.9	3.1	0.8	52.8	
Gross value added at m.p.	0.5	14.6	12.1	15.2	12.6	47.2	100.0
Subsidies				14.2	11.6		33.0
Taxes linked to production				28.1	25.2		1.7
Depreciation				5.9	3.6		26.0
Net value added at f.c.				17.2	14.6		131.4
Rent				1.4	-0.9		2.1
Interest				11.1	8.6		8.3
Net income of total labour				18.2	15.6		94.9
Compensation of employees				0.7	-1.5		24.1
Net income of family labour				25.6	22.8		70.8

(*) The deflator is the implicit price index of gross domestic product, +2.3%.

With the volumes of final output and total intermediate consumption remaining similar to 1994 levels, so the productivity of intermediate consumption remained virtually unchanged too (+0.3%). The "terms of trade" did, however, improve quite considerably (+4.9%), as the nominal price of final output (+8.3%) rose faster than the nominal price of intermediate consumption (+3.2%). The net effect of these changes was that gross value added at market prices rose by +12.6% in real terms.

When these annual accounts are compiled, the recording of subsidies is made according to the amounts actually paid in the calendar year. In the UK, a majority (about 90%) of subsidies available for a marketing year are recorded as having been paid in the first calendar (i.e. paid in 1995 when available for the 1995/1996 marketing year). The figure for 1995 also includes some subsidies available for the 1994/1995

marketing year that were only paid in 1995. With this in mind, total subsidies paid in 1995 rose by +11.6% in real terms over those paid in 1994. Just over a quarter of the total subsidies paid out to UK agriculture in 1994 were linked to cereals and there was again a huge rise in subsidies associated with this crop in 1995 (+44% in real terms). Subsidies in the form of the special beef premium (10% of the total in 1994) also increased greatly (+15.7% in real terms). Although taxes linked to production were much higher too (+25.2% in real terms) in 1995, they only represent about 5% of the total value of subsidies. Despite the inherently positive nature of these net subsidy gains for farmers' incomes, gross value added at factor cost rose less steeply (+12.2% in real terms) than its equivalent at market prices. This is because the rise in net subsidies, although large, was less than the increase for gross value added at market prices. In contrast, despite depreciation rising by +3.6% in real terms, net value added at factor cost, the basis of Indicator 1, rose more steeply (+14.6% in real terms).

Unlike the substantial falls seen in recent years, interest payments rose in 1995 (+8.6% in real terms). However, there was a slight fall in rental payments, when expressed in real terms (-0.9%). In spite of the hefty rise in interest payments, net income of total labour increased by +15.6% in real terms. The salaries of employees in agriculture did not keep pace with inflation, and with the volume of hired agricultural labour remaining unchanged, the total compensation of employees fell (-1.5% in real terms). When the continued, albeit at a reduced rate, falls in the volumes of total and family agricultural labour input were also considered (-0.5% and -0.8% respectively), the following changes to the Income Indicators were derived:

Indicator 1:	+15.2%	(1994:	+3.5%)
Indicator 2:	+16.2%	(1994:	+3.7%)
Indicator 3:	+23.8%	(1994:	+4.6%)

4 Long-term trends in agricultural income in the European Union from 1980 to 1995

The purpose of this chapter is to analyse the changes in agricultural income throughout the European Union over the last fifteen years in order to identify the main trends and illustrate how the preliminary estimates of agricultural income in 1995 fit into this overall picture.

Due to the change in the territorial situation of Germany on 03.10.1990 and taking the availability of data on the Economic Accounts for Agriculture of the reunified Germany into consideration, the analysis of the period "1981"/"1991" will refer to Germany in its territorial situation before 03.10.1990²³. The recent developments that take into account Germany's new territorial situation are presented for the period "1991"/"1994"²⁴.

The chapter will first examine the salient long-term trends in agricultural income between "1981" and "1994", before describing the developments in the three Indicators of agricultural income in the European Union. There then follows an analysis of the factors determining the trends in agricultural income in the period 1980-1995, against the backdrop of changes to the Common Agricultural Policy (CAP), the economic environment and the overall agricultural situation (production, markets and consumption). Finally, the components of the income indicators are examined in the fourth part of this chapter.

4.1 Summary of main results

Agricultural income in the European Union, measured by Indicator 1, grew by an annual average of +1.4%²⁵ between "1981" and "1991" (and by +1.2% and +1.1% when measured by Indicators 2 and 3 respectively). From "1991" to "1994" (i.e. with Germany in its territorial situation after 03.10.1990), this rate of increase gathered pace and attained an average annual rise of +2.2% for Indicator 1 (and +2.7% for Indicator 2²⁶).

This development can be explained in the light of several factors:

- **higher agricultural productivity** thanks to technical progress and somewhat of an intensification of agricultural production, which led to an average increase in the volume of final output of +0.8% per year;
- this growth contributed to an **imbalance of the agricultural markets**, characterized by a structural deterioration in the balance between supply and demand (the latter displaying very little income elasticity). This was reflected by a decline in real producer prices at an average -3.3% per year, leading to a reduction in the real value of final agricultural output of -2.5% per year on average;
- significant adjustments were made to the **Common Agricultural Policy** during the reference period, with a view to keeping agricultural output and budgetary expenditure under control. This was first reflected principally in a restrictive price policy and, in the case of milk, in a quota system, which finally resulted in a much more radical revision of the market mechanisms as part of the reform of the CAP decided on in 1992 and implemented in 1993 for a number of products (concerning essentially cereals, oilseeds, protein crops and cattle);
- a slight **deterioration in the "terms of trade"**²⁷ caused by the development of intermediate consumption prices relative to the development of agricultural output prices. When other items in the income calculation (subsidies, taxes, compensation of employees, rents, interest and depreciation) were taken into account, real net value added and real net income of total labour input declined by -1.9% per year, and the real net income of family labour input by an average -2.1% per year;
- the **decline in the volume of agricultural labour input** continued, albeit at a slower pace in the period under review (by an annual average of -3.4% for both total labour input and for family labour input)

²³ "1981" = (1980+1981+1982)/3 and "1991" = (1990+1991+1992)/3

²⁴ "1994" = (1993+1994+1995)/3 with Germany in its territorial situation after 03.10.1990.

²⁵ All averages are calculated as geometric means.

²⁶ As a result of the particular structure of agricultural holdings in the five new *Länder* of Germany, it has not been possible to calculate the compensation of employees item on a comparable basis to that of the other Member States. Consequently, the estimate of Indicator 3 of agricultural income for Germany and the European Union as a whole has not been made either.

²⁷ The "terms of trade" are measured by the ratio between the nominal price index of final agricultural output and the nominal price index of intermediate consumption.

compared with the previous two decades, giving rise to a slight increase in agricultural income when expressed per annual work unit (AWU).

Four sub-periods in the development of incomes between "1981" and "1994" can be distinguished:

- "1981"/"1984": after falling sharply in 1979 and 1980, to their lowest level since 1975, agricultural incomes as measured by Indicator 1 rose by an annual average of +1.3%. The sharp rise in income of +10.5% in the year 1982 should be noted.
- "1984"/"1987": agricultural income in this next sub-period was less favourable, since Indicator 1 fell slightly (-0.5% per year on average), with smaller fluctuations.
- "1987"/"1991": this stagnation of incomes came to an end in the sub-period "1987"/"1991". Thanks to income increases in 1988 and more particularly 1989, which was an exceptional year (+13.2%), and despite a fall in 1992, income grew by an annual average of +2.8%.
- "1991"/"1994": while still sustained, the rise in agricultural income in the European Union (with Germany in its new territorial situation) slowed down slightly with an increase of +2.2% per year on average.

4.2 Presentation of agricultural income trends in the European Union

Net value added at factor cost (NVA_{fc}) in real terms, and per annual work unit (i.e. Income Indicator 1 of the European Union's agricultural branch) rose by an average of +1.6% per year between "1981" and "1994" (see Table 4.1), which represents a cumulative growth of about +25% over the whole of the period.

Table 4.1 Development of Indicators 1, 2 and 3 of agricultural income for the European Union between 1980 and 1995 ("1990" = 100 with the exception of (1))

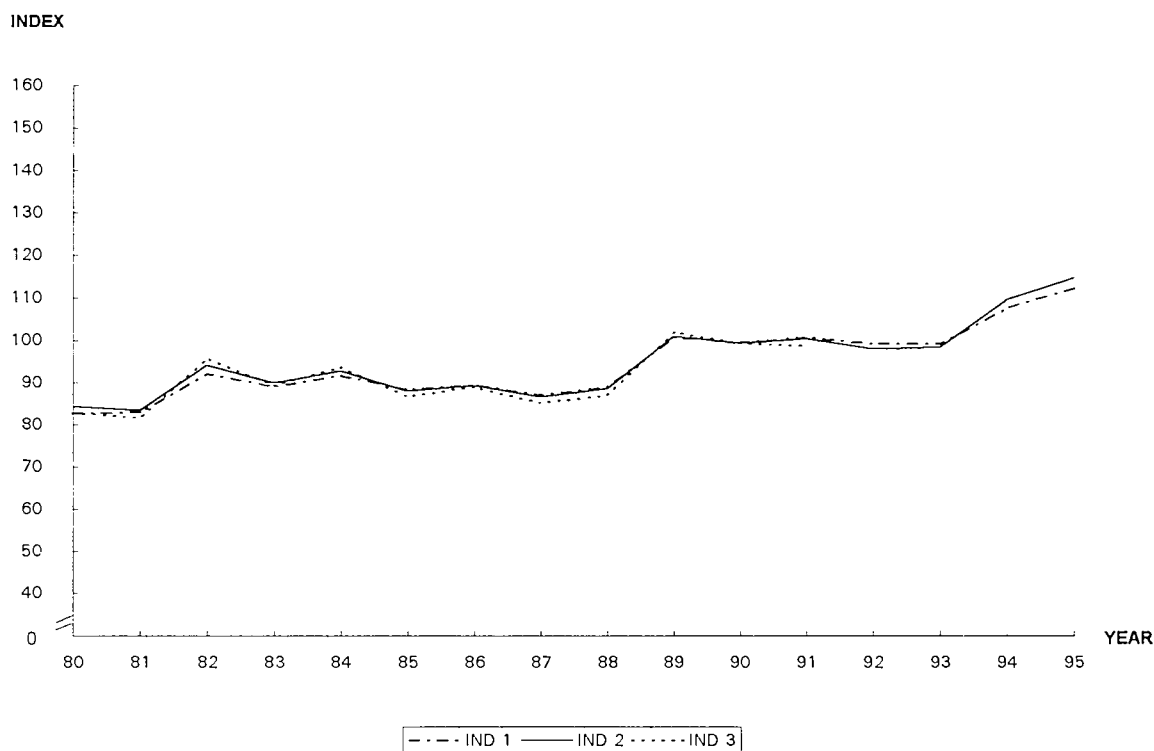
YEAR	INDICATOR 1				INDICATOR 2				INDICATOR 3			
	Index		Annual variation (%)		Index		Annual variation (%)		Index		Annual variation (%)	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
1980	82.7	:			84.5	:			82.9	:		
1981	83.0	:	0.3	:	83.6	:	-1.1	:	81.6	:	-1.6	:
1982	92.3	:	10.5	:	94.3	:	10.5	:	95.9	:	10.5	:
1983	89.1	:	-3.4	:	90.1	:	-4.5	:	89.4	:	-6.7	:
1984	91.8	:	3.0	:	92.9	:	3.2	:	93.8	:	4.9	:
1985	88.4	:	-3.7	:	88.1	:	-5.1	:	86.8	:	-7.5	:
1986	89.5	:	1.2	:	89.5	:	1.6	:	89.0	:	2.6	:
1987	87.1	:	-2.6	:	86.8	:	-3.0	:	85.2	:	-4.4	:
1988	89.0	:	2.1	:	88.7	:	2.1	:	87.0	:	2.2	:
1989	100.8	:	13.2	:	101.1	:	14.0	:	102.0	:	17.2	:
1990	99.5	99.2	-1.2	:	99.4	99.5	-1.7	:	99.3	:	-2.6	:
1991	99.7	100.8	0.2	1.7	99.6	100.5	0.2	1.1	98.7	:	-0.6	:
1992	96.8	99.2	-2.9	-1.6	95.8	98.1	-3.8	-2.5	92.8	:	-6.0	:
1993	:	99.2	:	-0.1	:	98.5	:	0.4	:	:	:	:
1994	:	107.8	:	8.7	:	109.8	:	11.5	:	:	:	:
1995	:	112.4	:	4.3	:	114.9	:	4.7	:	:	:	:
"1981"/"1994"			1.4	2.2*			1.2	2.7*			1.1	:

(1 & *) Germany, where the indices (1990-1991=100) apply from "1991" onwards, due to its territorial situation after 03.10.1990

Indicators 2 (net income from the agricultural activity of total labour input in real terms, per AWU) and 3 (net income from the agricultural activity of family labour input in real terms, per AWU) underwent relatively similar developments to Indicator 1, despite wider fluctuations from year to year (see Graph 4.1). Agricultural income as expressed by Indicators 2 and 3 grew by annual averages of +1.5% and +1.1% respectively between "1981" and "1994" ("1981" and "1991" for Indicator 3). These indicators are by definition subject to wider annual fluctuations than Indicator 1. Since changes in output volumes and in

prices are the main factors behind changes in income, the impact of their fluctuations on the income aggregate is much more marked the lower the absolute value of the income aggregate, which is the case for net agricultural income, the basis for Indicators 2 and especially 3. Moreover, the costs that distinguish these income aggregates from net value added at factor cost are subject to fairly steady changes which occur independently of the farming business cycle.

Graph 4.1 Development of Indicators 1, 2 and 3 of agricultural income for the European Union as a whole between 1980 and 1995 ("1990" = 100 with the exception of (1))



- (1) Germany, where the indices (1990-1991=100) apply from "1991" onwards, due to its territorial situation after 03.10.1990

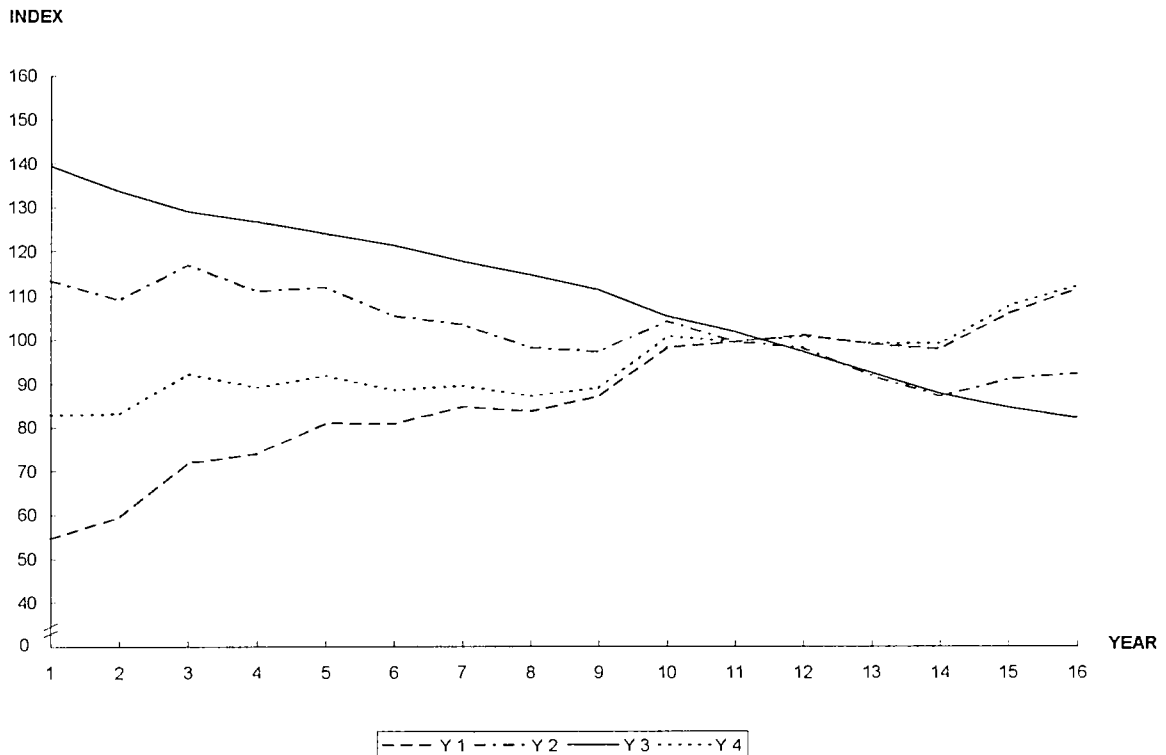
In the subsequent analysis, agricultural income is measured by Indicator 1, since the three indicators display fairly similar trends (see Graph 4.1). Also, Indicator 1 can be considered the most reliable macro-economic indicator for statistical purposes. Notwithstanding, section 4.4.3 examines the trends in Indicators 2 and 3 in relation to the supplementary cost items attributable to them.

The period "1981"/"1994" has been divided into four sub-periods to reflect the distinct phases in the development of agricultural income. The strong growth in income from "1981" to "1984" was partly the result of a slight tailing-off in the fall of real prices and the "terms of trade" and partly caused by a rapid expansion in output. The second sub-period, "1984"/"1987", was characterized by imbalances in numerous agricultural markets. These triggered a strong rise in expenditure which led through to some major changes in the CAP. These modifications involved principally the lowering of institutional prices in real terms and the introduction of a system of stabilisers and output quotas.

This deterioration in the agricultural situation was interrupted in 1988. The reorganization of European agricultural markets, which took place against the background of a restrictive Community policy and a temporary upturn in the world markets (characterized by destocking and price rises), was conducive to an appreciable recovery in agricultural income in 1988 and 1989.

The stagnation in agricultural income from 1991 to 1993 essentially resulted from structural imbalances (pigs and wine) and from the reform of the common organizations of some markets (cereals, oilseeds, protein crops and cattle). Incomes picked up markedly in 1994 and 1995 thanks to the stabilization of certain agricultural markets (lower output and intervention stocks) in the wake of the CAP reform and other factors, combined with a substantial rise in subsidies (as part of the change in support to the agricultural branch).

Graph 4.2 Development of Net Value Added at factor cost, in nominal and real terms, of total labour input and of Indicator 1 for the European Union as a whole between 1980 and 1995 ("1990" = 100 with the exception of (1))



Y1 = nominal net value added at factor cost

Y2 = real net value added at factor cost

Y3 = total agricultural labour input

Y4 = real net value added at factor cost per AWU (Indicator 1)

(1) Germany, where the indices (1990-1991=100) apply from "1991" onwards, due to its territorial situation after 03.10.1990

Changes in the main components of income Indicator 1, nominal and real net value added at factor cost and total labour input are set out in Graph 4.2, which shows that:

- nominal NVAfc increased on average over the whole period. The rate of increase was, however, generally below the level of inflation (measured by the average rate of inflation in the Member States, weighted according to the value of each product or aggregate, expressed in national currencies and converted into ECUs at 1990 rates²⁸), with the result that real NVAfc declined.
- in the period under review, real NVAfc increased only in 1982, 1989, 1994 and, to a lesser extent, in 1984 and 1995. The growth in real NVAfc in 1982 and 1984 resulted mainly from a considerable increase in output volume. In contrast, the increases in 1989, 1994 and 1995 stemmed mainly from higher prices in the European Union and on world markets (particularly for animal output in 1989 and for crop output in 1994 and 1995) and from the large increase in the balance of "subsidies - taxes linked to production" (especially in 1994 and 1995 in the context of the reform of the CAP, that modified the system of support to agriculture).
- the upward trend of Indicator 1 since 1980 was thus solely due to the continuing decline in the volume of agricultural labour input. Indeed, the number of AWUs fell more rapidly than agricultural NVAfc in real terms (an average of -3.4% and -1.9% per year respectively between "1981" and "1994"), thus causing Indicator 1 to rise slightly. However, annual fluctuations in Indicator 1 were dictated essentially by

²⁸ For more details, see methodological comment A.4.

changes in agricultural NVA_{fc} in real terms, since the decline in the number of AWUs in agriculture was regular and steady.

The development of agricultural income in individual Member States sometimes differed significantly from the trends observed for the European Union as a whole. Whereas some Member States recorded increases in agricultural income which were well above the EU average (Ireland and Spain), others encountered a fall (Sweden, Italy and the Netherlands) or a stagnation of income (Portugal). The same is true of the fluctuations in income and its relative development in the four sub-periods identified for the European Union. The development of agricultural income in some Member States (notably Denmark) was subject to substantial fluctuations attributable to, among other things, specific types of farm production and the farm income structure. Movements in individual Member States broadly matched the phases identified for the European Union as a whole.

4.3 The factors determining the changes in income

There are many factors which determine changes in income and an exhaustive examination of them is difficult. Factors such as climatic conditions and production cycles (for some animal products) have no more than short-term effects on income. Any analysis of long-term changes in income must disregard these cyclical factors and focus on the underlying trends affecting incomes. These elements of a structural nature include the overall agricultural environment (the CAP and the general economic situation), the state of the markets and the production process.

4.3.1 The agricultural environment

One of the objectives of the Common Agricultural Policy, as defined in the Treaty of Rome in 1957, is to ensure a fair standard of living for the agricultural community, in particular by raising agricultural income (Article 39, 1b). The regulation of markets and prices has been the main instrument of the CAP in the pursuit of that objective. The period 1980/1995 saw some major changes in the management and development of the CAP. After attaining self-sufficiency in most products, the European Union experienced a situation of production surpluses. This necessitated major budgetary reforms, which could not totally prevent the negative impact of the worsening markets on farm incomes. The milk sector was the first to be reformed, with the introduction in 1984 of production quotas designed to stabilize the market in milk products. The first reform of the CAP involved, among other things:

- the introduction of **stabilizers** with a Maximum Guaranteed Quantity (MGQ), implying that as soon as output for the sector concerned exceeded a predetermined quantity, support levels were reduced automatically;
- unchanged or lower **institutional prices**, depending on the product (average annual declines of -3.7% in real terms between 1984/1985 and 1992/1993), designed to send clear signals to producers;
- more flexible **intervention mechanisms** (quantitative, qualitative and time limits) designed to make intervention less attractive as a "substitute market" and to reinstate its function as a safety net under short-term variations in output.

As the effects of these adjustments were too limited, a **further reform of the CAP** was agreed in 1992 with the principal objective of adapting agricultural output to internal and external demand in order to improve the balance of the markets as well as improve the competitiveness of EU agriculture. This reform was essentially characterized by a change from price support policy to a policy based more on direct income support for producers. Without questioning the basic principles of the CAP, which are the unity of prices, EU preference and financial solidarity, this reform focused on three measures:

- **the substantial lowering of producer prices** (cereals, oilseeds, protein plants and cattle);
- compensation for the effects of this decrease on incomes through **direct compensatory payments** to producers (new direct compensatory payments and the upgrading of existing aid), and
- **measures to control output** such as the set-aside of arable land.

This reform entered into force at the start of the 1993/1994 marketing year (except for oilseeds, 1992/1993) and concerns a large number of agricultural sectors (with the exception of olive-oil, sugar, fruit and vegetables as well as wine). In modifying profoundly the system of agricultural support through a partial change from a price support policy to one more centred on direct income support, the reform of the CAP makes it difficult to compare the development of prices, volumes, gross value added at market prices, and subsidies from 1993 onwards with the rest of the period under review.

The development of agricultural incomes should also be seen in the light of the general economic situation. The economic crisis which affected European economies after the second oil shock in the early 1980s gradually gave way to a recovery which was slow in the years to 1986 and then more pronounced in the period to 1990, although it was insufficient to make a significant dent in unemployment. The second half of 1990s brought a sudden slowdown in economic growth and some Member States even experienced severe recession in 1992 and 1993. The years 1994 and 1995 were marked by a general improvement in the economic situation for the European Union as a whole. This difficult economic setting had some impact on the development of agricultural incomes and the implementation of the CAP reform, and may have stemmed the decline in agricultural labour input through poorer job prospects elsewhere.

The monetary policies pursued by the Member States also had an impact on agricultural incomes through the development of real prices of agricultural products and of interest rates. Thus, in the early 1980s some countries tended to keep their currencies undervalued. In the period which followed, the effects of the decline in inflation and the discipline of the European Monetary System (EMS) combined to ensure greater stability between real exchange rates, which reduced the scope for devaluing "green" currencies and increasing institutional prices expressed in national currencies. Real interest rates remained relatively high during this period, although they have fallen considerably over the last few years. Since September 1992, the important monetary realignments occurring in the EMS have resulted in the devaluation of green currencies, thus allowing a rise in agricultural prices in some Member States when expressed in national currency terms.

4.3.2 The state of the markets and production processes

The strong growth in agricultural income in the 1960s and early 1970s took place in the context of an important restructuring of European agriculture, which was still not self-sufficient in many sectors. The situation then changed distinctly. Disparities between growth rates for the output and consumption of agricultural products led to surpluses which the EU and world markets could not sufficiently absorb for some products. This higher agricultural output, resulting from new technical developments, led to the EU becoming self-sufficient in nearly all non-tropical agricultural products, with the exception of oilseeds, fruit, and sheepmeat. However, this led to a deterioration of the agricultural markets, which had repercussions for the market prices obtained by producers and therefore on agricultural incomes. The main products to be affected by this situation were cereals, cattle, pigs and milk.

The development in agricultural structures, which had undergone profound changes in the previous two decades, slowed down somewhat in the face of this harsher economic environment and market imbalances. These factors acted as a brake on the modernization of agricultural holdings and on the process of intensifying production.

4.4 The development of the components of income

4.4.1 Agricultural output

The volume of final agricultural output grew fairly steadily between "1981" and "1994" (by an annual average of +0.8%), particularly during the first half of the 1980s under the impetus of crop output (see Table 4.2). The growth in the volume of crop output (averaging +1.3% per year) exceeded that of animal output (averaging +0.4% per year) during the period under review.

The price index for agricultural products fell significantly, by an annual average of -3.3% in real terms, particularly from "1984" onwards, as institutional prices declined in real terms and whilst there were structural surpluses on many of the European and world agricultural markets. The real value of final agricultural output declined by an average of -2.5% per year as a result of changes to real prices and

volumes. This decline, which was more marked for animal output than for crop output, was particularly pronounced between "1984" and "1987" and from "1991" to "1994" as a result of steep falls in real prices.

Table 4.2 Average annual rates of change in the volumes, real prices and real values of both final crop and final animal output as well as final agricultural output for the European Union as a whole between "1981" and "1994", in %

	Volume		Real price		Real value		Share of final output in %	
	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1994"	"1981"
Final crop output	1.9	-0.8	-2.9	-4.5	-1.1	-5.3	47.3	44.1
Final animal output	0.4	0.2	-3.2	-3.7	-2.8	-3.5	52.4	55.8
Final output	1.1	-0.3	-3.1	-4.1	-2.0	-4.4	100.0	100.0

(N.B.) This comprises Germany, according to its territorial situation after 03.10.1990 for the period "1991" onwards, when the indices are based on 1990-1991=100

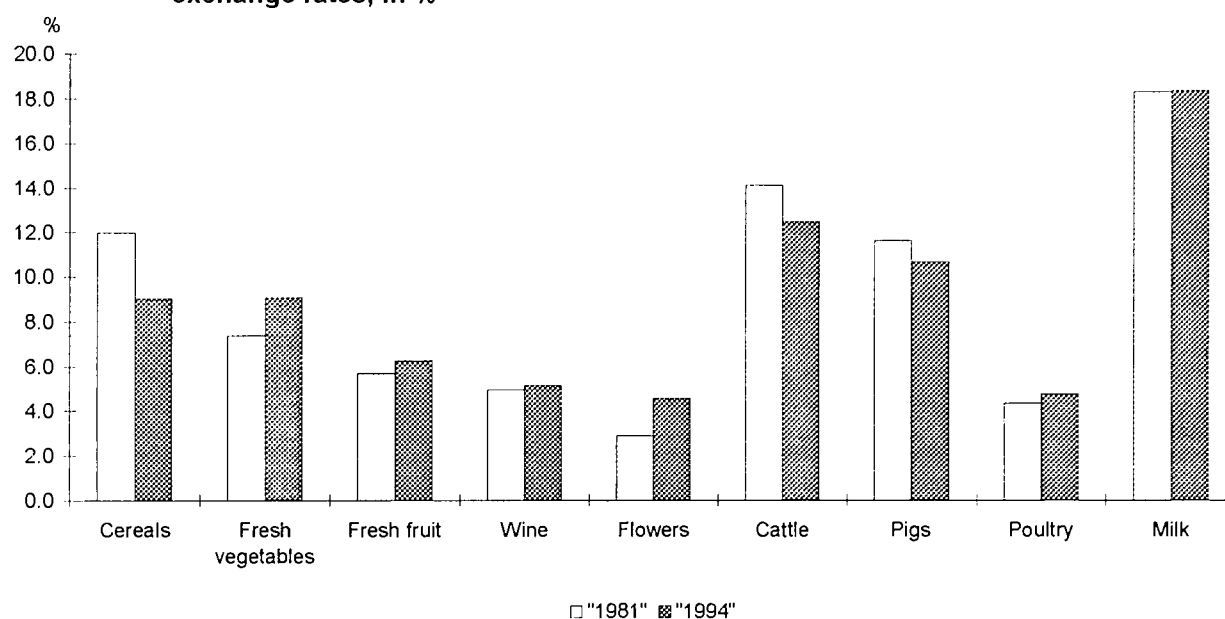
The decline in the value of final output was particularly marked for animal output, for which very weak volume growth (+0.4% per year on average) was insufficient to compensate for the fall in real prices (averaging -3.3% per year), thus producing an average annual decline of -3.0% in the real value of final output. Following a period of slow growth between 1980 and 1983, the volume of animal output stayed relatively level during the last twelve years of the review period. This was above all true of animal products, especially milk after the introduction of quotas. The volumes of pig and poultry output, by contrast, were the main contributory factors to the growth in the volume of animal output, with the volumes of beef and sheepmeat output remaining relatively unchanged at both ends of the reference period. The marked decline in real prices, which was observed over the reference period, reflected the persistent imbalance between supply and demand (particularly for beef, which was the only meat for which consumption fell between "1981" and "1994").

The persistent increase in the volume of crop output (+1.3% per year) was able, to some extent, to reduce the impact of declining real prices (averaging -3.2% per year) on the real value of crop output (-2.0% per year on average). This growth in the volume of crop output was irregular in large part because of weather conditions. Nevertheless, very strong growth was recorded in two years: 1982, when output volume rose, on average, by almost +10.0%, due mainly to strong increases for cereals, fresh fruit, wine and oilseeds, and 1984 (about +6%, thanks in particular to cereals, flowers and oilseeds). The main contributors to growth in the volume of final crop output were cereals, textile plants, fresh vegetables, oilseeds and flowers.

The developments recorded between "1981" and "1991" have deteriorated in recent years, with output volumes stagnating and even declining, and prices falling more sharply. This has concerned crop output in particular, for economic and policy-oriented reasons (reform of the CAP). The volume of animal output, by contrast, experienced less pronounced fluctuations, with the exception of pigs.

In the light of these developments, the share of crop output in final agricultural output, measured at current prices, rose from 44% in "1981" to 47% in "1994", thanks mainly to fresh vegetables, industrial crops and flowers (see Graph 4.3).

Graph 4.3 The share of the main individual products in the final agricultural output of the European Union as a whole in "1981" and "1994", at current prices and current exchange rates, in %



a) Crop output

Cereals

Cereals are an important agricultural product by dint of their contribution to final agricultural output and their use as inputs for animal production. The output of cereals rose in volume terms by +1.2% per year on average between "1981" and "1994". This average growth, the pace of which slowed down distinctly over the period (particularly for barley, in contrast to wheat and maize), is explained mainly by greater yields, which increased by almost 3% per year for cereals as a whole. The area under cereals, on the other hand, showed a steady decline. Nevertheless, this decrease in area was not so much associated with wheat and maize crops, but rather other cereals such as barley and oats. Prices for cereals showed a fairly pronounced decline over the reference period as a whole. In real terms, they fell by -5.6% per year on average, which is an appreciably bigger decrease than that of the average price for agricultural products as a whole.

Varying in magnitude depending on the particular sub-period, the fall in prices nevertheless gathered pace from "1981" to "1994" under the pressure of a growing market imbalance and of lower institutional prices. In real terms, prices fell by an average -3.5% per year from "1981" to "1984". This price trend stemmed principally from the sharp increase in supply which, set against a stagnant demand, led to a steady rise in intervention stocks. The Community switched over from being a net importer of cereals to becoming a net exporter. The decline in real prices then accelerated (-5.4% per year on average from "1984" to "1991") in the wake of a restrictive price and intervention policy (the lowering of support prices by an average -6.1% per year in real terms between 1984/85 and 1992/93 and the introduction in 1988 of the stabilizer mechanism, which limited the guaranteed price) and as a result of growing surpluses on the EU and world cereal markets (with, at the end of the period, intervention stocks that had returned to very high levels).

The recent trends in cereal volumes and prices (an average of -2.7% and -8.6% per year respectively) must to be viewed in the context of the reform of the CAP, the application of which from the 1993/1994 marketing year onwards was reflected by a strong fall in institutional prices and by compulsory set-aside. The combined effect of the volume and price changes was an appreciable decrease (averaging -4.5% per year) in the real value of cereals output over the period as a whole.

Root crops (sugarbeet and potatoes)

In the sugarbeet sector, where the common organization of the market is based on a production-quota regime, output volumes remained relatively stable, with the slight reduction in the area under the crop being offset by the upward trend in yields. The European Union is the world's biggest producer of sugarbeet.

Despite a slight rise in nominal terms, sugarbeet prices decreased by an annual average of more than -3% in real terms over the reference period due to a structural supply surplus at the European level and considerable stocks on the world market. The trend in potato output was relatively similar to that of sugarbeet. The volume of output rose over the fifteen year period, as the lower production area was offset by higher yields. Prices displayed marked fluctuations over the whole period, but on average they decreased slightly in real terms.

Table 4.3 Average annual rates of change in the volumes, real prices and real values of crop output for the European Union as a whole between "1981" and "1994", in %

	Volume		Real price		Real value		Share of final output in %	
	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1994"	"1981"
Final crop output	1.9	-0.8	-2.9	-4.5	-1.1	-5.3	47.3	44.1
Cereals	2.3	-2.7	-4.8	-8.6	-2.6	-11.0	9.1	12.0
Potatoes	0.5	-2.0	-3.1	5.8	-2.6	3.6	2.9	2.4
Sugarbeet	-0.1	-1.0	-3.4	-2.6	-3.6	-3.6	2.5	2.8
Oleaginous seeds	12.0	-3.8	-6.1	-13.3	5.2	-16.6	1.2	0.9
Fresh vegetables	1.9	0.4	-1.9	-4.4	-0.1	-4.1	9.1	7.4
Fresh fruit	0.9	1.0	-2.2	-5.2	-1.4	-4.3	6.3	5.7
Wine	0.3	-2.2	-1.4	-3.8	-1.1	-6.0	5.2	4.9
Olive oil	0.0	0.5	-1.4	-2.2	-1.4	-1.7	1.7	1.4
Flowers	:	:	:	:	1.5	-0.3	4.6	2.9

(N.B.) This comprises Germany, according to its territorial situation after 03.10.1990 for the period "1991" onwards, when the indices are based on 1990-1991=100

Oilseeds

The volume of oilseeds output rose rapidly until "1987" (by an average of almost +19% per year) thanks to the introduction of the European Union's production aid scheme (production being very much in deficit) and, to some extent, the restrictive policy in the cereals sector. The establishment of guarantee thresholds, followed in 1992 by the reform of the common organization of the market in oilseeds, subsequently caused the increase in output volume to slow down and then decline by almost -4% per year an average between "1991" and "1994". Real prices, which had stagnated in the early 1980s, subsequently fell owing to the reduction in market support, the guaranteed prices no longer being provided in the wake of the CAP reform (but with producers nevertheless benefiting from flat-rate aid to compensate for the fall in prices). In spite of this price decline, the value of oilseeds remained unchanged on average over the reference period.

Fresh fruit²⁹ and fresh vegetables

The common organization of the markets in fruit and vegetables cover a wide range of products governed by a system of intervention prices. Despite their great sensitivity to weather conditions, the volumes of fresh fruit and fresh vegetable output grew fairly constantly over the whole period, by just under +1% per year an average. This increase in volumes stemmed from higher yields, an unchanged cultivated area for fresh fruit and a slightly smaller one for fresh vegetables. The long-term trend in real prices was a steady decline of between -2% and -3% per year on average respectively, although this was less pronounced than the rate of decline for the average price of final agricultural output. Together, these changes led to an average decrease in the value of fresh vegetable and fresh fruit output of -1% and -2% per year respectively between "1981" and "1994" in real terms.

Wine

The European Union is the world's biggest wine producer. Despite a market policy geared to reducing the structural imbalance between production and falling consumption, the volume of wine output was unchanged in "1981" from that in "1994". The main instruments for supporting the wine market were private

²⁹ Including citrus fruit, tropical fruit and table grapes.

storage aid and subsidies favouring distillation. These interventions were later supplemented by structural measures designed to encourage wine growers to cease production (grubbing-up). The relative stability in the volume of wine output is explained by higher yields, the area under vines falling between "1981" and "1994" (and particularly from 1988 onwards under a programme specifically promoting the abandonment of areas under cultivation). Wine prices fell by just under an average of -2% per year in real terms, but with fairly sizeable annual fluctuations. The drop in prices reflected structural over-production in European wine-growing at a time of falling consumption, and triggered large-scale distilling (which regularly exceeded 20 million hectolitres for compulsory and optional distilling).

b) Animal output

Milk

Milk accounts for a larger share of final agricultural output in the European Union than any other product (about 17%). The common organization of the market in milk, which involves a price and intervention system relatively similar to the old one for cereals, and an assortment of storage and production aid schemes, has been conducive to a major increase in milk output; it rose constantly between 1973 and 1983. From 1984 there were serious imbalances on the EU's milk markets as supply was far greater than demand (surpluses of milk exceeded 10 million tonnes). To counter this situation, a system of milk production quotas was introduced, which led to a reduction in output volumes and diversification into products with higher value added (cheese, fresh products). Over the reference period, the volume of output declined by an average -0.5% per year after having peaked in 1983.

Over the period as a whole, the state of milk markets caused real producer prices to fall by an annual average of -1.9%, despite the support given to the sector. The effect of production quotas on the fallen prices from "1984", caused the real value of milk output to decline by an average of -2.5% per year.

Table 4.4 Average annual rates of change in the volumes, real prices and real values of animal output for the European Union as a whole between "1981" and "1994", in %

	Volume		Real price		Real value		Share of final output in %	
	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1994"	"1981"
Final animal output	0.4	0.2	-3.2	-3.7	-2.8	-3.5	52.4	55.8
Cattle	0.3	-1.4	-3.7	-1.4	-3.4	-2.8	12.5	14.2
Pigs	1.7	2.1	-3.9	-8.2	-2.3	-6.3	10.7	11.6
Sheep and goats	:	:	:	:	-3.9	-1.7	1.9	2.3
Poultry	2.6	2.8	-4.4	-4.0	-1.9	-1.3	4.8	4.3
Milk	-0.5	-0.5	-1.8	-2.4	-2.4	-2.9	18.4	18.3
Eggs	-0.9	-0.6	-3.5	-5.1	-4.4	-5.7	2.5	3.2

(N.B.) This comprises Germany, according to its territorial situation after 03.10.1990 for the period "1991" onwards, when the indices are based on 1990-1991=100

Cattle (including calves)

The volume of cattle output at the start of the reference period was similar to the level at the end of the period. However, this trend was irregular. From "1981" to "1984", there was sustained growth in the volume of cattle output as the then European Community became self-sufficient. At a time of levelling consumption, this rise in output resulted in an imbalance between supply and demand which depressed prices. The introduction of quotas in the milk sector in 1984 led to large-scale slaughtering of milk cows, which in turn accentuated the deterioration in the cattle markets. With reduced cattle numbers, output declined slightly before picking up in 1990 owing to a cyclical rise that was subsequently prolonged by the in-depth restructuring of livestock breeding in Germany's new *Länder* following reunification. Market surpluses, combined with a decline in beef and veal consumption, had an adverse effect on prices (they declined by an average -3.7% per year from "1981" to "1991").

The situation has improved considerably since 1993 by virtue of a marked cyclical fall in output and a sharp decrease in intervention stocks. With this decline in supply and despite lower institutional prices adopted in

the context of CAP reform, the fall in market prices was limited to an average -1.4% per year in real terms. Nevertheless, this balance remains dependent on internal consumption and on the possibilities for exports. The stagnation in output volume and the strong fall in real prices were reflected in an average annual reduction of -3.3% in the real value of output over the period as a whole.

Pigs

The volume of pig output, sustained by rising consumption, increased almost continuously from "1981" to "1994", by an annual average of +1.8%. The pig sector is assisted by price support and intervention measures, but not by guaranteed prices. Owing to this high level of supply, real prices decreased sharply over the whole of the period (-4.8% per year on average), by more than for any other animal product. Being strongly dependent on production cycles, prices were severely hit by the 1988/89 and 1993 "pig crises" (with declines of up to -20%). On account of this marked decrease in real prices, the real value of pig output was down by an average -3.2% per year over the period as a whole.

4.4.2 Intermediate consumption

Intermediate consumption within the agricultural branch represents all the goods, apart from fixed capital goods, and market services consumed in the process of agricultural production. It should be noted that, because the "national farm" concept is used to measure final output, intermediate consumption does not include agricultural products consumed by agricultural holdings (or traded between agricultural holdings) for the purpose of agricultural production. In "1990", the main intermediate consumption items were (i) animal feedingstuffs (39%), (ii) materials, small tools, maintenance and repairs (12%), (iii) energy (11%), (iv) services (11%) and fertilizers (10%). The volume of intermediate consumption items used by the agricultural branch grew by an average +0.5% per year between "1981" and "1994". Real prices declined by an average -2.7% per year over the period as a whole. The decline was particularly pronounced in 1986 and 1987, in line with world prices for agricultural raw materials, the weaker dollar and lower oil prices. With the increase in consumption being more stable in volume terms, the real value of intermediate consumption moved in parallel with real prices, showing an average annual decline of -2.2% in real terms over the period as a whole.

Table 4.5 Average annual rates of change in the volumes, real prices and real values of intermediate consumption for the European Union as a whole between "1981" and "1994", in %

	Volume		Real price		Real value		Share of final output in %	
	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"	"1994"	"1981"
Intermediate consumption	0.7	-0.3	-2.8	-2.3	-2.1	-2.6	46.4	44.6
Energy	1.1	0.1	-3.9	-2.2	-2.8	-2.1	5.1	5.2
Fertilizers	-0.8	-2.3	-4.3	-3.6	-5.1	-5.8	4.1	6.0
Plant protection products	3.2	-2.8	-1.2	-1.0	1.9	-3.7	2.8	1.9
Feedingstuffs	0.5	1.0	-4.0	-3.7	-3.5	-2.8	17.5	19.6
Material and small tools	:	:	:	:	-0.3	-1.7	6.0	4.8
Services	:	:	:	:	0.8	0.3	5.5	3.5

(N.B.) This comprises Germany, according to its territorial situation after 03.10.1990 for the period "1991" onwards, when the indices are based on 1990-1991=100

Although animal feedingstuffs were still the largest item of intermediate consumption in "1994", their share in value declined markedly compared to the start of the period. The main reason for this trend, which was mirrored in fertilizer consumption, was the steep fall in their respective real prices. Consumption and production of these products being closely linked to the agricultural branch, their prices developed largely in line with those of agricultural products. In contrast, the proportion of total intermediate consumption accounted for by materials and services rose over the fifteen years owing to the stability of their real prices (their nominal prices rising at a rate close to that of the average rate of inflation).

a) Fertilizers and additives

The volume of fertilizers and soil additives consumed over the reference period declined by an average -1.1% per year. This reduction conceals fluctuations that included a slight rise until 1990 and then a sharp fall during more recent years (a restrictive agricultural policy, changes to production systems and environmental requirements). Fertilizer prices decreased by an annual average of -4.2% in real terms over the period as a whole. This decline in prices was particularly steep between "1984" and "1987" (almost -7.1% per year), because of falling energy prices (especially of crude oil), the weaker dollar and tougher competition on the European market. The reduction in the volume of fertilizers used, combined with a sharp fall in prices, led to a decrease in the real value of fertilizer consumption by an annual average of -5.3% from "1981" to "1994".

b) Energy, small tools, services and plant protection products

Energy prices fell back slightly in real terms until 1986, before nose-diving in the period to 1989 as a result of the weaker dollar and declining oil prices. Over the period as a whole, real prices declined by an average -3.5% per year. Benefiting from this downward price trend, producers used more energy particularly from 1986 onwards, so that the volume consumed rose by +0.9% per year from "1981" to "1994". The volume of materials and small tools used fell slightly over the period under review, with real prices being relatively stable. Similarly, the volume of services rose by an average +0.7% per year, whilst their real prices remained stable. The volume of plant protection products used increased sharply from "1981" to "1994" (an average +1.9% per year), this being related to the decline in their real prices (-1.2% per year). Nevertheless, as for fertilizers, a reversal of the trend was observed for some years, especially in 1992 and 1993. Thus, from "1991" to "1994", the volume of plant protection products used decreased by an annual average of -2.8%.

c) Animal feedingstuffs

The consumption of animal feedingstuffs grew in volume terms by an annual average of +0.6% over the period "1981"/"1994". This was despite a slight decline in 1984 and 1985, which can be attributed to higher feedingstuff prices in those two years and to the sharp reduction in the dairy herd following the introduction of quotas. The price of feedingstuffs fell in real terms in 1986 and 1987 in line with the decline in world raw-material prices (particularly soya, manioc and other substitute animal feedingstuffs) and the weaker dollar. In spite of a slight short-term reversal in 1988 and 1989, this trend continued, benefiting from the significant decline in the prices of agricultural raw materials from 1992 onwards, following the reform of the CAP. Over the period "1981"/"1994", real prices declined by an annual average of -3.9%. This strong decline in real prices and the slight increase in volume combined to give an average annual fall of -3.4% in the real value of animal feedingstuffs.

d) Productivity of intermediate consumption and the "terms of trade"

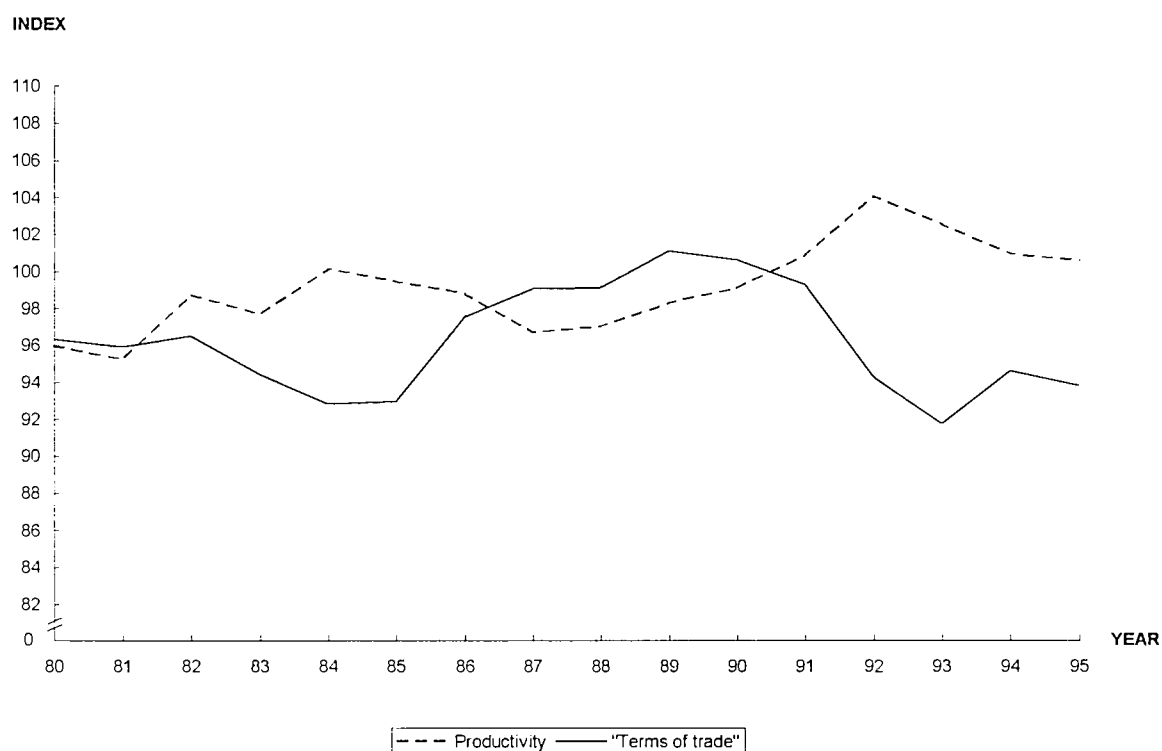
Having examined agricultural output and intermediate consumption separately, the developments in volumes and prices are now compared. The productivity of intermediate consumption is defined for present purposes as the ratio between the volume of final output and the volume of intermediate consumption. Similarly, the "terms of trade" are the ratio between the nominal producer price index and the nominal price index of intermediate consumption.

Changes in the productivity indicator must be interpreted with care:

- this productivity ratio must be examined in a long-term perspective, since it is fairly sensitive to short-term changes, and more particularly to climatic factors, which can have a significant effect on output volumes. Nor can this measure of productivity be compared with productivity as defined in other economic sectors. The productivity of intermediate consumption concerns only one factor of production. All changes in production which can stem from other factors (capital and labour etc.) are thus attributed to intermediate consumption;
- own-consumption at the level of the agricultural branch causes some distortion, as a consequence of the adoption of the concept of the "national farm" in measuring the output of the agricultural branch. In fact, it is not included in the Economic Accounts for Agriculture and can lead to underestimates of the real level of intermediate consumption. The productivity ratio of intermediate consumption can therefore vary

from one Member State to another (depending on the relative scale of animal production and fodder production) and can be affected by weather conditions and conditions of supply and demand for substitute products (i.e. products purchased outside the agricultural branch).

Graph 4.4 Development of the productivity of intermediate consumption and of the "terms of trade" for the European Union as a whole between "1981" and "1994" ("1990" = 100 with the exception of (1))



- (1) Germany, where the indices (1990-1991=100) apply from "1991" onwards, due to its territorial situation after 03.10.1990

It would appear that the changes in the apparent productivity of intermediate consumption are mainly linked to the development of the productivity of animal output, since the relationship between the volume of crop output and that of the items directly chargeable to it (fertilizers, plant protection products) is fairly regular. Apart from in the second half of the 1980s, the productivity of intermediate consumption generally increased as the volume of agricultural output (crop and animal) rose faster (or declined more slowly) than the use of intermediate consumption items.

From "1984" to "1987", the productivity ratio decreased slightly. It would appear that animal production was largely responsible for this decline as the volume of feedingstuffs, a product that represented slightly more than 40% of intermediate consumption, grew fairly steadily during this period (+0.5% per year) at the same time as the volume of animal output stagnated (-0.2% per year). These divergent trends might be explained by the appreciable fall in the price of animal feedingstuffs (averaging -6.4% per year), which may have caused the consumption of feedingstuffs to rise, yet without triggering a proportional increase in animal production. Lower prices may have given rise to purchases of feedingstuffs in sectors other than agriculture (i.e. feedingstuffs not produced on agricultural holdings), which would have been taken into account in the EAA, unlike feedingstuffs produced on the agricultural holdings (recorded as own-consumption). Moreover, the growth in the use of fertilizers and plant protection products in volume terms seems to correspond, on average, to the rise in the volume of crop output for which they are used.

The "terms of trade" declined until "1984", thereby continuing the steady deterioration which had taken place in most Member States since 1975, but then recovered substantially, before stabilizing until "1991". Nominal prices of final agricultural output increased by +1.5% per year on average from "1984" to "1991", as against +1.0% for intermediate consumption. The lower rise in the nominal prices of intermediate consumption were

due particularly to energy, animal feedingstuffs and fertilizers, the prices of which fell considerably in 1986 and 1987 in the wake of lower oil prices, a weaker dollar and the decline in world prices for agricultural raw materials. The stabilization of the "terms of trade" in the late 1980s is explained by the increase in the prices of agricultural products, which benefited from a major rationalization of the markets. Over the period "1981" to "1991", the "terms of trade" improved slightly (by an average of +0.2% per year)³⁰. In recent years, however, the decline in the prices of agricultural products, which is due to cyclical, structural and political factors, has had a major effect on the "terms of trade", causing them to deteriorate by -2.1% per year, with the prices of consumption items not linked exclusively to agriculture (energy and services, etc.) increasing substantially.

4.4.3 Other components of income

The **subsidies** that are recorded in the EAA only comprise direct transfers to agriculture, i.e. excluding price support, investment grants, aid to the buyers of agricultural products and transfers to agricultural households. As a result, neither the level nor the trend of subsidies within the meaning of the EAA reflects the overall aid received by the agricultural branch in the European Union. These subsidies increased steadily (by an average of +7.7% per year in real terms between "1981" and "1991"), to account for a growing share of gross value added at market prices (13% in "1991" against 5% in "1981"). This large increase in subsidies to the agricultural branch continued in an even more pronounced fashion in 1992 and 1993, with the implementation of a new system of support for certain sectors of agricultural production as part of the CAP reform. This is reflected by the replacement of a part of price support by direct income payments. This resulted in a substantial rise in subsidies (an average +17.4% per year in real terms) between "1991" and "1994", with the consequence that they now represent about 27% of gross value added at market prices. The considerable and growing importance of subsidies has begun to make aggregate incomes more stable. The value of **taxes linked to production**, whose share in gross value added at market prices is fairly small (3% in "1994"), fell over the period as a whole by an annual average of -1.4% in real terms, with increases in the first half of the 1980s having been more than offset by falls in recent years (principally due to the dismantling of the co-responsibility levies for milk and cereals).

It should be pointed out that these items reflect widely varying conditions in different Member States. Indeed, the system and extent of agricultural support as well as disparate methodologies regarding their treatment may have caused considerable variations between Member States. Some care, therefore, has to be taken when examining the absolute value of these items, although the trend in their balance shows growing agricultural support in the form of direct transfers to agricultural producers. "Net" subsidies (subsidies less taxes linked to production) represented about 23% of gross value added at market prices in "1994" (compared with 2% in "1981"), which emphasizes their considerable influence on gross value added at market prices and the income aggregates. The importance of subsidies has grown in the context of the new support system for agriculture.

Although the rate of growth in the real value of **depreciation** has declined continually, and has become negative in recent years, it has still averaged an average rise of +0.3% per year over the whole period. It appears that the less favourable situation in 1992 and 1993 and a more restrictive agricultural policy depressed investment in the agricultural branch. Nevertheless, the share of depreciation in gross value added at market prices increased from 19% in "1981" to 29% in "1994", which reflects renewed increases in capitalization costs in the agricultural sector and, more generally, a general intensity of the production process.

Net value added at factor cost is the value of final output less intermediate consumption, taxes linked to production and depreciation, plus the value of subsidies. It constitutes an income aggregate that is used as a basis to calculate Indicator 1. It is not possible to interpret the trend in NVA_{fc} for a specific product, since intermediate consumption, subsidies, taxes linked to production and depreciation are not broken down along these lines. Over the period as a whole, real NVA_{fc} declined by an annual average of -1.9%. This decline

³⁰ However, when this ratio is expressed in real terms, there was a fall of -0.3% per year because of a more rapid decline in the real prices of final agricultural output (averaging -3.1% per year) than in those of intermediate consumption (averaging -2.8% per year). These two ratios diverge because of the more important weighting of high-inflation countries in southern Europe (particularly Italy and Greece) in the final output price index than in the intermediate consumption price index, in which northern European countries with moderate inflation rates have greater weight.

was particularly pronounced between "1984" and "1987", when the real value of final agricultural output decreased steeply, in line with the real prices of products.

Table 4.6 Average annual rate of change in the components of the Indicators of agricultural income for the European Union as a whole between "1981" and "1994", in %

	Nominal value		Real value		Share of each item in % "1994"	Share of each item in % "1981"
	"1981"/"1991"	"1991"/"1994"	"1981"/"1991"	"1991"/"1994"		
Final output	4.0	-0.6	-2.0	-4.4		
Intermediate consumption	3.3	1.0	-2.1	-2.6		
Gross value added at m.p.	4.5	-1.8	-1.9	-5.9	100.0	100.0
Subsidies	15.0	22.2	7.7	17.4	26.5	4.9
Taxes linked to production	6.4	-6.8	1.2	-10.5	3.3	2.8
Depreciation	6.5	2.4	0.7	-1.3	28.8	19.4
Net value added at f.c.	5.0	1.8	-1.7	-2.5	94.4	82.6
Rent	4.6	2.4	-1.5	-1.5	4.6	3.7
Interest	5.4	-2.5	-0.4	-6.0	11.4	10.2
Net income of total labour	4.9	2.5	-1.9	-2.0	78.5	68.8
Compensation of employees	5.7	:	-1.4	:	:	17.0
Net income of family labour	4.6	:	-2.1	:	:	51.8

(N.B.) This comprises Germany, according to its territorial situation after 03.10.1990 for the period "1991" onwards, when the indices are based on 1990-1991=100

Rent, interest and compensation of employees are the distributive transactions whose trends are taken into account for calculating aggregates of total net income. Their share in gross value added at market prices was broadly unchanged from "1981" to "1994", at about 5%, 11% and 18% respectively. The stability of these figures confirms that these cost items had little impact on the changes in net income for the European Union as a whole (although this may not be true of individual Member States). In real terms, these items declined less slowly than NVAfc, falling by an average -1.5%, -1.6% and -1.4% respectively per year over the period "1981"/"1994". Although the value of rents changed at a steady rate, interest payments declined more steeply in the second half of the period, due to a generally lower level of indebtedness in the agricultural branch and declining interest rates. The continuous reduction in the compensation of employees was the result of a steady decline in the volume of hired labour.

The real **net incomes of total labour input and family labour input**, base aggregates for Indicators 2 and 3, moved in line with real net value added at factor cost, falling on average by -1.9% and -2.1% respectively per year over the period under review. Therefore, when the declines in the volume of total labour input and family labour input (-3.4% per year on average in both cases) were taken into account, Indicators 2 and 3 of agricultural income rose by +1.5% and +1.1% per year on average respectively. These figures, which were similar to the corresponding figure for Indicator 1, reflect once again the relatively weak long-term impact of interest payments, rent and compensation of employees on the average changes in Indicators 2 and 3 for the European Union as a whole (at a time when reductions in total labour input and family labour input were very similar).

5 Long-term-trends in agricultural income in the Member States from 1980 to 1995

5.1 Introduction

The development of agricultural incomes in the Member States of the European Union differed considerably in the period "1981"/"1994". The analysis of agricultural income in the European Union is made according to a division, presented in Chapter 4, of the reference period into four sub-periods. Nevertheless, the different overall developments recorded in the Member States as well as the new memberships of the European Union over the reference period, do make it difficult to use set sub-periods with which to examine agricultural incomes in the Member States. Certain factors such as the climatic conditions particular to a Member State and the specific types of production, production techniques and structures, as well as the internal market situation inherent to the supply and demand structure of each country can lead to distinct developments according to the Member State in question. Nonetheless, policies of support and intervention in the agricultural branch, as well as the main trends of the agricultural markets in the European Union, can be traced in all Member States across the period as far as their influence on agricultural income is concerned.

The average annual changes in real net value added at factor cost per AWU (Indicator 1) were highly contrasting during the period "1981"/"1994" (see Table 5.1). On the one side, Ireland (+4.2%) and Spain (+3.2%) encountered the sharpest increases, and on the other, Sweden (-1.7%), Italy (-0.7%) and the Netherlands (-0.2%) were the only countries to record an average annual fall in income in the European Union. It should be noted that in this chapter, Germany refers to its territorial situation as before 03.10.1990 for the period "1981"/"1991" and to Germany in its territorial situation after 03.10.1990 for the period "1991"/"1994". Income, in some cases, fluctuated sharply, as in Denmark, where the annual rate of increase moved from +6.2% from "1981" to "1984" to -1.4% from "1984" to "1987".

Table 5.1 Average annual rates of change in agricultural income Indicator 1 per Member State and for the European Union as a whole between "1981" and "1994"

	"1981"/"1984"	"1984"/"1987"	"1987"/"1991"	"1991"/"1994"	"1981"/"1994"
B	3.4	-3.0	3.6	-1.2	0.9
DK	6.2	-1.4	-0.1	2.5	1.6
D (1)	-0.1	2.0	3.2	:	:
D (2)	:	:	:	2.5	:
GR	0.2	1.4	4.9	-0.8	1.7
E	4.0	2.1	2.2	4.8	3.2
F	1.5	0.4	4.4	2.6	2.4
IRL	6.1	2.0	3.6	5.1	4.2
I	-1.1	-2.7	-0.5	1.5	-0.7
L	4.8	3.0	0.3	-1.5	1.5
NL	3.1	-1.3	1.6	-4.5	-0.2
A	1.0	3.2	4.8	1.1	2.7
P	0.9	-1.3	2.7	-2.3	0.2
FIN	8.9	-2.4	6.7	-3.6	2.6
S	-1.2	-1.0	-1.1	-3.7	-1.7
UK	1.0	-2.5	1.7	6.1	1.6
EUR12 (1)	1.3	-0.5	2.7	:	:
EUR12 (2)	:	:	:	2.4	:
EUR15 (1)	1.4	-0.5	2.8	:	:
EUR15 (2)	:	:	:	2.2	:

(1) With Germany in its territorial situation before 03.10.1990, for the years "1981" to "1991".

(2) With Germany in its territorial situation after 03.10.1990, for the years "1991" to "1994".

The Member States' share in the final agricultural output of the European Union as a whole changed only slightly over the course of the reference period. The largest share of this aggregate final output was given

by France in "1994" with 21.2% (see Graph 5.1), followed by Italy (16.1%) and Germany (15.4%, the only notable change, as a result of the inclusion of the five new "Länder").

Graph 5.1 Member States' share of the value of final agricultural output in "1994"

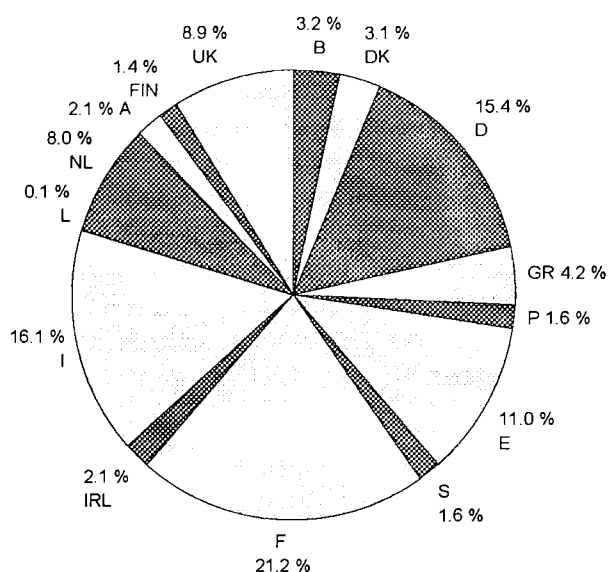


Table 5.2 Average annual rates of change in the real value of final output and intermediate consumption, in the productivity of intermediate consumption and in the "terms of trade"³¹ per Member State between "1981" and "1994", in %

	Final production			Intermediate consumption			Productivity of intermediate consumption	"Terms of trade"
	Volume	Real Price	Real Value	Volume	Real Price	Real Value		
B	2.1	-3.2	-1.2	2.0	-3.0	-1.1	0.0	-0.1
DK	1.6	-4.3	-2.7	0.5	-3.4	-3.0	1.2	-0.9
D (1)	0.3	-3.5	-3.2	-0.4	-3.3	-3.7	0.8	-0.2
D (2)	-0.8	-6.0	-6.7	-2.5	-2.6	-5.1	1.8	-3.5
GR	0.7	-2.2	-1.5	1.6	-1.7	-0.2	-0.8	-0.5
E	1.1	-2.9	-1.8	1.6	-2.7	-1.1	-0.7	0.0
F	1.1	-3.4	-2.3	0.8	-2.2	-1.4	0.2	-1.2
IRL	2.0	-2.1	-0.1	2.3	-2.4	-0.2	-0.2	0.3
I	0.5	-3.6	-3.1	0.4	-3.7	-3.4	0.1	0.1
L	0.4	-2.5	-2.1	2.0	-3.2	-1.3	-1.6	0.8
NL	2.1	-2.4	-0.4	1.0	-2.1	-1.1	1.1	-0.4
A	0.3	-3.0	-2.7	0.4	-2.8	-2.4	-0.1	-0.3
P	1.0	-5.6	-4.7	0.0	-3.3	-3.3	1.1	-2.5
FIN	-0.7	-3.2	-3.9	-1.3	-1.7	-3.0	0.7	-1.7
S	0.0	-3.8	-3.8	-1.1	-1.4	-2.4	1.1	-2.5
UK	0.4	-2.6	-2.2	0.1	-2.0	-1.9	0.3	-0.6
EUR 12 (1)	1.2	-3.1	-1.9	0.8	-2.9	-2.1	0.4	0.3
EUR 12 (2)	-0.3	-4.0	-4.3	-0.4	-2.2	-2.6	0.0	-1.5
EUR 15 (1)	1.1	-3.1	-2.0	0.7	-2.8	-2.1	0.5	0.2
EUR 15 (2)	-0.3	-4.1	-4.4	-0.3	-2.3	-2.6	0.0	-1.6

(1) With Germany in its territorial situation before 03.10.1990, for the years "1981" to "1991".

(2) With Germany in its territorial situation after 03.10.1990, for the years "1991" to "1994".

The development of final agricultural output in the European Union over the reference period ("1981" to "1994"), which was comprised of rising volumes (+0.8% per year on average) accompanied by falling prices

³¹ see para. 4.4.2 d, note 8

in real terms (-3.3% per year on average), could be found in all Member States to varying degrees (see Table 5.2). For example, three countries recorded an annual increase averaging over +2.0% in their final output volume (Belgium, the Netherlands and Ireland). With the exceptions of Denmark where growth was weaker, Finland where it decreased (the only decline in among countries) and Germany and Sweden where it remained unchanged between the ends of the period, the volume of final output increased in all the other Member States (ranging from rates of +0.3% to +1.1% per year).

In all of the Member States the average price for final output declined. As with the volume of final output, the developments were relatively similar between Member States; the average rates of decline were measured at between -2.4% and -4.3% per year for twelve Member States. If the rate of price decrease was less sharp in Ireland and Greece, it was far stronger in Portugal, where it dropped by an average rate of -6.0% per year. These developments led to a decline in the real value of final output in all of the Member States, but especially in Portugal, Germany and Finland (close to or more than -4.0% per year).

The average decline in the real value of final output for the European Union as a whole (-2.5% per year) was only partly offset by the fall in the real value of intermediate consumption (-2.2% per year on average), resulting in gross value added at market prices decreasing by -2.8% per year on average in real terms. The increase in the use of intermediate consumption for the European Union as a whole was less steep in volume terms (+0.5% per year on average, with increases in all countries except Germany, Sweden and Finland) than for final output, thus leading implicitly to a small rise in the productivity of intermediate consumption (+0.4% per year). This productivity increase at the level of the European Union was also the case in ten Member States, but not Austria, Ireland, Spain, Greece and above all Luxembourg. The fall in the average real price of intermediate consumption could be traced in all Member States (but to a lesser degree than for the average price of final output) and reached -2.7% per year on average for the European Union as a whole from "1981" to "1994". The agricultural "terms of trade" improved slightly, by an average of +0.2% per year for the European Union as a whole between "1981" and "1991". The real value of intermediate consumption declined in all Member States, but whilst this was relatively weak in Greece and Ireland it was particularly strong in Germany, Italy and Portugal.

Table 5.3 Average annual rates of change in the volume of total agricultural labour input for each Member State and for the European Union as a whole, in %

	"1981"/"1984"	"1984"/"1987"	"1987"/"1991"	"1991"/"1994"	"1981"/"1994"
B	-1.4	-2.0	-2.6	-3.0	-2.3
DK	-3.2	-3.8	-1.6	-2.7	-2.7
D (1)	-2.7	-2.5	-4.4	:	:
D (2)	:	:	:	-10.2	:
GR	-0.6	-2.1	-4.6	-1.6	-2.4
E	-3.8	-3.4	-3.7	-3.9	-3.7
F	-2.9	-3.5	-4.0	-4.3	-3.7
IRL	-2.6	-2.4	-0.3	-2.2	-1.8
I	-2.0	-2.4	-3.1	-4.5	-3.0
L	-4.6	-3.8	-3.8	-3.6	-3.9
NL	-0.5	-0.9	-0.4	-1.1	-0.7
A	-2.0	-3.0	-4.0	-5.7	-3.7
P	-3.8	-1.8	-7.0	-5.7	-4.7
FIN	-4.8	-3.7	-5.1	-3.6	-4.4
S	-2.6	-3.8	-4.2	-2.8	-3.4
UK	-1.2	-1.6	-2.3	-1.5	-1.7
EUR12 (1)	-2.5	-2.6	-3.7	:	:
EUR12 (2)	:	:	:	-4.5	:
EUR15 (1)	-2.6	-2.6	-3.8	:	:
EUR15 (2)	:	:	:	-4.5	:

(1) With Germany in its territorial situation before 03.10.1990, for the years "1981" to "1991".

(2) With Germany in its territorial situation after 03.10.1990, for the years "1991" to "1994".

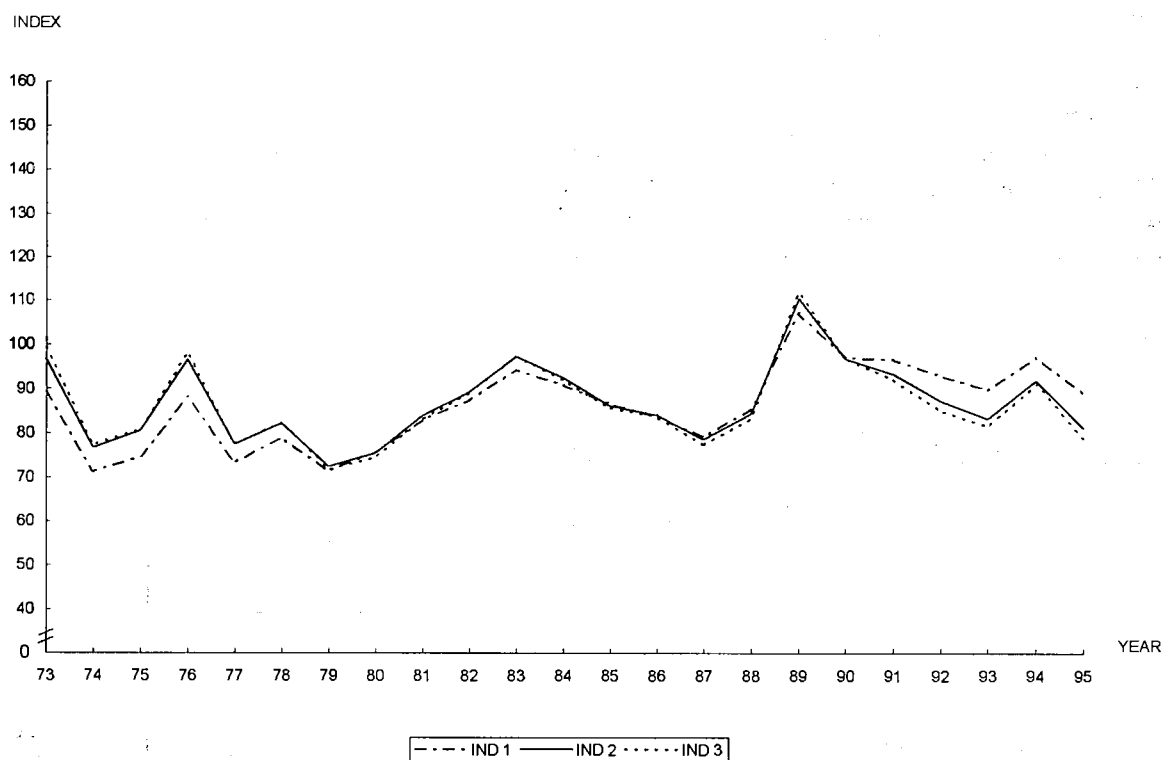
The volume of total agricultural labour input in European Union decreased between "1981" and "1994" at an average rate of -3.4% per year (see Table 5.3). In Germany, Finland and Portugal, the rate of fall in the

labour input was especially high (at more than -4.0% per year on average), whereas it less sharp in the Netherlands (-0.7% per year on average). The decline in the volume of total agricultural labour input accelerated over the second part of the period in most of the Member States, with the exceptions of Denmark, Luxembourg and Ireland.

5.2 Belgium

Over the course of the reference period ("1981" to "1994"), there was a smaller rise in agricultural income in Belgium as measured by Indicator 1, than for the European Union as a whole; an annual rate of +0.9% compared to +1.4% between "1981" and "1991" and +2.2% between "1991" and "1994" for EUR 15. Four sub-trends can be identified in the income development over the period in Belgium. Firstly, the measure of Indicator 1 rose in the years 1980 to 1983. Secondly, it then displayed an even decline up to 1987. A strong increase followed in the two subsequent years, with the highest level of the reference period being reached in 1989, to provide the third sub-period. Finally, with the exception of 1994, income has been declining slightly and at an even pace since 1990.

Graph 5.2 Development of the three indicators of agricultural income in Belgium between 1973 and 1995, with "1990" = 100



Throughout the period, there was a steady rise in the volume of final agricultural output (an average of +2.1% per year) at a rate above almost all other Member States and therefore above the European Union average (see Table 5.2). Higher volumes were more pronounced for final crop output (averaging +3.0% per year) than for final animal output (averaging +1.5% per year). The expansion of volumes was accompanied by falling prices when expressed in real terms. The average real price for final animal output decreased at a faster rate (-3.6% per year) than for final crop output (-2.4% per year). The average price for the aggregate final output peaked in 1983, at a level almost 30% higher than the base year "1990". With the combination of volume and price developments, the real value of final output declined at an average rate of -1.2% per year, based on the composite changes in the real values of final crop output (+0.4% per year) and final animal output (-2.1% per year).

The changes in the aggregate value of final crop output were largely dictated by the price and volume developments in fresh vegetables and potatoes, since the combined value of these two products accounted for about half of the value of final crop output. Over the period as a whole, there was rapid expansion in the

output volumes of both products (fresh vegetables by an average +4.9% per year and potatoes by an average +3.0% per year). In the case of cereals, the growth in output volume slowed down in the mid-1980s and the level of cereal output volume in "1994" was the same as that in "1987". In terms of price developments, the real price for fresh vegetables declined by an average -2.7% per year and that of cereals by a much sharper average of -6.2% per year. These changes contrasted with the development in the average potato price, which rose by +0.7% per year on average. Among these three products, only the real value of cereals output decreased (a steep decline averaging -4.8% per year); the real output value of fresh vegetables and potatoes rising by annual averages of +2.1% and +3.7% respectively.

At the start of the reference period, the value of final animal output represented about two-thirds of the value of final output in Belgium. The value of pig output was above that of any other product, with cattle and milk being the next most important product groups. There was rapid growth in the volume of pig output following "1984", (an average +3.4% per year from "1984" to "1994"), despite a substantial shortfall in 1990 (-13%) caused by swine fever, which necessitated slaughtering on a massive scale. The prevalence of structural imbalances on European Union markets caused by expanding pig production caused prices to tumble. In Belgium, the average decline in the real price for pigs during the reference period was -4.8% per year, with the period of strongest falls being "1984" to "1987" (-9.3% per year). In a similar way, the growth in the volume of cattle output over the period (an average of +1.8% per year), when there were large European Union surpluses caused by stagnating or slightly declining consumption, led to cattle prices falling sharply (an average -3.6% per year). The volume of milk output declined during the period, the production quota being introduced in 1984, with real prices also dropping (an average -1.0% and -1.5% per year respectively). In all three cases, output values declined when expressed in real terms; these average annual falls were measured at -2.3% for pigs, -1.9% for cattle and -2.5% for milk.

Table 5.4 Changes in the main components of the income calculation for agriculture in Belgium, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	3.0	1.4	-2.4	4.4	0.4	40.6		32.9	
Cereals	1.5	-2.6	-6.2	-1.1	-4.8	3.6		5.8	
Potatoes	3.0	4.7	0.7	7.8	3.7	5.0		2.6	
Fresh vegetables	4.9	1.1	-2.7	6.1	2.1	14.6		9.6	
Final animal output	1.5	0.2	-3.6	1.7	-2.1	59.2		67.0	
Cattle	1.8	0.1	-3.6	2.0	-1.9	18.0		19.8	
Pigs	2.6	-1.0	-4.8	1.5	-2.3	19.4		22.4	
Milk	-1.0	2.4	-1.5	1.4	-2.5	13.9		16.5	
Final output	2.1	0.6	-3.2	2.7	-1.2	100.0		100.0	
Intermediate consumption	2.0	0.8	-3.0	2.8	-1.1	58.0		57.2	
Gross value added at m.p.	2.1	0.5	-3.3	2.6	-1.3	42.0	100.0	42.8	100.0
Subsidies				7.3	3.2		12.7		7.1
Taxes linked to production				8.4	4.4		2.0		1.0
Depreciation				5.3	1.3		20.6		14.7
Net value added at f.c.				2.5	-1.4		90.1		91.5
Rent				1.9	-1.9		4.9		5.3
Interest				6.2	2.2		17.1		10.8
Net income of total labour				1.8	-2.0		68.1		75.3
Compensation of employees				7.6	3.6		8.4		4.5
Net income of family labour				1.2	-2.6		59.8		70.8

Together with Ireland and Luxembourg, Belgium recorded one of EUR 15's highest average annual increases in the volume of intermediate consumption used (+2.0%). With the average rate of increase in the volume of final output matching the rate for the volume of intermediate consumption, the apparent productivity of intermediate consumption remained unchanged between the two ends of the reference period. Likewise, with the real price of intermediate consumption falling by an average -3.0% per year, the "terms of trade" were barely affected (an average of -0.1% per year).

The share of the value of intermediate consumption in that of final output is relatively high (about 58% compared to about 46% for EUR 15). In contrast, the share of the depreciation costs in gross value added at market prices is relatively low (about 21% compared with an average 29% for the EUR 15), perhaps suggesting a fairly low level of investment. Nevertheless, with an average annual increase in depreciation of +1.3% per year over the period, this share increased (up from 15% in "1981"). Until the start of the 1990s,

the share of the value of subsidies in gross value added was more or less stable (at 7%). With compensation paid for the pig slaughtering required because of swine fever in 1990 and then with the reform of the CAP, this share rose somewhat (up to about 13%), although this was still much lower than the average for the European Union as a whole (about 27%). These latter increases in subsidies supported the rate of increase over the whole period (an average +3.2% per year). Taxes linked to production rose steadily in the period from "1981" to "1987" (averaging +27.2% per year) but, with the abolition of the co-responsibility levies for milk and cereals, fell during the rest of the reference period (an average -11.8% per year). Helping to complete the list of charges, interest payments rose during the entire reference period (an average of +2.2% per year) while rent payments declined (an average -1.9% per year).

The share of net income of total labour in gross value added at market prices is lower in Belgium than in the other Member States (about 68% compared with about 79% for EUR 15 in "1994"). Over the period as a whole, the net income of total labour declined by -2.0% per year on average, with the growth achieved in the years "1981" to "1984" (an average +2.1% per year) being eroded by the falls in subsequent years (averaging -3.2% per year). The volume of total agricultural labour input decreased by an average of -2.3% per year between "1981" and "1994", with that of family labour input falling somewhat faster (-2.7%). The difference between the two rates, can be explained by the increased use of hired labour from a low at the start of the 1980s and this helps understand why the level of the compensation of employees rose (a relatively even average of +3.6% per year over the period).

Indicators 2 and 3, which take account of interest, rents and the compensation of employees, displayed similar trends to Indicator 1. Their average annual rates of change over the period as a whole were +0.2% (Indicator 2) and +0.1% (Indicator 3).

5.3 Denmark

Aggregate agricultural income in Denmark increased during the period under review ("1981" to "1994"). When measured in terms of Indicator 1, this rise in income was calculated as having been +1.6% per year on average, although this figure does conceal particularly strong annual fluctuations (explanations for which are given below). The only sub-period to have shown sustained growth in agricultural income was "1981" to "1984" (+6.2% per year on average) and it is only due to the recoveries in 1994 and 1995 that agricultural incomes did not decline over the rest of the period.

The strong fluctuations in agricultural income, which suggest a certain vulnerability in Danish agriculture, can be explained by the low proportion of final output accounted for by net income. It is therefore highly susceptible to slight variations in volumes and prices, particularly if measured by Indicators 2 and 3. There are two main reasons for this low proportion. Firstly, the value of intermediate consumption represents about half that of final output, compared with an average of about 45% for the European Union as a whole. The difference reflects the high level of intensification in the agricultural production process in Denmark and the importance of animal production. Secondly, the major investments which have been made in the agricultural sector represent a considerable burden on accounts, since financial charges have risen to about 18% of final output compared with 6% for the European Union as a whole. This accumulation of expense explains why the net income from agricultural activity of total labour, the basis of Indicator 2, is only a small part (22%) of final output in the agricultural branch, compared with 42% for the European Union as a whole (the corresponding figures obtained using the basis of Indicator 3 are about 15% and 29% respectively).

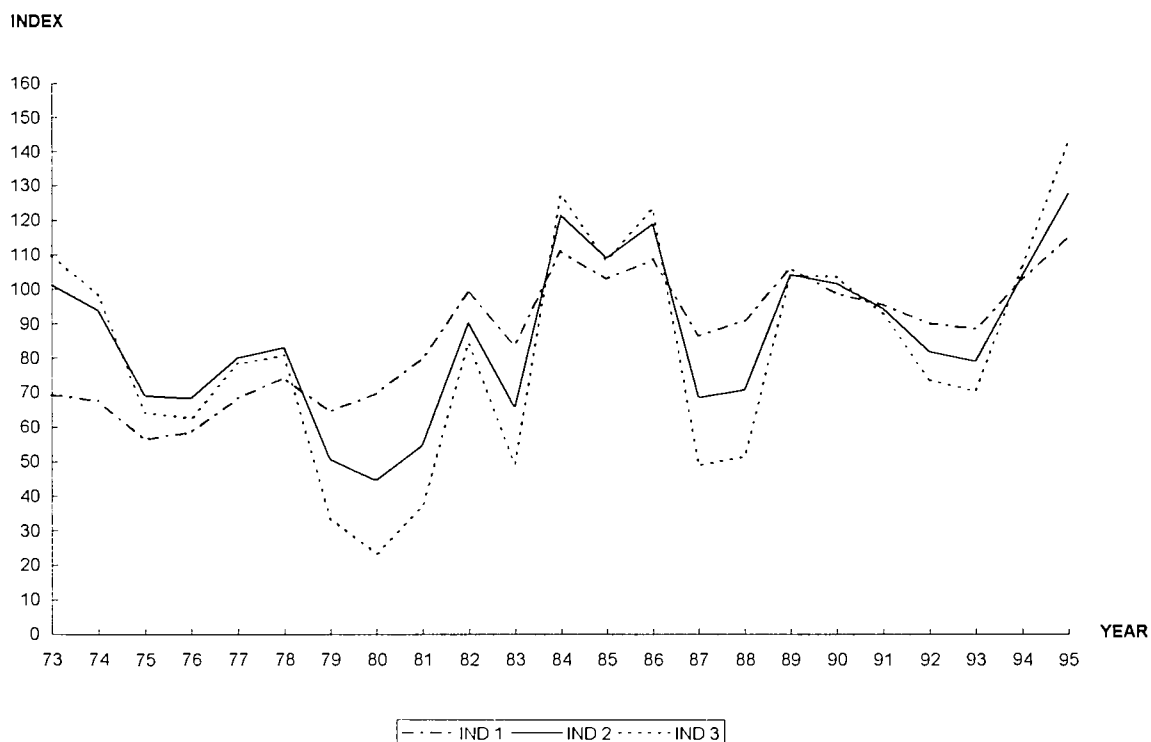
These matters must be borne in mind when noting the recent revisions that Danmarks Statistik has made to its agricultural accounts. It appears that the falls in agricultural income for the years 1991, 1992 and 1993 that had previously been estimated were exaggerated. When combined with the substantial increases in income for the years 1994 and 1995, the long-term trend of income development in Denmark as presented in this Income Report has been altered greatly from that appearing last year. This is certainly the case for Indicators 2 and 3 (although not so much Indicator 1), which now reflect rises in agricultural incomes measuring an estimated +3.9% per year and +6.3% per year on average, respectively.

The value of final output declined at an average rate of -2.7% per year in real terms over the period, with general increases in output volumes (averaging +1.6% per year) being outweighed by strong price falls

(averaging -4.3% per year in real terms). Yet despite the decline in the value of final output, incomes as measured by Indicators 1, 2 and 3 increased. The principal reasons for this can be summarized as follows:

- a sharp decline in the real value of intermediate consumption (-3.0% per year on average), because considerable price cuts (-3.4% per year on average in real terms) did not lead to a high rise in the volumes used (+0.5% per year on average);
- a surge in subsidies since the start of the reform of the CAP, particularly as compensation for the falls in the price of cereals;
- a decline in real depreciation costs (averaging -0.8% per year);
- the trimming of the volume of agricultural labour input by a third over the reference period.

Graph 5.3 Development of the three indicators of agricultural income in Denmark between 1973 and 1995, with "1990" = 100



The mainstay of agricultural output in Denmark is animal output (particularly from pig and milk production), the value of which represents just over two thirds of that of final output. Production is highly concentrated, with the average number of animals per holding being much higher than in the European Union as a whole. Denmark has a pigmeat self-sufficiency rate of more than 400% and the self-sufficiency rate for milk and most milk products is also very high. Against this background, the volume of pig output has risen steadily over the reference period at an average +3.5% per annum. With other Member States also increasing their pig production, European markets have been subject to market imbalances that have caused prices to tumble (in real terms the average annual price was down -5.4% on the previous year). Concerning milk production, output volumes that had grown slowly before 1983 fell back in the face of the production quotas that were introduced in 1984 (the annual change in output has been -1.4% on average since "1984"). The restructuring of the milk market s of Europe has not, however, halted prices slipping. Apart from a brief interlude in 1988, real prices have decreased steadily (averaging -2.1% per year over the whole period).

Cereals and flowers are the main items of crop production and the developments in their prices and volumes mirror the larger picture seen for crop products as a whole. In both cases, output volumes increased at a steady rate (averaging +2.7% and +3.6% per year) but prices fell (averaging -6.3% and -2.7% per year in real terms). In the case of cereals, the downward pattern of price development during the

period has reflected the wider European market conditions and policies. For flowers, the falls in prices can be largely attributed to the corresponding rises in output volumes.

As mentioned above, there was a sharp decline in the real value of intermediate consumption goods over the period. One of the main reasons for this was the development of the price and volume of feedingstuffs, since this item represented about half of value of total intermediate consumption for much of the period. The real price of feedingstuffs declined strongly (-4.8% per year on average) as a result of various factors like the CAP-reform price cuts of cereals. Despite large price falls, the amount of feedingstuffs purchased increased relatively slightly (+0.7% per year on average). This general scenario for intermediate consumption goods as a whole contrasts with the 1970s when there was a period of marked intensification. Nevertheless, in the period "1981" to "1994" the productivity of intermediate consumption rose (averaging +1.2% per year) and at a faster rate than any other Member State. With the nominal price of final output declining at a faster rate than that of intermediate consumption the price ratio called the "terms of trade" worsened (down by -0.9% on average).

Table 5.5 Changes in the main components of the income calculation for agriculture in Denmark, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"	Share of each item in % in "1981"	
Final crop output	2.7	-0.9	-4.8	1.8	-2.2	30.3	28.4	
Cereals	2.7	-2.5	-6.3	0.2	-3.7	13.0	15.0	
Final animal output	1.2	-0.1	-4.1	1.1	-2.9	69.7	71.6	
Cattle	-1.4	-0.3	-4.3	-1.8	-5.7	7.9	11.9	
Pigs	3.5	-1.5	-5.4	1.9	-2.2	31.6	29.2	
Milk	-0.9	2.0	-2.1	1.1	-2.9	23.7	24.2	
Final output	1.6	-0.3	-4.3	1.3	-2.7	100.0	100.0	
Intermediate consumption	0.5	0.6	-3.4	1.1	-3.0	52.7	54.5	
Gross value added at m.p.	2.8	-1.2	-5.1	1.6	-2.4	47.3	100.0	45.5
Subsidies				16.5	11.8	21.2		3.6
Taxes linked to production				-1.5	-5.6	3.8		5.7
Depreciation				3.3	-0.8	29.7		24.0
Net value added at f.c.				3.0	-1.1	87.8		73.9
Rent				4.0	-0.2	4.4		3.3
Interest				0.8	-3.3	36.8		41.1
Net income of total labour				5.2	1.1	46.5		29.5
Compensation of employees				2.4	-1.7	14.5		13.0
Net income of family labour				6.9	2.9	32.0		16.4

Changing policy instruments linked to the development of the CAP have greatly altered the amount of subsidies and taxes linked to production, even when considered over the long-term. In Denmark, there had been a national policy of reducing production subsidies, particularly in the period before 1992. However, the reform of the CAP with its corresponding subsidies, most notably for cereals to compensate for price cuts, has resulted in an average increase of +11.8% per year in real terms over the entire period. The magnitude of this turnaround can be appreciated by the fact that the proportion of gross value added at market prices accounted for by subsidies fell from 2.7% in 1981 to 1.8% in 1991, but rose spectacularly to 23.1% in 1995. Providing a double-edged impetus to incomes, taxes linked to production declined over the reference period (an average -5.6% per year in real terms).

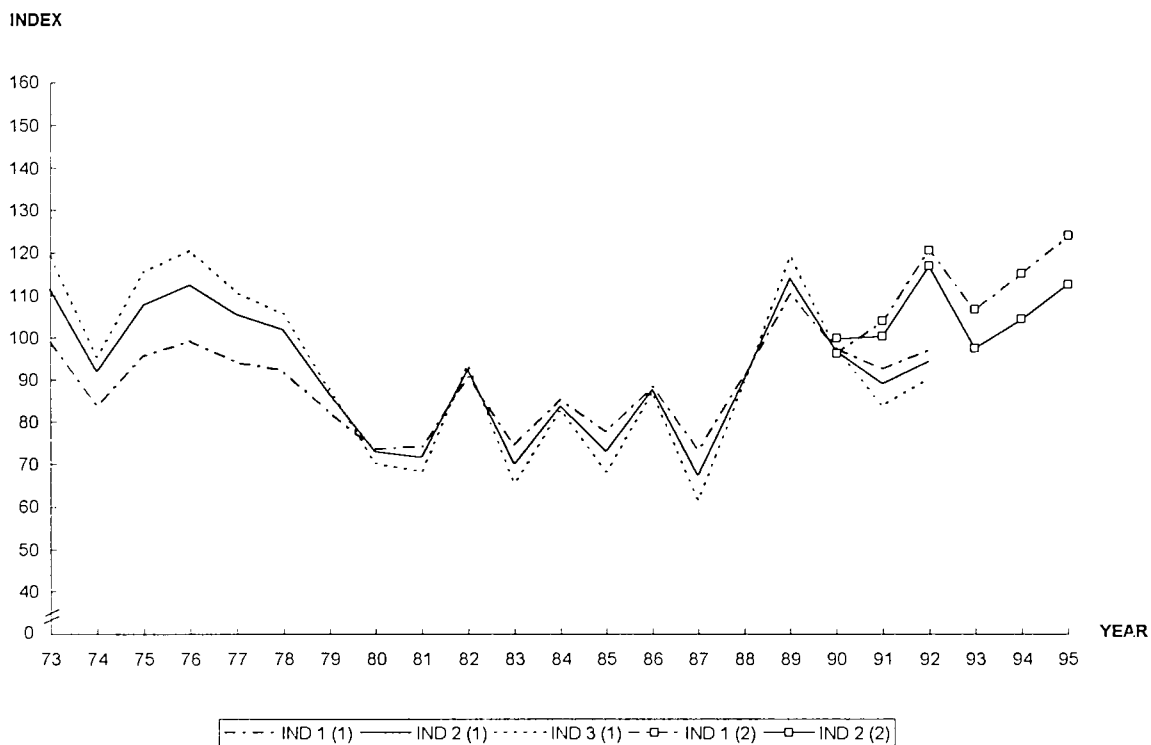
Despite the reduction in depreciation costs in real terms, net value added at factor cost, the basis of Indicator 1, still declined at an average -1.1% per year in real terms. The corresponding increase in income is therefore ultimately down to the considerable fall in the volume of total agricultural labour input over the period (an average -2.7% per year). The greater increases in income when measured according to Indicators 2 and 3 are because rental payments, interest payments and the compensations of employees all declined over the period in real terms, so leading to increases in real net income from the agricultural activity of total labour input (+1.1% per year on average) and real net income from the agricultural activity of family labour input (+2.9% per year on average). For Indicator 3, the fall in the volume of family labour input was even higher than for the volume of total labour input (-3.3% per year on average compared to -0.8% for non-family).

5.4 Germany

Only for the second time in the analysis of long-term trends has the reunified Germany been examined. However, there is only limited scope for comparison with the other Member States, since there was a statistical break in the series after 1991, caused by Germany's boundary changes resulting from reunification. It should also be borne in mind that the data for Germany since 1991 encompass extremely different structures and trends for the old and new *Länder*.

Although there were relatively strong annual fluctuations in agricultural income between years, when averaged over the length of the period "1981" to "1991", the measurement of Indicator 1 for the old Federal Republic rose by +1.9% per year. This rate of growth in aggregate agricultural income accelerated in the period "1991" to "1994" when data refer to the reunified Germany (averaging +2.5% per year). In both cases, however, the rise in the level of Indicator 1 was due solely to the considerable reduction in the volume of total agricultural labour input, since the trend in real net value added at factor cost was sharply down.

Graph 5.4 Development of the three indicators for agricultural income in Germany between 1973 and 1995, with "1990" = 100 (with the exception of (2))



There was a reasonably steady and pronounced fall in the value of final agricultural output for Germany over the reference period, measuring an average -3.2% per year in the period from "1981" to "1991" and then a stronger average of -6.7% per year through to the end of the period. The principal reason for these declines in value was falling producer prices (averaging -3.5% and -6.0% per year in real terms respectively).

This pattern of price development for final output followed highly similar trends for both the average price of crop products and animal products. Greater distinction between final crop output and final animal output was witnessed in the development of output volumes. The volume of final crop output grew in both the sub-periods, but particularly in the first (an average +1.4% per year between "1981" and "1991"), whereas the volume of final animal output decreased in both (particularly between "1991" and "1994" at an average -1.4% per year). A consequence of these changes was that the share of the value of final crop output in that of final agricultural output rose from slightly less than one-third in "1981", through about 37% by the year "1991", to stand at close to 40% in "1994", although this still underlines the importance of the animal sector.

Further analysis of the crop sector concentrates on cereals and fresh fruit, since they are the two most important crop product groups in Germany. As with the general trend for crop products, the decline in the average price for cereals was more pronounced in the period after "1991" than the period before it. The cuts in the single intervention price for cereals as part of the reform of the CAP provide some of the explanation for the fall in cereal prices accelerating from an already sharp -5.5% per year on average in "1981"/"1991" to -11.6% in the period "1991"/"1994". In the first of these sub-periods, the price cuts for cereals were partly offset by a growing volume of output (+2.3% per year). This was not the case, however, in the second sub-period when the volume of cereal output declined slightly (an -1.0% per year), linked in part to the obligatory set-aside requirements stipulated in order to qualify for compensatory payments. The net result of the volume and price developments was that the real value of cereals output declined markedly in both periods (averaging -3.4% per year and -12.5% per year respectively).

In contrast to cereals, the real value of fresh fruit output actually increased over the years "1981" to "1991" (an average +1.6% per year). With the volume of output remaining unchanged ($\pm 0.0\%$) in "1991" from that in "1981", in spite of marked fluctuations, this rise in value can be attributed to higher producer prices. An about change in the development of real prices since "1991" (-6.9% per year on average) coupled with a decline in the volume of fresh fruit output (-0.6% per year on average), drove the real value of output down substantially in the period "1991" to "1994" (-7.5% per year).

Table 5.6 Changes in the main components of the income calculation for agriculture in Germany, average % change over the period "1981" to "1994"

	Volume		Nominal price		Real price		Nominal value		Real value		Share of each item in %		Share of each item in %	
	"81"/"91"	"91"/"94"	"81"/"91"	"91"/"94"	"81"/"91"	"91"/"94"	"81"/"91"	"91"/"94"	"81"/"91"	"91"/"94"	"1994"		"1981"	
Final crop output	1.4	0.3	-0.5	-2.6	-3.2	-6.4	0.9	-2.6	-1.8	-6.1	39.1	100.0	32.2	100.0
Cereals	2.3	-1.0	-2.9	-9.3	-5.5	-11.6	-0.7	-9.3	-3.4	-12.5	9.4	36.7	9.7	30.3
Fresh fruit (*)	0.0	-0.6	4.5	-4.3	1.6	-6.9	4.5	-4.3	1.6	-7.5	5.3	16.6	3.5	10.8
Final animal output	-0.3	-1.4	-1.0	-3.6	-3.7	-5.7	-1.3	-3.6	-3.9	-7.0	60.9	100.0	67.7	100.0
Cattle	0.5	-4.7	-2.6	-3.4	-5.2	-2.3	-2.1	-3.4	-4.7	-6.8	13.5	22.3	17.3	25.6
Pigs	0.0	-1.2	-1.9	-8.1	-4.5	-10.3	-1.9	-8.1	-4.5	-11.3	14.4	23.7	19.7	28.8
Milk	-1.1	-0.3	0.7	-1.6	-2.0	-4.8	-0.4	-1.6	-3.1	-5.1	26.1	43.7	24.3	35.6
Final output	0.3	-0.8	-0.9	-3.2	-3.5	-6.0	-0.5	-3.2	-3.2	-6.7	100.0	100.0	100.0	100.0
Intermediate consumption	-0.4	-2.5	-0.6	-1.6	-3.3	-2.6	-1.1	-1.6	-3.7	-5.1	54.7	100.0	55.3	100.0
Gross value added at m.p.	1.2	1.0	-1.1	-5.1	-3.7	-9.4	0.1	-5.1	-2.6	-8.5	45.3	100.0	44.7	100.0
Subsidies									11.7	0.9	36.7	81.4	5.8	13.0
Taxes linked to production									-0.6	-13.1	3.9	8.7	3.6	8.1
Depreciation									-0.4	-3.1	48.1	108.1	34.6	77.5
Net value added at f.c.									-1.5	-7.7	84.7	189.1	67.6	151.6
Rent									3.5	1.7	9.6	21.3	3.5	7.8
Interest									-2.5	0.1	14.2	31.8	13.1	29.4
Net income of total labour									-1.7	-10.3	60.8	137.1	51.1	114.5
Compensation of employees									-1.1	:	:	24.2	10.0	22.5
Net income of family labour									-1.8	:	:	24.2	41.0	92.0

* Including table grapes

The most important products of animal output are milk, pigs and cattle. For all three product groups there was a sharp decline in their output values, both in the years "1981" to "1991" and in the years "1991" to "1994". In the case of milk, the key development over the period was the introduction of the milk quota regime in 1984. The growth in the volume of milk output in the years before quotas (+1.5% per year on average between "1981" to "1984") was abruptly halted and largely eroded by subsequent declines (an average -2.2% per year between "1984" and "1991"). Since the reunification of Germany, this downward trend has slowed (an average -0.3% per year). In terms of prices, there were also sharp declines (an average -2.0% per year from "1981" to "1991" and then -4.8% per year through to "1994").

The volume of cattle output increased by an average of +0.5% per year between "1981" and "1991" as strong growth in the early 1980s gave way to a period of stagnation following the introduction of milk quotas. The immediate effect of the quotas was an increase in cow slaughtering and a decline in the size of the dairy herd and it was not until 1990 and 1991 that the volume of cattle output rose once more. With the

reunification of Germany came a drastic reduction in the size of the cattle herd in the new *Länder*, which has resulted in the volume of cattle output plummeting (an average -4.7% per year between "1991" and "1994"). Throughout the whole of the reference period, producer prices for beef in real terms have fallen (averaging -5.2% per year and then -2.3% per year respectively).

The volume of pig output in "1981" was no different from that in "1991" ($\pm 0.0\%$), but has since fallen through to "1994" (an average -1.2% per year). The recent structural surpluses on European pig markets forced producer prices down sharply, particularly in 1993, and accelerated the rate of real price decline from an already considerable -4.5% per year through until "1991" to a subsequent -10.3% per year until "1994".

In contrast to other Member States (Finland and Sweden apart), the volume of intermediate consumption goods and services used in the agricultural branch declined (an average -0.4% per year between "1981" and "1991", and then, following sharp falls in 1991 and 1993, a faster rate of -2.5% per year until "1994"). Nevertheless, the share of intermediate consumption in final output is still relatively high (55% in Germany compared to 46% for EUR 15). The ratio of the volumes of intermediate consumption used to the volume of final agricultural output reveals that the productivity of intermediate consumption increased by an average +0.8% per year between "1981" and "1991" and then +1.8% per year through until "1994". Although the decline in the average real price for intermediate consumption until "1991" (-3.3% per year) was similar to that of final output (so that the agricultural "terms of trade" were little changed - an average -0.2% per year), this was not the case through until "1994". Whilst, the annual rate of price decline for final output accelerated until "1994" that for intermediate consumption slowed down (-2.6% per year in real terms) and this led to a substantial deterioration in the "agricultural terms of trade" in this sub-period (-3.5% per year).

The fall in depreciation costs when expressed in real terms accelerated from an average of -0.4% per year between "1981" and "1991" to a subsequent -3.1% per year until "1994". The real value of subsidies rose appreciably in the period "1981" to "1991" (an average +11.7% per year), which was mainly attributable to payments given for the abolition of monetary compensatory amounts (MCAs) in 1984, subsidies to leave milk production and for set-aside in the second half of the 1980s. Despite the reform of the CAP, the real value of subsidies only increased by an average +0.9% per year in the years "1991" to "1994". Nevertheless, the share of subsidies in gross value added at market prices still rose from 23% in "1991" to about 37% in "1994", since real gross value added at market prices decreased sharply (an average -8.5% per year). Taxes linked to production declined only slightly in real terms in the years from "1981" to "1991" (an average -0.6% per year). In the subsequent years when CAP reform was underway, however, there was a steeper decrease (-13.1% per year on average).

Among the other charges, rental payments increased (an average +3.5% per year in real terms between "1981" and "1991" and then +1.7% per year until "1994"), and although interest payments decreased in the first sub-period as with the compensation of employees (an average -2.5% and -1.1% per year in real terms) they then rose very slightly through until "1994" (+0.1% per year). With the drastic shedding of agricultural labour in the new *Länder*, so the rate of decline in the volume of total labour input accelerated; up from -3.3% per year between "1981" to "1991" to -10.2% through to "1994".

The changes in Indicators 2 and 3 over the period "1981" to "1991" were similar to those of Indicator 1 (+1.7% per year on average and +1.6% per year on average, respectively). However, after the reunification of Germany and the subsequent years through until "1994", the income Indicator 2 actually declined a little (-0.3% per year on average), which is explained by the severe decline in net income from agricultural activity of total labour input. No estimate was possible for Indicator 3 in the period "1991" to "1994" since the distinction between family workers and dependent employees in the new *Länder* was not particularly clear³².

5.5 Greece

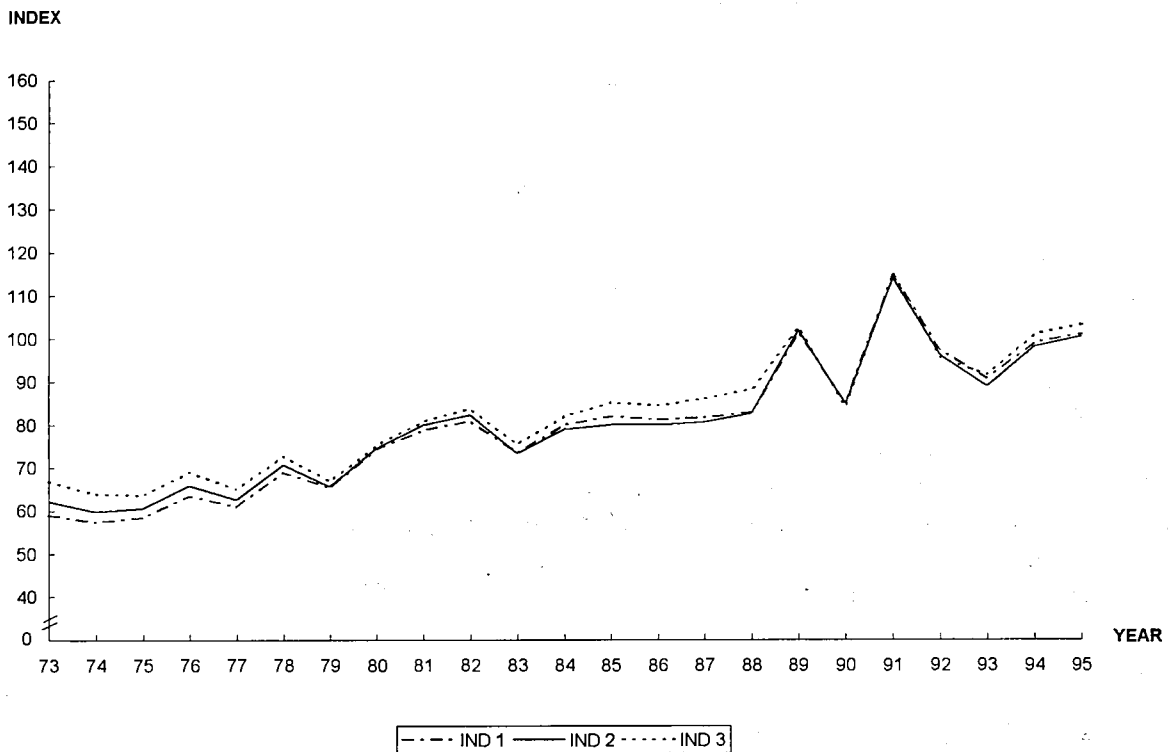
When viewed over the period "1981" to "1994", the income of the branch of agriculture in Greece has risen at an average rate of +1.7% per year, this being similar to that of the European Union as a whole. Over an even longer timespan, the reference period forms two of three well defined sub-periods. Firstly, there was strong and steady growth in incomes from the early 1970s to the early 1980s. During the reference period,

³² Cf. Chapter 3.3

these gains were maintained until the late 1980s, when a period of greater fluctuation ensued. In this latter sub-period, aggregate agricultural income first peaked in 1989 and then in 1991. The past two years have recovered some of the losses following this peak.

By dint of the fact that real net value added at factor cost, the basis of Indicator 1, declined by an average of -0.8% per year over the reference period, the increase in the measure of Indicator 1 should ultimately be attributed to the 30% fall in the volume of total agricultural labour input over the period (at an accelerated rate, averaging -2.4% per year).

Graph 5.5 Development of the three indicators of agricultural income in Greece between 1973 and 1995, with "1990" = 100



During the 1970s, the volume of final output rose markedly and although this rate of growth was not maintained in the reference period, volumes did increase nonetheless (+0.7% per year on average - a little less than the European Union average). The real price for final output fell at an accelerated pace over the period but the average fall of -2.2% per year between "1981" and "1994" was, nevertheless, less steep than the average for the European Union as a whole, and can be partly linked to the devaluation of the drachma. With agriculture being dominated by crop production, the developments in key crop products like fresh fruit, fresh vegetables, fibre plants, olive oil, tobacco and cereals, had a substantial bearing on these price and volume developments for final output.

The volume of crop output increased at a steady rate over the period (+1.0% on average), but this was driven by the rapid expansion in the output volume of fibre plants (averaging +9.6% per year) and particularly cotton. The aid scheme offered for cotton by the European Union involves an annual guide price and aid equal to the difference between that price and the world price granted to ginneries which pay a minimum price to the producer. If the volume of unginned cotton produced exceeds a maximum guaranteed quantity (MGQ), the guide price and aid are reduced proportionately. The MGQ has been exceeded in every year since 1986/87, entailing reductions in the guide price (e.g. -25% in 1990/1991) and in aid. However, devaluations in the drachma have to a large degree cancelled out the negative impact of the price reductions resulting from the stabilizers (real prices only fell an annual -1.5% on average) and this has continued to make the returns from cotton comparatively favourable.

The output volumes of fresh vegetables increased over the period (averaging +0.7%) but that of fresh fruit³³ declined (-0.7% per year), although these figures conceal wide annual fluctuations brought about by varying weather conditions and the nature of output. Similarly, there were considerable changes in real prices although the trends for the two products have been quite contrasting. On the one hand, the price of fresh vegetables remained similar in "1994" to the price in "1981" (a small rise of +0.3% per year on average). On the other, the price of fresh fruit fell strongly (-3.0% per year on average) from the highs of the early 1980s, with the sharpest falls being recorded in 1992 and 1993.

Greece is one of the three main producers of olive oil in the European Union (after Spain and Italy). With such a small number of suppliers, prices have varied widely according to output volumes in the three Member States. The volume of olive oil output has risen regularly over the period (averaging + 1.0% per year) despite the introduction of a European Union level stabiliser mechanism for the 1987/88 marketing year. On the few occasions where the MGQs have been exceeded, the level of aid and since 1990/91 the intervention price have been reduced. This helps explain the stronger fall in the real price of olive oil since the late 1980s (over the period as a whole the real price declined by an average -1.9% per year). Another market to have been heavily influenced by market regulations has been that for tobacco. The reform of the EU tobacco market with effect from the 1993 harvest onwards, severely curtailed rising output; the volume of output rose an average +3.2% per year between 1980 and 1992 but has since fallen back about 30%. The fall in institutional prices, brought about by the stabilizer mechanism affecting the various varieties of tobacco, combined with very high levels of intervention stocks from 1985 onwards and the change in the system of price support at the manufacturer level to direct premiums to producers in 1995, have all contributed to the slump in prices (an annual decline of -6.1% per year between "1984" and "1994").

Table 5.7 Changes in the main components of the income calculation for agriculture in Greece, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"	Share of each item in % in "1981"
Final crop output	1.0	14.0	-2.2	15.2	-1.2	69.7	67.0
Cereals	-0.3	9.8	-5.9	9.4	-6.1	6.4	11.9
Fibre plants	9.6	14.8	-1.5	25.8	7.9	13.0	4.0
Fresh vegetables	0.7	16.9	0.3	17.7	1.0	13.7	9.9
Fresh fruit (*)	-0.7	13.1	-3.0	12.3	-3.7	10.9	14.6
Olive oil	1.0	14.5	-1.9	15.7	-0.9	8.9	8.1
Final animal output	0.0	14.2	-2.1	14.1	-2.1	30.3	32.8
Cattle	-2.8	13.3	-2.8	10.1	-5.5	2.9	4.9
Pigs	-0.4	11.9	-4.0	11.4	-4.4	2.8	4.2
Sheep and goats	0.4	11.6	-4.2	12.1	-3.8	6.3	8.6
Poultry	0.3	14.3	-1.9	14.6	-1.7	2.7	2.7
Milk	0.7	17.2	0.6	18.1	1.3	12.5	8.6
Final output	0.7	14.0	-2.2	14.8	-1.5	100.0	100.0
Intermediate consumption	1.6	14.6	-1.7	16.4	-0.2	26.9	22.6
Gross value added at m.p.	0.4	13.8	-2.4	14.3	-1.9	73.1	100.0
Subsidies				27.5	9.6	25.7	6.2
Taxes linked to production				20.4	3.3	4.3	2.2
Depreciation				16.2	-0.3	6.2	5.0
Net value added at f.c.				15.7	-0.8	115.2	99.0
Rent				14.6	-1.7	4.1	4.0
Interest				20.4	3.2	7.4	3.8
Net income of total labour				15.4	-1.0	103.6	91.2
Compensation of employees				14.8	-1.5	6.9	6.5
Net income of family labour				15.5	-0.9	96.7	84.6

* Including citrus fruit and table grapes

The impact of developments in the prices and volumes of cereals and potatoes should not be ignored either. Briefly, the real value of cereals has declined strongly (-6.1% per year on average) in the face of strong price declines (-5.9% per year on average). The increase in the volume of cereal output during the mid-to-late 1980s explains the corresponding decline in prices during the same period. Subsequent price falls at a time when volumes have fallen back a little can be related to the reform of CAP and the move away from

³³ Including citrus fruit and table grapes.

price support. For potatoes, there were small declines in prices and volumes with the result that the real value of output declined by an average -0.6% per year over the whole period.

As regards final animal output, there was no difference in output volumes between "1981" and "1994" for this aggregate, although real prices fell at an accelerated pace over the period (the of average -2.1% per year being similar to final crop output). Developments in the production of milk and sheep and goats had the greatest influence on these changes. There were small increases in the output volumes of both of these products (+0.7% and +0.4% respectively). However, whereas the real price of sheep and goats declined strongly (-4.2% per year on average), the price of milk rose slightly too (+0.6% per year on average). In the case of sheep and goats, the expansion in output was encouraged by rising consumption and the system of ewe premiums. Changing market regulations helped drive down prices.

The use of intermediate consumption grew at a relatively fast rate (an annual average of +1.6%) from a low level, as reflected through the absolute value which although rising in 1995 to about 27% of the value of final output compared to a European Union average of about 46%. This increase in purchases was due mainly to the increases in the consumption of energy (an average +4.5% per year), plant protection products (an average +6.4% per year) and feedingstuffs (an average +1.0% per year). The average price for intermediate consumption goods as a whole decreased in real terms (-1.7% per year on average) at a similar rate to the increase in purchases and therefore the real value of intermediate consumption barely fell (-0.2% per year in real terms). The changes for final output and intermediate consumption explain the fall in gross value added at market prices (an average -1.9% per year in real terms). Both the terms of trade and the productivity of intermediate consumption deteriorated moderately over the period "1981"/"1994" (an average -0.5% and -0.8% per year respectively).

The lower level of production intensiveness in comparison to other Member States is reflected in capital utilization. The level of depreciation is much lower than in the European Union as a whole (about 6% of gross value added at market prices, compared with 29% for the European Union) and remained almost unchanged in the period under review (-0.3% per annum in real terms on average). Subsidies, which started from a relatively high base, rose by an average +9.6% per year in real terms. Although taxes linked to production also rose (+3.3% per year in real terms) they are of much smaller value than subsidies.

With a strong rise in real interest payments (+3.2% per year on average), and only moderate falls in rental payments and the compensation of employees (averaging -1.7% and -1.5% per year), neither net income of total labour nor net income of family labour increased over the reference period. The corresponding rises in Income Indicators 2 and 3 (+1.5% and +1.6% per year respectively), can therefore, like Indicator 1, be attributed to the sharp fall in the volume of agricultural labour input.

5.6 Spain

The Indicator 1 measurement of aggregate agricultural income has risen quite steadily and steeply in Spain during the reference period of "1981" to "1994", at an average rate of +3.2% per year. This rate of increase has been among the highest in the European Union. What has separated the income developments in Spain from those in other Member States can be explained by the combined effects of the accession of Spain to the European Union in 1986, certain specific features of Spanish agricultural production and most importantly, given that this measure of income is related to Annual Work Units, a considerable decline in the estimated volume of agricultural labour input (at an average of about -3.7% per year).

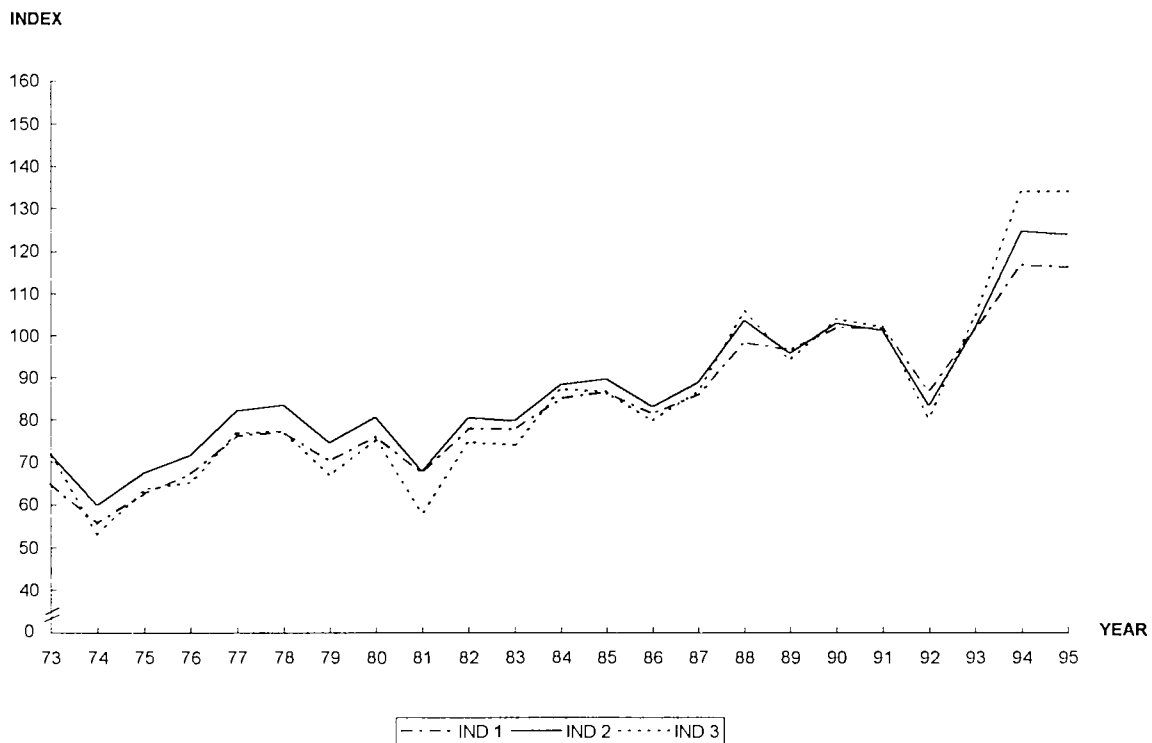
The agricultural branch in Spain stands apart from other Member States because of the importance of the fresh vegetable and the fresh fruit sectors. These two products represented about 30% of the value of final output in "1994" and final crop output of which they form a part accounted for about 58%. It is therefore right to start the analysis of these income rises with a look at the developments in the output volumes and prices of these two products. When reading this analysis, however, it should be borne in mind that Spain was subject to some of the highest rates of inflation in the European Union over the period.

Fresh vegetable and fresh fruit production are particularly susceptible to the vagaries of the weather and there have been considerable annual fluctuations in output volumes. Nevertheless, when viewed over the period as a whole and even within sub-periods, the output volumes of fresh vegetables and fresh fruit have

both risen, averaging +1.6% and +1.8% per year respectively. In the case of fresh vegetables these higher output volumes can be attributed to larger areas under cultivation and higher yields. For fresh fruit, the explanations are provided by larger areas under cultivation and improved productivity; this was reflected in higher exports, whilst domestic consumption was down. With fluctuations in supply so prices have varied considerably too, but over the period as a whole they have fallen (averaging -1.7% and -2.0% in real terms per year) in apparent symmetry with greater output volumes, so that the real value of both products has remained at a similar level in "1994" to that in "1981".

The importance of cereals in crop output has diminished greatly over the period. Despite the recent devaluations of the peseta which have softened the intended price cuts for cereals as part of the reform of the CAP, the general trend for the real price of cereals has been downwards at an accelerated rate. Over the period as a whole the real price of cereals declined by an average -5.5% per year. Droughts at the start of the reference period and the fourth successive drought at the end of the period have made output volume trend estimates difficult, especially when a halving of output volumes within a year has occurred. What can be noted is that output peaked in 1988 and was about one third of this level in 1995 after the latest severe drought.

Graph 5.6 Development in the three indicators of agricultural income in Spain between 1973 and 1995, with "1990" = 100



Spain has been the principal producer of olive oil in the European Union since its accession in 1986. The volume of olive oil output was substantially higher in 1985 and 1983 than any other years before or after accession except for 1988. Much of this is due to the start of a stabilizer mechanism in the 1987/88 marketing year with a maximum guaranteed quantity. Despite the nature of production where generally one good harvest is followed by a lesser one, there does appear to have been a moderate rise in output volumes. Between the start of reference period and 1986, the real price of olive oil fell strongly. Since 1987, there has been a recovery in prices, so that between the two ends of the period there was little change (-0.3% per year on average).

As a whole, the volume of final crop output increased over the whole period (averaging +1.1% per year), although the droughts in the last three years have reduced these gains. Prices in real terms have fallen at an accelerated rate over the period; the real price of final crop output dropped by an average -2.4% per year. Like crop output, the volume of final animal output rose over the period (averaging +1.3% per year) but this was more than offset by the fall in prices (averaging -3.5% per year for final animal output). There

were two types of production that had a considerable bearing on the developments of the aggregate for final animal output; they were pigs and milk.

The volume of pig output rose consistently, by an average of +3.7% per year over the full period under review. This should be seen in the context of the steep rise in the consumption of pigmeat in Spain (approximately +4% per annum between 1983 and 1992). Although real prices were maintained during the first half of the 1980s, between 1987 and the beginning of the 1993 there were particularly strong falls. The crisis on European pigmeat markets, together with the strong growth of domestic output volume, clearly depressed prices. Prices have recovered somewhat over the last two years although the devaluation of the peseta perhaps has much to do with this. There was a persistent annual increase in the volume of milk output between the early 1970s and 1984. With the accession to the European Union and thus the acceptance of milk production quotas to counter market surpluses, further expansion in milk production was slowed, although peak output volumes were reached in 1990. Over the whole period, the volume of milk output increased by an average +0.5% per year. The fall in prices grew faster over the period, averaging -2.8% per year in real terms.

The purchases of intermediate consumption goods increased steadily over the period (averaging +1.6% per year). Expanding livestock numbers, particularly for pigs, led to increasing demand for animal feedingstuffs (up an average +1.8% per year). The demand for fertilizers peaked in 1988 at the same time as cereal output volumes peaked. Subsequent falls mean that over the period as a whole the purchases of fertilizers have fallen slightly (-0.4% per year on average). The updating and first time purchases of materials and small tools also increased (an average +0.7% per year) but has begun to slow down. For all intermediate consumption goods real prices fell over the period (averaging -2.7% per year for total intermediate consumption). As an example, the decline in the price of feedingstuffs can be partly linked to the lower prices of cereals. With the real value of intermediate consumption declining at a slower rate than the real value of final output, real gross value added at market prices decreased at a faster rate than the two of them (averaging -2.3% per year).

Table 5.8 Changes in the main components of the income calculation for agriculture in Spain, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	1.1	5.4	-2.4	6.5	-1.3	57.6		53.8	
Cereals	1.8	2.1	-5.5	3.9	-3.8	6.2		8.0	
Fresh vegetables	1.6	6.0	-1.7	7.7	-0.2	15.2		12.3	
Fresh fruit (*)	1.8	5.8	-2.0	7.8	-0.2	14.5		11.6	
Final animal output	1.3	4.1	-3.5	5.4	-2.3	42.5		45.4	
Cattle	0.8	5.9	-1.9	6.8	-1.0	8.1		7.3	
Pigs	3.7	3.1	-4.4	7.0	-0.8	11.8		10.4	
Milk	0.5	4.9	-2.8	5.4	-2.3	8.6		9.2	
Final output	1.1	4.8	-2.9	6.0	-1.8	100.0		100.0	
Intermediate consumption	1.6	4.9	-2.7	6.7	-1.1	46.3		42.6	
Gross value added at m.p.	0.7	4.7	-3.0	5.4	-2.3	53.7	100.0	57.4	100.0
Subsidies				30.3	20.9		30.8		2.0
Taxes linked to production				13.3	4.9		0.9		0.3
Depreciation				8.4	0.5		16.6		11.6
Net value added at f.c.				7.3	-0.6		113.3		90.0
Rent				5.9	-2.0		6.2		5.9
Interest				7.3	-0.5		11.4		9.0
Net income of total labour				7.5	-0.5		95.7		75.1
Compensation of employees				4.1	-3.6		18.6		21.9
Net income of family labour				8.5	0.5		77.2		53.2

* Including citrus fruit, tropical fruit and table grapes

Since the accession of Spain to the European Union, the subsidies paid to Spanish agriculture have increased dramatically (by an average of +35.4% per annum in real terms between "1987" and "1994") and have now attained one of the highest levels in the European Union (standing only behind France and Germany in 1995 but also behind the United Kingdom, Greece, Ireland and Belgium in 1986). These subsidies have been specific to certain types of production (like to sheep/goats and olive oil), to the more recent reforms of the CAP and to the programmes to aid agriculture in mountainous and other less-favoured

areas. Whereas subsidies accounted for only 2% of gross value added at market prices in "1981", they now account for over 30%. In contrast, taxes linked to production which also increased over the period (averaging +4.9% per year) still represent slightly under 1% of gross value added at market prices. The on-going process of updating and modernising the agricultural sector in Spain was particularly evident during the years from the early 1970s to the start of the 1990s. The high rate of inflation during the period helps to obscure this fact, but nevertheless over the period as a whole depreciation costs rose an average +0.5% per year. With the substantial increase in subsidies, real net value added at factor cost declined less steeply (-0.6% per year) than gross value added at market prices.

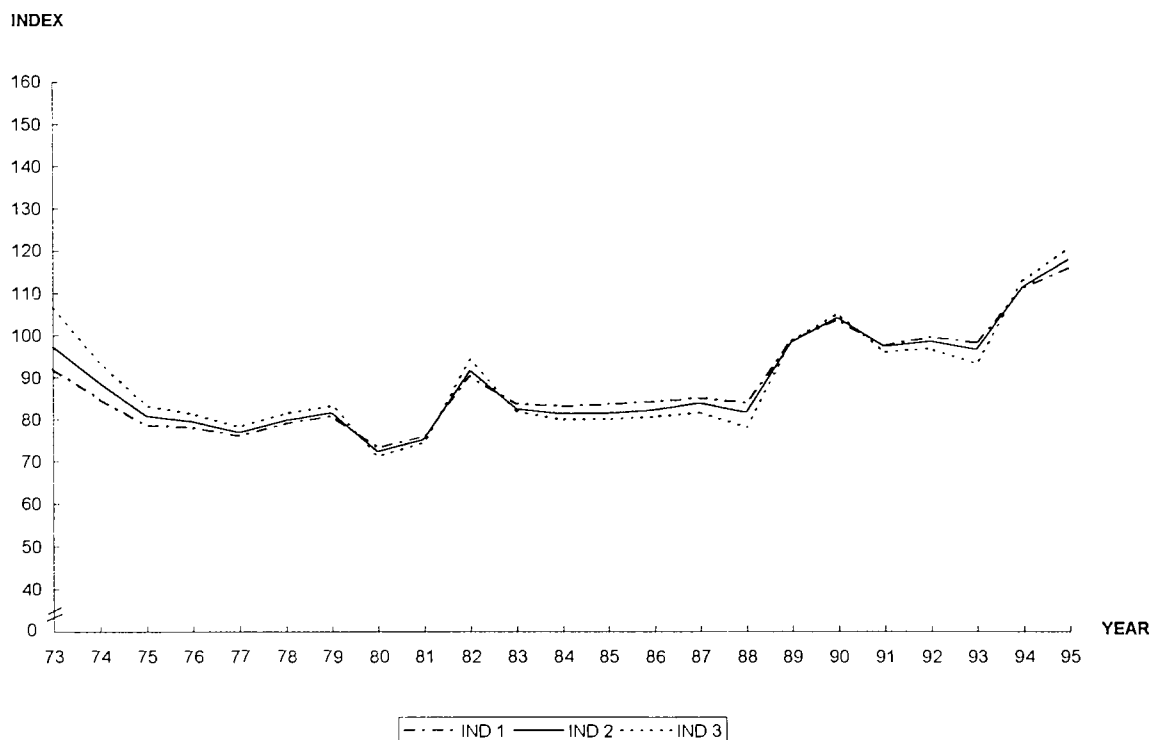
Despite interest payments and rental payments declining (-0.5% and -2.0% in real terms per year respectively), real net income of total labour also decreased (by an average -0.5% per year). The strong fall in the compensation of employees (-3.6% per year on average) can be linked to the decline in the volume of hired labour. Real net income of family labour did rise slightly as a result (+0.5% per year).

However, the corresponding rises in the Income Indicators (even for most of the rise in Indicator 3) - at +3.2%, +3.3% and +4.6% - are explained by the dramatic fall in the estimated volume of agricultural labour input.

5.7 France

A long-term view of agricultural income based on the years 1980 to 1995, shows that the measurement of Indicator 1 for France has risen (see Graph 5.7). The average rate of increase in this aggregate agricultural income has been calculated as +2.4% per year for the period as a whole, which is above the median for the European Union. The general pattern of income development in France was that of sharp annual gains in income (1982, 1989, 1990, 1994 and 1995) followed by a period of maintaining much of these gains; this has also been the trend for the European Union as a whole.

Graph 5.7 Development of the three indicators of agricultural income in France between 1973 and 1995, with "1990" = 100



This overall picture of higher income from agricultural activity comprises a number of differing developments for many of the key components in the income calculation:

- a steep fall in the real price of final output (averaging -3.4% per year) due to strong decreases in both animal and crop product prices, which more than offset the moderate rise in output volumes for final crop output and final animal output (averaging +1.1% per year for final output);
- a relatively small decline in the value of intermediate consumption (averaging -1.4% per year in real terms);
- a considerable increase subsidies (averaging +12.3% per year in real terms);
- a sharper fall in the volume of total agricultural labour input (-3.7% per year on average) than for most other Member States.

Agriculture in France is fairly evenly split between crop and animal production. Of the four main products, which together contributed about 60% of the value of final output, two were crop products (cereals and wine) and two animal products (milk and cattle).

Table 5.9 Changes in the main components of the income calculation for agriculture in France, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	1.4	0.8	-3.6	2.3	-2.2	49.9	100.0	49.4	100.0
Cereals	1.5	-1.6	-6.0	-0.1	-4.5	13.7	30.6	18.4	4.4
Oleaginous seeds	8.0	-3.8	-7.9	3.9	-0.5	2.1	5.2	1.7	6.3
Fresh vegetables	0.8	2.5	-2.0	3.4	-1.2	6.8	21.1	5.9	15.3
Wine	1.2	2.6	-1.8	3.9	-0.6	12.6	9.2	10.1	6.1
Final animal output	0.5	1.5	-2.9	2.0	-2.5	50.1	104.3	51.2	82.8
Cattle	-0.1	1.7	-2.7	1.6	-2.9	15.0	6.4	16.2	6.3
Pigs	2.7	-0.6	-5.0	2.1	-2.4	6.7	9.2	6.7	6.1
Poultry	4.1	0.6	-3.8	4.7	0.1	6.7	19.7	4.9	13.5
Milk	-0.6	3.0	-1.6	2.4	-2.2	17.5	69.1	17.1	56.8
Final output	1.1	1.1	-3.4	2.2	-2.3	100.0		100.0	
Intermediate consumption	0.8	2.4	-2.2	3.2	-1.4	49.3		43.3	
Gross value added at m.p.	1.3	0.0	-4.4	1.3	-3.2	50.7	100.0	56.7	100.0
Subsidies				17.5	12.3		30.6		4.4
Taxes linked to production				-0.2	-4.7		5.2		6.3
Depreciation				3.8	-0.8		21.1		15.3
Net value added at f.c.				3.1	-1.4		104.3		82.8
Rent				1.4	-3.1		6.4		6.3
Interest				4.5	-0.2		9.2		6.1
Net income of total labour				3.1	-1.4		88.8		70.3
Compensation of employees				4.3	-0.3		19.7		13.5
Net income of family labour				2.8	-1.7		69.1		56.8

The volume of crop output expanded greatly between "1981" and "1991" (at an average +2.3% per year) but after peaking in 1992 there was a strong fall due to a number of factors like the introduction of new CAP reform measures for arable crops which in part required the application of 15% set-aside and average harvests for wine and fresh fruit following exceptional ones in 1992. Much of the sustained growth in final output until 1992 can be explained by the surge in the volumes of cereals and oilseeds. In the case of cereals, the growth in volumes was strongest at the start of 1980s with an average expansion of +5.8% per year between "1981" and "1984" (this had more to do with a rise in yields, averaging +4.1% and +3.3% per year for wheat and maize, than larger areas devoted to cereals). Nevertheless, the greatest volumes over the reference period were not reached until 1991 and then 1992. There was an even stronger rise in the output volume of oilseeds; output more than tripled between the start of the period and the peak in 1987. The introduction of the reform of the market organization for oilseeds in the 1992/1993 led to further falls in the output volumes. The real price of cereals declined by -6.0% per annum on average over the entire period, reflecting the situation on French cereal markets, which were oversupplied for the whole period, and the reduction in EU support measures. The same factors also brought about a deterioration in the real prices of oilseeds from "1984" to "1994" (-10.2% per year on average).

The volume of wine output rose by an average of +1.2% per year over the period, despite substantial annual fluctuations caused by the weather. The strongest period of growth was in the period "1984" to "1987" (at an average +3.8% per year) although the volume of quality wine was at its highest in 1992. The periods where volumes increased the most were inversely the periods when prices fell the most. When

expressed in real terms, the real price of wine fell by an average -1.8% per year from "1981" to "1994". There were also strong annual fluctuations in the volumes of fresh vegetables and fresh fruit, caused by the vagaries of the weather. Nevertheless, there was a general rise in volumes (+0.8% and +1.2% per year on average, respectively). The real prices of the two products both declined (-2.0% and -3.2% per year respectively), but those concerning fresh fruit were more susceptible to large supply-related fluctuations.

The volume of final animal output grew a little over the entire period (averaging +0.5% per year). A fall in this aggregate volume was avoided by the steady rise in the volumes of pig and poultry output during "1984" to "1994" (+3.5% and +4.9% respectively), since the output volumes of cattle and milk declined (an average -0.4% per year and -0.9% per year respectively during "1984" to "1994") following the introduction of milk quotas. As in all other European countries, the imbalance between supply and demand affected the domestic prices of animal output. Real prices fell by an annual average of -2.7% between "1981" and "1994" for cattle, by -1.6% for milk and by -5.0% for pigs, but have been particularly heavy since "1984".

A third of the value of total intermediate consumption goods purchased is accounted for by animal feedingstuffs (a little less than the average for the European Union as a whole, which perhaps points to a higher than average proportion of feedingstuffs grown and used on the same agricultural holding). The accelerated growth in the volume of feedingstuffs (+2.2% per year on average) should be considered in the light of the rapid expansion of pig and poultry production and the fact that there were strong falls in the real price of feedingstuffs (averaging -3.1% in real terms per year, no doubt helped by the fall in the price of cereals). Greater volumes of plant protection products were purchased every year until 1989 as production of some crop products expanded. Over the period as a whole, the average annual rise in the purchase of this good was +2.7%. These two products, together with a smaller rise in the demand for services, were behind the overall rise in purchases (+0.8% per year on average) since the demand for other goods was progressively less. Real prices were generally lower with average annual declines ranging from -0.3% per year for services, through -3.1% per year for feedingstuffs, to -3.7% per year for fertilizers.

With the average fall in the real value of intermediate consumption being less than the average decline in the real value of final output, so gross value added at market prices declined at a faster rate than the two of them (averaging -3.2% per year in real terms). The period when the productivity of intermediate consumption rose was limited to the early 1980s when there was a sharp expansion in cereal and oilseeds production. These productivity gains have all but been eroded in subsequent years. The ratio of the nominal price of final output with intermediate consumption reveals a steady deterioration in the "terms of trade" (-1.2% per year on average).

Through to 1991, the value of taxes linked to production was greater than the value of subsidies. The difference between the two, net taxes, was largest in the mid 1980s. However, the explosion of CAP reform-based subsidies from 1992 onwards, many of which are to compensate for the switch away from price support towards one more centred on direct aid to producers, has resulted in a swing to considerable net subsidies. Following other strong increases since the early 1980s, total subsidies have now risen by an average +12.3% per year over the period as a whole and more than tripled since 1991 alone. This switch away from product price support explains why subsidies now represent about 31% of gross value added at market prices when they had previously accounted for about 4%. Providing a double edged impetus to incomes, taxes linked to production which had risen to 1990 have since fallen by about half (providing an average decline of -4.7% per year in real terms over the period). With the depreciation costs also declining in real terms (an average -0.8% per year), the fall in real net value added at factor cost was limited to -1.4% per year.

With interest payments and the compensation of employees declining only a little in real terms (-0.3% and -0.2% per year on average) and despite a stronger fall in rental payments (-3.1% per year on average), net income of total labour and net income of family labour, the bases of Indicators 2 and 3, also declined (-1.4% and -1.7% per year respectively).

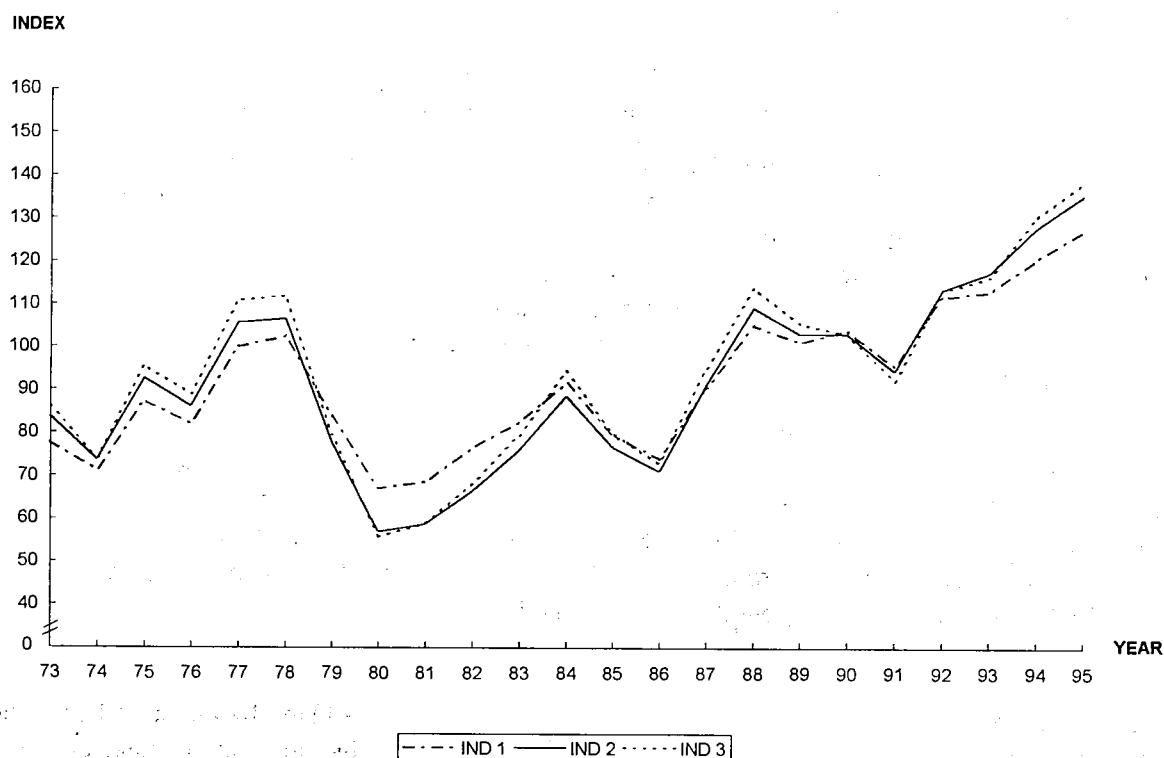
The volume of agricultural labour input decreased substantially (the annual average of -3.7% for total labour input was among the sharpest in the European Union), allowing agricultural incomes expressed in AWU to rise slightly.

5.8 Ireland

During the period "1981" to "1994", the fastest rate of increase in the Indicator 1 measure of agricultural income throughout the European Union was in Ireland (an average +4.2% per year). Nevertheless, it should be borne in mind that incomes at the very start of the reference period were at their lowest levels since Eurostat's records began in the early 1970s. Although the rise during the reference period was substantial, it was also highly uneven and it has only been because of back to back increases in the last four years that the level of Indicator 1 has far surpassed the levels reached in the mid-1970s after accession to the then European Community. Annual movements in income have generally followed the average for the European Union as a whole, only with sharper rises and steeper falls.

Real gross value added at market prices remained unchanged in "1994" from the level in "1981", because the average increases in the volumes of final output and of intermediate consumption were balanced by their respective lower real prices. This equilibrium set the foundations for an increase in agricultural income per AWU, as the value of subsidies jumped an average +13.4% per annum in real terms and the volume of total agricultural labour input declined by an average -1.8% per year. The substantial fall in interest payments (averaging -6.2% per year) also helped boost the Indicator 2 and 3 measures of agricultural income.

Graph 5.8 Development of the three indicators of agricultural income in Ireland between 1973 and 1995, with "1990" = 100



The trends in final output have largely followed that of final animal output, since the combined values of the output volumes of cattle and milk alone have accounted for about 70% of the value of final output. Throughout the 1970s the growth in the volume of milk output was evident. This rate of expansion continued into the early 1980s when the increase in cattle output was at its sharpest too (between "1981" and "1984" annual rises averaged +5.8% and +4.6% per year respectively). The introduction of milk quotas initially led to some cuts in output volumes before a period of greater stability. Nevertheless, the volume of cattle output continued to grow (at +2.2% per year on average) and this can be partly linked to the slaughters associated with a 17% reduction in the dairy herd between 1985 and 1995 as well as the rising carcass weight of adult cattle. The introduction of milk quotas halted the slide in prices, with particularly low volumes in 1989 even causing a jump in prices. Over the period as a whole, the real price of milk declined at an average of -0.5%

per year. As with milk, the development in the real price of cattle mostly reflected the changes occurring to output volumes.

Sheep and poultry production expanded substantially throughout the period (averaging +7.5% and +5.6% per year). Stronger demand on the export markets limited the falls in prices, although these were also large (averaging -5.1% and -4.7% per year in real terms). Pig production also grew considerably although this was strictly limited to the period after the mid-1980s, when stronger export demand for pigs helped limit price falls too. Conversely, in the period before the mid-1980s when the production of pigs had been relatively stable, prices had collapsed under European-wide structural imbalances.

As a whole, the final value of animal output remained relatively unchanged between the two ends of the reference period (averaging +0.2% per year in real terms) as higher output volumes (averaging +2.3% per year) were almost matched by price falls (averaging -2.0% per year in real terms). The domination of milk and cattle production is borne out by the overwhelming similarity of changes in the output volume, average real price and real value of final animal output to those of final output (averages of +2.0%, -2.1% and -0.1% per year respectively). To complete the picture, however, the real value of final crop output decreased strongly (-2.2% per year on average) as price falls for cereals and fresh vegetables in particular outweighed the end stability of the aggregate volume.

With production based so dominantly around livestock it is no coincidence that rising animal output volumes were mirrored by rises in the purchases of animal feedingstuffs (+3.3% per year on average). Likewise, the rise in purchases of fertilizers and soil improvers (+1.6% per year on average) can be linked in large part to the desire to improve grazing conditions for the dairy herd and cattle in general. The fall in the price of cereals across the European Union encouraged a decline in the price of feedingstuffs (averaging -3.5% per year on average). Other price declines too were reflected in the average price for total intermediate consumption goods decreasing strongly (an average -2.4% per year).

Table 5.10 Changes in the main components of the income calculation for agriculture in Ireland, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	0.2	2.0	-2.4	2.2	-2.2	11.9		15.7	
Final animal output	2.3	2.4	-2.0	4.7	0.2	88.1		84.3	
Cattle	2.8	2.0	-2.4	4.8	0.3	37.8		35.8	
Pigs	3.2	-0.5	-4.8	2.7	-1.7	6.0		7.5	
Sheep and goats	7.5	-0.9	-5.1	6.6	2.0	4.7		3.6	
Milk	0.9	4.0	-0.5	4.9	0.4	33.6		31.5	
Final output	2.0	2.3	-2.1	4.4	-0.1	100.0		100.0	
Intermediate consumption	2.3	2.0	-2.4	4.3	-0.2	44.4		45.0	
Gross value added at m.p.	1.8	2.6	-1.8	4.5	0.0	55.6	100.0	55.0	100.0
Subsidies				18.4	13.4		31.6		6.2
Taxes linked to production				-2.3	-6.8		1.9		4.6
Depreciation				4.2	-0.3		18.6		19.3
Net value added at f.c.				6.9	2.3		111.1		82.3
Rent				-12.4	-16.2		0.1		0.5
Interest				-2.0	-6.2		8.8		20.1
Net income of total labour				8.6	4.0		102.3		61.7
Compensation of employees				6.2	1.5		9.3		7.6
Net income of family labour				8.9	4.3		93.0		54.1

Subsidies to Irish agriculture have leapt since the start of the reference period at an average rate of +13.4% per year in real terms. Latterly, these subsidies have taken the form of young male bovine animal premiums, suckler cow premiums and ewe premiums. Together with a sharp slump in taxes linked to production (-6.8% per year in real terms) and little change in real depreciation costs, this led to a strong rise in net value added at factor cost (averaging +2.3% per year in real terms).

With the estimated reduction in the volume of agricultural labour input (-1.8% per year), the level of Indicator 1 is calculated to have risen faster in Ireland than any other Member State. However, it should be borne in mind that aggregate agricultural income tumbled in 1979 and 1980, in the wake of the decline in prices of agricultural products, the high costs of a period of intensification (especially interest payments) and

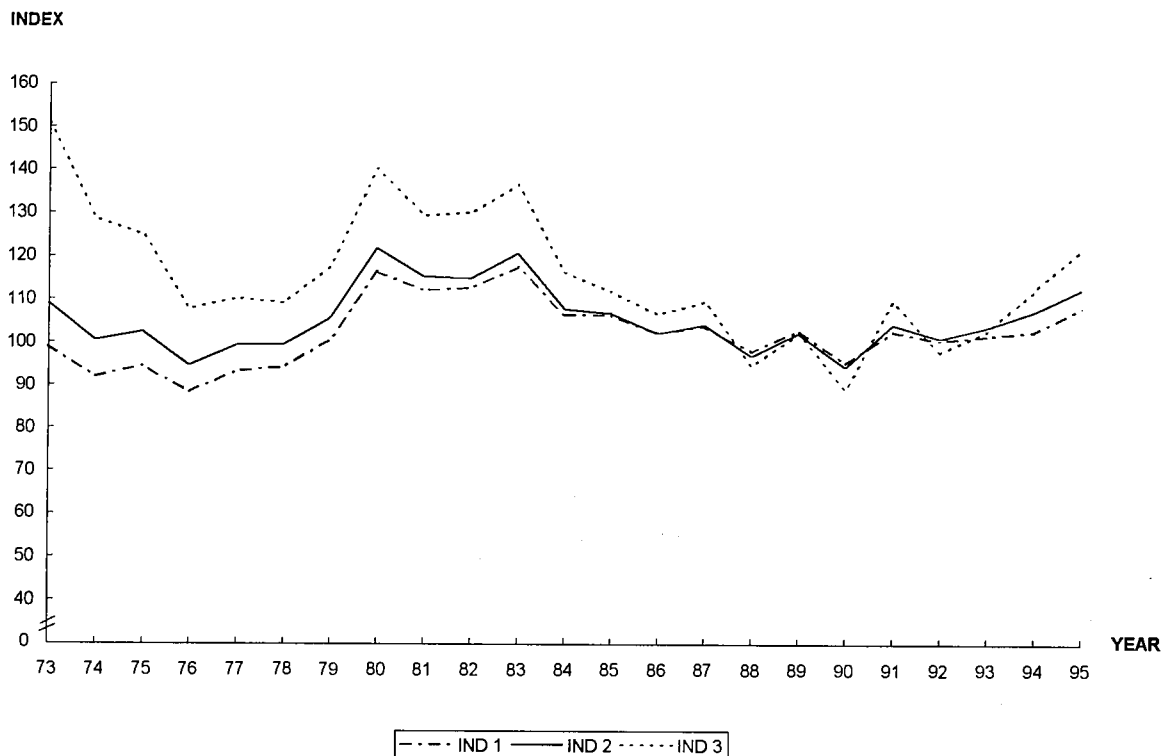
the loss of the advantages derived from currency devaluation, so that the start of the reference period coincided with particularly low incomes.

The substantial and sustained decline in rental payments and interest payments in real terms (averaging -16.2% and -6.2% per year) during the reference period boosted the increase in incomes when measured by Indicator 2 (an average +5.8% per year). Despite an increase in the compensation of employees (an average +1.5% per year in real terms), Indicator 3 also increased sharply (an average +5.9% per year).

5.9 Italy

After Sweden, Italy recorded the most severe decline in agricultural income among all the Member States of the European Union during the period "1981" to "1994". The rate of decline of Indicator 1 was measured at an average of -0.7% per year over this reference period, although it was even steeper in years until the low point of "1990" (an average of -1.4% per year) In the years since then, there has been a slight recovery (+0.9% per year on average).

Graph 5.9 Development of the three Indicators of agricultural income in Italy between 1973 and 1995, with "1990" = 100



The real value of final agricultural output, which is comprised of three-fifths crop products and about two-fifths animal products, decreased over the period as a whole (an average of -3.1% per year). The trends in both final crop and animal output were relatively similar: decreases in real producer prices of averaging -3.5% per year (for crop products) and -3.8% per year (for animal products) which were only partly offset by the growth in output volumes (+0.6% and +0.3% per year respectively).

The two most important product groups in crop output are fresh vegetables and fresh fruit³⁴, with the following two being cereals and wine, and it is on these products that analysis of the crop sector concentrates. The volume of fresh vegetable output remained virtually constant (+0.1% per year) over the whole period, in spite of weather-related fluctuations between years, but prices decreased by an annual average of -3.0% when expressed in real terms. Sharper price falls were recorded for fresh fruit (an average -4.3% per year) with the volume of output rising over the period (an average +1.0% per year). A higher rate

³⁴ Including citrus fruit, tropical fruit and table grapes.

of annual volume growth was apparent for cereals (averaging +1.7%), particularly until "1984" (averaging +3.1%) after which the rate of expansion slowed (averaging +0.5% per year between "1987" and "1994"). The changes in agricultural policy towards cereals and the surplus situation on the markets prompted a tumble in cereal prices (an average -6.1% per year in real terms). Wine prices, in real terms, were highest at the start of the 1990s, after increasing by an average rate of +0.5% per year until "1990". However, the strong falls since then have resulted in the average price declining by an average of -0.8% per year in real terms since the start of the reference period. A reduction in the area of vineyards helped lower the volume of wine output (-2.1% per year on average).

Milk and cattle are the most important products in Italy's animal sector. Although the volume of milk output was little different in "1994" from that in "1981" (+0.1% per year on average), prices in real terms declined steeply (an average -3.1% per year). Rising volumes of cattle output since "1991" (an average +1.8% per year) helped cushion the reductions felt in the preceding years, so that the rate of decline was limited to -0.6% per year on average. Lower volumes were accompanied by falling prices (an average -3.5% per year over the whole period), although there was a small recovery in prices from 1991 onwards (an average +0.8% per year between "1991" and "1994").

Table 5.11 Changes in the main components of the income calculation for agriculture in Italy, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	0.6	4.4	-3.5	5.0	-3.0	60.0		58.8	
Cereals	1.7	1.6	-6.1	3.3	-4.6	8.0		9.7	
Fresh vegetables	0.1	4.9	-3.0	5.1	-2.9	14.5		14.1	
Fresh fruit (*)	1.0	3.5	-4.3	4.6	-3.3	11.8		12.1	
Wine	-2.1	7.4	-0.8	5.1	-2.9	7.9		7.6	
Final animal output	0.3	4.1	-3.8	4.4	-3.5	38.6		40.7	
Cattle	-0.6	4.4	-3.5	3.8	-4.1	9.9		11.3	
Pigs	1.6	3.4	-4.4	5.1	-2.8	6.8		6.6	
Poultry	0.6	3.4	-4.4	4.0	-3.8	5.5		6.0	
Milk	0.1	4.8	-3.1	4.9	-3.0	11.0		10.9	
Final output	0.5	4.3	-3.6	4.8	-3.1	100.0		100.0	
Intermediate consumption	0.4	4.2	-3.7	4.5	-3.4	28.4		29.5	
Gross value added at m.p.	0.5	4.4	-3.5	5.0	-3.0	71.6	100.0	70.5	100.0
Subsidies				12.0	3.5		16.1		6.9
Taxes linked to production				14.1	5.6		1.9		0.6
Depreciation				9.8	1.6		34.6		19.1
Net value added at f.c.				4.2	-3.7		79.7		87.2
Rent				1.7	-6.1		0.9		1.4
Interest				4.4	-3.4		7.2		7.7
Net income of total labour				4.3	-3.7		71.6		78.2
Compensation of employees				5.6	-2.4		30.2		27.7
Net income of family labour				3.4	-4.5		41.4		50.4

* Including citrus fruit, tropical fruit and table grapes

Intermediate consumption accounts for about 28% of final output (compared to about 46% for the average of the European Union as a whole), reflecting the relatively low share of animal output in final agricultural output. The changes in the average price and aggregate volume of intermediate consumption between the ends of the reference period (+0.4% per year and -3.7% per year) were almost identical to those recorded for final output. As a result, neither the apparent productivity of intermediate consumption, nor the agricultural "terms of trade" changed very much; there was a slight improvement averaging +0.1% per year for both.

The operating subsidies to the agricultural branch in Italy increased, but at an average rate (+3.5% per year) that was slower than most other Member States. Nevertheless, the share of subsidies in gross value added at market prices rose from about 7% in "1981" to 16% in "1994". Despite the greater rate of increase in the level of taxes linked to production (averaging +5.6% per year in real terms), these still represented a low figure (less than 2% of GVAmP in "1994"). Higher depreciation costs over the period (an average +1.6% per year) raised the share of this item in GVAmP from 19% in "1981" to 35% in "1994", although it is considered that this share is overestimated. The reduction in the volume of agricultural labour input continued throughout the period, at a faster rate (-3.0% per year on average) than those observed for many other

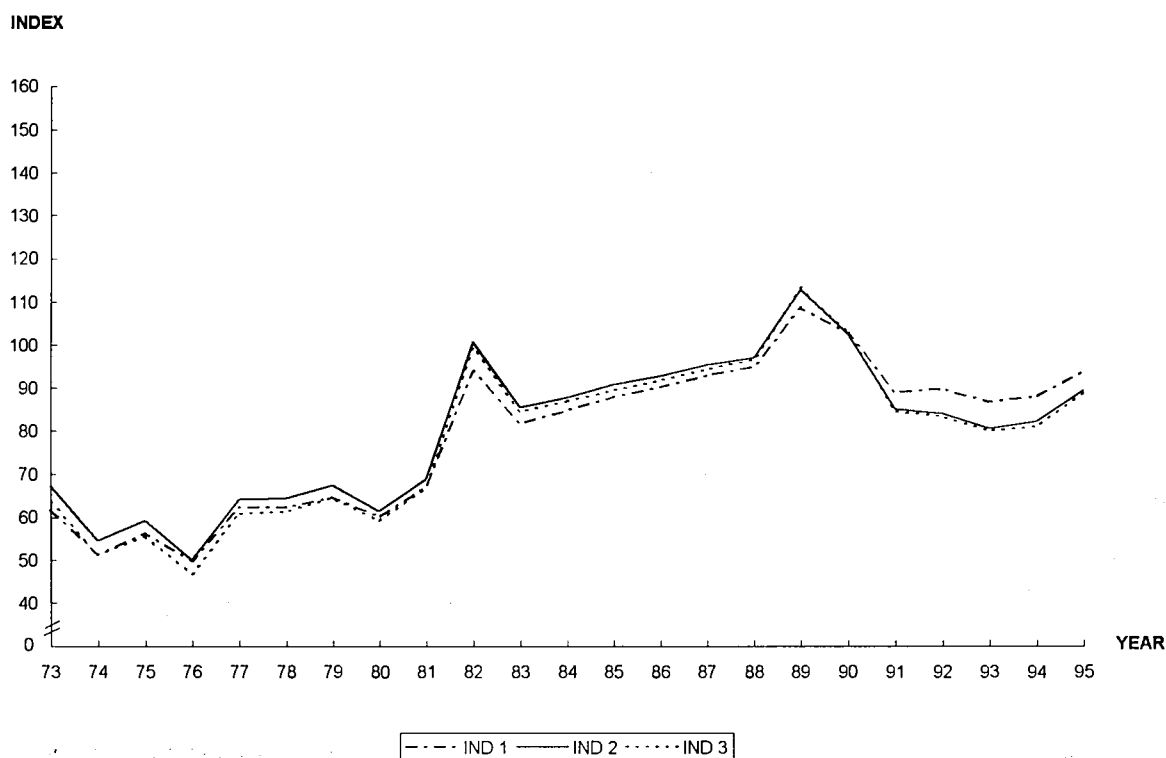
countries, so dampening down the effect of the decline in real net value added at factor cost (-3.7% per year on average). Of the other charges, there were strong falls in the levels of rent payments (an average -6.1% per year, although this is an item of little importance), interest payments (averaging -3.4% per year), and the compensation of employees (-2.4% per year on average for an item that represents 30% of GVAMP - the highest share in the European Union).

Income Indicators 2 and 3 developed in line with Indicator 1. Indicator 2, which takes account of rent and interest payments, declined - like Indicator 1 - by -0.7% per year on average. Indicator 3, which also considers the compensation of employees, fell by an annual average of -1.3%.

5.10 Luxembourg

In the period "1981" to "1994", agricultural income in Luxembourg as measured by Indicator 1 increased by +1.5% per year on average. This rise stemmed above all from the relatively strong growth of the 1980s (on average +4.1% per annum between "1981" and "1989"). In the early 1990s, agricultural income showed a sharp decline (an average -2.6% per annum between "1989" and "1994") and staged only a slight recovery up to the end of the reference period.

Graph 5.10 Development of the three indicators of agricultural income in Luxembourg between 1973 and 1995, with "1990" = 100



The real value of final agricultural output decreased by an annual average of -2.1%, as a net result of the small rise in the aggregate output volume (an average +0.4% per year) being offset by a stronger decline in real producer prices (an average -2.5% per year). The composite volumes of both final animal output and final crop output rose slightly (both at the average of +0.4% per year), but the decline in the average producer price for crop products decreased in real terms at a more pronounced rate than for animal products (-3.4% per year and -2.3% per year respectively).

Agriculture in Luxembourg is dominated by the production of milk, cattle and pigs on the one side and wine on the other. The emphasis of production is therefore heavily on animal output, with the value of final animal output representing over 80% of the value of final output.

With the introduction of milk quotas, the steady rise in the volume of milk output until the middle of the 1980s (an average +2.4% per year between "1981" and "1985") was almost exactly reversed (an average

-1.2% per year between "1985" and "1994"), so that there was barely any change in volumes at the end of the reference period from the start (-0.1% per year on average). The development of prices also took two distinct paths. Firstly, milk prices rose until "1989" (up an average +1.9% per year) since when a stronger rate of price decline (an average -5.7% per year) has resulted in the average price for the whole period dropping by an average -1.1% per year over the whole of the reference period. In contrast to milk, there was a net growth in output volumes of cattle and pigs over the period (+1.0% and +2.0% per year on average respectively). However, in both these cases too, real prices declined (an average -3.2% and -5.4% per year respectively). The rate of decline in the average real price of pig output was sharpest in the years 1986 to 1988 and after 1993, when structural imbalances were greatest.

Climatic conditions have played an important role in annual fluctuations of grape harvests. For example, this contributed to the volume of wine output increasing +165% in 1982 and +216% in 1992. When measured over the period as a whole, however, there was a net increase in output volumes (averaging +1.2% per year). The rate of decline in real prices over the period was, however, much steeper (an average -4.2% per year).

The volume of intermediate consumption items used by the agricultural branch during the reference period as a whole grew by an average +2.0% per year (together with Belgium, only Ireland recorded a faster rate of increase in the European Union). With the slower rate of increase in the volume of final output over the period, the apparent productivity of intermediate consumption fell (an average -1.6% per year). It is interesting to note that despite the dominance of animal output, the share of the value of intermediate consumption in final output is still somewhat less than the average for the European Union. The average price of intermediate consumption goods declined (-3.2% per year) at a faster rate than the average of final output, leading to an improvement in the "terms of trade" (an average of +0.8% per year, which was the highest rate of increase in the European Union).

Table 5.12 Changes in the main components of the income calculation for agriculture in Luxembourg, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"	Share of each item in % in "1981"
Final crop output	0.4	0.5	-3.4	0.9	-3.0	18.4	20.8
Cereals	3.3	-2.8	-6.7	0.4	-3.6	4.6	5.6
Wine	1.2	-0.5	-4.2	0.7	-3.1	8.8	10.2
Final animal output	0.4	1.8	-2.3	2.3	-1.9	81.2	78.4
Cattle	1.0	0.9	-3.2	1.9	-2.2	27.6	27.8
Pigs	2.0	-1.4	-5.4	0.6	-3.5	7.6	9.1
Milk	-0.1	3.1	-1.1	3.0	-1.2	44.5	39.3
Final output	0.4	1.6	-2.5	2.0	-2.1	100.0	100.0
Intermediate consumption	2.0	0.9	-3.2	2.9	-1.3	43.1	38.4
Gross value added at m.p.	-0.5	1.8	-2.2	1.3	-2.7	56.9	100.0
Subsidies				10.3	5.7	26.1	8.8
Taxes linked to production				-5.5	-9.3	0.8	1.9
Depreciation				6.0	1.7	34.9	19.5
Net value added at f.c.				1.6	-2.4	90.4	87.3
Rent				4.0	-0.2	9.2	6.6
Interest				7.1	2.8	11.1	5.5
Net income of total labour				0.8	-3.2	70.1	75.2
Compensation of employees				7.7	3.3	5.8	2.6
Net income of family labour				0.4	-3.6	64.3	72.6

The operating subsidies paid to the agricultural branch in Luxembourg rose at an average rate of +5.7% per year. To provide a double edged boost to incomes, taxes linked to production plummeted (an average -9.3% per year), although this was only a result of the drastic reductions since the turn of the 1990s with the abolition of the co-responsibility levy for milk in particular (an average -46.6% per year between "1991" and "1994" after there had been increases of +6.3% per year between "1981" and "1991"). Suggesting a greater consumption of fixed capital, depreciation costs rose (an average +1.7% per year). Of the other charges, there was a small decline in rental payments (an average -0.2% per year), interest payments increased (an average +2.8% per year, perhaps linked to increased capital purchases, although they have fallen in the last few years of the reference period) as did the compensation of employees (+3.3% per year on average).

The rapid reduction of the volume of agricultural labour input (-3.9% per on average, a rate of decline that was steeper only in Portugal and Finland), allowed income expressed per AWU to increase. In the case of Indicators 2 and 3, the developments were similar to those of Indicator 1 in terms of the strong increases until 1989 and then declines in the early 1990s. Over the period as a whole, these income Indicators increased by averages of +0.7% per year and +0.8% per year.

5.11 Netherlands

Against the trend of widespread rises in the level of aggregate agricultural income within the European Union over the reference period of "1981" to "1994", the average annual rate of change in the level of Indicator 1 for the Netherlands has been fractionally downwards (-0.2%). Despite strong growth in agricultural income in the early 1980s (+3.1% per year on average between "1981" and "1984"), more persistent falls during the rest of the period (averaging -1.2% per year) have eroded these gains (see Graph 5.11).

This overall picture comprises a number of disparate developments for key components in the income calculation:

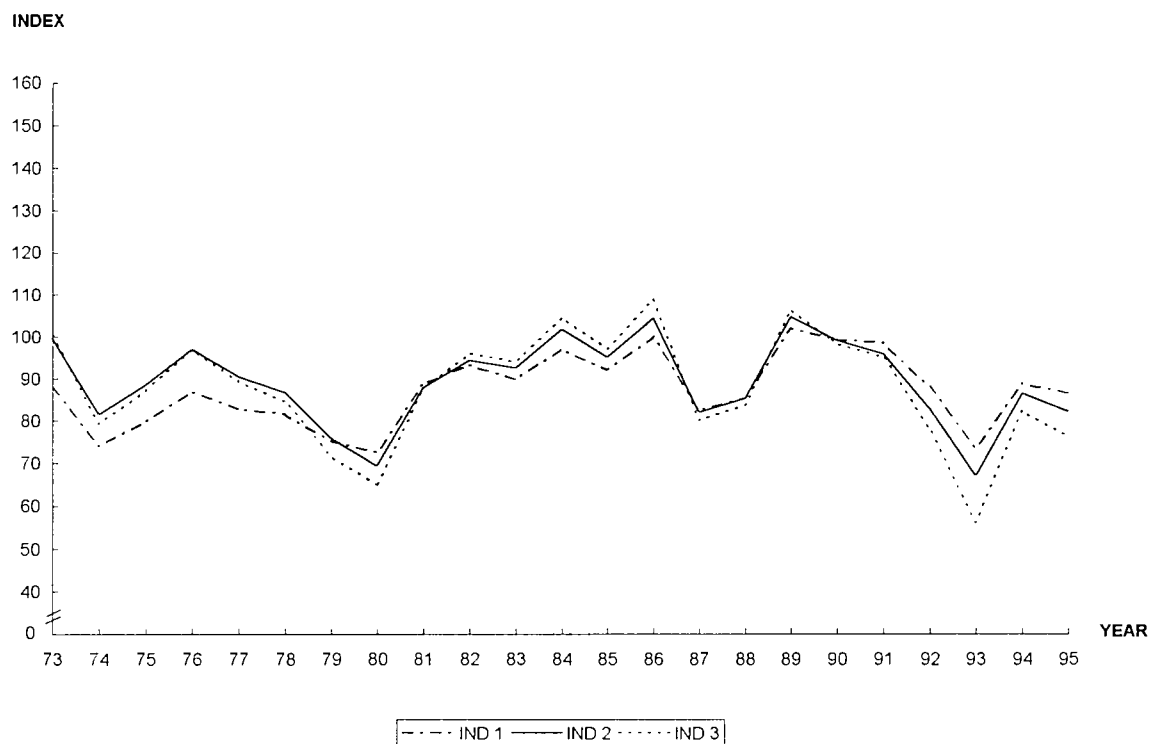
- there was a slight average annual rate of decline in the value of final output (at -0.4% in real terms this was among the very smallest of the falls in the European Union), resulting from fairly uniform price decreases for both animal and crop output (averaging -2.4% per year in real terms) just outweighing higher output volumes (averaging +2.1% per year, although principally due to crop products at an average +4.5% per annum);
- there was a relatively small decline in the value of intermediate consumption (averaging -1.1% per year);
- there was an average increase in net taxes of about +0.5% per year;
- there was a sharp rise in depreciation costs (averaging +5.6% per year) reflecting increased investment in capital formation, and
- a decline in the volume of total agricultural labour input (-0.7% per year on average), which was the least sharp of any of the other Member States, with the expanding horticultural sector somewhat balancing the lower volume of labour in the animal production and field crops sectors.

During the period under review, there has been a shift in the balance of agricultural production. In 1985, the value of animal output represented about 65% of that of final output but by the mid-1990s this proportion had shrunk to about 50%. The reasons for this are twofold; the growth of the horticultural sector and the steady decline in the value of all animals and animal products. These will be looked at in greater detail below. However, in comparison to most other Member States, the fall in the average annual price of final output in real terms (-2.4%) was relatively muted. This can be attributed to the lowest inflation rates in the European Union and the large share of production in some developing sectors (particularly flowers and ornamental plants) for which price falls were less than in a number of other markets, that have undergone reform and on which other countries rely.

Throughout the period, the value of milk output has been higher than that of any other product in the Netherlands. This has occurred in spite of the real value of milk output declining considerably over the time span in question (an average -2.1% per year between "1981" and "1994"). As with other Member States, the key development was the introduction of milk quotas in 1984. There had been a steady rise in the volume of milk output until the curbs in 1984 (stretching the analysis back to "1974" shows an annual rise in milk output averaging +2.8% until "1984"). However, following this introduction of production quotas there was a sharp decline in the output volume of milk in 1987 and further gradual decreases through until 1995. The resulting falls have been measured at -1.8% per year for the period from "1984" to "1994". Despite the high prices of 1988 and 1989, there has also been a fairly consistent fall since "1984" (-1.6% per year on average). In some ways, there have been mirror developments for cattle. Prices have been falling steadily since 1982, apart from a temporary recovery in 1988 and 1989, as a result of market surpluses and tighter EU policies (between "1981" and "1994" prices fell an average of -1.9% per year). Similarly, there was

strong growth in the output volume of cattle until 1984. Although volumes were particularly high in 1991 and 1992, the overall increase in output between 1984 and 1995 has been small.

Graph 5.11 Development of the three indicators of agricultural income in the Netherlands between 1973 and 1995, with "1990" = 100



The other large contributor to the value of final animal output is pigs, for which output volumes have more than doubled since the early 1970s. The rate of expansion has been slower since the mid 1980s but, nevertheless, growth between "1981" and "1994" has still been calculated at +2.8% per year on average. Strong rates of growth in a number of other Member States have often created considerable structural imbalances leading to severe price falls. Apart from a brief respite in 1989, prices have been declining rapidly (in real terms the average was -4.6% per year between "1981" and "1994").

The increasing importance of the crop sector, as far as concerns the aggregate agricultural income, is testament to the rapid expansion of output volumes for flowers and ornamental plants and fresh vegetables. Since the early 1970s, output volumes have more than quadrupled and doubled respectively. What is more, there has been no slowing in the rates of growth. In reaction to such large increases in output volumes, real prices have been falling at an accelerated rate. The result has been that values, whilst still rising in real terms, have been doing so at a slower pace. Nevertheless, between "1981" and "1994" there were average increases in real values measuring +4.0% per year for flowers and +1.3% per year for fresh vegetables.

Developments in the dairy sector and in the horticultural sector as well as new environmental concerns help explain a number of patterns in the purchases of intermediate consumption goods. The volume of feedingstuffs purchased reached a peak in 1983, just before the introduction of milk production quotas and the subsequent fall in herd numbers. The growth in the horticultural trade has been matched by a rapid increase in demand for energy (+2.3% per year on average), although the rise in the price of oil at the turn of the 1980s dented demand for a while. Increasingly tight environmental controls have been introduced regarding production techniques, especially since the mid-1980s, and have caused a halving in fertilizer use since 1986. Prices have generally fallen over the period (averaging -2.1% per year on average) although this has been less than most other Member States.

With the increasingly prominence of the horticultural sector so the productivity of intermediate consumption has increased by an average +1.1% per year (nearly the highest among Member States). The ratio of the nominal price for final output with intermediate consumption, the so-called "terms of trade", showed a slight

worsening in the Netherlands (-0.4% per year on average). When prices and volumes were combined, gross value added at market prices rose a little (+0.4% per year on average when expressed in real terms).

Table 5.13 Changes in the main components of the income calculation for agriculture in the Netherlands, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"	Share of each item in % in "1981"
Final crop output	4.5	-0.4	-2.3	4.1	2.1	45.8	33.1
Potatoes	1.7	1.6	-0.3	3.3	1.4	4.8	3.8
Fresh vegetables	4.2	-0.9	-2.8	3.2	1.3	11.1	8.9
Flowers	6.8	-0.8	-2.6	6.0	4.0	19.7	11.2
Final animal output	0.6	-0.7	-2.5	-0.1	-2.0	54.2	66.9
Cattle	0.6	0.0	-1.9	0.6	-1.3	10.2	11.5
Pigs	2.8	-2.8	-4.6	-0.1	-2.0	14.6	18.1
Milk	-1.0	0.7	-1.2	-0.3	-2.1	21.8	27.6
Final output	2.1	-0.6	-2.4	1.5	-0.4	100.0	100.0
Intermediate consumption	1.0	-0.2	-2.1	0.8	-1.1	48.1	53.0
Gross value added at m.p.	3.1	-0.8	-2.7	2.3	0.4	51.9	47.0
Subsidies				6.6	4.6	3.3	1.9
Taxes linked to production				4.4	2.5	6.1	4.7
Depreciation				7.6	5.6	26.4	13.7
Net value added at f.c.				1.0	-0.9	70.8	83.5
Rent				2.8	0.8	2.9	2.7
Interest				2.1	0.2	14.3	14.7
Net income of total labour				0.7	-1.2	53.6	66.2
Compensation of employees				5.2	3.2	17.1	11.8
Net income of family labour				-0.8	-2.6	36.5	54.3

The reasons for the falls in income can therefore be attributed to the net increase in taxes linked to production and the surge in depreciation costs. Despite strong rises in subsidies particularly following the reform of the CAP, taxes also rose strongly at times in the reference period and still represented just under double the value of subsidies in 1995. The negative effect on aggregate agricultural income has been compounded by the surge in capital investment, much of which is reflected in the growth of the horticultural sector, which has meant higher depreciation costs in the accounts.

Fractionally higher interest payments and rental payments in real terms, coupled with a large rise in the compensation of employees (averaging +3.2% per year) following the greater volume of hired labour (+1.9% per year between "1981" and "1994") only exaggerated the declines in income when measured in terms of Indicators 2 and 3 (-0.5% and -1.1% per year on average). This was particularly the case because the decline in the volume of agricultural labour input was among the smallest in the European Union.

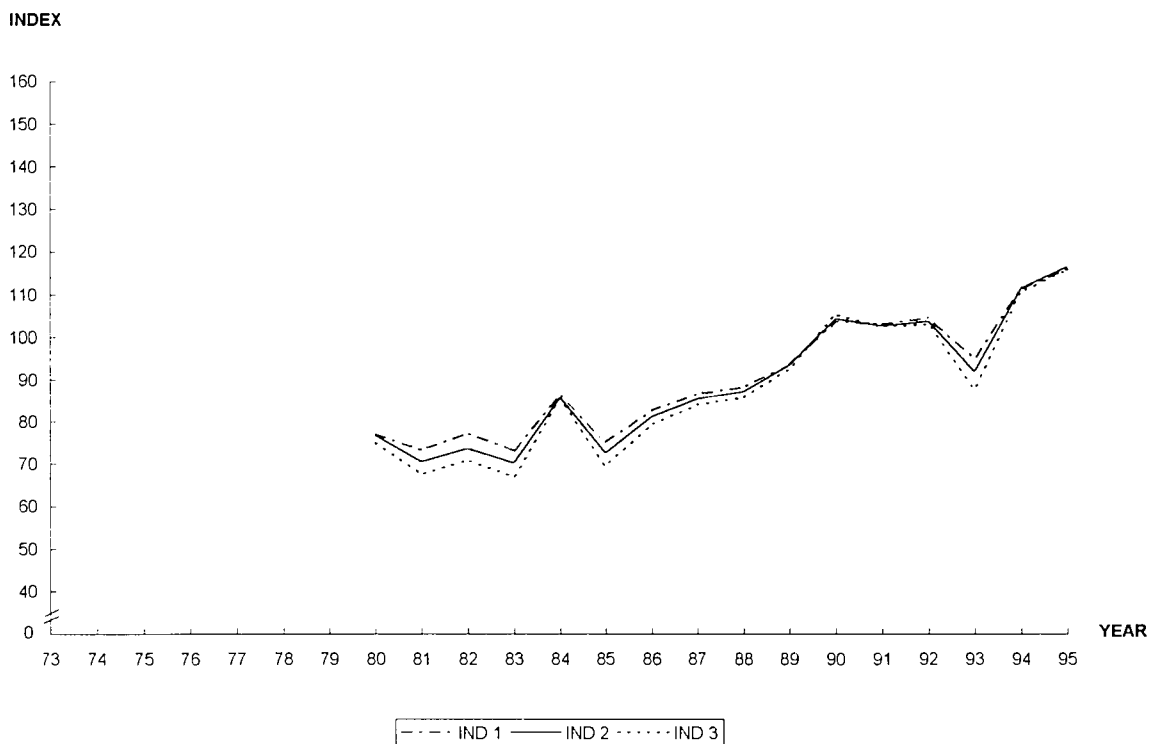
5.12 Austria

Agricultural income in Austria, as measured by Indicator 1, grew at a faster rate during the period from "1981" to "1994" (an average +2.7% per year) than all countries in the European Union apart from Ireland and Spain. The sharpest rates of increase in this measurement of agricultural income were in the period between "1985" and "1994" (at an average rate of +3.2% per year), where the only falls recorded were in 1991 and 1993. In the early 1980s there was roughly half this rate of growth. Since the base year ("1990" = 100) the level of Indicator 1 has risen by nearly 16%.

The volume of final agricultural output increased a little between the two ends of the reference period (an average +0.3% per year). When the volume of final output was its lowest level over the whole period in 1981 (10% below the "1990" base year level), the average price peaked (some 25% above the base year prices). Almost since the start of the reference period, therefore, prices have fallen (with the exceptions being 1983, 1989 and 1990), with an average of -2.2% per year being calculated for the period between "1983" and "1993". There was also a substantial fall in prices in 1995 (about -25% in real terms), following Austria's accession to the European Union, that drove the average price for agricultural products about one-third below the level in the "1990" base year level. The real value of final agricultural output peaked in 1982 before falling as a result of the development in real prices. It fell by an average of -2.7% per year over the period as a whole.

Fresh fruit, wine and cereals are the most important crop product groups in Austria. Together, they account for about half of the value of final crop output. The volumes of both fresh fruit and wine output declined over the reference period ("1981"/"1994"). Whereas this decline was relatively small for fresh fruit (an average -0.4% per year), it was pronounced for wine (-3.1% per year) despite the strong fluctuations in output volume and a low in the mid-1980s. In terms of real prices, there was a decline for fresh fruit over the period as a whole (an average -1.1% per year) with two severe falls in particular (in 1982 prices fell by about a third and in 1992 by a quarter). As a consequence, the real value of fresh fruit output decreased by an average of -1.5% per year. For wine, there was a general inverse relationship between real prices and output volumes when they fluctuated wildly. Over the whole period, however, the price for wine also declined (by an average -1.0% per year in real terms), thereby helping to push down the real value (averaging -4.1% per year). Two distinct trends in the output volume of cereals were distinguished, although they largely offset each other since the rise in volume was limited to +0.5% per year over the period as a whole; there was a period of rapid expansion between "1981" and "1988" (an average +4.4% per year) and then sharp decline (an average -5.1% between "1988" and "1992"). Steady falls in the real price of cereals during the period as a whole (averaging -4.9% per year) sent the real value of cereals output tumbling (an average of -4.4% per year).

Graph 5.12 Development in the three indicators of agricultural income in Austria between 1973 and 1995, with "1990" = 100



The share of the value of animal output in the value of final output is about two-thirds, with the most important product groups being milk, pigs and cattle. The volume of milk output declined slightly over the period (an average of -0.6% per year), because the steady rises in output volume until the middle of the 1980s were more than offset by subsequent falls. In contrast, the volume of pig output increased (an average of +0.9% per year) on the back of strong rises in the first half of the 1980s (averaging +2.6% per year between "1981" and "1984"). Likewise, there was a general expansion in the volume of cattle output, but only until "1992" (an average of +0.9% per year), with particular highs in 1984, 1986 and 1987. Subsequent falls lowered output to levels previously experienced at the start of the reference period, since there was an average growth of only +0.1% per year between "1981" and "1994". For all three products, real prices declined sharply during the period, with the downward trend being accentuated by the fall in prices recorded for 1995 following accession to the European Union and the necessary application of the CAP with the lower prices prevailing in the markets. The average price for pigs tumbled by an average -4.0% per year in real terms, that of cattle by -3.4% and that of milk by -1.7%. The results of the combined price and

volume changes were that the real values of all three products dropped substantially. On an annual basis, these declines were measured at averages of -2.3% for milk, -3.1% for pigs and -3.3% for cattle.

The volume of intermediate consumption used in Austria increased in the years "1981" to "1994", at an average rate of +0.4% per year. As the volume of final agricultural output rose at almost the same rate, there was barely any change in the apparent productivity of intermediate consumption (averaging -0.1% per year). Likewise, there was a very small deterioration in the "terms of trade" (an average -0.3% per year), with the fall in the real price of intermediate consumption being measured on at an average -2.8% per year (again similar to the rate for final output).

On the back of strong annual increases after the middle of the 1980s, the real value of subsidies to the agricultural branch in Austria rocketed; this was estimated at an average +14.3% per year over the period. Of greatest influence were the payments made in 1995 (see Chapter 3.11), which were partly comprised of subsidies to compensate for the sharp price falls following the application of the CAP in Austria. The impact of these higher subsidies can be gleaned from the fact that the share of subsidies in gross value added, which had stood at about 25% in the year prior to Austria's accession to the EU, increased to about 100% in 1995. Of considerably less impact on incomes were the taxes linked to production. Between "1981" and "1985" these taxes decreased sharply (an average -14.0% per year), but subsequent rises led to increases over the period as a whole (an average +2.8% per year). Although there appeared to be little change in real depreciation costs over the period (an average -0.2% per year) this conceals pronounced fluctuations and peaks were reached in 1982 and 1991. Of the other charges, rental payments increased (an average +1.6% per year), interest payments fell (an average -3.6% per year) and after an almost continuous decline through to 1990, the compensation of employees started rising, although over the period as a whole there was still a decrease (an average -0.5% per year).

Table 5.14 Changes in the main components of the income calculation for agriculture in Austria, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"	Share of each item in % in "1981"
Final crop output	0.2	1.0	-2.5	1.2	-2.3	32.9	31.4
Cereals	0.5	-1.6	-4.9	-1.0	-4.4	6.7	8.5
Fresh vegetables	-0.9	4.6	0.9	3.7	0.0	2.9	2.0
Fresh fruit (*)	-0.4	2.4	-1.1	2.0	-1.5	5.6	4.7
Wine	-3.1	2.6	-1.0	-0.7	-4.1	5.2	6.3
Final animal output	0.3	0.3	-3.2	0.6	-2.9	67.1	68.6
Cattle	0.1	0.0	-3.4	0.1	-3.3	17.6	19.1
Pigs	0.9	-0.6	-4.0	0.3	-3.1	18.5	19.5
Milk	-0.6	1.7	-1.7	1.2	-2.3	22.4	21.3
Final output	0.3	0.5	-3.0	0.8	-2.7	100.0	100.0
Intermediate consumption	0.4	0.7	-2.8	1.1	-2.4	41.8	40.3
Gross value added at m.p.	0.2	0.3	-3.1	0.6	-2.9	58.2	59.7
Subsidies				18.5	14.3	100.0	40.7
Taxes linked to production				6.5	2.8		5.5
Depreciation				3.4	-0.2		54.9
Net value added at f.c.				2.4	-1.2	80.3	63.7
Rent				5.2	1.6		4.2
Interest				-0.2	-3.6		7.0
Net income of total labour				2.6	-1.0	69.1	53.6
Compensation of employees				3.1	-0.5		12.6
Net income of family labour				2.5	-1.1	56.5	44.4

* Including table grapes

The volume of total agricultural labour input declined sharply (an average of -3.7% over the period as a whole), which meant that agricultural income based on AWUs rose distinctly, despite the decrease in real net value added at factor cost (-1.2% per annum on average). Indicators 2 and 3, which take interest, rents and the compensation of employees into account, showed a similar trend to that of Indicator 1 (+2.9% and +3.0% per year respectively).

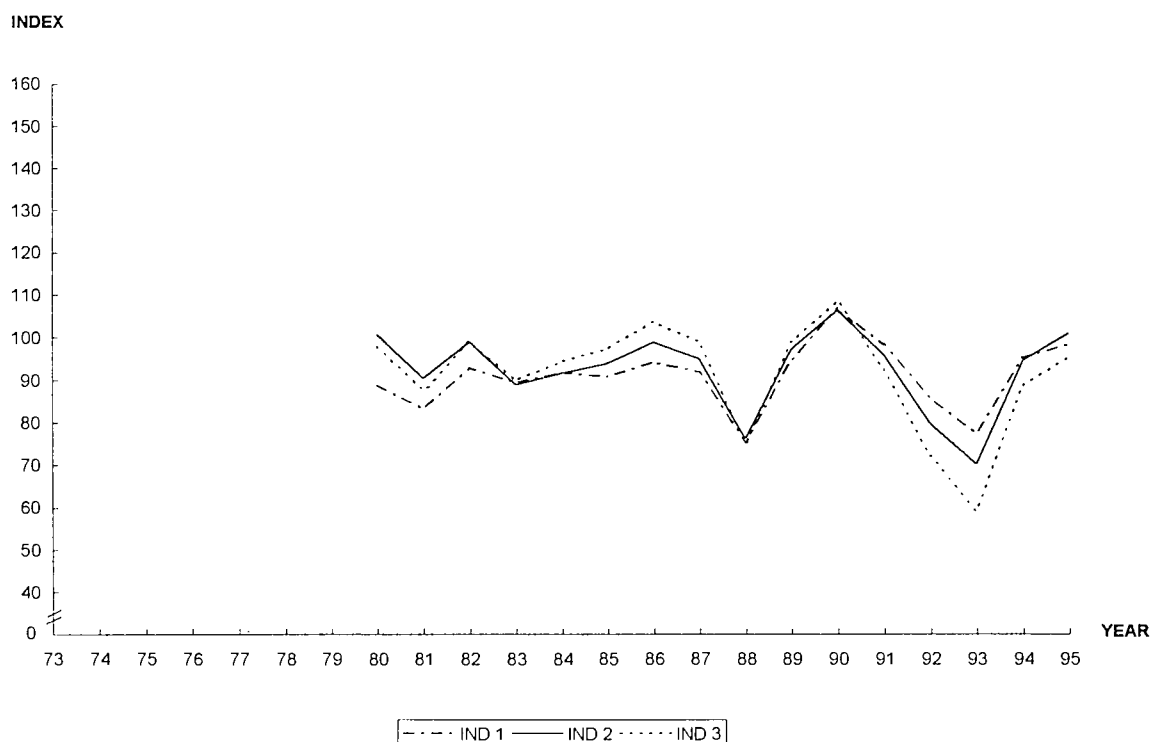
5.12 Portugal

Although there have been some sharp annual fluctuations in the aggregate agricultural income measured by Indicator 1, when the level achieved in "1981" or indeed "1986" (the time of accession) is compared with "1994" there has been little gain. Over the reference period of "1981" to "1994", the measure of Indicator 1 rose only very slightly, at an average +0.2% per year. Between 1980 and 1987, aggregate agricultural income remained particularly stable but since 1988 fluctuations have been more exaggerated. Income Indicator 1 reached a peak in 1990 after rises from a low in 1988. Three consecutive annual falls through until 1993, when the low of 1988 was matched, have been followed by rises which have returned the level of income to that achieved at the start of the reference period.

Although a considerable rise in subsidies and a reduction in taxes linked production certainly helped redress the impact of a slump in gross value added at market prices (averaging -5.9% per year in real terms), the return of incomes calculated on a per annual work unit basis to the levels at the start of the reference period was only possible through a dramatic fall in the volume of agricultural labour input. This reduction in the volume of labour has been particularly strong since Portugal joined the then European Community (-6.4% per year between "1986" and "1994", by far the steepest fall recorded for any Member State).

Despite the recent devaluations of the Portuguese escudo, that have lessened the severity of the CAP reform based price cuts for a number of products, the producer prices of agricultural products have fallen faster in Portugal than any other Member State. However, the double digit rate of inflation for the vast majority of the period should be borne in mind when interpreting figures given in real terms and comparing them between Member States. Even so, the price of final output slumped an average -5.6% per year in real terms from "1981" to "1994", with the sharpest falls between 1989 and 1993. The volume of final output reached a peak at the start of the 1990s when the volume of grape must and wine output more than recovered from a disastrous 1988 harvest, when the volume of milk output was near record levels and when the volumes of fresh vegetables and pigs were also rising. The various contrasting developments in annual volumes, as much caused by the weather as anything else, evened themselves out over the period to show an average rise of +1.0% per year for final output.

Graph 5.13 Development in the three indicators of agricultural income in Portugal between 1973 and 1995, with "1990"= 100



Apart from grape must and wine and cereals, the trends in the output volumes of the other main crop products have been fairly clear. For fresh vegetables, the average increase in output volumes (+2.0% per year) reflects an almost cyclical pattern of rises and falls, with the peak volume being reached in 1995. Also on an upward trend, certainly until the harvest of 1992, has been the production of potatoes (an average +0.6% per year). In contrast, the output volume of fresh fruit has declined steadily (an average -1.6% per year) to a new low in 1995. A combination of the weather, market regulations and changing production areas to name but a few, have all contributed to the wild fluctuations in the annual output volumes of cereals and particularly grape must and wine. However, it does appear that the volume of cereals was increasing until 1989, since when decreases in volumes have generally been more persistent than any rises. The volume of grape must and wine was about 20% lower at the end of the reference period than at the beginning.

The price of all crop products fell heavily over the course of the reference period, with the sharpest falls being almost exclusively during the 1989 to 1993 period. Where there were some rises in prices, these were limited to the beginning of the 1980s. For the main crop products, the average rate of decline in real prices varied from -4.0% per year for potatoes, through -6.6% for wine to -7.6% for cereals.

The production of milk, pigs, poultry and cattle accounts for around 80% of the value of final animal output. Therefore, developments in their prices and output volumes easily explain changes noted for animal output as a whole. Over the period, the volume of final animal output rose at a rate among the highest in the European Union (averaging +2.0% per annum). The volumes of milk, pigs and poultry also rose strongly (averaging +2.7%, +3.8% and +3.3% per year) although this was not the case for cattle (-1.1% per year on average). Lower prices when expressed in real terms, which have been almost entirely restricted to the period since accession, more than outweighed any rises in output volumes; the real price of final animal output decreased by an average -5.9% per year.

Table 5.15 Changes in the main components of the income calculation for agriculture in Portugal, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"	Share of each item in % in "1981"
Final crop output	-0.1	9.1	-5.5	9.0	-5.6	44.9	50.9
Cereals	0.7	6.6	-7.6	7.4	-6.9	4.5	6.1
Potatoes	0.6	10.9	-4.0	11.6	-3.4	6.4	5.3
Fresh vegetables	2.0	10.4	-4.4	12.6	-2.4	11.9	8.9
Fresh fruit (*)	-1.6	9.6	-4.9	7.9	-6.4	6.5	8.4
Wine	-1.6	8.0	-6.6	6.2	-8.1	9.0	14.4
Final animal output	2.0	8.6	-5.9	10.8	-4.0	52.1	47.9
Cattle	-1.1	8.6	-5.9	7.4	-6.9	8.6	11.8
Pigs	3.8	7.2	-7.1	11.3	-3.5	12.8	11.0
Poultry	3.3	7.4	-6.9	11.0	-3.8	8.5	7.6
Milk	2.7	10.4	-4.4	13.4	-1.8	13.1	8.9
Final output	1.0	8.9	-5.6	10.0	-4.7	100.0	100.0
Intermediate consumption	0.0	11.6	-3.3	11.6	-3.3	53.2	44.4
Gross value added at m.p.	2.2	6.3	-8.0	8.6	-5.9	46.8	100.0
Subsidies				37.9	19.8	30.2	1.3
Taxes linked to production				-3.7	-16.5	0.4	1.8
Depreciation				17.4	1.7	17.0	6.2
Net value added at f.c.				10.2	-4.6	112.8	93.4
Rent				12.3	-2.6	2.6	1.6
Interest				15.4	0.2	20.9	9.4
Net income of total labour				9.3	-5.4	89.3	82.3
Compensation of employees				11.5	-3.5	23.6	16.9
Net income of family labour				8.7	-6.0	65.7	65.5

* Including citrus fruit, tropical fruit and table grapes

The volume of intermediate consumption goods purchased remained unchanged at the end of the period from the levels at the beginning of the period. The volumes of animal feedingstuffs declined a little (an average -0.4% per year), affected rather more by the fall in the volume of cattle output than by increased pig and poultry production, despite a strong fall in prices. Prices for almost all intermediate consumption goods actually rose in the period "1981" to "1984" (an average +6.1% per year in real terms), which can perhaps be explained by the significant role played by the state in the marketing of energy products and

animal feedingstuffs. As with crop products and animal products, however, prices during the rest of the period came crashing down.

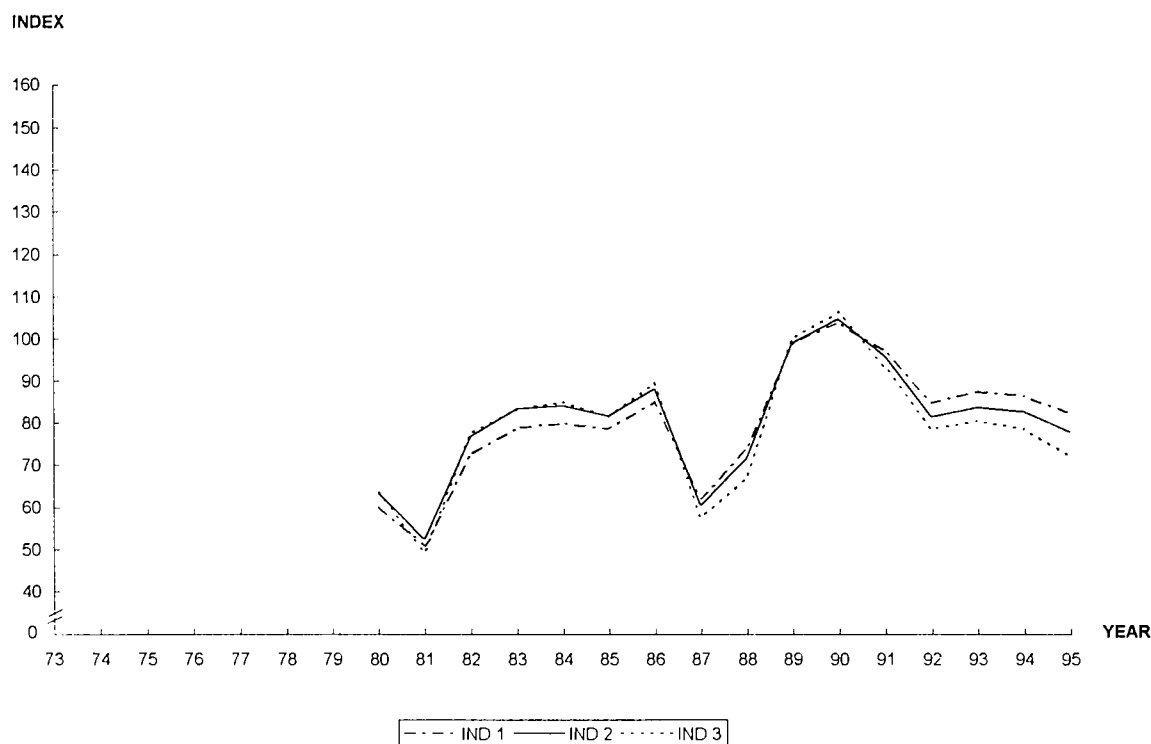
Throughout the period, and not just with the most recent reforms of the CAP, the level of subsidies has rocketed from year to year (averaging +19.8% in real terms), albeit from a low level. A measure of just how much this has altered the accounts can be gleaned from the fact that subsidies which represented only 1% of gross value added at market prices in "1981", now account for 30%. Net taxes at the start of the 1980s have also been transformed to large net subsidies by the cutting of taxes linked to production (at an average rate of -16.5% per year). Around the time of the accession of Portugal, the level of depreciation costs jumped, suggesting a quick boost in capital investments. Although there have been no significant changes since then, the share of depreciation costs in gross value added at market prices rose from 6% at the start of the period to 17% by the end, suggesting a higher degree of capital-intensiveness. This is also pointed to by the small rise in real term interest payments.

Therefore, although the level of Indicator 1 itself remained quite similar at the end of the period from the beginning, the developments and importance of its components changed considerably. Without the dramatic halving of the volume of agricultural labour input the unchanged level of the Indicator would not have been possible. Even so, Indicators 2 and 3 actually declined a little (an average -0.7% and -1.2% per year).

5.14 Finland

Agricultural income, as measured by Indicator 1, increased in Finland by an average of +2.6% per year between "1981" and "1994", which represents a much stronger growth than for the averages of the European Union as whole (+1.4% between "1981" and "1991" and +2.2% between "1991" and "1994"). Analysis of the development of agricultural income over the reference period ("1981" to "1994") can be made on the basis of two distinct phases: a first period of relatively high growth through until "1990" (averaging +5.6% per year), despite sharp falls in 1987 and 1988, and a second period characterized by a clear fall in agricultural income between "1990" and "1994" (averaging -3.9% per year).

Graph 5.14 Development of the three indicators of agricultural income in Finland between 1973 and 1995, with "1990" = 100



Over the entire reference period, the real value of final agricultural output decreased strongly (an annual average -3.9%), as a result of a slight fall in output volumes (averaging -0.7% per year - the only decrease in EUR 15 during the period under review) coupled with a sharp decline in real prices (averaging -3.2% per year). The trend in prices was particularly affected by the decline recorded in 1995 (about 39% in real terms), which can be explained by Finland's accession to the European Union and the resulting transition to the lower price levels prevailing in the markets (see Chapter 3.13). The development of the real value of final output was largely in line with the real price index and likewise reached its low point in 1995.

The real value of final animal output, which in Finland accounts for about 70% of the value of final agricultural output, decreased by an average of -4.2% per year in the period from "1981" to "1994". This decline was caused partly by a fall in the volume of output (an average -1.3% per year) and partly by lower real prices (averaging -3.0% per year). This pattern was apparent for milk, pigs and cattle, which - measured by their contribution to the value of final output - are the most important products of Finnish agriculture. The volume of milk output, which was equally subject to a quota regime in Finland, declined at an average rate -2.0% per year. Reductions in volume were less pronounced for cattle and pigs (averaging -0.9% and -0.3% per year respectively). The development of real prices, when averaged over the full reference period for these three products, was particularly affected by the cuts that had to be made in 1995 to accord with the price levels pertaining in the European Union upon accession. This can be seen from the fact that the average annual rate of decline in the real price of milk, which had measured -1.1% between "1981" and "1993", tumbled to -2.1% when the period was extended to "1994". The decreases measured -3.7% for pigs (although "1981"/"1993" : -2.0%) and -3.7% for cattle (despite "1981"/"1993": -2.7%).

Cereals, flowers and ornamental plants as well as fresh vegetables represent the principal crop product groups in Finland. Over the course of the period under analysis, there were also falls in the real value of output for these three groups of products. For cereals and fresh vegetables, this was mainly due to a long-running fall in real prices (an average -5.3% and -3.7% per year respectively), of which the particularly severe cuts that resulted from the accession of Finland to the European Union in 1995 only exacerbated the trend. During the same time, the output volumes of both product groups increased, at an average rate of +1.4% per year in the case of cereals (in spite of considerable fluctuations) and of +2.2% for fresh vegetables. An inverse development was noted for flowers and ornamental plants over the reference period, as real prices rose by an average +2.1% per year only to be more than offset by the decline of -3.7% in output volume.

Table 5.16 Changes in the main components of the income calculation for agriculture in Finland, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	0.8	0.9	-3.9	1.7	-3.1	30.6	100.0	27.9	100.0
Cereals	1.4	-0.7	-5.3	0.7	-4.0	12.7	98.1	13.4	26.0
Fresh vegetables	2.2	1.2	-3.7	3.4	-1.6	3.6	1.7	2.6	0.6
Flowers	-3.7	7.3	2.1	3.4	-1.6	3.7	58.4	2.7	35.0
Final animal output	-1.3	2.0	-3.0	0.7	-4.2	69.7	137.9	72.1	90.3
Cattle	-0.9	1.2	-3.7	0.3	-4.6	12.3	4.0	13.3	1.2
Pigs	-0.3	1.4	-3.4	1.1	-3.7	13.0	21.6	12.7	8.1
Milk	-2.0	2.8	-2.1	0.8	-4.1	33.4	112.4	34.1	81.0
Final output	-0.7	1.6	-3.2	0.9	-3.9	100.0	100.0	100.0	100.0
Intermediate consumption	-1.3	3.3	-1.7	1.9	-3.0	56.8	24.9	50.1	13.8
Gross value added at m.p.	-0.1	-0.1	-4.8	-0.1	-4.9	43.2	87.5	49.9	67.2
Subsidies				10.5	5.1				
Taxes linked to production				8.0	2.9				
Depreciation				3.8	-1.2				
Net value added at f.c.				3.1	-1.9				
Rent				9.6	4.2				
Interest				7.6	2.4				
Net income of total labour				2.4	-2.6				
Compensation of employees				4.4	-0.6				
Net income of family labour				1.9	-3.0				

The volume of intermediate consumption items used in Finland during the period "1981" to "1994" fell by an annual average of -1.3%. This rate of decrease, which was the steepest in EUR 15 for this period, was also

steeper than the rate of decline in the volume of final agricultural output, with the result that the apparent productivity of intermediate consumption rose by an average of +0.7% per year. In contrast, the "terms of trade" deteriorated by an average -1.7% per year between "1981" and "1994", as the real price of intermediate consumption as a whole fell to a lesser extent than that of final agricultural output. Despite these decreases in volumes and prices of intermediate consumption, their share in the value of final output increased to about 57%, which was considerably higher than the share of 46% calculated for the European Union as a whole.

The value of operating subsidies increased by an average of +5.1% per year between "1981" and "1994", with the upward trend gaining pace in the late 1980s and early 1990s. Standing apart from other annual changes, were the soaring payments made in 1995 that came in the wake of Finland's accession to the European Union and were in a large part meant as compensation for lower producer prices (see Chapter 3.13 for greater details). The value of subsidies in 1995, which was the largest sum paid out to Finnish farmers over the period, was several times higher than real gross value added at market prices. Taxes linked to production fluctuated considerably between years, although there were net increases over the period as a whole (an average +2.9% per year), but began to fall sharply after 1993. Higher depreciation costs until the middle of the 1980s followed by declines, resulted in an average drop of -1.2% per year over the full period. The higher rental payments, especially since the beginning of the 1990s, and higher interest payments until 1990 (averages of +4.2% and + 2.4% per year in real terms over the full period, respectively) dampened down income growth. There were, however, lower costs under the compensation of employees (down an average -0.6% per year).

The volume of total agricultural labour input roughly halved over the reference period, the rate of decline being an average -4.4% per year (the second fastest rate of decline in the European Union after Portugal). With real net value added at factor cost declining at an average rate of -1.9% per year, the rise in the level of Indicator 1 can be attributed to the rate of decrease in the volume of total agricultural labour input. There were similar trends in the development of Indicators 2 and 3, though they increased to a somewhat lesser extent (+1.8% and +1.5% per year respectively) due to the changes in rents and interest payments in particular.

5.15 Sweden

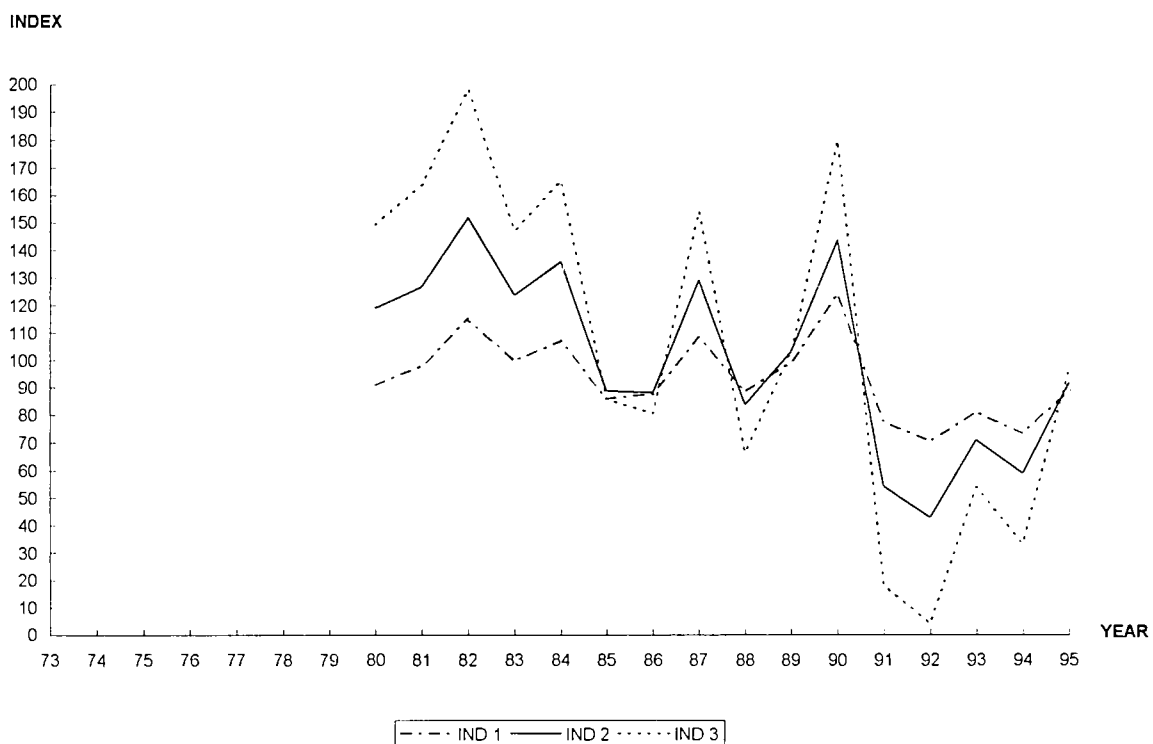
As measured by Indicator 1, agricultural income is estimated to have decreased in Sweden by an average of -1.7% per year during the period from "1981" to "1994". This rate of decline was the strongest of any country. Indeed there were only two other countries (Italy and the Netherlands) that experienced lower aggregate agricultural income (-0.7% and -0.2% per year, respectively). The development of income in Sweden during "1981" to "1994" can be separated into two phases. In the first of these ("1981" to "1991"), Indicator 1 decreased by an average of -1.1% per year, in spite of large annual fluctuations. In the second period ("1991" to "1994"), which came after the start of agricultural reforms, this fall gathered pace to average at -3.7% per year.

The real value of final agricultural output decreased over the period as a whole ("1981"/"1994") by an average of -3.8% per year. With no overall change in the volume of final output ($\pm 0.0\%$), this decline in value reflected the average fall in real prices over the period. This decline in prices was strongest after the mid-1980s (an average decline of -5.9% per year between "1987" and "1994" compared to -1.3% between "1981" and "1987"). The impact of lower prices was compounded by the substantial falls in the volume of final output in 1991 and 1992, the years during which the real value of final output reached their lowest point (the fall from 1990 to 1992 being about 25%).

The principal products in final crop output, the value of which accounts for nearly one-third of the value of final agricultural output, are cereals, fresh vegetables and potatoes. For all three, the real value of output was in decline over the period as a whole, the biggest decrease being for cereals (-7.1% per year), followed by potatoes (-2.7% per year) and fresh vegetables (-0.9% per year). This downward trend was attributable mainly to falling real prices, which decreased by an average of -9.7% per year for fresh vegetables and by -4.6% for cereals. For these two products, real prices followed a fairly similar pattern; after peaking at the beginning of the 1980s they then tailed off towards the end of the reference period. The volume of cereals

output decreased by an average of -2.7% per year between "1981" and "1994" (with a striking fall in the early 1990s). The volume of fresh vegetables output increased at a relatively even pace up until the start of the 1990s (an average of +3.6% per year between "1981" and "1992"). From 1993 to 1994, the volume of fresh vegetable output more than doubled, which was almost indisputably the consequence of a programme running from July 1993 to December 1994 that was designed to strengthen the competitiveness of this sector. Although the volume of potato output was also subject to sharp annual fluctuations, there was an overall decrease during the period, averaging -0.8% per year. Where the changes in potato output volume were sharpest they were largely offset by price movements, although over the period as a whole, real prices also fell (an average -1.9% between "1981" and "1994"). When the results of individual crop products were aggregated for final crop output as a whole, the higher volume (averaging +0.7% per year) only partly compensated for the sharp decline in prices (averaging -5.0% per year in real terms), so that the real value of crop output still declined sharply (an average -4.4% per year).

Graph 5.15 Development of the three indicators of agricultural income in Sweden between 1973 and 1995, with "1990" = 100



Although the real value of final animal output declined at a less steep rate than the value of crop output over the reference period, it was still substantial (-3.6% per year on average). This was the net result of a slight decline in aggregate output volume (averaging -0.3% per year) and a marked fall in real prices (-3.2%). The most important animal products are milk (accounting for almost one-third of the value of final agricultural output), followed by pigs and cattle (which together constitute, in roughly equal shares, a further quarter of final agricultural output). Over the period as a whole, the prices for each of the three products decreased at an average rate of -3.2% per year in real terms with the strongest falls in the late 1980s. There was also a similar development in output volumes over the period: -0.3% per year on average for milk, -0.7% per year for pigs and -0.8% per year for cattle. The introduction of milk quotas in Sweden in 1985 curbed output growth (averaging +1.1% per year between "1981" and "1985") before the system was abolished in 1989 (an average decline of -1.4% per year between "1985" and "1989"). Despite picking up again slightly after quotas were lifted, the volume of milk output subsequently declined further. In the cases of both pigs and cattle, the period when output volumes actually increased was after 1992 (averaging +4.5% per year and +3.3% per year respectively between "1992" and "1994"). When the developments in prices and volumes were combined, the real values of milk, pig and cattle output all decreased considerably (averaging -3.5%, -3.9% and -4.0% per year respectively).

Table 5.17 Changes in the main components of the income calculation for agriculture in Sweden, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	0.7	1.0	-5.0	1.7	-4.4	30.0		32.4	
Cereals	-2.7	1.4	-4.6	-1.3	-7.1	10.0		15.9	
Potatoes	-0.8	4.4	-1.9	3.6	-2.7	3.3		2.8	
Fresh vegetables	9.8	-4.0	-9.7	5.4	-0.9	3.6		2.4	
Flowers	3.8	0.6	-5.4	4.4	-1.8	4.6		3.5	
Final animal output	-0.3	2.9	-3.2	2.5	-3.6	70.0		67.6	
Cattle	-0.8	2.9	-3.2	2.1	-4.0	12.5		12.7	
Pigs	-0.7	2.9	-3.2	2.2	-3.9	14.3		14.4	
Milk	-0.3	2.9	-3.2	2.6	-3.5	32.6		31.2	
Final output	0.0	2.3	-3.8	2.3	-3.8	100.0		100.0	
Intermediate consumption	-1.1	4.9	-1.4	3.7	-2.4	64.5		53.6	
Gross value added at m.p.	1.7	-1.5	-7.3	0.2	-5.8	35.5	100.0	46.4	100.0
Subsidies				24.0	16.7		40.4		2.5
Taxes linked to production				14.2	7.5		2.5		0.4
Depreciation				5.5	-0.8		58.2		29.8
Net value added at f.c.				0.9	-5.0		79.8		72.2
Rent				4.7	-1.4		7.9		4.4
Interest				4.3	-1.9		36.1		21.3
Net income of total labour				-1.8	-7.7		35.8		46.6
Compensation of employees				3.3	-2.9		20.2		13.6
Net income of family labour				-5.4	-11.1		15.6		32.9

The volume of intermediate consumption items used in Sweden in the period from "1981" to "1994" decreased by -1.1% per year on average (Finland and Germany were the only other countries to record a decline). With the volume of final agricultural output remaining unchanged, the productivity of intermediate consumption thus rose by an average of +1.1% per year. The real price of intermediate consumption goods fell by an annual average of -1.4%, and thus showed a distinctly less sharp decline than that of final output. As a result, the agricultural "terms of trade" deteriorated (by -2.5% per year on average).

The share of the value of intermediate consumption in that of final output is much higher in Sweden than for the European Union as a whole (about 65% compared to 46%). Higher subsidy payments to the agricultural branch during the period were measured at an average +16.7% per year in real terms, with the fastest rates of increase occurring at the beginning of the 1990s. The greater level of subsidies stemmed for the most part from the introduction of direct compensatory payments for price cuts and from other temporary payments as part of the Swedish agricultural reform. A further pronounced rise in subsidy payments was recorded in 1995 and was linked to Sweden's accession to the European Union and the application of the CAP (see Chapter 3.14). As a result of these changes, the share of subsidies in real gross value added at market prices rose from less than 10% in 1989 to almost 60% in 1995.

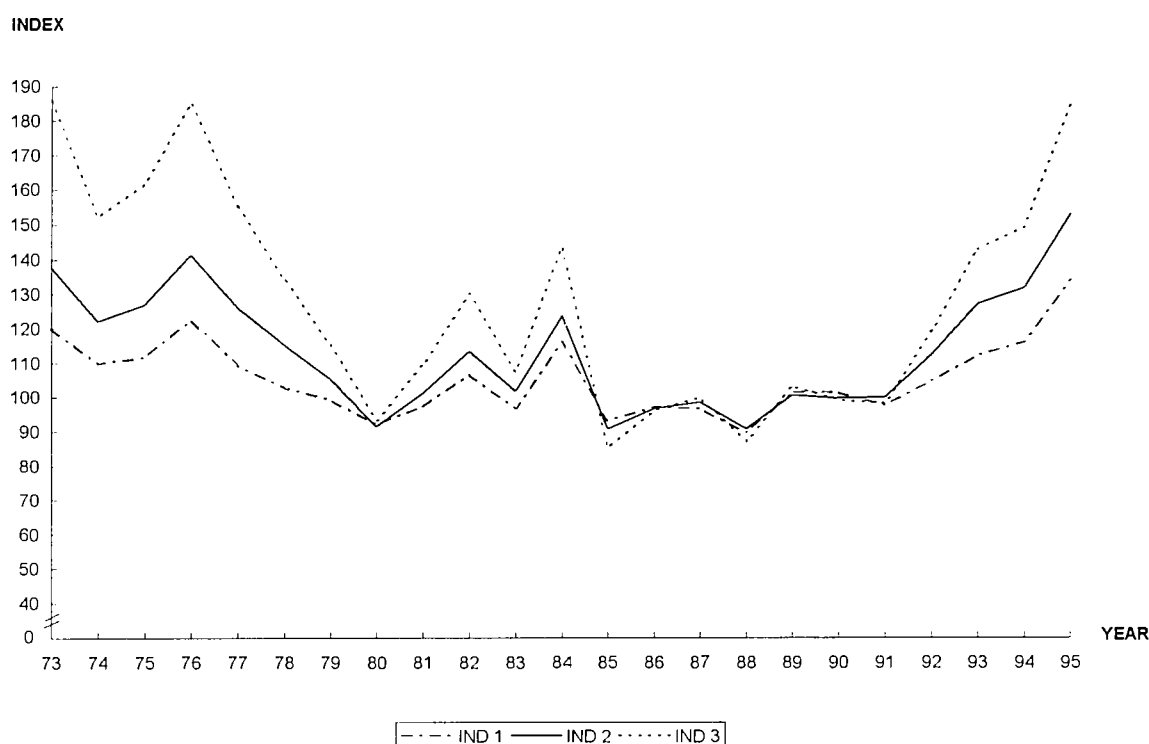
Taxes linked to production increased by an annual average of +7.5% during the period as a whole. This average comprised substantial rises during the 1980s (an average +35.3% per year between "1981" and "1988") that gave way to subsequent falls (an average -17.7% per year between "1988" and "1994"). Of the other costs, there were annual falls in real terms for depreciation (averaging -0.8%), rents (averaging -1.4%), interest payments (averaging -1.9%) and the compensation of employees (averaging -2.9%) over the period.

The volume of total agricultural labour input declined markedly during the period as a whole (-3.4% per year on average). The shrinking volume of labour input allowed agricultural income measured on a per AWU basis (i.e. Indicator 1) to fall less steeply than real net value added at factor cost (-5.0% per year on average). The development of Indicators 2 and 3 was relatively similar to that of Indicator 1. However, they were subject to much greater fluctuations because of the relatively low share of net income from the agricultural activity of total labour input and family labour input in gross value added (36% and 16% respectively in "1994"). Over the period as a whole, Indicator 2 decreased by -4.4% per year on average and Indicator 3 by -7.6%.

5.16 United Kingdom

During the reference period ("1981" to "1994"), agricultural income as measured by Indicator 1 is estimated to have increased for the United Kingdom (an average +1.6% per year - a rate similar to that for the European Union as a whole). When considered over an even longer time span, as is done in Graph 5.16, it is clear that there was a downward trend in aggregate agricultural income, that was only punctuated by strong increases in 1982 and 1984, to a low in 1988. Since then, there have been sharp rises in agricultural income. The level of Indicator 1 in 1995 was higher than the levels achieved just after the United Kingdom joined the then European Community.

Graph 5.16 Development of the three indicators of agricultural income in the United Kingdom between 1973 and 1995, with "1990" = 100



As already mentioned in Chapter 3, much of these recent increases in aggregate agricultural income can be attributed to monetary factors surrounding the weakness of the pound sterling and the devaluation of the agricultural conversion rate, within the frameworks of the CAP. Nevertheless, there have been many other factors like agricultural policies, changes in demand and new technologies that have also shaped the development of agricultural income during the reference period. To place them all in context, it is necessary to conduct some analysis of the main features of the account.

The value of final animal output, which represented about 62% of the value of final output over the period, fell steadily when expressed in real terms (averaging -2.4% per year). These declines originated from price decreases, since the volume of final animal output remained relatively stable and almost unchanged at the end of the period from the beginning.

The volume of final animal output peaked in 1983, the year before milk quotas were introduced. These controls on milk production curbed the progressive growth which had taken place from the mid-1970s, and there were subsequent declines in milk output through until 1992. The volume of milk output declined by about 8% over the period as a whole and the size of the national dairy herd decreased by an estimated 17% between 1985 and 1995. One of the few increases in the volume of cattle output recorded over the period was in 1984 and this had much to do with the slaughter of cows to accommodate for the new milk policy. However, the volume of cattle output decreased by about 10% over the period as whole. Compensating for these declines to provide stability in the aggregate volume of final animal output was the production growth in the poultry and sheep sectors (averaging +3.2% and +3.8% per year, respectively), and to a lesser extent

in the pig sector (an average +0.6% per year). Price falls were strongest in those animal sectors where growth in output volumes were noted (averaging -6.0% per year for sheep, -4.1% per year for pigs and -3.4% per year for poultry). In contrast, the tighter policy control for milk slowed price falls (an average of -0.6% per year since "1984").

The sharp decline in the real value of final crop output since 1984 can be explained, for the most part, by developments in the prices and volumes of the two principal crop products (cereals and fresh vegetables). The strong growth in the volume of final crop output, which had started in the mid-1970s, peaked in 1984 when the volume of cereal output was at its highest and a rapid expansion in oilseeds production was underway. Although the volume of cereal output then started to decline, in part due to a more restrictive agricultural policy, the volume of final output continued an upward trend until 1992 (although not reaching the peak of 1984) with a steady rise in fresh vegetables output, horticultural production and the expansion of oilseeds output. The volume of cereals output was at a similar level in 1995 to the level at the start of the reference period.

In real terms, the average rate of decline in the price of crop products (-2.7% per year) was similar to that of final animal output. Likewise, the falls in prices generally outweighed the rate of volume growth (the single exception being for flowers). Although some of the impact of price cuts for cereals in the latest reform of the CAP, which were compensated for with more direct payments, was softened by the monetary weakness of sterling, the average decline in the real price of cereals was still -3.8% per year over the whole period. For fresh vegetables, the period also witnessed a decline in prices (an average -1.5% per year).

Table 5.18 Changes in the main components of the income calculation for agriculture in the United Kingdom, average % change over the period "1981" to "1994"

	Volume	Nominal price	Real price	Nominal value	Real value	Share of each item in % in "1994"		Share of each item in % in "1981"	
Final crop output	0.9	2.3	-2.7	3.3	-1.9	37.6		35.8	
Cereals	-0.1	1.2	-3.8	1.1	-3.9	14.0		17.6	
Potatoes	-0.5	5.0	-0.3	4.5	-0.7	4.8		3.9	
Fresh vegetables	1.0	3.7	-1.5	4.8	-0.5	7.7		6.0	
Final animal output	0.1	2.6	-2.5	2.7	-2.4	62.4		64.2	
Cattle	-0.8	2.5	-2.6	1.7	-3.4	14.3		16.7	
Pigs	0.6	1.0	-4.1	1.5	-3.5	7.3		8.7	
Sheep and goats	3.8	-1.1	-6.0	2.6	-2.4	5.3		5.5	
Poultry	3.2	1.6	-3.4	4.9	-0.3	7.3		5.7	
Milk	-0.7	4.3	-0.9	3.5	-1.6	23.7		21.9	
Final output	0.4	2.5	-2.6	2.9	-2.2	100.0		100.0	
Intermediate consumption	0.1	3.1	-2.0	3.2	-1.9	54.6		52.5	
Gross value added at m.p.	0.8	1.7	-3.3	2.5	-2.6	45.4	100.0	47.5	100.0
Subsidies				34.5	27.7		33.3		1.0
Taxes linked to production				6.6	1.3		1.5		0.9
Depreciation				3.6	-1.6		27.7		24.1
Net value added at f.c.				5.1	-0.2		104.1		75.9
Rent				4.0	-1.1		2.3		1.9
Interest				-0.2	-5.2		8.6		12.2
Net income of total labour				5.8	0.6		93.2		61.8
Compensation of employees				3.5	-1.7		26.5		23.5
Net income of family labour				7.0	1.8		66.7		38.3

The development in the volume of total intermediate consumption goods purchased followed very closely the developments in the purchases of animal feedingstuffs. The volume of animal feedingstuffs purchased followed a cyclical pattern of rises and falls, similar to the production cycles for certain types of animal production. However, the rises in purchases during 1993 and 1994 also appeared to be linked to the policy induced price falls for cereals. Without the increases in these two years, the volume of total intermediate consumption goods purchased would not have returned to the levels at the start of the reference period (there was a slight average increase of +0.1% per year). The purchases of fertilizers and plant protection products increased substantially during the period when there was great expansion in cereal production and oilseeds production. When production receded, so too did purchases of these products. Only in the cases of services and materials and small tools, did prices keep pace with inflation (an average +1.7% and +0.6% per year, respectively). Elsewhere, prices fell sharply and particularly so since 1984 (animal feedingstuffs -3.4% per year in real terms and energy -7.3% per year in real terms).

As a result of the changes to the real value of both final output and intermediate consumption, gross value added at market prices declined steadily (an average -2.6% over the reference period). However, real net value added at factor cost, the basis of Indicator 1) was only slightly down on levels at the beginning of the period (an average -0.2% per year). The main reason for this has been the sharp rise in subsidies (an average +27.7% per year in real terms), firstly in 1983 and then in 1992 with the start of the more recent reform of the CAP, which has been based on a switch away from price support towards more direct payments to producers. Although this latest reform has also seen taxes linked to production falling sharply too, there was an increase over the period as a whole (averaging +1.3% per year). This was because of a steady rise until 1989, resulting to a large degree from the co-responsibility levies for milk and cereals. The decline in depreciation costs when expressed in real terms (-1.6% per year on average) also had a large impact on the change in net value added at factor cost, because it represents about 28% of gross value added at market prices.

Interest payments fell most strongly in the 1990s when interest rates fell to their lowest level over the reference period. With the combination of lower interest payments (an average -5.2% per year in real terms) and to a lesser extent lower rental payments (-1.1% per year in real terms on average), net income of total labour increased (an average +0.6% per year). The persistent decline in the compensation of employees (averaging -1.7% per year in real terms), through about a 30% fall in the volume of hired labour over the reference period, increased the rise in net income of family labour over the period still further (+1.8% per year).

With the Income Indicators defining agricultural incomes per unit of full time labour equivalent (i.e. per AWU), the reason that the level of Indicator 1 rose can be linked directly to the reduction in volume of agricultural labour input (an average -1.7% per year for total labour). The fall in the volume of agricultural labour input has been common throughout the European Union, but the rate of shrinkage in the United Kingdom was much less than almost all other Member States. When the changes to labour input were also considered for the Indicators 2 and 3, so agricultural incomes rose even more sharply (an average +2.2% and +2.8% per year respectively).

6 Comparison of agricultural income levels in the Member States of the European Union

The previous chapters have concentrated on the annual rates of change in agricultural income. This chapter deals with the differences in income levels between the Member States and the relative trends in these levels³⁵.

For this purpose, the parameter chosen is **net value added at factor cost per annual work unit**. Three-year averages have been used ("1994"³⁶ for the comparison of current levels with "1981" and "1985", to provide trends in income levels³⁷) in order to attenuate the short-term effects on income (annual fluctuations in output volumes, agricultural prices and subsidies). The basic data are in nominal value and national currency terms and have been converted into ECU and PPS by using current exchange rates. The use of the PPS brings the purchasing power of the national currencies in the Member States more into line³⁸. To improve comparability, the values for each Member State have been compared with a European Union average. For the first time, data concerning the three new Member States of the European Union (Austria, Finland and Sweden) have been incorporated into this average.

The statistical and methodological reservations expressed below mean that, economically speaking, the data published in this chapter can only be regarded as indicative and limited in value.

- The data refer only to incomes from agricultural activity. It should not be forgotten that for numerous farmers, agricultural income represents only one part of the total or disposable income of their household (see Chapter 7). The relative size of this portion can of course vary from one Member State to another.
- The use of other income indicators, such as net income from the agricultural activity of family labour input per AWU, might show significant changes in the relative position of certain Member States, since the share of rents, interest paid and compensation of employees differs from one country to another. As stated in the introduction, however, the corresponding series do not seem to be sufficiently harmonized as yet.
- Methodological and statistical checking of the Economic Accounts for Agriculture is in hand; this applies to all the items (production, intermediate consumption, distributive transactions, gross fixed capital formation and depreciation) and will probably lead more to amendments in the absolute levels than in annual changes. In particular, it will be seen that the various methods used to calculate depreciation could create systematic bias in income levels.
- The volume of agricultural labour input is measured in annual work units (AWUs); this is justified by the importance of part-time work in agriculture. In spite of the advantages that this concept presents, it should not be forgotten that it does not allow any under-employment in agriculture to be taken into account. In addition, data on the volume of agricultural labour input measured in AWUs are not yet harmonized at the European Union level.

With the above reservations in mind, it is clear that considerable differences in agricultural income per annual work unit exist between the Member States (see graph 6.1 and Table 6.1). It is also evident that the relative levels and the income order of Member States change little according to whether the ECU or PPS is taken as the basis, and have changed only slightly over period "1981" to "1994".

Three Member States of northern Europe (B, DK and NL) are at the top of the agricultural income scale measured by **net value added at factor cost per AWU for "1994" in ECU**, with levels about twice as high as the new European Union average. In France and the United Kingdom agricultural income is also considerably above this average (about +45-55% higher), with Luxembourg and Germany providing a third

³⁵ For Italy (depreciation) and Portugal, more detailed plausibility checks are in hand.

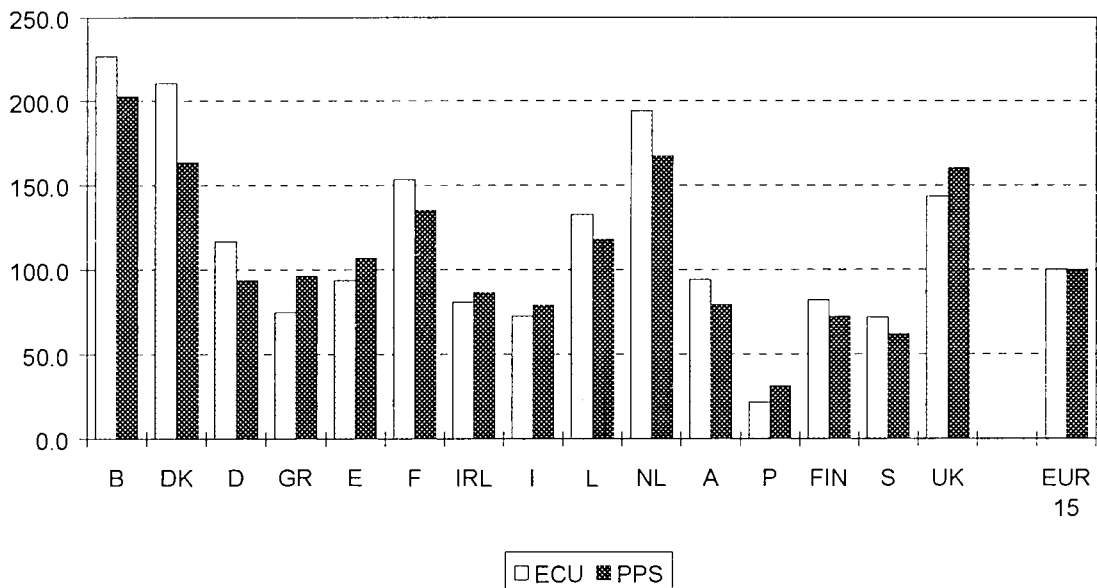
³⁶ "1994" = (1993 + 1994 + 1995)/3.

³⁷ In the averages for "1981" and "1985", the figures for Germany and EUR 12 refer to Germany in its territorial boundaries prior to 3 October 1990. For "1993", the figures for Germany and EUR 12 refer to Germany in its territorial boundaries after 3 October 1990 and therefore include the new "Länder".

³⁸ PPS = purchasing power standard; for the definition, see Eurostat: **Purchasing power parities and real gross domestic product - results for 1985, Luxembourg 1988** (theme 2, series C). In the absence of specific purchasing power parities for the agricultural sector, the ones used are applicable to the whole economy and reflect the general structure of expenditure in each Member State.

tier with agricultural incomes some +15-30% above this average. Agricultural income is clearly below the European Union average in the other Member States; it is about -20% to -30% lower in Finland, Ireland, Greece, Italy and Sweden, and around one-fifth of the average in Portugal. Although direct comparisons between Member States, especially using ECU, should be treated with caution (see the reservations stated above), it can be concluded that the differences in average income received by a person (whether self-employed or employed) for activities in the agricultural branch over a one-year period (after adjustment for subsidies, taxes linked to production and depreciation) may be very substantial, especially in extreme cases (Belgium and Portugal).

Graph 6.1 Indices of net value added at factor cost per annual work unit in "1994", in ECU and PPS (EUR 15 = 100).



The use of PPS for measuring net value added at factor cost per AWU slightly reduces differences in agricultural income between Member States. Income measured in PPS is in fact lower in relative terms than when measured in ECU for almost all Member States above the European Union average (the exception being the United Kingdom, where income in PPS is slightly higher), Denmark and Germany being especially clear-cut cases. For five of the countries below the average in ECU terms (GR, E, IRL, I and P), conversion into PPS results in some improvement in the relative position of income. Although Portugal's relative position improves with the use of PPS (its difference with the countries who have a relatively high agricultural income is slightly reduced as a result), agricultural income in that country remains by far the lowest in the European Union (31% of the average). The three new Member States were the other countries who had agricultural incomes in ECU terms below the European Union average, and for these three, the measure in PPS terms worsened their relative income position.

It has been noted that the order of classification of the Member States according to the level of agricultural income is only moderately changed by conversion into PPS from ECU. Of the more significant moves, Greece moved up four places to eighth, with Spain up to seventh, pushing Germany down to ninth. Additionally Austria and Finland slipped three places, so that only Portugal had a lower agricultural income level than the three new Member States.

For the purpose of reviewing the agricultural income trends of individual Member States relative to the European Union average, the relative positions of net value added at factor cost per AWU have been calculated in ECU and PPS for each Member State (see Table 6.1), taking as a reference the NVAfc per AWU of EUR 15 for each of the years studied ("1981", "1985" and "1994"). The EUR 15 basis has been calculated for the first time thanks to the inclusion of historical data for Austria, Finland and Sweden for all of the period. This lowered the average for the European Union (that was previously a EUR 12 average) by no more than 1.5% in any year.

When comparing the trends in ECU and PPS, it should be borne in mind that currency movements in the period under review can considerably affect the results shown. Additionally, results for a Member State are always relative to the average at the European Union level. Therefore, for example, even if net value added at factor cost per AWU increases in a given year for a given Member State, but does so at a lower rate than the European Union average, the result, *ceteris paribus*, will be a decline in the PPS or ECU level for that year and that Member State. For these reasons, among others, the trends in Indicator 1 may be significantly different from those presented here.

Table 6.1 Indices of net value added at factor cost per annual work unit in "1981", "1985" and "1994", in ECU and PPS (EUR 15 = 100)

	"1981" ECU	"1985" ECU	"1994" ECU		"1981" PPS	"1985" PPS	"1994" PPS
B	233.1	217.4	226.8		208.7	212.2	202.9
DK	207.5	259.7	210.7		158.6	196.0	163.5
D (2)	108.5	108.1	:		92.8	93.7	:
D (3)	:	:	116.7		:	:	93.7
GR	79.7	72.7	74.9		87.3	87.0	96.5
E	72.3	74.9	93.6		84.7	93.0	106.9
F	142.6	138.7	153.4		125.1	125.4	135.1
IRL	66.9	77.6	80.9		62.1	68.6	86.5
I	91.5	91.2	72.7		106.0	94.2	78.9
L	129.1	136.3	132.7		117.8	130.6	117.9
NL	254.4	262.0	194.0		212.9	231.1	167.5
A	68.2	73.5	94.0		76.7	74.5	79.2
P	18.7	18.2	21.6		32.4	32.5	31.1
FIN	82.1	111.2	81.8		72.6	88.0	72.2
S	140.8	117.1	71.8		112.5	94.2	61.7
UK	184.7	164.5	143.2		162.6	160.7	159.9
EUR 12 (2)	100.7	100.2	:		101.1	101.0	:
EUR 12 (3)	:	:	100.9		:	:	101.5
EUR 15 (2)	100.0	100.0	:		100.0	100.0	:
EUR 15 (3)	:	:	100.0		:	:	100.0

(1) With Germany in its territorial boundaries before 03 October 1990.

(2) With Germany in its territorial boundaries after 03 October 1990 i.e. including the five new "Länder".

Comparative analysis of these income developments are restricted here to the PPS measure. The widely disparate development of incomes for 1995 between some Member States has in some cases altered the long-term trends and in others accentuated it. However, it is clear that there have been substantial improvements in Spain, Greece, France and Ireland, and significant declines in Sweden, Italy and the Netherlands. In these cases, this is in line with the trends of agricultural income Indicator 1 recorded for these countries (see Chapter 5). In Spain, the estimates for "1994" put the indices of net value added at factor cost per annual work unit in terms of PPS at its highest level since the start of the period ("1981"). In five other Member States (B, I, L, NL and FIN) the index is at its lowest level over the period.

Among the Member States above the European Union average in "1994", the following, more precise, developments in their relative income levels have been noted:

- Although agricultural income in **Belgium**, when expressed in PPS terms, reached a new low in "1994" relative to the European Union average, it was still the highest among Member States at about twice the average level;
- In the **Netherlands**, it appears that income has decreased markedly and steadily relative to the EU average since it peaked in "1985" at the highest level achieved by any Member State over the whole period (down from 2.3 times greater than the average to 1.7 times greater);

- In **Denmark**, there was a sharp decline in relative income levels from a peak in "1985" through to "1992", but there has been somewhat of a recovery since;
- Stronger increases in agricultural income for the **United Kingdom** than for most other Member States during the last four years has seen relative income improve back towards its peak differential in "1983";
- The progressive rise in the index level for **France** between "1981" and "1991" has been maintained through to "1994";
- The steady rise in the relative agricultural income level for **Luxembourg** through to "1989" has all disappeared because of cumulative falls through to "1994";
- Agricultural income for **Spain** was about 15% lower than the European Union average in "1981", but faster rates of increase than the average for all Member States has seen income move about 7% higher than it in "1994".

Among the Member States which are below the European Union average:

- The relative income situations of **Greece** and **Ireland** have improved considerably over the reference period. Agricultural income in Greece is now close to the European Union average having been 15% to 20% lower at the start of the review period, and in Ireland has narrowed from being 40% lower to 15% lower;
- Agricultural income for **Germany** has remained 5% to 10% lower than the European Union average for most of the period, apart from parity in 1989 and 1990;
- There has been a sharp decline in agricultural income for **Italy** when compared to changes for the European Union as a whole. Incomes that were above average in the early 1980s were just more than 20% below average in "1994".
- Although the three new Member States were outside the European Union for all but the last year of the reference period, and thus subject to separate national agricultural policies, it is clear that agricultural incomes were generally lower than for most of other countries in the European Union. In both **Austria** and **Finland**, agricultural incomes improved relative to the average in the European Union (although still below it) until the start of the 1990s. However, in "1994" incomes were back to about 20% and 25% below the average, as in "1981". In contrast, there has been a dramatic decline in relative income for **Sweden**; 12% above average at the start of the period dropping to 40% below by the end of the period.
- Finally, the relative situation of agricultural income in **Portugal** has not improved. Indeed it has stubbornly remained at about 31% of the European Union average.

7 Total Income of Agricultural Households

7.1 Introduction to TIAH statistics

The Economic Accounts for Agriculture, and hence the income indicators used elsewhere in this publication, give information on the level and development of income arising from the production of agricultural commodities. While this is a central element in the income of the agricultural community, there is now a strong realisation that the economic situation of those households which comprise this community cannot be adequately described using these indicators alone. From the outset of the Common Agricultural Policy there has been recognition of the interaction of agriculture with the rest of the economy, especially the local economy in rural areas. The Farm Structure Survey has established that about one third of farm holders have another gainful activity³⁹, to which when assessing the importance of these links should be added the work of spouses and other members of farmers' households in activities off the holding. The use of farm resources in forms of production that are not strictly agricultural (such as food processing, tourism and for the provision of environmental services) and a more diversified rural economy, with opportunities for farmers and their families to take part in off-farm activities, are encouraged as ways of enabling farmers to cope with the economic situation facing the agricultural sector and with the changes to the CAP that are intended to make production more sensitive to market conditions. When looking at the personal income situation of farm households, to these rewards from economic activity should be added other forms of income, including welfare transfers such as pensions received by elderly farmers (important in some Member States).

Previous Agricultural Income reports have given information about the work that is being undertaken, with the support of the Directorate-General for Agriculture and with the co-operation of Member States, into estimating at aggregate level the disposable incomes of agricultural households, covering their incomes from all sources and the deductions (mainly personal tax and social contributions) that they have to pay.⁴⁰ The results are termed Total Income of Agricultural Households (TIAH) statistics. The purpose of the statistics is to provide information on the composition of the household income of agricultural households, on the way in which income per unit (household, household member, consumer unit) is changing over time, and to enable comparisons to be drawn between the income situation of agricultural households and those belonging to other socio-professional groups in terms of income levels and trends.

In discussion with the Commission's Directorate-General for Agriculture, one of the major users of agricultural data, it has become clear that the TIAH results are seen as providing important background information by which developments in agricultural policy can be monitored and the needs for action can be considered. Other uses can be anticipated in the areas of regional development, social policy and so on. It is recognised that the TIAH results are not appropriate for the detailed management of individual policy programmes. Furthermore, they are complementary to the existing production-branch indicators; there is no suggestion that the new measure should be a substitute for them.

This chapter summarises the main TIAH findings. All Member States, including the three that joined the European Union in January 1995, now supply results, though not yet in a completely harmonized form. These have been published in detailed form in the *Total Income of Agricultural Households: 1995 Report*. This is the latest of a series of special TIAH reports describing the basic data available in Member States, the methods used to estimate disposable income, and analysis of the results on a country-by-country basis⁴¹. A second edition of the Manual giving details of the harmonized methodology agreed and largely

³⁹ The latest survey results from Member States show that the following percentages of holders had another gainful activity: Belgium 19% (1993), Denmark 30% (1993), Germany 44% (1993), Greece 30% (1993), Spain 34% (1993), France 24% (1993), Ireland 33% (1993), Italy 27% (1993), Luxembourg 17% (1993), Netherlands 24% (1993), Portugal 36% (1989), United Kingdom 31% (1993) : EUR 12 30% (1987).

⁴⁰ Close liaison has been maintained with other parts of the Commission which are also concerned, in separate ways, with the income situation of farmers and their households. In particular, this applies to the Directorate-General for Agriculture (DG VI) that co-ordinates the Farm Accountancy Data Network (FADN, or RICA), an annual survey of a sample of farm accounts, and Eurostat's Unit-E2 (Living Conditions) which is co-ordinating the European Community Household Panel (ECHP) survey, an exercise currently being carried out to improve knowledge of incomes and living conditions of households in the European Union (not restricted to agricultural types). These microeconomic projects are potentially complementary to the TIAH statistics.

⁴¹ Hill, Berkeley (1996) *Total Income of Agricultural Households: 1995 Report*. Theme 5 Series E. Luxembourg: Eurostat. 132 pages.

used by Member States was published in 1995⁴², incorporating developments introduced since the first edition appeared in 1990 and making adjustments to accommodate changes that will be necessary in order to bring the TIAH methodology into line with the revised national accounts framework that has been recently adopted by the European Union (the European System of Accounts, ESA 1995).

7.2 Methodological framework

7.2.1 Definition of an agricultural household ("narrow" approach)

An important feature of the TIAH methodology is its definition of an agricultural household. For the purpose of classification, households are allocated to socio-professional groups on the basis of the main source of income of the household's reference person (typically the head of household or the largest contributor to the family budget). This system allows a complete and consistent allocation of households to occupation groups for the purpose of drawing comparisons. Thus an agricultural household is one in which *the main source of income of the household's reference person is from independent activity in agriculture*.⁴³ Some Member States, that cannot at present use an income criterion, depend on the main declared *occupation* of the reference person. In the context of the TIAH statistics, these definitions of an agricultural household are sometimes labelled "narrow", since they exclude those households which operate a holding but where farming is not the main income of the reference person (see below). Of course, when measuring household income, the incomes of all household members are summed, but these additional incomes are not considered at the classification stage. All Member States (except the Netherlands) now use this reference person system in calculating their TIAH results.⁴⁴

To facilitate comparisons with agricultural households, a harmonized list of other socio-professional groups has been developed, drawn up after reviewing the categories currently used in the data sources from which TIAH results are derived.⁴⁵ There appears to be no strong reason why restrictions should be placed *a priori* on the selection of groups with which the incomes of agricultural households may be compared.

7.2.2 Supplementary "broad approach" to defining an agricultural household, and "marginal" households

The prime focus of attention when generating TIAH statistics remains the "narrow" approach to what constitutes an agricultural household. Nevertheless, for some policy purposes it may be desirable to have income results covering all households that derive some income from farming. This was foreseen at the time when development work on TIAH statistics was initiated and provision was made for it, in principle, in the methodology. Under this "broad" approach, an agricultural household is *one in which any household member derives some income from independent activity in agriculture (other than income solely in kind)*. The TIAH Manual allows a degree of flexibility as to the precise ways in which the terms "household" and "income" are interpreted, to reflect national data sources and customs. With the "broad" definition being seen as supplementary to the main methodology, it is not considered as necessary to generate results based on it annually (though Member States may do so if they wish). Occasional estimates are likely to be adequate⁴⁶.

By subtraction it is also possible to throw light on the income situation of those households that satisfy the "broad" definition but fall outside the "narrow" definition. These "marginal" households are ones, therefore, where there is some income from farming but where farming is not the main source of income of the

⁴² Eurostat (1995) *Manual on the Total Income of Agricultural Households (Rev. 1)*. Theme 5 Series E. Luxembourg: Eurostat.

⁴³ Where possible the group of agricultural (farmer) households should not include forestry or fishery households.

⁴⁴ In the Netherlands classification is based on the income composition of the entire household, but the socio-economic characteristics of households with agricultural holdings means that this departure from the harmonized methodology is of little significance, though the extent of this will be monitored regularly.

⁴⁵ The principle categories are (a) employers and own-account workers (main income of reference person from independent activity) subdivided into (i) farmers (ii) others; (b) employees (main income of reference person from dependent activity); (c) others; (d) all households except farmers; (e) all households. Provision is made for a subdivision of (a)(ii), (b) and (c) according to the occupation or type of income received.

⁴⁶ Results generated under the "broad" approach should be interpreted with caution; in some Member States (for example, Greece) it is felt by the national statistical authority that the familial structure makes income figures calculated on this "broad" basis of limited value for casting light on the income situation of the agricultural community.

household's reference person. Their characteristics are particularly pertinent to any attempt to restrict the coverage of policy measures to those households that are mainly engaged in farming.

7.2.3 Definition of income

The primary income definition used in TIAH statistics is *net disposable income*, expressed as an aggregate for the entire households sector or subdivisions of it (agricultural households, other socio-professional groups) and per unit (per household, per household member and per consumer unit). It covers income from all sources (including farming, other independent and dependent activities, property income, social and other transfers) and is calculated after the deduction of current taxes on income and wealth, social contributions and other outward transfers. It corresponds to the definition used in the Distribution of Income Account for the households sector within the European System of Accounts (ESA). Member States are required to provide information on each component leading to disposable income. For some analytical purposes, total income (before deductions) is taken, such as when describing the relative contribution to the total coming from farming and from other activities.

7.3 Main TIAH results

7.3.1 Availability of results

TIAH results are available for all Member States of EUR 15, although countries differ widely in the number of years covered and the degree of disaggregation. At one extreme is Germany, where annual figures based on the TIAH "narrow" definition of an agricultural household are contained in the TIAH database, broken down into socio-professional groups of which agricultural households form one, for the period 1972-93. In addition, German figures using the "broad" definition are calculated for a single year (1983). At the other extreme are countries for which only a single year is currently represented (Ireland (1987) and Luxembourg (1989)) or a larger number where comparable figures for non-agricultural households are not broken down in detail. Among the three Member States that joined the European Union in 1995, results for Finland have already been calculated and partial estimates made for Austria and Sweden. There is a commitment by Member States to expand the number of years for which statistics are available, to apply universally the "minimum" list of socio-professional groups, thereby enabling a more detailed comparison of the incomes of agricultural households, and to make other improvements in the methodology and quality of results.⁴⁷

7.3.2 Main findings

Results on a country-by-country basis are presented in the TIAH 1995 Report. These detailed results and caveats will not be repeated here. Nevertheless, there are some preliminary general findings that are of direct importance to decision-making under the CAP and other European Union policies, a summary which is given in Figure 7.1. Some are based on results from all Member States while others depend on the greater quantity of information available in a minority but which, nevertheless, are likely to be found throughout the European Union.

This chapter enlarges on only five of the possible areas of analysis - the implications of applying the TIAH definition of what constitutes an agricultural household on the numbers of households covered, the composition of the total income of these agricultural households (concentrating on figures for a single year), the relative stability of the income from farming and total income over time, and comparisons of average disposable income between agricultural households and the entire households sector. Finally, attention is given to the income situation of "marginal" households.

⁴⁷ In addition to the results coming from Member States using the agreed methodology, Eurostat has commissioned some studies to explore the implications of adopting alternative definitions of agricultural households, of income averaging etc. from selected Member States with suitable basic data.

Figure 7.1 Preliminary general TIAH findings

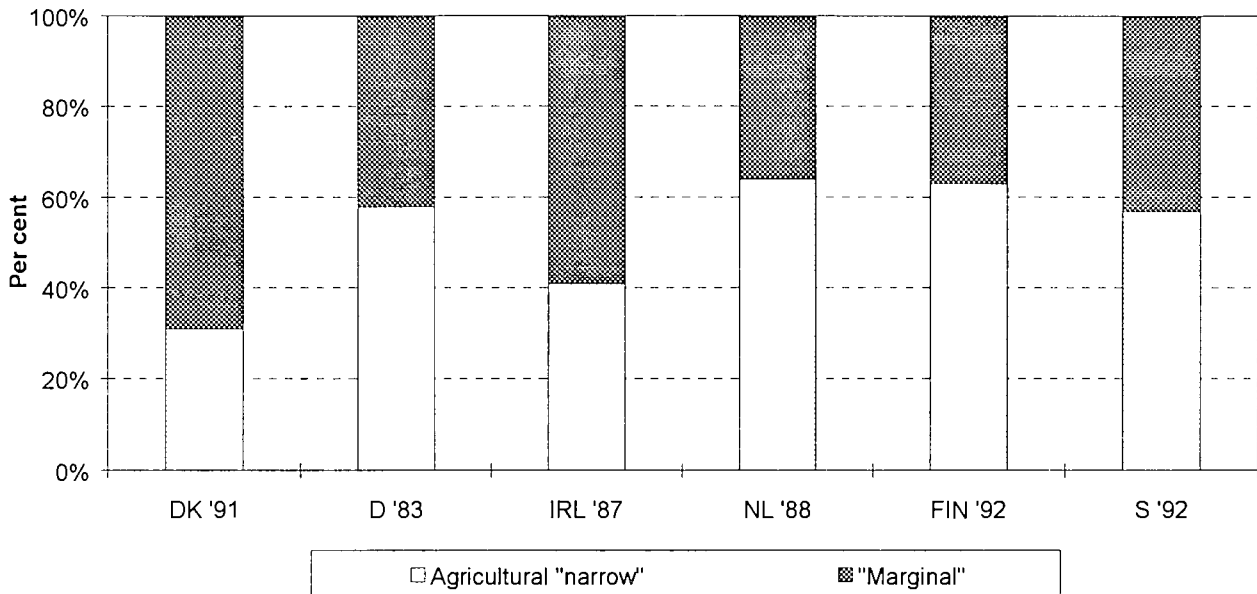
- (a) *The number of agricultural households (where the main income of the reference person comes from farming) is substantially smaller than the number of households where there is some income from farming, and generally smaller than the number of agricultural holdings.*
- (b) *Where data exist over time, absolute numbers of agricultural households have been falling, in some instances very rapidly.*
- (c) *On average, households with an agricultural holding but where farming is **not** the main income source of the reference person appear to derive little income from farming; their average disposable income can be greater or smaller than incomes of agricultural households, depending on the country in question.*
- (d) *Agricultural households ("narrowly" defined) in all countries are recipients of substantial amounts of income from outside agriculture. Though typically about a half to two thirds of the total comes from farming, there are large differences between Member States and some between years.*
- (e) *The total income of agricultural households is more stable than their income from farming alone. Non-agricultural income (taken together) is less variable from year to year than is farming income. Disposable income seems to be less stable than total income, but the relationship between the two depends on a variety of factors, including the way that taxation is levied.*
- (f) *Countries differ in the share of income taken from agricultural households in taxation and other deductions, so the same average total income figure can imply different levels of disposable income in different Member States.*
- (g) *Agricultural households have average disposable incomes per household that are typically close to or higher than the all-households average. The relative position is eroded or reversed when income per household member or per consumer unit is examined.*

7.3.3 Numbers of agricultural households

The number of households that satisfy the TIAH definition of an agricultural household is much smaller, in most countries, than the number of holdings shown in the Farm Structure Survey. For the European Union as a whole, the number of agricultural households is less than half the number of holdings (38% for EUR12 in 1987). In some countries (notably Italy, Spain and Portugal) the number of agricultural households is particularly low in relation to the number of holdings, implying that on two-thirds or more of holdings there are no households whose reference person (head) has farming as the main income source (or occupation). However, the correspondence between holding and household is not exact; while some holdings have no agricultural household, on others (typically large holdings) there may be more than one agricultural household.

A preferable approach is to compare the numbers of households that satisfy the "narrow" definition with those of households where at least one member has **some** income from farming (that is, the "broad" definition). This also reveals the numerical importance of households that are outside the former definition but inside the latter, the "marginal" agricultural households. Only six countries can provide such information at present (Denmark, Germany, Ireland, the Netherlands, Finland and Sweden); numbers of households are presented in Graph 7.1. Caution should be exercised because the figures relate only to single years. In Denmark and Ireland less than half of the households with some income from farming satisfied the TIAH "narrow" definition of an agricultural household (31% and 41% respectively) and even in countries where the percentages were highest (the Netherlands and Finland) less than two-thirds of those covered by the "broad" definition were included. It is clear, then, that numbers of households where farming is the main income source of the reference person cannot be deduced simply and directly from the numbers of holdings nor from the number of households with some self-employment income in agriculture. The income situation of households that fall inside and outside the "narrow" definition will be returned to later.

Graph 7.1 Numbers of agricultural households (TIAH "narrow" definition) and "marginal" agricultural households as a percentage of the total number of households with some income from independent agricultural activity (TIAH "broad" definition)



In countries where TIAH results are available for a run of years, it is clear that the number of agricultural households ("narrow" definition) has been in decline. In Germany the fall was from 349,000 households in 1984 to 267,000 in 1992 (- 23%) against an overall rise (+12%) in the total number of private households. In France agricultural household numbers fell even faster, with a drop of more than a quarter (-27%) in the seven-year period 1984-90 against a background of a 7% increase in the total number of households. In Belgium the fall in agricultural household numbers between 1987 and 1993 was 19% against a rise of 5% in general numbers. In Portugal the drop in agricultural household numbers between 1980 and 1989 was 37%. Interpretations of income movements over time must recognise that the agricultural households group is not of a constant composition but is changing and contracting.⁴⁸

7.3.4 Composition of income

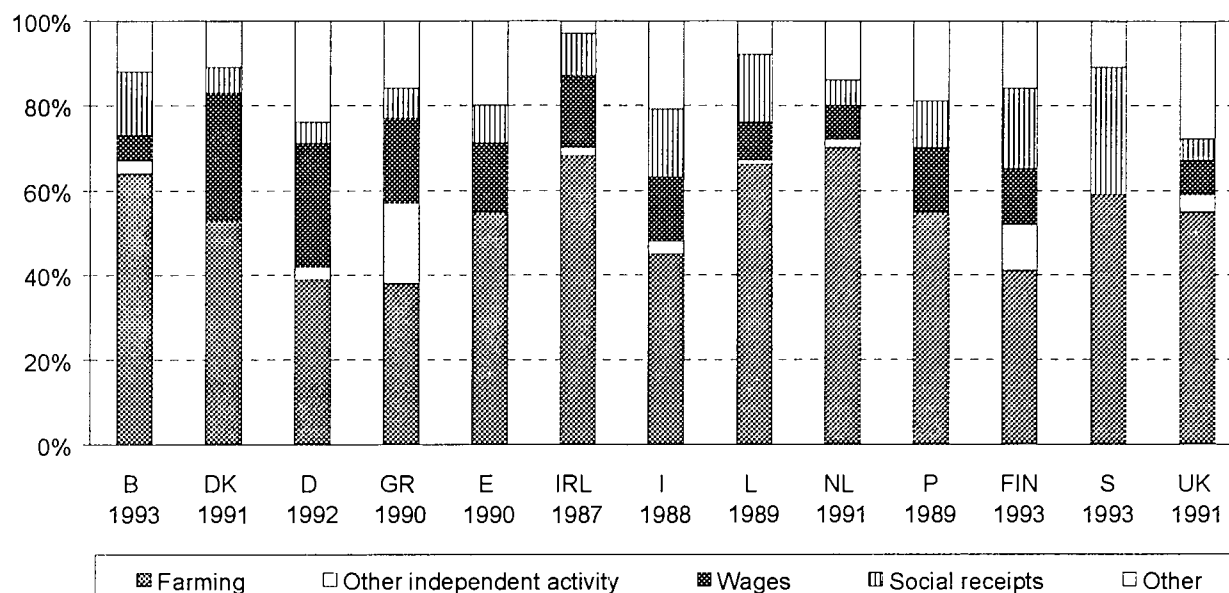
Any consideration of income results must, at this stage, bear in mind that full harmonization in the methodology has not yet been achieved among Member States and that gaps in the data exist. Results should therefore be regarded as indicative and, in the case of some countries, experimental. Nevertheless they show that, in all countries, agricultural households ("narrow" definition) are recipients of substantial amounts of income from outside agriculture. Typically only about a half to two-thirds of the households' total income comes from farming, though there are substantial differences between Member States (see Graph 7.2). In the years shown, countries in which less than half of the total household income came from farming included Germany, Greece, Italy and Finland. At the other end of the spectrum, with more than two thirds coming from farming but still with a substantial minority of their income coming from other sources, were Belgium, Spain, Ireland, Luxembourg and the Netherlands. It follows that the overall income situation of agricultural households cannot be described satisfactorily by taking only income from farming. It should be borne in mind that households where farming is not the main income source of the household's reference person (or, in some Member States, the main occupation of the reference person) have already been excluded from these statistics.

The second most important source of income of agricultural households is usually wages or social receipts, although in the United Kingdom (1991) it is property income. Income from other forms of independent (self-employed) activity, such as operating other (non-agricultural) businesses, is generally unimportant, though

⁴⁸ Over the same periods the declines in the total labour input to agriculture (measured in Annual Work Units) were Germany -26%, France -20%, Belgium -16% and Portugal -30%.

there may be some under-representation because data sources (such as taxation statistics) may not reflect the extent to which other activities are carried out within the framework of what is primarily a farm business.

Graph 7.2 Composition of total personal income of agricultural households by source (selected Member States). Per cent.



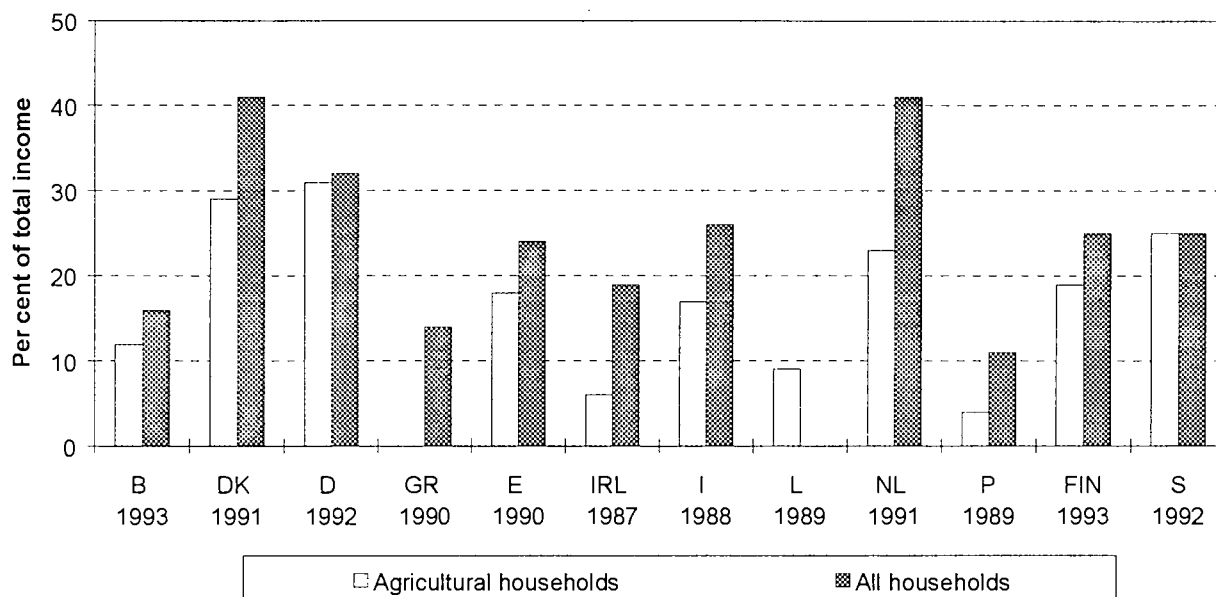
Notes:

- (1) "Other" includes income from property, imputed value of domestic dwelling, and other miscellaneous current transfers.
- (2) Results for the Netherlands and Denmark are based on the household as the unit of classification (rather than the reference person).
- (3) France is omitted because the way in which social contributions are treated invalidates comparisons.
- (4) In the UK, the current data source does not cover households with holdings arranged as corporate businesses, and there are other statistical problems that should preclude direct comparisons with other Member States.
- (5) For Germany, figures for 1992 are taken; although 1993 results are available, they may be subject to substantial revision.
- (6) For Sweden, all income from independent and dependent activity is shown under "farming", no separation currently being possible.

Countries also differ in the amounts of household income taken in taxation and other deductions, so that the same average total income figure can imply different levels of disposable income in different Member States. At one extreme are Denmark and Germany, where more than a quarter is taken, and at the other Portugal and Greece, with less than 5 per cent (see Graph 7.3). These differences reflect national policies on taxation for which there may be a counter-provision of goods and services in the form of social benefits. Consequently the net effect on consumption is impossible to assess without more detailed information.

A consistent finding is that the proportion of total income taken by current taxes and social contributions (together) is lower (often much lower) among agricultural households than among households in general in each country. Among the 12 Member States for which TIAH statistics on this issue are available, the only exception is Sweden, but even here agricultural households pay no more than the all-households average. Again, no firm conclusions can be drawn about the relative burden of taxation in the absence of much more information on the levels and distribution of income and details of the tax regimes applied to income from self-employment in general and agriculture in particular vis-à-vis income from employment and other sources.

Graph 7.3 Percentage of total income taken by taxation and social contributions, agricultural households and all households (selected Member States).



Note: In Greece, among agricultural households less than 1% of total income was taken by these items. See also the notes to Graph 7.2

7.3.5 Stability of income

There is evidence from several countries that total household income is more stable than the income from farming alone. Non-agricultural income (taken all together) is less variable from year to year than is farming income (though this is not a necessary condition for total income to be more stable). Disposable income seems to be less stable than total income; there are a variety of factors for this, including the way that taxation is levied. The main conclusion is that annual changes in agricultural income should not be taken to imply a similar movement in the incomes that agricultural households have at their disposal.

7.3.6 Comparisons of the income of agricultural households with the all-households average

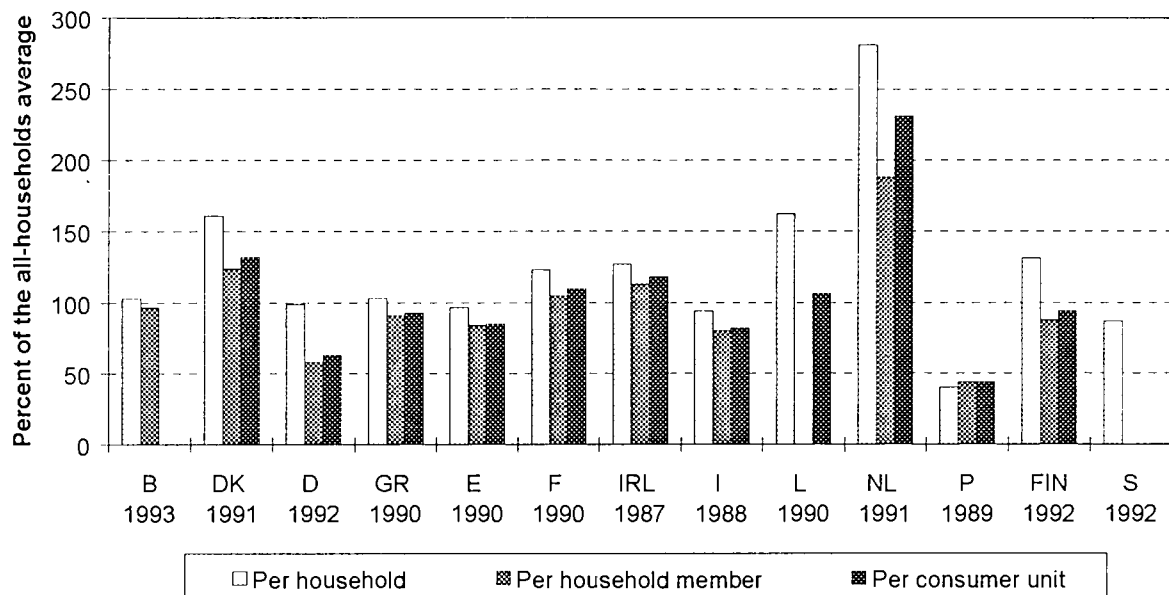
Agricultural households appear to compare favourably with the rest of society in terms of their average disposable incomes (comparisons are not possible for every Member State). Their incomes are typically **close to** or **higher** than the all-households average, with the exception of Portugal where incomes are far lower. However, the relative position is eroded or reversed when income per household member or per consumer unit is examined (Graph 7.4). Nevertheless, on all three measures (per household, per household member and per consumer unit) agricultural households had incomes above the national averages in Denmark, France, Ireland, Luxembourg and (most notably) the Netherlands. Despite this, in most countries where a detailed comparison is possible, agricultural households tended to have lower disposable incomes per household than did households headed by other self-employed reference persons (Denmark, Germany, Spain, France, Italy, Portugal, Finland, Sweden). However, in the Netherlands (1988-91) it appears from the statistics that agricultural households were a particularly high-income group, and in Finland (1992) and Luxembourg (1985, 1990)⁴⁹ their average incomes per household in the years in question were also above those of other self-employed categories.

In investigating whether there is a low income problem, other factors need to be taken into account, including the distribution of incomes around the group mean. It should also be recalled that, despite the stabilizing influence of income from sources other than farming, the relative position of agricultural households can be subject to quite large variations from year to year, so caution must be exercised when considering the results for single years.

⁴⁹ See note (i) to Graph 7.4.

In Germany, for which information extends over several years, the relative disposable income situation of agricultural households seems to have been deteriorating over time. The average disposable income of an agricultural household was above the all-households average in all years from 1972 until 1991, but with a gap that was narrowing. In 1992, their income dipped below the all-households average. In France, a similar decline from 1970 is suggested (though there have been changes in methodology that dictate caution when drawing conclusions). However, in the comparable series from 1984 there was a strong recovery in the relative income position of agricultural households in the last two years for which results are available (1989 and 1990) to a level 23% above the national average, very similar to the position indicated in 1970. These, and other findings, are documented in *Total Income of Agricultural Households: 1995 Report*.

Graph 7.4 Average disposable income of agricultural households relative to the all-household average. Selected Member States.



Notes:

- (i) For Luxembourg, in the absence of a comparison being generated within the TIAH statistics, interim figures taken from a survey of living standards have been substituted.
- (ii) Comparisons for Austria and the United Kingdom are not available.

See also notes for Graph 7.2

7.3.7 Income situation of "marginal" households

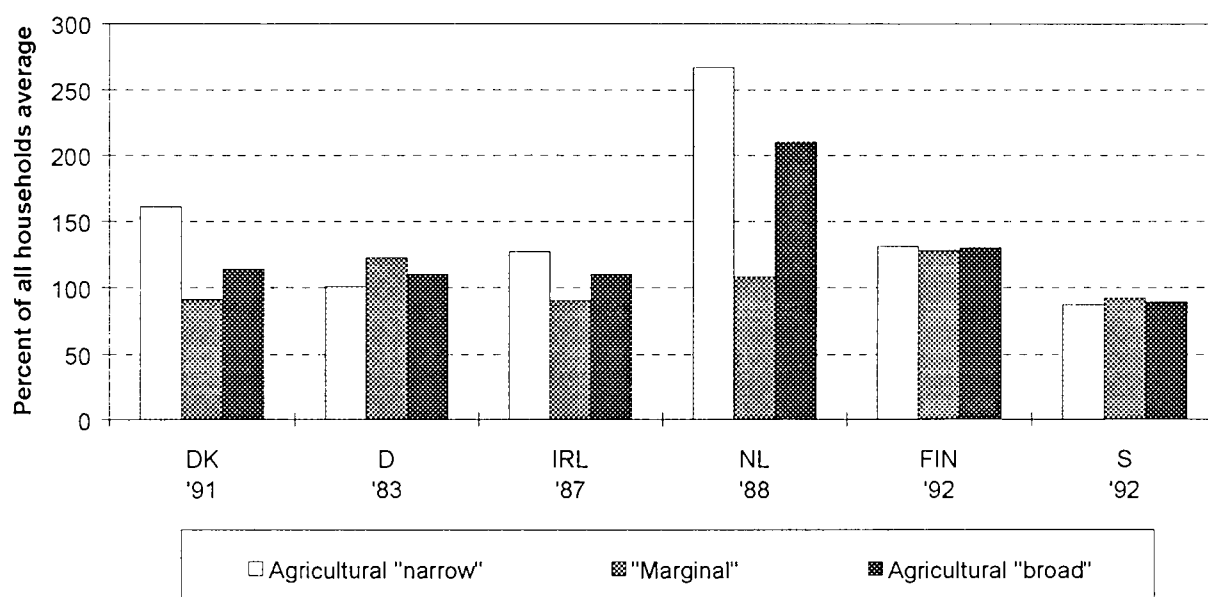
The main focus of attention in the TIAH statistics is the households that satisfy the TIAH "narrow" definition of an agricultural household. However, the numerical importance of "marginal" households (which derive some income from farming but where farming is not the main source of income of the household's reference person), referred to above, requires that their income characteristics be noted. These are based on the few countries that can supply data.

First, the relative income situation of "marginal" households varies between countries (see Graph 7.5). In Denmark, Ireland and the Netherlands, "marginal" households had average disposable incomes substantially lower than those of households that satisfy the TIAH "narrow" definition of an agricultural household. In the first two countries they also appeared to be a relatively low-income group in terms of the national all-households average, though the reasons for low incomes are probably different⁵⁰. In the Netherlands they were above the all-households average. However, "marginal" households appeared to be a relatively high income group in Germany, with an average disposable income per household that was not

⁵⁰ In Ireland the "marginal" group seems to contain large numbers of households where welfare transfers are the main income source. In Denmark, a characteristic of these marginal households is that their head of household (and/or spouse) must work off the farm to help meet the interest payments on loans taken to finance inter-generational land transfers.

only larger than that of agricultural households defined in the "narrow" way but that was also substantially above the all-households average. In Finland and Sweden there was little difference between the groups on a per household basis. Such diversity should prevent any quick assumptions being made about the relative results from using the alternative approaches and points to the need for both "narrow" and "broad" results to be available from each Member State. The differing social, economic and agricultural structures seem likely to require countries to be considered individually, at least until more comprehensive information is available.

Graph 7.5 Average income per household of three types of agricultural household: TIAH "narrow" definition, TIAH "broad" definition, and "marginal" households. Selected Member States.



Second, despite this diversity, a characteristic shared by all the countries from which evidence is available so far is that only a small proportion of the total income of these "marginal" household comes from farming. In Germany only 5% of their income came from farming, in Ireland 14%, in the Netherlands 8% and in Finland 9%. In Denmark these households had no positive income, once interest payments had been met.

Third, compared with their numerical importance among all households that received some income from independent activity in agriculture, "marginal" households were responsible for a much lower share of the aggregate income derived from farming: Germany (1983), 42% of numbers, 5% of farming income; Ireland (1987), 59% of numbers, 19% of farming income; Netherlands (1988) 40% of numbers, 5% of agricultural operating surplus; Finland (1992), 37% of numbers, 11% of farming income. In Denmark they were not associated with a positive post-interest income; though they generated 43% of the aggregate farming income before interest charges were deducted, they faced higher levels of interest per household than agricultural households that satisfied the "narrow" definition.

The accumulating evidence suggests, therefore, that "marginal" households are little dependent on farming for their incomes overall, so that movements in farming income are likely to have only a very minor impact on their livelihoods. Only a small proportion of the total income from derived from operating farming businesses accrues to them. These findings, if supported in other Member States, are of obvious importance to the way in which these households are viewed within the context of the CAP.

ANNEXES

I Notes on methodology

II Detailed tables

I NOTES ON METHODOLOGY

A.1 Income indicators

The estimates of the agricultural income indicators are based on the **Economic Accounts for Agriculture**⁵¹ (EAA), which were established in the framework of the European System of Integrated Economic Accounts (ESA). The three Indicators are derived as follows:

Final output						
Intermediate consumption	Gross value added at market prices		Subsidies			
	Taxes linked to production	Gross value added at factor cost				
		Depreciation	Net value added at factor cost	Deflated, divided by AWU (total labour input)	INDICATOR 1	
			Rents interest	Net income from agricultural activity of total labour input	Deflated, divided by AWU (total labour input)	INDICATOR 2
			Compensation of employees	Net income from agricultural activity of family labour input	Deflated, divided by AWU (family labour input)	INDICATOR 3

The data cover the **branch** "Products of Agriculture and Hunting" which includes all **agricultural output** (defined according to a list of products) resulting from a main or secondary activity, but excludes non-agricultural secondary activities of agricultural holdings. They therefore do not refer to the activity sector "Agriculture", which may be taken to be the total of economic activities of agricultural holdings. Nor are the aggregates and income indicators used in Chapters 2 to 6 of this publication indicative of the total income or disposable income of households engaged in agriculture, since these may receive income from sources other than agriculture (non-agricultural activities, wages or salaries, social benefits, property income) which are only dealt with in Chapter 7 of this report. In other words, **agricultural income** as described and analysed in this report must not be regarded as farmers' income.

It should also be noted that the concept used for assessing production, on which value added and income aggregates naturally depend, is that of **final output**, which in particular results in the exclusion of intra-branch consumption of agricultural products (seeds and animal feedingstuffs produced by the agricultural branch and used directly by it).

This concept of final output, and the income aggregates to which it leads, may differ in some cases from those used in the calculations and estimates made by the Member States for their own purposes. For example, some Member States use the concept of "deliveries", which implies inclusion of the output supplied in the course of the year (either sold or used for own consumption) even if it was produced in a previous year; the income indicator resulting from it therefore measures the income actually received during the year. The concept of final output, by contrast, is used for measuring **income generated by the year's output**, even if the corresponding payments are not received until later in some cases; this result is obtained by summing to sales and own-consumption additions to stocks and own-account produced fixed capital goods, and deducting from them withdrawals from stocks. It should also be noted that the income indicators in this report relate to **calendar years**, which goes some way to explain the substantial differences between these figures and those in a number of national publications, which are based on the

⁵¹ cf. Eurostat: "Manual on Economic Accounts for Agriculture and Forestry", Theme 5, Series E, Luxembourg 1989 (and *Addendum*, 1992), and "Economic Accounts for Agriculture and Forestry" 1989-1994, Theme 5, Series C, Luxembourg 1996.

farm year. Other variances may result from a different list of the deductions operated on the value of output in order to calculate income.

Finally, since harmonization of the absolute values of income indicators is not yet completed between Member States, the data and analyses of this report are mainly expressions of **annual changes**.

A.2 Agricultural labour input

The volume of labour input or rates of change in it are calculated in **annual work units (AWUs)** to reflect the role of part-time and seasonal work in agriculture. An AWU is equivalent to the time worked by one person employed full-time in agricultural activities on a holding over a whole year⁵². A distinction is made between family AWUs (the holder and members of his family working on the holding) and non-family AWUs (paid workers not belonging to the holder's family), the two added together constituting the total AWUs.

The data published and used in this report for calculating agricultural income indicators are based on the trend in the number of AWUs used in absolute values. Harmonization of time series at European Union level is not yet quite complete, especially as far as the definition of an AWU in hours worked per year is concerned. Furthermore, for some Member States the results have been estimated partly or totally by Eurostat in the absence of complete national data⁵³.

A.3 Aggregation of European Union data

Indices and rates of change for the European Union as a whole (EUR 15, unless otherwise stated) can be calculated as weighted averages of national indices or rates of change, or calculated directly from European Union aggregates resulting from conversion of national data into ECUs (or PPSs). In both cases, a base year has to be chosen: the one used for establishing the different countries' share in the calculation of European Union averages, or the one taken for the rates of change used for calculating aggregates.

In this report, the calculations for the short-term (changes in 1995 compared with 1994) and long-term (trends from 1980 to 1995) sections are based on slightly different methods and on different base years.

For the **short-term section** (Chapters 2 and 3, and Tables A.4 to A.8 of Annex II), the rates of change of the volumes and nominal or real values of the European Union for 1995 compared with 1994 have been calculated as **weighted averages** of the corresponding rates of change estimated in the Member States. The weighted coefficients have been calculated from **EAA data for 1994**, converted into ECUs at **1994 exchange rates**; clearly, these coefficients are specific to each item. Rates of change of nominal or real prices have been deduced from those of values and volumes. All in all, this method, which is based on 1994, appears the most logical for short-term analysis and the most consistent with that used in the Member States for calculating rates of change in volumes and prices in 1995 for mixed product groups.

For the **long-term section** (Chapters 4 and 5, and Tables A.8 et seq. of Annex II), income indices and rates of change of volumes and values for the European Union have been calculated from **European Union aggregates expressed in ECUs at constant 1990 exchange rates**; for real values, **the deflators are also based on 1990 = 100**. The indices and rates of change of prices are deduced from the corresponding values and volumes. This method based on 1990 appears the most logical one for describing and analysing trends for the whole of the period 1980-1995. For consistency, the EAA uses 1990 constant prices in the calculation of indices and changes in the volume and price for each Member State. It should also be noted that indices (especially the three agricultural income indicators) are expressed as base "1990" = 100⁵⁴.

A.4 Calculation of deflated series

For each Member State, **indices and changes in the prices and values in real terms** of different products, aggregates and indicators are obtained by deflating the corresponding nominal figures with the **implicit price index of gross domestic product at market prices**. For long-term series, use is made of the GDP price index with base 1990 = 100. For short-term changes (1995 compared with 1994), forecasts of

⁵² cf. Eurostat: "Structure of Holdings - Community Survey Methodology", Theme 5, Series E, Luxembourg 1986 (p. 21).

⁵³ The countries concerned are Denmark (1973-1980), Ireland (1973-1990) and Portugal (1973-1978 respectively).

⁵⁴ It should be recalled that "1990" throughout this report means (1989+1990+1991)/3, an operation aimed at choosing a base year which is hardly affected by short-term fluctuations.

this index for 1995 were supplied by the Commission's Directorate-General for Economic and Financial Affairs (DG II).

There are a number of important points in favour of using this deflator, such as its reliability and comparability. The GDP implicit price index is an indicator of trends in the general level of prices of all goods produced and all services rendered in an economy. The price index of national final "uses" could also be used as a deflator. Unlike the GDP price index, it also directly takes account of the effect of external trade and thus reacts faster and less ambiguously to price changes for imports (e.g. energy price changes). However, to ensure comparability with other Commission publications, it was decided not to introduce a new deflator.

Real values for the European Union as a whole are calculated by deflating each Member State's nominal figures (at current prices) with the GDP implicit price index of the country concerned and converting the results into ECUs (at 1990 exchange rates for the long-term and 1994 exchange rates for the short-term as indicated above). The results are then added together to give real values for the European Union. These aggregates, in real terms, are used for calculating indices and rates of change for EUR 15 and therefore there is never any explicit application of a "European Union deflator". In particular, it is the European Union income aggregates in this deflated form expressed in 1990 ECUs, that are set against the number of annual work units in the European Union as a whole in order to calculate the trend of income indicators since 1973 for EUR 11 and since 1980 for EUR 15. As an example, the following algorithm is used to calculate Indicator 1 for the European Union :

$$IND1_{EU,t} = \frac{\sum_i \frac{NVA_{i,t}}{PGDP_{i,t} \times ER_{i,90}}}{\sum_i TLI_{i,t}}$$

where: IND 1=Indicator 1 (in ECUs per AWU);

NVA=Net Value Added at factor cost for agriculture (in national currency);

PGDP=Implicit Price index of Gross Domestic Product at market prices (1990=100);

ER=Exchange Rate (1ECU = ...N.C.);

TLI=Total Labour Input of agriculture (in AWU's);

i=Member State (B...UK);

t=Year (1973...1995).

Finally, it should be noted that this method renders unnecessary the calculation of a deflator for the European Union as a whole and therefore none is given in this publication. However, it should be noted that the "average rate of inflation for the European Union" which could be derived from the above-mentioned real values (a rate which would in fact differ according to the product or aggregate chosen for calculating it) would not correspond to the figures in the Commission's other publications for the average change in the implicit price index of gross domestic product in the European Union (as this rate of change is generally calculated from each Member State's share in the European Union's GDP expressed in PPS).

II DETAILED TABLES

Table A.1

Share of gross value added at market prices of agriculture in gross domestic product at market prices (in %) (1)

	1973	1980	1985	1990	1994
B	3.6	2.1	2.1	1.8	1.5
DK	5.6	4.1	4.2	3.5	2.5
D	2.5	1.6	1.4	1.1	0.9
GR	16.9	14.7	14.4	10.8	9.8
E	9.0	6.1	5.3	4.1	3.0
F	6.1	3.8	3.4	2.9	2.0
IRL	15.8	10.2	8.3	7.0	5.4
I	7.2	5.5	4.2	3.0	2.7
L	3.5	2.1	2.2	1.7	1.1
NL	4.9	3.3	3.9	3.8	3.2
A	:	3.1	2.6	2.4	1.8
P	:	7.3	5.9	4.1	2.4
FIN	:	3.7	3.4	2.6	1.9
S	:	1.7	1.5	1.1	0.7
UK	2.4	1.8	1.4	1.2	0.9
EUR12	:	3.4	3.0	2.4	1.8
EUR15	:	3.3	2.9	2.4	1.8

(1) From 1991 onwards, with Germany in its boundaries after 3 October 1990.

Table A.2

Agricultural employment (1) as a share of total employment (in %) (2)

	1973	1980	1985	1987	1988	1989	1990	1991	1992	1993	1994
B	4.0	3.1	3.1	2.9	2.8	2.7	2.7	2.6	2.5	2.5	2.9
DK	9.4	8.0	7.0	6.3	6.0	5.6	5.6	5.4	5.4	5.4	5.0
D	7.2	5.2	4.5	4.1	3.9	3.7	3.5	3.3	3.1	3.0	3.3
GR	:	28.7	27.5	25.7	25.3	24.1	22.8	21.1	20.8	20.3	20.8
E	23.6	18.6	17.7	14.7	14.0	12.7	11.5	10.4	9.9	9.9	9.9
F	10.9	8.3	7.0	6.5	6.2	5.8	5.5	5.3	5.1	4.9	5.2
IRL	23.9	18.1	15.8	15.0	15.1	14.9	14.9	13.7	13.4	12.6	12.5
I	17.8	13.9	10.9	10.2	9.6	9.1	8.6	8.3	8.0	7.4	7.7
L	8.0	5.5	4.3	3.9	3.7	3.5	3.3	3.1	3.0	3.0	3.0
NL	6.0	4.8	4.8	4.8	4.7	4.6	4.5	4.5	3.8	3.8	3.9
A	:	:	:	:	:	:	:	:	:	:	:
P	:	28.0	22.4	21.2	20.6	18.8	17.7	17.4	11.4	11.5	11.8
FIN	:	:	:	:	:	:	:	:	:	:	:
S	:	:	:	:	:	:	:	:	:	:	:
UK	3.0	2.7	2.5	2.4	2.4	2.2	2.2	2.3	2.2	2.2	2.1
EUR 12	:	9.4	8.2	7.5	7.2	6.7	6.3	6.1	5.7	5.4	5.2
EUR 15	:	:	:	:	:	:	:	:	:	:	:

(1) Including Forestry and Fishing.

(2) From 1991 onwards, with Germany in its boundaries after 3 October 1990.

Table A.3

Economic accounts for agriculture in 1994
at current prices and current exchange rates (mio Ecu)

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
+ Final crop output	2868	1858	12278	6102	13182	21813	511	19340	35	7918	1629	1569	951	931	6641	94113	97626
Cereals	235	759	2787	554	1439	5776	126	2404	8	172	388	153	371	312	2354	16767	17839
Potatoes	404	104	1061	292	758	861	-	495	3	1002	97	231	107	108	846	6059	6371
Sugarbeet	278	138	1234	111	418	1223	-	572	-	297	136	-	78	85	396	4667	4967
Industrial crops	31	83	741	1600	520	1152	-	576	1	14	79	25	56	60	322	5065	5260
Oilseeds and oleaginous fruit (excluding olives)	4	83	599	6	227	935	-	254	1	8	70	13	56	60	299	2429	2615
Fresh vegetables	1037	114	1129	1106	3538	3031	137	4759	2	1957	179	433	118	119	1401	18642	19057
Fresh fruit (with citrus fruit, tropical fruit and grapes)	349	30	1806	972	3250	1643	14	3819	4	272	227	212	33	24	301	12672	12957
Grape must and wine	-	-	1148	140	625	5561	-	2509	18	-	267	292	-	-	-	10292	10559
Olive oil	-	-	-	788	1186	-	-	1177	-	-	-	92	-	-	-	3243	3243
Flowers and ornamentals	263	340	1359	150	530	876	-	1856	-	3283	121	-	111	145	472	9129	9505
+ Final animal output	3981	4479	19174	2620	9558	22128	3796	12571	149	8888	3164	1687	2318	2369	11308	100339	108189
Animals	2872	2871	9925	1265	6882	13623	2301	8137	65	4887	1870	1136	977	1164	6384	60349	64360
Cattle (including calves)	1273	534	4344	246	1871	6827	1616	3219	49	1759	829	267	425	417	2614	24619	26291
Pigs	1258	2015	4507	235	2523	2872	252	2115	14	2404	858	412	454	500	1273	19879	21690
Sheep and goats	7	4	113	525	1116	468	212	230	-	64	26	121	5	9	987	3848	3889
Poultry	263	163	836	233	1068	2964	142	1825	0	612	148	274	77	88	1343	9724	10036
Animal products	1109	1608	9249	1354	2676	8505	1495	4434	84	4001	1294	551	1365	1205	4924	39989	43853
Milk	909	1528	8088	1118	1931	7662	1454	3594	82	3506	1084	431	1095	1093	4266	34569	37841
Eggs	171	77	1058	180	648	742	28	313	2	419	124	108	101	103	570	4816	5143
= Final output	6864	6337	31470	8722	22727	43917	4307	32332	185	16807	4793	3352	3269	3300	17949	194968	206330
Seeds and seedlings	248	108	776	82	301	2064	58	441	3	512	62	-	35	126	393	4986	5209
Energy and lubricants	314	213	2956	645	804	1680	218	1241	7	826	263	195	176	251	638	9737	10427
Fertilizers and soil improvers	215	251	1432	179	795	2434	312	927	11	261	153	-	280	181	887	7704	8319
Plant protection products and pharmaceutical products	234	146	818	209	737	2422	145	670	4	177	103	314	80	78	736	6613	6873
Feedingstuffs	1673	1529	4744	642	4505	7272	826	4560	22	3599	402	846	563	662	4137	34357	35984
Materials and small tools, maintenance and repairs	387	661	3011	300	1581	2209	147	-	10	1058	360	61	203	500	1815	11242	12304
Services	312	395	3261	57	593	2709	129	770	20	1169	53	92	287	321	1169	10676	11337
- Intermediate consumption	3893	3303	17395	2286	10334	21321	1968	9104	81	7871	1863	1771	1715	2119	9977	89304	95001

Table A.3 (continued)

Economic accounts for agriculture in 1994
at current prices and current exchange rates (mio Ecu)

		B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
=	Gross value added at market prices	2971	3034	14075	6436	12393	22596	2339	23228	104	8936	2930	1580	1554	1181	7972	105664	111329
+	Subsidies	353	640	5448	1437	3707	6804	844	3539	29	310	726	517	935	346	2658	26284	28291
-	Taxes linked to production	51	113	584	253	105	1124	40	422	1	502	126	6	26	12	122	3322	3486
=	Gross value added at factor cost	3273	3561	18939	7620	15994	28276	3143	26346	132	8744	3531	2091	2463	1514	10508	128626	136134
-	Depreciation	582	901	6729	380	1956	4659	452	8090	38	2259	1400	263	734	674	2257	28567	31375
=	Net value added at factor cost	2691	2659	12210	7240	14038	23617	2691	18256	94	6483	2130	1829	1730	841	8251	100058	104759
-	Rent and other payments in cash or in kind	139	135	1387	258	743	1418	1	216	10	243	108	39	51	83	192	4782	5023
-	Interest	483	1116	2084	451	1190	2061	199	1471	12	1182	171	322	265	424	690	11261	12121
=	Net income from agricultural activity of total labour input	2070	1408	8739	6530	12105	20137	2491	16568	73	5058	1852	1467	1414	333	7369	84015	87615
-	Compensation of employees	239	441	-	433	2199	4303	225	6956	6	1441	323	363	307	234	2195	-	-
=	Net income from agricultural activity of family labour input	1830	967	-	6097	9906	15834	2266	9613	66	3618	1529	1104	1107	99	5174	-	-

Table A.4

Percentage change in volume of 1995 over 1994

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
+ Final crop output	2.1	4.5	3.5	-0.8	-10.6	2.1	11.4	-1.5	-3.8	1.2	-2.3	0.1	-2.8	1.9	1.4	-0.5	-0.5
Cereals	2.4	15.0	16.9	-6.7	-43.4	1.1	27.4	-0.8	15.8	16.6	-10.3	-14.9	-4.2	2.4	10.8	1.6	1.2
Potatoes	16.1	-2.0	11.9	5.4	3.4	9.6	-	-5.0	34.4	2.4	15.7	7.9	0.0	3.2	-3.3	5.0	5.1
Sugarbeet	1.3	-2.0	7.5	11.2	-9.4	4.4	-	3.2	-	2.3	11.3	-	0.9	6.2	-1.4	3.0	3.2
Industrial crops	-0.7	-5.0	-6.2	2.8	-22.8	18.7	-	-2.1	27.2	-2.2	-7.2	-8.4	18.5	4.9	-1.6	1.4	1.5
Oilseeds and oleaginous fruit (excluding olives)	-4.2	-5.0	-6.3	-4.3	-41.6	22.2	-	7.9	27.2	-7.5	-6.3	-30.0	18.5	4.9	-1.4	3.4	3.5
Fresh vegetables	-1.7	-10.0	1.7	-1.0	-3.8	-2.2	2.1	-5.3	3.2	3.5	5.0	1.0	-9.5	0.0	-6.8	-2.7	-2.6
Fresh fruit (with citrus fruit, tropical fruit and grapes)	1.9	-10.0	-15.6	-11.8	-6.8	5.3	1.0	-1.3	-36.0	3.6	8.9	-5.6	41.7	0.0	-5.1	-4.7	-4.3
Grape must and wine	-	-	-2.1	14.8	-5.1	1.9	-	-5.1	-14.5	-	-16.5	11.0	-	-	-	-0.3	-0.7
Olive oil	-	-	-	0.5	-12.3	-	-	13.0	-	-	-	-8.0	-	-	-	0.1	0.1
Flowers and ornamentals	-1.0	0.0	-4.3	0.0	0.0	-1.5	-	0.5	-	-0.3	-10.8	-	-12.4	0.0	3.9	-0.6	-0.9
+ Final animal output	1.2	-0.4	1.5	-0.5	2.7	1.1	2.9	0.8	6.6	1.2	-2.2	0.8	-1.3	1.1	-0.6	1.1	0.9
Animals	1.5	-1.3	-0.8	-1.8	3.2	1.5	4.4	1.1	13.0	-0.1	-5.9	0.0	-4.6	3.1	0.4	0.9	0.7
Cattle (including calves)	-2.1	-2.9	-1.7	-4.9	4.6	0.4	5.6	2.7	16.3	-3.4	-12.1	10.0	-9.0	7.2	0.2	0.6	0.1
Pigs	2.8	-0.9	-0.2	1.2	2.0	3.0	4.0	1.0	1.8	0.0	-1.0	-4.0	-0.7	0.5	-4.6	0.5	0.4
Sheep and goats	-18.5	0.0	0.4	0.3	2.0	-1.0	-3.4	-1.2	-	0.0	3.8	-6.0	0.0	7.1	0.3	0.1	0.1
Poultry	12.7	0.0	1.9	-6.4	4.6	3.0	4.2	-1.0	14.3	7.6	-1.5	-1.0	9.0	6.0	6.0	2.9	2.9
Animal products	0.5	1.0	4.0	0.7	1.5	0.6	0.4	0.2	1.7	2.8	5.1	2.6	1.5	-0.9	-2.1	1.3	1.4
Milk	1.2	1.1	4.4	0.9	1.1	0.4	0.4	0.2	1.8	2.8	7.2	5.0	-0.9	-1.5	-2.4	1.4	1.4
Eggs	-3.1	4.1	-1.7	-0.9	3.1	2.0	0.8	0.8	1.2	3.5	-5.0	-7.0	2.9	4.9	-0.9	0.5	0.5
= Final output	1.4	1.0	2.2	-0.7	-5.0	1.6	3.9	-0.6	4.3	1.2	-2.2	0.2	-1.7	1.3	0.2	0.3	0.2
Seeds and seedlings	0.0	0.0	1.0	2.6	-0.7	2.7	2.3	1.6	1.5	-15.0	-1.8	-	1.8	4.6	-0.7	-0.2	0.0
Energy and lubricants	0.0	0.0	-0.8	2.1	-0.7	0.0	1.7	1.2	0.2	-1.5	6.3	0.8	1.9	3.6	0.4	-0.1	0.2
Fertilizers and soil improvers	0.0	0.0	1.0	3.5	-7.6	6.0	5.5	-2.5	-1.5	3.0	-2.5	-	8.6	-14.6	-2.1	1.2	1.0
Plant protection products and pharmaceutical products	0.0	-10.0	4.5	2.4	4.3	8.9	3.4	1.9	0.4	-2.0	0.2	0.0	0.6	1.8	6.8	4.7	4.5
Feedingstuffs	3.0	0.0	-0.9	-2.7	4.7	1.0	-1.3	-1.8	-1.0	-2.9	19.8	-1.0	6.8	-1.9	-0.1	0.2	0.5
Materials and small tools, maintenance and repairs	0.0	-5.0	0.3	-0.6	-2.6	0.0	8.1	-	-0.9	0.0	-3.3	0.0	-1.1	-1.1	-0.6	-0.6	-0.7
Services	0.0	-5.0	0.8	-0.7	5.8	1.0	1.4	0.5	0.4	0.0	-12.2	1.4	-1.3	3.5	-1.5	0.5	0.5
- Intermediate consumption	1.3	-2.1	0.2	0.4	1.7	2.5	2.5	-0.7	0.7	-2.5	1.3	0.0	3.4	-1.3	-0.1	0.6	0.6

Table A.5

Percentage change in nominal prices of 1995 over 1994

		B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
+	Final crop output	-9.2	-0.8	2.2	2.6	10.3	2.2	0.8	9.0	-0.7	-5.2	-19.9	6.7	-33.2	9.9	12.9	4.4	3.7
	Cereals	-0.9	-6.0	-5.6	4.3	9.4	3.6	16.5	10.9	-5.0	-4.9	-46.1	0.5	-46.1	6.8	4.9	2.8	1.0
	Potatoes	-20.0	10.0	22.5	6.3	-3.6	-16.4	-	-10.5	-19.8	-18.7	-48.7	5.5	-17.8	41.7	57.1	4.1	3.5
	Sugarbeet	-2.8	0.0	-3.0	8.2	6.8	-3.5	-	8.0	-	-6.0	-20.8	-	-31.8	47.4	6.7	0.0	-0.3
	Industrial crops	0.2	-15.0	-10.6	-23.9	3.0	-6.3	-	5.3	-10.5	-42.0	-7.2	-7.3	-57.9	-29.1	-0.9	-10.4	-11.2
	Oilseeds and oleaginous fruit (excluding olives)	1.5	-15.0	-10.5	15.4	9.0	-5.9	-	5.3	-10.5	-42.0	-6.3	-20.0	-57.9	-29.1	-0.1	-4.6	-6.5
	Fresh vegetables	-14.2	20.0	-2.0	23.6	-3.3	0.7	-3.6	10.9	7.0	-10.1	-25.0	-10.4	-22.7	0.0	15.5	2.5	2.1
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	-3.7	-10.0	10.0	8.2	21.8	-0.1	1.2	11.5	54.3	0.6	1.1	8.5	-18.0	0.0	8.8	11.1	10.5
	Grape must and wine	-	-	16.0	12.5	38.9	7.3	-	15.0	-2.0	-	1.1	35.0	-	-	-	12.8	12.5
	Olive oil	-	-	-	11.4	23.7	-	-	9.0	-	-	-	13.0	-	-	-	14.4	14.4
	Flowers and ornamentals	-2.0	2.0	0.0	13.8	9.1	2.8	-	-1.5	-	-1.2	-10.8	-	-1.6	0.0	-8.6	-0.2	-0.3
+	Final animal output	-3.4	0.7	-0.7	4.7	0.7	-1.6	1.2	3.8	-0.9	-0.6	-24.0	0.4	-38.9	-5.6	5.6	0.7	-0.9
	Animals	-5.3	3.6	-0.8	6.4	0.8	-2.3	-1.1	4.6	-1.8	0.2	-18.4	1.7	-46.0	-8.3	3.8	0.5	-0.8
	Cattle (including calves)	-15.2	-10.4	-6.7	2.9	-7.5	-6.2	-2.4	5.1	-3.6	-6.2	-16.4	-8.0	-40.3	-8.2	1.1	-4.3	-5.2
	Pigs	5.2	6.2	5.5	9.5	12.7	6.1	11.9	13.5	3.9	7.3	-19.5	11.0	-52.2	-10.9	20.6	8.8	6.0
	Sheep and goats	-1.8	0.0	-2.0	6.7	2.6	-3.4	-5.8	-0.7	-	0.3	-3.0	-2.4	-49.9	-3.9	1.6	1.2	1.1
	Poultry	-11.6	-5.8	-4.5	6.0	-13.0	-2.8	-2.9	-5.2	1.8	-9.0	-27.2	1.0	-49.5	-4.1	-4.2	-5.2	-5.8
	Animal products	1.7	-4.1	-0.6	3.2	0.4	-0.4	5.0	2.2	0.0	-1.5	-31.2	-2.3	-33.8	-2.9	8.1	1.0	-1.1
	Milk	2.8	-4.0	-0.1	2.5	3.3	0.2	5.2	2.8	0.0	-1.2	-33.0	-1.0	-35.2	-1.9	10.2	1.8	-0.4
	Eggs	-4.6	-12.3	-6.0	6.9	-8.1	-6.4	-5.0	-0.6	-0.6	-3.9	-21.2	-8.4	-69.4	-12.6	-5.3	-4.8	-6.6
=	Final output	-5.6	0.3	0.5	3.2	6.0	0.3	1.2	6.9	-0.8	-2.7	-22.7	3.5	-37.2	-1.2	8.3	2.5	1.3
	Seeds and seedlings	1.0	0.2	4.2	11.0	13.1	10.9	12.5	8.5	0.2	20.0	0.0	-	-26.9	-1.2	4.4	9.3	8.7
	Energy and lubricants	-3.0	-1.2	-1.6	1.7	5.9	-1.0	0.3	13.8	0.4	4.8	-4.0	0.9	-10.9	3.8	0.9	2.1	1.8
	Fertilizers and soil improvers	2.0	2.0	9.5	10.6	6.4	7.4	8.9	15.1	2.4	16.5	5.5	-	-30.2	26.3	11.1	9.1	7.9
	Plant protection products and pharmaceutical products	-0.1	0.0	-4.0	11.0	1.0	0.5	2.2	3.9	3.4	0.5	-8.0	-0.7	-18.6	11.5	-0.9	0.5	0.2
	Feedingstuffs	-4.0	-5.0	-3.5	2.7	-0.5	-0.6	-1.6	7.3	-1.5	-2.4	-24.9	0.4	-28.0	-2.0	2.3	-0.1	-0.9
	Materials and small tools, maintenance and repairs	1.0	5.0	3.8	8.7	10.4	4.0	3.8	-	2.0	2.0	3.3	7.9	-14.5	6.5	5.5	5.0	4.7
	Services	2.0	5.0	4.5	3.9	0.4	3.0	2.7	5.7	1.1	2.0	3.4	4.0	-8.4	2.4	1.0	3.2	2.9
-	Intermediate consumption	-1.6	-0.6	1.1	5.4	3.1	2.5	2.3	8.6	0.4	1.6	-4.4	0.8	-20.9	4.6	3.2	2.7	2.1

Table A.6

Percentage change in real prices of 1995 over 1994

		B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
+	Final crop output	-11.2	-3.1	0.1	-6.1	5.3	0.2	-1.2	4.8	-3.8	-7.0	-21.9	1.2	-35.5	5.8	10.4	1.1	0.4
	Cereals	-3.0	-8.2	-7.5	-4.5	4.4	1.6	14.2	6.6	-7.9	-6.8	-47.5	-4.7	-48.0	2.8	2.5	0.0	-1.7
	Potatoes	-21.7	7.4	20.0	-2.7	-8.0	-18.0	-	-13.9	-22.3	-20.3	-50.0	0.1	-20.7	36.3	53.6	1.0	0.4
	Sugarbeet	-4.9	-2.4	-5.0	-1.0	1.9	-5.4	-	3.8	-	-7.8	-22.8	-	-34.2	41.9	4.3	-2.7	-3.0
	Industrial crops	-2.0	-17.0	-12.4	-30.4	-1.7	-8.1	-	1.3	-13.3	-43.2	-9.6	-12.0	-59.4	-31.7	-3.1	-14.2	-14.9
	Oilseeds and oleaginous fruit (excluding olives)	-0.7	-17.0	-12.3	5.6	4.0	-7.7	-	1.3	-13.3	-43.1	-8.7	-24.1	-59.4	-31.7	-2.4	-7.0	-8.9
	Fresh vegetables	-16.1	17.2	-4.0	13.1	-7.7	-1.3	-5.5	6.6	3.7	-11.9	-26.9	-15.0	-25.4	-3.8	12.9	-1.1	-1.5
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	-5.7	-12.1	7.7	-1.0	16.2	-2.1	-0.8	7.2	49.5	-1.4	-1.5	2.9	-20.8	-3.8	6.3	6.9	6.6
	Grape must and wine	-	-	13.6	3.0	32.5	5.2	-	10.6	-5.0	-	-1.5	28.1	-	-	-	9.6	9.4
	Olive oil	-	-	-	1.9	18.0	-	-	4.8	-	-	-	7.2	-	-	-	8.4	8.4
	Flowers and ornamentals	-4.1	-0.4	-2.0	4.1	4.1	0.8	-	-5.3	-	-3.1	-13.1	-	-5.0	-3.8	-10.7	-2.8	-3.0
+	Final animal output	-5.5	-1.7	-2.7	-4.2	-3.9	-3.5	-0.8	-0.2	-4.0	-2.5	-25.9	-4.7	-41.0	-9.2	3.2	-2.1	-3.7
	Animals	-7.4	1.2	-2.9	-2.7	-3.8	-4.2	-3.0	0.6	-4.9	-1.8	-20.5	-3.5	-47.9	-11.7	1.5	-2.3	-3.6
	Cattle (including calves)	-17.0	-12.5	-8.6	-5.9	-11.8	-8.0	-4.3	1.1	-6.6	-8.0	-18.5	-12.7	-42.4	-11.6	-1.2	-6.8	-7.7
	Pigs	3.0	3.7	3.3	0.2	7.5	4.1	9.7	9.1	0.7	5.2	-21.5	5.3	-53.9	-14.2	17.9	5.8	3.0
	Sheep and goats	-3.9	-2.3	-4.0	-2.3	-2.1	-5.2	-7.6	-4.5	-	-1.7	-5.5	-7.4	-51.6	-7.5	-0.7	-2.8	-2.9
	Poultry	-13.5	-8.0	-6.5	-3.0	-17.0	-4.7	-4.8	-8.8	-1.4	-10.8	-29.0	-4.2	-51.3	-7.7	-6.4	-7.9	-8.5
	Animal products	-0.5	-6.3	-2.7	-5.6	-4.2	-2.4	2.9	-1.7	-3.1	-3.4	-32.9	-7.3	-36.1	-6.5	5.7	-1.7	-3.8
	Milk	0.6	-6.3	-2.2	-6.2	-1.4	-1.8	3.1	-1.2	-3.1	-3.1	-34.7	-6.1	-37.5	-5.6	7.7	-0.9	-3.1
	Eggs	-6.7	-14.4	-7.9	-2.2	-12.3	-8.2	-6.9	-4.4	-3.7	-5.7	-23.2	-13.1	-70.5	-15.8	-7.5	-7.7	-9.5
=	Final output	-7.7	-2.1	-1.6	-5.5	1.1	-1.7	-0.8	2.8	-3.9	-4.6	-24.7	-1.8	-39.4	-4.9	5.8	-0.6	-1.8
	Seeds and seedlings	-1.2	-2.1	2.1	1.5	8.0	8.7	10.3	4.3	-2.9	17.6	-2.5	-	-29.4	-4.9	2.1	6.6	6.0
	Energy and lubricants	-5.1	-3.5	-3.6	-6.9	1.0	-2.9	-1.7	9.4	-2.7	2.7	-6.4	-4.3	-14.0	-0.1	-1.4	-1.0	-1.3
	Fertilizers and soil improvers	-0.2	-0.4	7.2	1.2	1.5	5.3	6.8	10.7	-0.8	14.2	2.8	-	-32.6	21.6	8.6	6.2	5.0
	Plant protection products and pharmaceutical products	-2.2	-2.3	-6.0	1.5	-3.6	-1.4	0.2	-0.1	0.2	-1.5	-10.3	-5.8	-21.4	7.3	-3.2	-4.5	-4.3
	Feedingstuffs	-6.1	-7.2	-5.5	-6.1	-5.1	-2.6	-3.5	3.2	-4.6	-4.3	-26.8	-4.7	-30.5	-5.7	0.0	-2.9	-3.8
	Materials and small tools, maintenance and repairs	-1.2	2.5	1.7	-0.5	5.3	2.0	1.8	-	-1.2	0.0	0.7	2.4	-17.5	2.5	3.1	2.2	1.9
	Services	-0.2	2.5	2.3	-4.9	-4.2	1.0	0.7	1.6	-2.0	0.0	0.8	-1.3	-11.6	-1.5	-1.3	0.7	0.4
-	Intermediate consumption	-3.7	-2.9	-1.0	-3.6	-1.6	0.5	0.3	4.4	-2.7	-0.4	-6.8	-4.4	-23.6	0.7	0.9	-0.2	-0.7

Table A.7

Percentage change in nominal value of 1995 over 1994

		B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
+	Final crop output	-7.3	3.7	5.8	1.8	-1.4	4.4	12.3	7.4	-4.5	-4.0	-22.4	6.8	-35.0	12.0	14.5	3.9	3.2
	Cereals	1.4	8.1	10.3	-2.6	-38.0	4.7	48.4	10.0	10.0	10.9	-50.7	-14.5	-48.4	9.4	16.3	4.5	2.2
	Potatoes	-7.1	7.8	37.1	12.0	-0.3	-8.3	-	-15.0	7.8	-16.7	-41.4	13.8	-17.8	46.2	51.9	9.3	8.7
	Sugarbeet	-1.6	-2.0	4.2	20.3	-3.2	0.7	-	11.5	-	-3.8	-11.9	-	-31.2	56.4	5.2	3.0	2.9
	Industrial crops	-0.5	-19.2	-16.1	-21.7	-20.5	11.2	-	3.1	13.9	-43.3	-13.9	-15.2	-50.1	-25.6	-2.5	-9.1	-9.8
	Oilseeds and oleaginous fruit (excluding olives)	-2.8	-19.2	-16.1	10.4	-36.4	15.0	-	13.6	13.9	-46.3	-12.2	-44.0	-50.1	-25.6	-1.5	-1.4	-3.3
	Fresh vegetables	-15.7	8.0	-0.3	22.3	-7.0	-1.6	-1.5	5.0	10.5	-7.0	-22.6	-9.4	-30.0	0.0	7.7	-0.2	-0.6
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	-1.8	-19.0	-7.2	-4.6	13.5	5.2	2.2	10.0	-1.3	4.2	12.0	2.4	16.2	0.0	3.2	5.9	6.0
	Grape must and wine	-	-	13.5	29.2	31.8	9.3	-	9.1	-16.2	-	-15.6	49.9	-	-	-	12.5	11.8
	Olive oil	-	-	-	11.9	8.5	-	-	23.2	-	-	-	4.0	-	-	-	14.5	14.5
	Flowers and ornamentals	-3.0	2.0	-4.3	13.8	9.1	1.3	-	-1.0	-	-1.5	-20.5	-	-13.8	0.0	-5.1	-0.8	-1.2
+	Final animal output	-2.2	0.3	0.8	4.2	3.4	-0.5	4.1	4.6	5.7	0.6	-24.2	1.2	-39.7	-4.6	5.0	1.8	0.0
	Animals	-4.0	2.3	-1.6	4.5	4.0	-0.9	3.3	5.8	10.9	0.1	-23.0	1.7	-48.5	-5.4	4.3	1.4	-0.2
	Cattle (including calves)	-16.9	-13.0	-8.2	-2.2	-3.3	-5.8	3.1	7.9	12.4	-9.4	-25.0	1.2	-45.7	-1.5	1.2	-3.8	-5.1
	Pigs	8.2	5.2	5.2	10.8	15.0	9.3	16.4	14.6	5.8	7.3	-21.0	6.6	-52.5	-10.4	15.4	9.4	6.4
	Sheep and goats	-20.0	0.0	-1.6	7.0	4.7	-4.3	-9.0	-1.9	-	0.3	0.6	-8.3	-49.9	3.0	1.8	1.3	1.2
	Poultry	-0.4	-5.8	-2.7	-0.8	-9.0	0.1	1.2	-6.1	16.3	-2.1	-28.7	0.0	-45.0	1.6	1.5	-2.4	-3.1
	Animal products	2.2	-3.2	3.4	3.9	2.0	0.1	5.4	2.4	1.7	1.3	-26.0	0.2	-32.9	-3.8	5.9	2.3	0.2
	Milk	4.0	-2.9	4.3	3.5	4.4	0.6	5.6	3.0	1.7	1.6	-28.2	4.0	-35.7	-3.4	7.6	3.2	1.0
	Eggs	-7.6	-8.6	-7.6	5.9	-5.3	-4.5	-4.2	0.2	0.7	-0.5	-25.2	-14.8	-68.5	-8.3	-6.2	-4.4	-6.2
=	Final output	-4.3	1.3	2.7	2.5	0.7	1.9	5.1	6.3	3.5	-1.6	-23.6	3.7	-38.3	0.1	8.5	2.8	1.5
	Seeds and seedlings	1.0	0.2	5.3	13.8	12.3	13.8	15.1	10.2	1.7	2.0	-1.8	-	-25.6	3.4	3.7	9.1	8.6
	Energy and lubricants	-3.0	-1.2	-2.4	3.8	5.2	-1.0	2.1	15.2	0.6	3.2	2.0	1.7	-9.3	7.6	1.3	2.0	2.0
	Fertilizers and soil improvers	2.0	2.0	10.6	14.5	-1.8	13.8	14.8	12.2	0.9	20.0	2.9	-	-24.1	7.9	8.8	10.4	9.0
	Plant protection products and pharmaceutical products	-0.1	-10.0	0.3	13.6	5.3	9.5	0.8	5.9	3.9	-1.5	-7.8	-0.7	-18.2	13.5	5.7	5.6	5.2
	Feedingstuffs	-1.1	-5.0	-4.4	-0.1	4.2	0.4	-2.9	5.4	-2.5	-5.2	-10.0	-0.6	-23.1	-3.8	2.3	0.1	-0.5
	Materials and small tools, maintenance and repairs	1.0	-0.2	4.1	8.1	7.5	4.0	12.3	-	1.1	2.0	-0.1	7.9	-15.4	5.3	4.9	4.4	4.0
	Services	2.0	-0.2	5.3	3.2	6.2	4.0	4.1	6.2	1.5	2.0	-9.2	5.5	-9.6	6.0	-0.6	3.8	3.4
-	Intermediate consumption	-0.3	-2.8	1.3	5.7	4.8	5.1	4.9	7.8	1.0	-0.9	-3.2	0.8	-18.2	3.2	3.1	3.2	2.7

Table A.7 (continued)

Percentage change in nominal value of 1995 over 1994

		B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
=	Gross value added at market prices	-9.6	5.7	4.4	1.3	-2.8	-1.1	5.3	5.7	5.4	-2.2	-36.6	7.0	-60.5	-5.5	15.2	2.4	0.4
+	Subsidies	13.5	21.9	-3.1	43.8	18.1	13.2	11.6	16.0	7.6	-3.1	150.8	10.1	83.3	89.0	14.2	12.6	19.4
-	Taxes linked to production	0.6	0.0	-5.5	9.3	3.0	-6.9	14.8	5.0	-0.3	6.5	0.2	3.7	-79.9	289.6	28.1	0.3	0.7
=	Gross value added at factor cost	-7.3	8.8	2.6	9.1	2.0	2.6	6.9	7.1	5.9	-2.7	0.6	7.7	-5.8	13.7	14.8	4.6	4.4
-	Depreciation	2.0	0.4	1.0	10.1	9.2	1.0	4.8	4.8	1.5	1.0	0.3	8.4	-6.5	3.0	5.9	3.3	2.9
=	Net value added at factor cost	-9.3	11.7	3.4	9.0	1.0	2.9	7.2	8.1	7.7	-4.0	0.8	7.6	-5.5	22.3	17.2	4.9	4.8
-	Rent and other payments in cash or in kind	1.0	0.0	5.2	6.0	7.1	-1.0	0.0	3.9	2.6	6.0	0.0	-0.4	11.8	4.3	1.4	3.2	3.3
-	Interest	1.0	-0.2	1.8	7.7	-0.5	-7.8	4.5	16.3	-0.9	5.0	0.0	-6.9	-3.0	-1.2	11.1	2.4	2.1
=	Net income from agricultural activity of total labour input	-12.3	22.2	3.5	9.2	0.7	4.3	7.4	7.4	9.8	-6.6	1.0	11.0	-6.5	56.8	18.2	5.4	5.3
-	Compensation of employees	1.0	-2.0	-	8.0	8.1	1.4	2.0	1.3	7.6	3.5	2.5	4.2	2.6	-0.2	0.7	-	-
=	Net income from agricultural activity of family labour input	-14.1	33.2	-	9.3	-0.9	5.0	8.0	11.9	10.0	-10.7	0.6	13.3	-9.1	191.2	25.6	-	-

Table A.8

Percentage change in real value of 1995 over 1994

		B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
+	Final crop output	-9.3	1.2	3.6	-6.9	-5.9	2.3	10.1	3.3	-7.5	-5.9	-24.4	1.3	-37.3	7.8	11.9	0.6	-0.1
	Cereals	-0.7	5.6	8.1	-10.9	-40.9	2.7	45.4	5.8	6.6	8.7	-52.0	-18.9	-50.2	5.3	13.7	1.6	-0.5
	Potatoes	-9.1	5.2	34.3	2.5	-4.9	-10.1	-	-18.3	4.5	-18.4	-42.8	8.0	-20.7	40.7	48.5	6.1	5.5
	Sugarbeet	-3.7	-4.3	2.1	10.1	-7.6	-1.2	-	7.2	-	-5.7	-14.1	-	-33.6	50.6	2.8	0.2	0.1
	Industrial crops	-2.7	-21.1	-17.8	-28.4	-24.1	9.0	-	-0.9	10.3	-44.4	-16.1	-19.5	-51.9	-28.4	-4.7	-13.0	-13.6
	Oilseeds and oleaginous fruit (excluding olives)	-4.9	-21.1	-17.8	1.0	-39.3	12.7	-	9.2	10.3	-47.4	-14.4	-46.9	-51.9	-28.4	-3.7	-3.8	-5.7
	Fresh vegetables	-17.5	5.5	-2.4	11.9	-11.2	-3.5	-3.4	1.0	7.1	-8.8	-24.6	-14.1	-32.4	-3.8	5.2	-3.7	-4.1
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	-3.9	-20.9	-9.1	-12.7	8.3	3.1	0.2	5.8	-4.4	2.2	9.2	-2.9	12.2	-3.8	0.9	1.9	2.0
	Grape must and wine	-	-	11.2	18.2	25.8	7.2	-	4.9	-18.8	-	-17.7	42.2	-	-	-	9.3	8.6
	Olive oil	-	-	-	2.4	3.5	-	-	18.5	-	-	-	-1.4	-	-	-	8.5	8.5
	Flowers and ornamentals	-5.1	-0.4	-6.3	4.1	4.1	-0.7	-	-4.8	-	-3.4	-22.5	-	-16.8	-3.8	-7.2	-3.4	-3.8
+	Final animal output	-4.4	-2.0	-1.3	-4.7	-1.3	-2.4	2.1	0.6	2.4	-1.4	-26.1	-4.0	-41.8	-8.2	2.6	-1.0	-2.8
	Animals	-6.0	-0.1	-3.6	-4.4	-0.8	-2.8	1.3	1.7	7.5	-1.9	-25.0	-3.5	-50.3	-9.0	1.9	-1.4	-3.0
	Cattle (including calves)	-18.7	-15.1	-10.1	-10.5	-7.7	-7.6	1.1	3.8	8.9	-11.1	-26.9	-4.0	-47.6	-5.2	-1.1	-6.3	-7.6
	Pigs	5.9	2.8	3.1	1.3	9.7	7.2	14.1	10.2	2.5	5.2	-23.0	1.1	-54.2	-13.8	12.8	6.4	3.5
	Sheep and goats	-21.7	-2.3	-3.6	-2.1	-0.1	-6.2	-10.8	-5.7	-	-1.7	-2.0	-13.0	-51.6	-0.9	-0.4	-2.7	-2.8
	Poultry	-2.5	-8.1	-4.7	-9.2	-13.2	-1.9	-0.8	-9.7	12.7	-4.0	-30.5	-5.1	-46.9	-2.2	-0.7	-5.2	-5.9
	Animal products	0.0	-5.4	1.2	-4.9	-2.7	-1.8	3.3	-1.5	-1.5	-0.7	-27.8	-4.9	-35.2	-7.4	3.5	-0.4	-2.5
	Milk	1.8	-5.2	2.1	-5.4	-0.4	-1.4	3.5	-1.0	-1.4	-0.4	-30.0	-1.4	-38.0	-7.0	5.2	0.4	-1.8
	Eggs	-9.6	-10.8	-9.5	-3.1	-9.7	-6.4	-6.1	-3.7	-2.4	-2.5	-27.1	-19.2	-69.6	-11.7	-8.3	-7.3	-9.1
=	Final output	-6.4	-1.1	0.6	-6.2	-4.0	-0.1	3.0	2.2	0.3	-3.5	-25.5	-1.6	-40.5	-3.7	6.1	-0.3	-1.5
	Seeds and seedlings	-1.2	-2.1	3.1	4.1	7.2	11.6	12.8	6.0	-1.4	0.0	-4.3	-	-28.2	-0.5	1.3	6.5	5.9
	Energy and lubricants	-5.1	-3.6	-4.4	-5.0	0.4	-2.9	0.1	10.8	-2.5	1.2	-0.6	-3.5	-12.4	3.6	-1.0	-1.0	-1.1
	Fertilizers and soil improvers	-0.2	-0.4	8.3	4.7	-6.3	11.6	12.5	7.9	-2.3	17.6	0.3	-	-26.8	3.8	6.3	7.4	6.1
	Plant protection products and pharmaceutical products	-2.2	-12.1	-1.7	3.9	0.5	7.4	-1.2	1.8	0.6	-3.4	-10.1	-5.8	-21.0	9.3	3.3	0.0	0.0
	Feedingstuffs	-3.2	-7.2	-6.3	-8.6	-0.6	-1.6	-4.8	1.3	-5.5	-7.1	-12.3	-5.7	-25.8	-7.5	0.0	-2.8	-3.3
	Materials and small tools, maintenance and repairs	-1.2	-2.6	2.0	-1.1	2.6	2.0	10.1	-	-2.1	0.0	-2.6	2.4	-18.4	1.4	2.6	1.6	1.2
	Services	-0.2	-2.6	3.2	-5.6	1.3	2.0	2.1	2.1	-1.6	0.0	-11.5	0.1	-12.8	2.0	-2.8	1.3	0.9
-	Intermediate consumption	-2.5	-5.0	-0.8	-3.3	0.0	3.0	2.8	3.7	-2.1	-2.8	-5.6	-4.4	-21.1	-0.6	0.8	0.4	-0.1

Table A.8 (continued)

Percentage change in real value of 1995 over 1994

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR 12	EUR 15
= Gross value added at market prices	-11.5	3.2	2.3	-7.3	-7.3	-3.0	3.2	1.6	2.1	-4.1	-38.2	1.5	-61.9	-9.0	12.6	-0.8	-2.7
+ Subsidies	11.1	19.1	-5.1	31.5	12.7	11.0	9.4	11.5	4.3	-5.0	144.5	4.5	76.9	81.9	11.6	9.0	15.6
- Taxes linked to production	-1.6	-2.3	-7.5	0.0	-1.7	-8.7	12.5	0.9	-3.4	4.4	-2.3	-1.6	-80.6	275.0	25.2	-2.6	-2.2
= Gross value added at factor cost	-9.3	6.3	0.5	-0.2	-2.7	0.6	4.8	3.0	2.6	-4.6	-1.9	2.2	-9.0	9.5	12.2	1.2	1.0
- Depreciation	-0.2	-2.0	-1.1	0.7	4.2	-1.0	2.7	0.7	-1.6	-0.9	-2.3	2.9	-9.7	-0.9	3.6	0.3	-0.1
= Net value added at factor cost	-11.2	9.0	1.3	-0.3	-3.7	0.9	5.1	4.0	4.4	-5.9	-1.7	2.1	-8.8	17.8	14.6	1.5	1.4
- Rent and other payments in cash or in kind	-1.2	-2.3	3.1	-3.0	2.2	-2.9	-2.0	-0.1	-0.5	3.9	-2.5	-5.5	7.9	0.4	-0.9	0.2	0.2
- Interest	-1.2	-2.6	-0.2	-1.5	-5.1	-9.6	2.4	11.8	-4.0	2.9	-2.5	-11.7	-6.4	-4.9	8.6	-0.6	-0.9
= Net income from agricultural activity of total labour input	-14.2	19.3	1.4	-0.1	-3.9	2.2	5.3	3.3	6.4	-8.5	-1.6	5.3	-9.8	50.9	15.6	1.8	1.8
- Compensation of employees	-1.2	-4.3	-	-1.2	3.1	-0.6	0.0	-2.6	4.2	1.5	-0.1	-1.1	-1.0	-4.0	-1.5	-	-
= Net income from agricultural activity of family labour input	-15.9	30.1	-	0.0	-5.4	3.0	5.9	7.6	6.6	-12.4	-1.9	7.5	-12.2	180.3	22.8	-	-

Table A.9

Belgique / Belgie

**Major components of the calculation of indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	55.6	39.3	141.2	158.5	89.1
1974	48.1	44.3	108.6	152.4	71.3
1975	54.1	49.6	108.8	145.9	74.6
1976	65.2	53.4	122.0	138.8	88.0
1977	55.8	57.4	97.2	132.8	73.2
1978	60.7	59.9	101.2	128.5	78.9
1979	57.3	62.6	91.3	127.9	71.4
1980	60.4	65.0	92.8	122.9	75.5
1981	67.5	68.1	99.0	119.5	82.9
1982	74.6	72.9	102.2	117.2	87.3
1983	84.4	76.9	109.6	116.3	94.2
1984	85.0	80.9	104.9	115.6	90.8
1985	83.9	85.9	97.6	112.8	86.5
1986	83.2	89.2	93.2	111.4	83.7
1987	78.0	91.2	85.4	108.0	79.1
1988	83.0	92.9	89.2	104.5	85.4
1989	106.0	97.1	109.0	102.1	106.8
1990	97.1	100.1	96.9	100.2	96.8
1991	96.9	102.8	94.1	97.7	96.4
1992	92.3	106.3	86.8	93.6	92.8
1993	90.5	110.6	81.7	91.2	89.6
1994	98.0	113.5	86.2	88.9	97.1
1995	88.9	116.0	76.6	86.2	88.8
% 95/94	-9.3	2.2	-11.2	-3.0	-8.5

(1) AWU : Annual Work Unit

Table A.10

Danmark

**Major components of the calculation of indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	38.2	29.5	129.4	186.7	69.3
1974	39.2	33.3	117.4	173.8	67.6
1975	35.1	37.5	93.5	165.9	56.4
1976	38.4	40.9	93.8	160.7	58.4
1977	47.1	44.8	105.2	154.3	68.2
1978	54.2	49.2	110.1	148.4	74.2
1979	48.6	52.9	91.7	142.4	64.4
1980	54.2	57.3	94.5	135.7	69.7
1981	65.2	63.0	103.4	129.6	79.9
1982	84.2	69.7	120.7	122.0	99.0
1983	75.8	75.0	101.0	120.7	83.7
1984	103.7	79.4	130.3	117.5	111.0
1985	96.5	82.7	116.6	113.2	103.0
1986	102.4	86.4	118.3	109.2	108.4
1987	82.0	90.5	90.5	104.9	86.3
1988	84.3	93.6	90.0	99.0	90.9
1989	104.8	97.5	107.3	101.4	105.9
1990	99.9	100.1	99.7	101.1	98.7
1991	95.3	102.3	93.0	97.6	95.4
1992	89.8	104.4	85.9	95.5	90.0
1993	88.3	105.5	83.6	94.7	88.3
1994	99.0	108.0	91.6	89.4	102.6
1995	110.6	110.6	99.9	86.9	115.1
% 95/94	11.7	2.4	9.0	-2.8	12.2

(1) AWU : Annual Work Unit

Table A.11

Deutschland

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100 with the exception of (2))**

	Nominal net value added at factor cost		Implicit price index of gross domestic product at market prices		Real net value added at factor cost		Total labour input in AWU (3)		Real net value added at factor cost per AWU	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
1973	94.3	:	54.7	:	171.9	:	174.9	:	98.5	:
1974	82.6	:	58.6	:	140.6	:	167.6	:	84.1	:
1975	96.8	:	61.9	:	155.9	:	163.4	:	95.7	:
1976	101.6	:	64.2	:	157.9	:	159.4	:	99.3	:
1977	95.9	:	66.5	:	143.7	:	152.7	:	94.3	:
1978	93.8	:	69.4	:	134.8	:	146.4	:	92.3	:
1979	82.9	:	72.0	:	114.8	:	139.5	:	82.5	:
1980	75.9	:	75.6	:	100.1	:	136.4	:	73.6	:
1981	78.7	:	78.7	:	99.6	:	134.6	:	74.2	:
1982	97.8	:	82.2	:	118.5	:	131.4	:	90.5	:
1983	79.4	:	84.9	:	93.2	:	125.3	:	74.6	:
1984	91.4	:	86.7	:	105.1	:	123.3	:	85.5	:
1985	83.7	:	88.5	:	94.3	:	121.6	:	77.8	:
1986	96.5	:	91.3	:	105.4	:	119.8	:	88.2	:
1987	77.1	:	93.0	:	82.6	:	112.7	:	73.5	:
1988	95.3	:	94.4	:	100.6	:	110.9	:	91.0	:
1989	110.9	:	96.7	:	114.4	:	104.2	:	110.0	:
1990	97.8	103.1	99.7	98.1	97.8	105.0	100.7	108.9	97.4	96.1
1991	91.3	96.9	103.6	101.9	87.9	95.0	95.1	91.1	92.6	103.9
1992	95.8	99.6	108.2	107.5	88.3	92.5	91.3	76.5	97.0	120.5
1993	:	84.9	111.6	111.6	:	76.0	87.2	71.1	:	106.5
1994	:	87.6	113.9	114.2	:	76.6	:	66.4	:	114.9
1995	:	90.6	:	116.6	:	77.6	:	62.5	:	123.9
% 95/94	:	3.4	:	2.1	:	1.3	:	-6.0	:	7.8

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

(3) AWU : Annual Work Unit

Table A.12

Ellada

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	6.0	6.7	89.5	150.8	59.0
1974	6.9	8.1	85.1	147.5	57.4
1975	7.7	9.1	84.9	144.3	58.5
1976	9.4	10.5	90.1	141.2	63.4
1977	10.0	11.9	84.6	138.1	60.9
1978	12.5	13.4	93.6	135.0	68.9
1979	13.8	15.9	86.7	132.1	65.2
1980	18.0	18.7	96.5	129.2	74.3
1981	22.4	22.4	100.0	126.3	78.7
1982	28.4	28.0	101.5	124.8	80.8
1983	30.5	33.4	91.5	123.9	73.4
1984	39.9	40.1	99.6	124.0	79.8
1985	48.9	47.2	103.6	125.8	81.8
1986	54.8	55.5	98.9	121.3	81.0
1987	59.6	63.4	94.1	114.7	81.5
1988	70.1	73.3	95.7	115.0	82.8
1989	86.8	82.4	105.3	104.1	100.6
1990	88.5	99.6	88.8	103.9	85.0
1991	124.8	118.0	105.8	92.0	114.4
1992	124.0	134.7	92.1	94.3	97.2
1993	132.1	153.0	86.4	95.0	90.4
1994	154.9	169.7	91.3	92.0	98.7
1995	168.9	185.5	91.1	89.9	100.7
% 95/94	9.0	9.3	-0.3	-2.2	2.0

(1) AWU : Annual Work Unit

Table A.13

Espana

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	19.7	13.0	151.1	232.3	65.0
1974	19.0	15.1	125.3	224.6	55.8
1975	23.1	17.7	130.9	208.6	62.7
1976	26.6	20.6	129.1	192.4	67.1
1977	34.7	25.4	136.7	179.3	76.2
1978	41.1	30.6	134.1	173.7	77.1
1979	41.0	35.8	114.4	162.4	70.4
1980	46.3	40.6	114.0	149.6	76.2
1981	42.0	45.7	91.9	136.1	67.4
1982	53.3	52.1	102.2	131.1	77.9
1983	58.6	58.2	100.7	129.5	77.7
1984	67.9	65.0	104.5	122.8	85.0
1985	72.2	70.0	103.1	119.0	86.6
1986	72.5	77.7	93.2	114.6	81.3
1987	79.0	82.2	96.0	111.5	86.1
1988	93.2	86.9	107.2	109.0	98.3
1989	93.7	93.1	100.6	104.1	96.6
1990	102.7	99.9	102.7	100.7	101.9
1991	103.6	107.0	96.7	95.2	101.6
1992	92.1	114.2	80.6	92.8	86.8
1993	107.9	119.2	90.4	89.2	101.3
1994	123.2	124.1	99.2	85.0	116.6
1995	124.4	130.1	95.6	82.2	116.2
% 95/94	1.0	4.8	-3.7	-3.3	-0.4

(1) AWU : Annual Work Unit

Table A.14

France

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	40.3	26.3	153.4	166.5	92.1
1974	40.3	29.4	137.1	161.2	85.1
1975	40.7	33.2	122.6	155.8	78.7
1976	44.0	36.9	119.2	152.4	78.2
1977	45.9	40.3	113.9	149.4	76.2
1978	51.6	44.4	116.3	147.0	79.1
1979	57.3	48.8	117.2	144.9	80.9
1980	56.4	54.4	103.5	141.0	73.4
1981	63.3	60.6	104.3	137.2	76.1
1982	81.6	67.7	120.4	133.4	90.2
1983	80.8	74.3	108.6	129.6	83.8
1984	83.5	79.8	104.5	125.6	83.2
1985	85.8	84.4	101.5	121.4	83.6
1986	87.7	88.8	98.6	117.0	84.3
1987	88.0	91.5	96.1	112.8	85.1
1988	85.9	94.1	91.2	108.7	83.9
1989	99.8	96.9	102.9	104.2	98.8
1990	103.6	99.9	103.6	100.0	103.7
1991	96.6	103.2	93.5	95.8	97.6
1992	96.3	105.4	91.3	91.8	99.5
1993	92.4	108.0	85.4	87.0	98.3
1994	102.0	109.5	93.0	83.9	110.9
1995	104.9	111.7	93.8	81.0	115.9
% 95/94	2.9	2.0	0.9	-3.5	4.5

(1) AWU : Annual Work Unit

Table A.15

Ireland

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	21.5	20.4	105.1	135.3	77.7
1974	20.0	21.7	92.1	129.4	71.2
1975	28.7	26.1	110.0	126.1	87.3
1976	32.3	31.5	102.4	124.9	82.0
1977	44.2	35.7	123.6	123.8	99.9
1978	49.5	39.5	125.4	122.7	102.2
1979	45.7	44.9	101.7	121.6	83.7
1980	41.6	51.5	80.8	120.5	67.1
1981	48.1	60.5	79.5	116.0	68.6
1982	59.4	69.6	85.3	111.6	76.5
1983	68.1	77.1	88.3	107.2	82.4
1984	80.4	82.0	98.0	107.1	91.5
1985	73.6	86.3	85.2	107.1	79.6
1986	69.6	91.3	76.2	102.9	74.0
1987	83.5	93.5	89.3	98.8	90.4
1988	98.3	96.4	102.0	97.3	104.9
1989	103.2	100.8	102.4	101.5	100.9
1990	102.8	99.1	103.8	100.0	103.8
1991	94.0	100.2	93.9	98.5	95.3
1992	109.9	101.5	108.3	97.0	111.7
1993	112.2	105.6	106.2	94.3	112.7
1994	117.5	106.9	109.9	91.3	120.4
1995	125.9	109.0	115.5	90.8	127.2
% 95/94	7.2	2.0	5.1	-0.5	5.6

(1) AWU : Annual Work Unit

Table A.16

Italia

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	18.4	11.8	155.5	157.2	99.0
1974	20.1	14.2	141.5	153.9	92.0
1975	23.1	16.5	139.8	148.0	94.5
1976	25.6	19.5	130.7	147.9	88.4
1977	30.8	23.2	132.9	142.7	93.2
1978	35.5	26.4	134.3	142.7	94.1
1979	43.1	30.5	141.0	140.4	100.4
1980	57.0	36.7	155.1	133.6	116.1
1981	62.1	43.7	141.9	126.9	111.9
1982	68.9	51.2	134.4	119.6	112.4
1983	84.7	59.0	143.6	122.4	117.3
1984	83.7	65.8	127.2	119.9	106.1
1985	87.4	71.6	122.0	115.0	106.1
1986	90.0	77.2	116.5	114.2	102.0
1987	94.7	81.9	115.7	111.8	103.5
1988	91.1	87.3	104.3	106.7	97.7
1989	96.4	92.7	103.9	101.2	102.7
1990	94.2	99.8	94.4	99.3	95.0
1991	109.4	107.5	101.8	99.5	102.3
1992	106.4	112.3	94.7	94.6	100.1
1993	104.1	117.2	88.9	87.7	101.3
1994	104.7	121.4	86.2	84.3	102.3
1995	113.2	126.2	89.6	83.1	107.8
% 95/94	8.1	4.0	4.0	-1.4	5.4

(1) AWU : Annual Work Unit

Table A.17

Luxembourg

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	51.7	39.5	130.3	211.0	61.9
1974	48.3	46.3	104.2	203.3	51.4
1975	49.7	45.9	108.0	191.8	56.5
1976	46.3	51.5	89.8	180.4	49.9
1977	57.3	52.1	109.7	176.7	62.3
1978	57.2	54.7	104.1	167.7	62.3
1979	60.7	58.2	103.9	160.9	64.7
1980	57.6	62.8	91.4	152.5	60.1
1981	65.1	67.3	96.4	143.7	67.3
1982	96.5	74.6	129.0	137.8	93.8
1983	85.6	79.7	107.1	131.2	81.9
1984	87.9	83.2	105.3	124.6	84.8
1985	91.3	85.7	106.2	121.2	87.9
1986	94.0	89.0	105.3	117.2	90.1
1987	91.2	88.1	103.2	111.5	92.8
1988	93.1	91.6	101.3	107.1	94.8
1989	110.2	97.1	113.2	104.6	108.5
1990	101.8	100.0	101.5	99.2	102.6
1991	88.0	103.0	85.2	96.2	88.9
1992	88.9	107.6	82.4	92.1	89.6
1993	89.0	114.3	77.7	89.9	86.6
1994	87.1	116.8	74.4	84.8	87.9
1995	93.8	120.5	77.6	82.9	93.8
% 95/94	7.7	3.2	4.4	-2.3	6.8

(1) AWU : Annual Work Unit

Table A.18

Nederland

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	53.1	50.0	106.2	120.9	87.8
1974	48.1	54.6	88.1	118.8	74.2
1975	56.4	60.1	93.8	117.3	79.9
1976	66.0	65.5	100.7	115.7	87.1
1977	65.1	69.9	93.1	112.4	82.8
1978	66.1	73.7	89.7	109.9	81.6
1979	62.5	76.6	81.6	108.4	75.3
1980	63.1	80.9	78.0	107.5	72.5
1981	80.0	85.3	93.8	105.4	89.0
1982	88.7	90.5	97.9	104.8	93.4
1983	87.2	92.2	94.5	105.0	90.1
1984	95.2	93.9	101.4	104.3	97.2
1985	91.5	95.7	95.6	103.7	92.2
1986	98.4	95.8	102.7	102.6	100.1
1987	80.0	95.3	84.0	101.7	82.6
1988	82.9	96.4	85.9	100.4	85.6
1989	100.0	97.6	102.5	100.4	102.1
1990	99.0	99.9	99.1	99.8	99.3
1991	100.9	102.6	98.4	99.8	98.6
1992	93.4	105.2	88.7	100.7	88.1
1993	78.7	107.3	73.3	99.6	73.6
1994	94.8	109.8	86.3	97.1	88.9
1995	90.9	112.0	81.2	93.6	86.7
% 95/94	-4.0	2.0	-5.9	-3.6	-2.4

(1) AWU : Annual Work Unit

Table A.19

Österreich

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	:	:	:	247.1	:
1974	:	:	:	240.6	:
1975	:	:	:	234.1	:
1976	:	:	:	227.5	:
1977	:	:	:	222.3	:
1978	:	:	:	217.1	:
1979	64.3	:	:	137.0	:
1980	71.8	69.6	103.2	133.6	77.1
1981	69.6	72.5	96.0	130.8	73.3
1982	76.4	77.0	99.2	128.3	77.3
1983	73.9	80.0	92.3	126.1	73.1
1984	89.3	83.9	106.4	123.4	86.1
1985	78.0	86.5	90.2	119.9	75.1
1986	86.7	90.2	96.1	116.1	82.7
1987	90.0	92.4	97.4	112.3	86.6
1988	89.9	93.9	95.8	108.5	88.1
1989	94.0	96.6	97.4	104.0	93.5
1990	103.3	99.7	103.6	99.9	103.6
1991	102.7	103.7	99.0	96.1	102.9
1992	101.9	108.0	94.3	90.2	104.4
1993	90.0	111.9	80.4	84.7	94.8
1994	102.6	115.7	88.7	79.8	111.0
1995	103.5	118.8	87.2	75.2	115.8
% 95/94	0.8	2.6	-1.7	-5.8	4.3

(1) AWU : Annual Work Unit

Table A.20

Portugal

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	:	5.4	:	173.4	:
1974	:	6.4	:	169.5	:
1975	:	7.5	:	165.6	:
1976	:	7.8	:	168.4	:
1977	:	10.9	:	163.4	:
1978	:	13.2	:	154.6	:
1979	:	15.8	:	154.3	:
1980	26.0	19.0	136.5	153.2	88.9
1981	27.2	22.4	120.8	144.8	83.2
1982	35.5	27.1	130.4	140.0	93.0
1983	39.4	33.8	116.2	129.6	89.5
1984	50.6	42.0	119.7	130.1	91.8
1985	61.0	51.1	118.9	130.6	90.8
1986	70.4	61.5	113.9	120.6	94.3
1987	79.9	68.5	116.1	125.8	92.0
1988	71.8	76.4	93.6	123.7	75.5
1989	90.1	86.5	103.6	109.1	94.8
1990	103.2	99.1	103.6	96.8	106.8
1991	106.7	114.4	92.8	94.2	98.3
1992	97.2	129.9	74.4	86.5	85.9
1993	84.6	139.5	60.3	77.7	77.5
1994	110.3	147.3	74.5	78.1	95.3
1995	118.8	155.3	76.1	77.1	98.5
% 95/94	7.6	5.4	2.1	-1.2	3.4

(1) AWU : Annual Work Unit

Table A.21

Suomi / Finland

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	:	:	:	:	:
1974	:	:	:	:	:
1975	:	:	:	:	:
1976	:	:	:	:	:
1977	:	:	:	:	:
1978	:	:	:	:	:
1979	39.6	:	:	169.4	:
1980	48.4	51.6	93.8	155.9	60.2
1981	46.4	56.6	81.9	160.8	50.9
1982	69.3	61.7	112.3	154.8	72.6
1983	73.5	67.0	109.7	139.0	78.9
1984	79.5	72.9	108.9	136.4	79.8
1985	79.2	76.8	103.1	131.1	78.6
1986	86.6	80.3	107.8	126.8	85.1
1987	65.9	84.1	78.3	125.9	62.2
1988	73.3	90.0	81.5	110.5	73.8
1989	96.7	95.5	101.2	102.5	98.7
1990	105.3	101.0	104.2	100.1	104.1
1991	98.0	103.5	94.6	97.4	97.2
1992	86.1	104.3	82.5	97.2	84.9
1993	84.8	105.5	80.4	91.9	87.5
1994	82.2	108.1	76.0	87.9	86.4
1995	77.7	112.0	69.3	84.1	82.4
% 95/94	-5.5	3.6	-8.8	-4.3	-4.6

(1) AWU : Annual Work Unit

Table A.22

Sverige

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	:	:	:	184.2	:
1974	:	:	:	177.9	:
1975	:	:	:	170.6	:
1976	:	:	:	167.1	:
1977	:	:	:	159.9	:
1978	:	:	:	154.2	:
1979	56.0	:	:	148.0	:
1980	61.5	47.6	128.4	141.8	90.8
1981	72.5	52.3	137.7	141.2	97.8
1982	86.6	56.6	151.9	132.6	114.8
1983	81.6	62.3	130.0	130.7	99.6
1984	91.6	67.0	135.6	127.1	106.9
1985	77.7	71.5	107.9	126.1	85.7
1986	79.4	76.4	103.2	118.1	87.5
1987	99.8	80.0	123.8	115.0	107.9
1988	82.3	85.2	95.8	108.8	88.3
1989	95.8	92.0	103.4	104.6	99.0
1990	123.4	100.2	122.3	99.3	123.5
1991	80.7	107.8	74.3	96.2	77.5
1992	71.4	108.9	65.1	92.9	70.2
1993	82.6	111.9	73.3	91.0	80.7
1994	74.9	115.8	64.2	88.2	73.0
1995	91.7	120.3	75.6	85.6	88.5
% 95/94	22.3	3.9	17.8	-2.9	21.3

(1) AWU : Annual Work Unit

Table A.23

United Kingdom

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100)**

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	30.2	18.7	161.2	134.2	120.1
1974	30.5	21.5	141.7	129.0	109.8
1975	36.7	27.3	134.0	120.0	111.7
1976	46.6	31.4	148.1	120.8	122.6
1977	49.0	35.8	136.5	124.9	109.4
1978	51.4	40.0	128.4	124.9	102.9
1979	55.5	45.7	121.1	122.2	99.2
1980	60.0	54.6	109.6	119.0	92.1
1981	69.1	60.9	113.3	116.3	97.4
1982	80.5	65.5	122.7	115.1	106.6
1983	76.1	68.9	110.1	114.1	96.5
1984	93.9	72.1	130.0	112.3	115.8
1985	79.3	76.2	103.9	111.7	93.0
1986	83.9	78.7	106.4	109.7	97.0
1987	85.5	82.6	103.3	107.0	96.5
1988	82.6	87.6	94.1	105.1	89.6
1989	97.5	93.8	103.7	102.3	101.4
1990	101.4	99.8	101.3	100.3	101.1
1991	101.1	106.3	94.9	97.4	97.5
1992	111.5	110.9	100.3	96.0	104.6
1993	122.5	114.7	106.6	95.1	112.1
1994	126.7	117.1	108.1	93.2	116.0
1995	148.6	119.8	123.8	92.7	133.7
% 95/94	17.2	2.3	14.6	-0.5	15.2

(1) AWU : Annual Work Unit

Table A.24

EUR 12

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100 with the exception of (2))**

	Nominal net value added at factor cost		Implicit price index of gross domestic product at market prices		Real net value added at factor cost		Total labour input in AWU (3)		Real net value added at factor cost per AWU	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
1973	:	:	:	:	:	:	170.2	:	:	:
1974	:	:	:	:	:	:	165.2	:	:	:
1975	:	:	:	:	:	:	158.4	:	:	:
1976	:	:	:	:	:	:	154.8	:	:	:
1977	:	:	:	:	:	:	149.4	:	:	:
1978	:	:	:	:	:	:	146.3	:	:	:
1979	:	:	:	:	:	:	142.3	:	:	:
1980	54.4	:	:	:	114.0	:	136.8	:	83.3	:
1981	59.5	:	:	:	109.7	:	130.7	:	83.9	:
1982	71.7	:	:	:	117.0	:	126.1	:	92.8	:
1983	73.9	:	:	:	111.2	:	124.2	:	89.5	:
1984	80.6	:	:	:	111.8	:	121.5	:	92.0	:
1985	80.9	:	:	:	105.7	:	118.9	:	88.9	:
1986	84.7	:	:	:	103.5	:	115.4	:	89.7	:
1987	83.8	:	:	:	98.4	:	112.4	:	87.5	:
1988	87.5	:	:	:	97.8	:	109.4	:	89.4	:
1989	98.5	:	:	:	104.5	:	103.5	:	101.0	:
1990	99.0	98.3	:	:	99.0	101.4	100.1	102.7	99.0	98.7
1991	102.5	101.7	:	:	96.5	98.6	96.5	97.3	100.0	101.3
1992	100.8	99.8	:	:	90.6	92.4	93.1	92.4	97.3	100.0
1993	:	98.9	:	:	:	87.6	88.6	87.7	:	99.9
1994	:	107.4	:	:	:	92.0	:	84.5	:	108.8
1995	:	113.0	:	:	:	93.4	:	82.3	:	113.5
% 95/94	:	5.2	:	:	:	1.6	:	-2.6	:	4.3

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

(3) AWU : Annual Work Unit

Table A.25

EUR 15

**Major components of the calculation of Indicator 1
(indices, 1989-1991=100 with the exception of (2))**

	Nominal net value added at factor cost		Implicit price index of gross domestic product at market prices		Real net value added at factor cost		Total labour input in AWU (3)		Real net value added at factor cost per AWU	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
1973	:	:	:	:	:	:	:	:	:	:
1974	:	:	:	:	:	:	:	:	:	:
1975	:	:	:	:	:	:	:	:	:	:
1976	:	:	:	:	:	:	:	:	:	:
1977	:	:	:	:	:	:	:	:	:	:
1978	:	:	:	:	:	:	:	:	:	:
1979	:	:	:	:	:	:	145.3	:	:	:
1980	54.6	:	:	:	113.5	:	139.6	:	82.7	:
1981	59.5	:	:	:	109.1	:	133.7	:	83.0	:
1982	71.9	:	:	:	117.0	:	129.1	:	92.3	:
1983	74.0	:	:	:	111.0	:	126.8	:	89.1	:
1984	80.9	:	:	:	111.9	:	124.1	:	91.8	:
1985	80.7	:	:	:	105.4	:	121.3	:	88.4	:
1986	84.7	:	:	:	103.5	:	117.8	:	89.5	:
1987	83.6	:	:	:	98.2	:	114.7	:	87.1	:
1988	87.1	:	:	:	97.3	:	111.3	:	89.0	:
1989	98.3	:	:	:	104.3	:	105.3	:	100.8	:
1990	99.5	98.8	:	:	99.6	101.8	101.8	102.7	99.5	99.2
1991	102.1	101.2	:	:	96.2	98.2	98.2	97.3	99.7	100.8
1992	100.0	99.1	:	:	90.1	91.8	94.8	92.6	96.8	99.2
1993	:	98.1	:	:	:	87.1	90.2	87.8	:	99.2
1994	:	106.1	:	:	:	91.1	:	84.5	:	107.8
1995	:	111.6	:	:	:	92.5	:	82.3	:	112.4
% 95/94	:	5.1	:	:	:	1.5	:	-2.7	:	4.3

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

(3) AWU : Annual Work Unit

Table A.26

Indicator 1

**Indices of real net value added at factor cost of total labour input per annual work unit (AWU)
from 1980 to 1995, (Indices, 1989-1991=100 with the exception of (2))**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	75.5	82.9	87.3	94.2	90.8	86.5	83.7	79.1	85.4	106.8	96.8	96.4	92.8	89.6	97.1	88.8	-8.5
DK	69.7	79.9	99.0	83.7	111.0	103.0	108.4	86.3	90.9	105.9	98.7	95.4	90.0	88.3	102.6	115.1	12.2
D (1)	73.6	74.2	90.5	74.6	85.5	77.8	88.2	73.5	91.0	110.0	97.4	92.6	97.0	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	96.1	103.9	120.5	106.5	114.9	123.9	7.8
GR	74.3	78.7	80.8	73.4	79.8	81.8	81.0	81.5	82.8	100.6	85.0	114.4	97.2	90.4	98.7	100.7	2.0
E	76.2	67.4	77.9	77.7	85.0	86.6	81.3	86.1	98.3	96.6	101.9	101.6	86.8	101.3	116.6	116.2	-0.4
F	73.4	76.1	90.2	83.8	83.2	83.6	84.3	85.1	83.9	98.8	103.7	97.6	99.5	98.3	110.9	115.9	4.5
IRL	67.1	68.6	76.5	82.4	91.5	79.6	74.0	90.4	104.9	100.9	103.8	95.3	111.7	112.7	120.4	127.2	5.6
I	116.1	111.9	112.4	117.3	106.1	106.1	102.0	103.5	97.7	102.7	95.0	102.3	100.1	101.3	102.3	107.8	5.4
L	60.1	67.3	93.8	81.9	84.8	87.9	90.1	92.8	94.8	108.5	102.6	88.9	89.6	86.6	87.9	93.8	6.8
NL	72.5	89.0	93.4	90.1	97.2	92.2	100.1	82.6	85.6	102.1	99.3	98.6	88.1	73.6	88.9	86.7	-2.4
A	77.1	73.3	77.3	73.1	86.1	75.1	82.7	86.6	88.1	93.5	103.6	102.9	104.4	94.8	111.0	115.8	4.3
P	88.9	83.2	93.0	89.5	91.8	90.8	94.3	92.0	75.5	94.8	106.8	98.3	85.9	77.5	95.3	98.5	3.4
FIN	60.2	50.9	72.6	78.9	79.8	78.6	85.1	62.2	73.8	98.7	104.1	97.2	84.9	87.5	86.4	82.4	-4.6
S	90.8	97.8	114.8	99.6	106.9	85.7	87.5	107.9	88.3	99.0	123.5	77.5	70.2	80.7	73.0	88.5	21.3
UK	92.1	97.4	106.6	96.5	115.8	93.0	97.0	96.5	89.6	101.4	101.1	97.5	104.6	112.1	116.0	133.7	15.2
EUR 12 (1)	83.3	83.9	92.8	89.5	92.0	88.9	89.7	87.5	89.4	101.0	99.0	100.0	97.3	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	98.7	101.3	100.0	99.9	108.8	113.5	4.3
EUR 15 (1)	82.7	83.0	92.3	89.1	91.8	88.4	89.5	87.1	89.0	100.8	99.5	99.7	96.8	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.2	100.8	99.2	99.2	107.8	112.4	4.3

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.27

Indicator 2

**Indices of real net income from agricultural activity of total labour input per annual work unit (AWU)
from 1980 to 1995, (Indices, 1989-1991=100 with the exception of (2))**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	75.4	83.8	89.2	97.1	92.5	86.1	83.9	78.4	84.3	110.2	96.5	93.2	87.1	83.1	91.7	81.0	-11.6
DK	44.5	54.6	90.1	65.6	121.4	108.9	118.8	68.4	70.6	104.1	101.6	94.3	81.7	78.9	103.9	127.6	22.8
D (1)	73.1	71.7	92.4	70.1	83.7	73.2	87.8	67.4	90.2	114.1	96.8	89.1	94.4	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	99.7	100.3	116.8	97.4	104.3	112.5	7.8
GR	74.6	79.9	82.2	73.3	78.9	80.0	79.9	80.5	82.5	101.6	84.6	113.8	95.9	88.7	97.9	100.1	2.2
E	80.7	67.8	80.5	79.8	88.4	89.7	83.1	88.7	103.6	95.9	102.9	101.2	83.3	101.7	124.6	123.9	-0.6
F	72.6	75.5	91.7	82.7	81.4	81.6	82.3	84.0	81.7	98.4	104.2	97.4	98.7	96.6	111.4	118.0	5.9
IRL	56.9	58.8	66.4	76.0	88.6	76.7	71.1	91.0	109.1	102.8	102.9	94.3	113.3	117.2	127.8	135.2	5.9
I	121.8	115.1	114.6	120.4	107.6	106.6	102.0	104.0	96.6	101.9	94.1	103.9	100.7	103.3	107.0	112.0	4.8
L	61.5	68.9	100.6	85.4	87.8	90.8	92.7	95.3	97.0	112.6	102.4	85.0	83.9	80.5	82.1	89.4	8.8
NL	69.5	88.1	94.6	92.8	102.0	95.2	104.5	82.1	85.4	104.7	99.2	96.1	83.0	67.1	86.7	82.3	-5.1
A	76.9	70.6	73.7	70.2	85.7	72.7	81.2	85.6	87.2	93.4	104.2	102.5	103.6	92.0	111.3	116.3	4.4
P	100.8	90.6	98.9	89.0	91.7	93.9	99.0	95.1	76.2	97.3	106.5	96.1	79.7	70.2	94.7	101.0	6.7
FIN	63.6	52.4	76.9	83.3	84.1	81.7	88.3	60.5	71.7	99.1	104.7	96.2	81.6	83.7	82.7	78.0	-5.7
S	118.8	126.5	151.5	123.5	135.5	88.7	87.9	128.9	83.6	102.8	143.2	54.0	42.8	70.6	58.7	91.3	55.4
UK	91.5	101.1	113.5	101.8	123.6	90.7	96.7	98.5	90.8	100.6	99.5	99.9	112.5	127.1	131.8	153.1	16.2
EUR 12 (1)	85.0	84.5	94.7	90.3	92.9	88.6	89.7	87.3	89.2	101.3	98.7	100.0	96.5	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	98.9	101.1	98.9	99.3	111.1	116.2	4.6
EUR 15 (1)	84.5	83.6	94.3	90.1	92.9	88.1	89.5	86.8	88.7	101.1	99.4	99.6	95.8	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.5	100.5	98.1	98.5	109.8	114.9	4.7

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.28

Indicator 3

**Indices of real net income from agricultural activity of family labour input per annual work unit (AWU)
from 1980 to 1995, (Indices, 1989-1991=100 with the exception of (2))**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	74.4	83.0	89.0	97.3	91.9	85.5	83.6	77.3	83.2	111.4	96.7	91.9	84.9	81.4	90.8	78.8	-13.2
DK	23.3	36.8	84.2	49.1	126.9	108.3	123.1	48.8	51.4	103.8	103.4	92.8	73.4	70.1	106.2	142.6	34.3
D (1)	70.3	68.2	93.5	65.6	82.6	68.4	86.9	61.6	89.3	119.0	97.2	83.8	90.4	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
GR	75.2	80.8	83.7	75.3	81.8	85.0	84.3	85.8	88.0	102.0	83.8	114.2	95.4	91.2	100.7	103.0	2.3
E	75.3	58.1	74.7	73.9	87.2	86.6	79.7	86.9	105.5	94.2	103.9	101.9	80.3	104.4	133.9	133.9	0.1
F	71.3	74.6	94.1	82.0	79.9	80.0	80.6	81.6	78.2	98.7	105.2	96.1	96.8	93.3	112.7	120.7	7.2
IRL	55.7	58.8	68.3	79.3	94.0	80.0	73.0	95.0	113.6	105.3	102.8	91.9	112.8	116.2	130.2	138.5	6.4
I	140.0	129.2	129.8	136.2	116.1	111.6	106.3	109.2	94.5	101.9	89.0	109.1	97.6	102.4	111.9	121.5	8.6
L	59.2	67.0	99.3	84.5	86.9	89.4	91.7	94.3	96.5	112.9	102.7	84.4	83.2	79.8	80.9	89.0	10.1
NL	65.0	87.8	96.3	94.1	104.6	97.3	108.7	80.2	83.9	106.4	98.3	95.2	78.1	56.2	82.4	76.3	-7.3
A	75.2	67.6	70.9	66.9	85.2	69.6	79.3	84.0	85.7	92.6	105.1	102.3	102.8	87.7	110.3	115.6	4.8
P	98.0	87.5	99.1	89.9	94.4	97.4	103.7	99.0	75.0	98.9	108.6	92.5	72.0	59.1	88.8	95.6	7.7
FIN	63.5	49.3	77.6	83.1	85.0	81.5	89.5	57.5	67.2	100.2	106.3	93.5	78.6	80.5	78.6	72.1	-8.3
S	149.0	163.8	197.8	147.0	164.5	85.8	80.3	153.4	66.3	102.5	179.2	18.2	3.9	53.2	33.2	96.2	189.8
UK	93.2	109.5	129.8	107.2	143.5	85.2	96.0	99.8	87.0	103.1	98.9	98.0	119.0	143.0	149.5	185.0	23.8
EUR 12 (1)	70.5	77.8	94.9	86.5	99.6	89.3	93.5	82.2	86.0	106.0	99.0	94.9	89.4	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
EUR 15 (1)	82.9	81.6	95.9	89.4	93.8	86.8	89.0	85.2	87.0	102.0	99.3	98.7	92.8	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.29

Volume indices of final output in agriculture from 1980 to 1995
 (Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	82.1	82.5	85.4	84.2	88.2	89.5	94.1	92.4	95.8	98.7	97.6	103.7	108.9	110.5	107.0	108.5	1.4
DK	81.7	83.6	87.7	86.0	93.7	94.0	94.9	91.7	95.5	98.4	101.9	99.7	97.4	105.3	102.8	103.8	1.0
D (1)	95.3	94.0	102.3	99.4	102.4	98.3	102.7	97.0	100.4	100.4	99.6	99.9	102.0	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	99.6	100.4	104.9	100.4	97.7	99.8	2.2
GR	93.6	94.3	96.1	92.2	94.8	98.9	97.9	96.6	100.9	105.2	91.2	103.6	102.6	101.3	105.2	104.4	-0.7
E	85.5	80.0	83.9	86.8	90.7	94.6	89.2	96.5	101.3	96.3	101.9	101.8	101.9	98.3	95.1	90.4	-5.0
F	85.2	84.1	92.9	91.1	93.5	94.1	94.8	97.2	96.1	99.5	101.5	99.0	104.9	99.1	100.3	101.9	1.6
IRL	80.3	80.0	85.3	88.4	95.7	94.4	93.1	94.0	95.4	91.8	103.9	104.3	109.5	105.9	104.5	108.6	3.9
I	97.7	95.7	94.4	101.4	96.5	96.8	99.0	102.4	99.3	100.1	96.9	103.0	104.8	102.6	102.0	101.4	-0.6
L	92.2	95.7	104.8	100.7	102.5	100.7	102.7	99.7	99.3	102.6	101.2	96.2	106.1	101.9	100.8	105.1	4.3
NL	78.1	81.6	84.4	86.8	89.3	89.6	94.3	91.9	93.8	97.1	100.4	102.5	104.4	105.3	106.8	108.1	1.2
A	92.5	89.8	101.4	98.5	100.1	98.1	96.9	98.0	100.3	99.0	100.1	101.0	98.0	98.4	99.4	97.2	-2.2
P	84.7	80.2	85.0	83.2	84.5	88.7	89.4	94.0	83.5	94.0	102.5	103.4	98.4	92.6	96.5	96.7	0.2
FIN	97.0	93.3	101.0	105.9	103.2	99.6	101.2	90.8	92.3	99.5	104.1	96.4	88.2	89.8	89.0	87.4	-1.7
S	99.3	101.2	105.9	104.5	107.8	104.7	103.6	100.0	99.3	102.1	104.8	93.0	89.4	99.8	102.5	103.8	1.3
UK	93.2	92.1	97.5	96.2	103.0	99.6	100.3	99.1	98.8	99.6	99.8	100.6	102.5	98.5	99.9	100.1	0.2
EUR 12 (1)	89.2	87.8	92.5	93.2	95.2	95.4	96.4	97.3	97.9	99.1	99.7	101.2	103.6	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	99.3	100.7	103.5	100.4	100.0	100.3	0.3
EUR 15 (1)	89.6	88.3	93.1	93.8	95.8	95.7	96.6	97.3	97.9	99.1	99.9	100.9	102.8	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.5	100.5	102.8	100.1	99.8	100.0	0.2

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.30

Nominal price indices of final output in agriculture from 1980 to 1995
 (Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	75.9	82.3	89.1	99.5	100.0	99.5	95.2	93.3	93.3	103.5	98.6	97.9	92.4	88.0	93.1	87.9	-5.6
DK	78.8	88.9	99.4	102.9	107.9	104.3	102.6	98.1	97.9	103.9	98.6	97.5	96.6	86.0	85.8	86.1	0.3
D (1)	100.0	108.0	109.0	108.3	107.7	105.4	99.2	95.2	96.7	103.8	98.4	97.8	94.7	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	100.2	99.8	93.6	89.5	91.0	91.5	0.5
GR	20.5	24.8	30.1	35.5	43.9	51.7	58.8	64.6	72.4	81.8	99.6	118.6	121.6	128.5	141.3	145.9	3.2
E	50.9	57.6	66.3	72.7	81.2	83.3	91.5	89.1	93.5	99.4	100.2	100.4	93.2	99.0	111.0	117.6	6.0
F	67.7	76.5	83.4	90.1	93.4	95.0	94.7	92.7	95.8	101.1	100.5	98.4	91.2	86.2	88.2	88.4	0.3
IRL	65.2	76.0	82.1	88.7	91.0	88.8	89.5	93.6	101.5	112.7	95.1	92.3	94.1	99.8	100.1	101.3	1.2
I	53.0	61.4	70.2	77.0	83.5	88.1	89.5	89.4	91.4	95.7	100.1	104.2	101.3	102.7	105.2	112.5	6.9
L	66.2	72.4	84.1	87.4	88.8	92.3	92.2	92.1	95.4	102.4	103.0	94.6	93.0	93.0	91.3	90.6	-0.8
NL	89.4	98.6	101.7	102.0	104.9	104.2	97.9	97.2	97.5	103.3	98.1	98.6	95.0	88.2	91.9	89.4	-2.7
A	84.9	90.5	86.4	90.7	93.7	92.9	94.5	95.1	93.3	96.9	101.1	102.0	100.9	99.5	100.4	77.6	-22.7
P	27.4	33.5	39.4	48.6	62.0	69.5	78.7	84.8	94.1	97.9	100.8	101.3	94.5	95.6	102.5	106.1	3.5
FIN	60.6	67.9	80.4	82.3	89.3	94.6	97.2	97.8	97.4	101.0	100.9	98.1	97.4	99.7	97.4	61.2	-37.2
S	61.1	67.5	73.9	79.2	84.6	86.2	89.4	99.1	99.5	103.9	98.9	97.1	96.2	91.9	90.3	89.3	-1.2
UK	72.0	79.6	85.4	86.5	88.3	86.3	88.2	91.0	92.3	99.3	101.0	99.7	100.4	104.4	106.2	115.0	8.3
EUR 12 (1)	67.1	75.3	81.9	86.3	90.6	91.6	92.0	91.1	93.7	99.7	99.7	100.6	96.5	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	99.6	100.4	96.0	94.9	98.8	101.3	2.5
EUR 15 (1)	67.2	75.3	81.8	86.1	90.5	91.6	92.1	91.4	93.9	99.8	99.7	100.5	96.6	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.6	100.4	96.1	95.1	98.7	99.9	1.3

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.31

Real price indices of final output in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	116.7	121.0	122.2	129.2	123.5	115.8	106.7	102.2	100.4	106.5	98.5	95.2	86.9	79.5	82.0	75.7	-7.7
DK	137.5	141.0	142.6	137.1	135.8	126.0	118.6	108.4	104.5	106.5	98.4	95.2	92.5	81.4	79.4	77.8	-2.1
D (1)	132.1	136.9	132.3	127.4	124.0	119.0	108.5	102.3	102.3	107.1	98.6	94.3	87.4	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	102.2	97.9	87.0	80.2	79.7	78.4	-1.6
GR	109.8	110.9	107.6	106.4	109.4	109.7	106.0	102.1	99.0	99.4	100.1	100.6	90.3	84.1	83.3	78.7	-5.5
E	125.2	125.7	127.1	124.7	124.8	118.8	117.5	108.2	107.4	106.7	100.1	93.6	81.4	82.9	89.3	90.2	1.1
F	124.3	126.1	123.0	121.2	116.9	112.4	106.5	101.3	101.7	104.3	100.4	95.3	86.5	79.7	80.4	79.1	-1.7
IRL	127.4	126.4	118.5	115.6	111.5	103.5	98.5	100.7	105.9	112.4	96.5	92.6	93.2	94.9	94.2	93.4	-0.8
I	144.3	140.3	137.0	130.4	126.7	122.9	115.7	109.1	104.6	103.0	100.2	96.9	90.1	87.6	86.6	89.0	2.8
L	105.1	107.1	112.3	109.3	106.4	107.4	103.3	104.2	103.9	105.2	102.7	91.6	86.1	81.2	78.0	74.9	-3.9
NL	110.6	115.6	112.3	110.6	111.7	109.0	102.2	102.0	101.2	105.8	98.3	96.2	90.3	82.2	83.7	79.8	-4.6
A	122.0	124.8	112.2	113.3	111.6	107.4	104.8	103.0	99.4	100.4	101.3	98.3	93.3	88.9	86.7	65.3	-24.7
P	143.1	148.1	144.6	142.9	146.3	135.2	127.0	122.9	122.2	112.3	101.0	87.9	72.2	68.0	69.1	67.8	-1.8
FIN	117.4	119.6	130.0	122.6	122.3	123.0	120.8	116.1	108.0	105.6	99.7	94.6	93.2	94.4	89.9	54.5	-39.4
S	127.2	127.9	129.3	126.0	125.1	119.6	116.0	122.7	115.8	111.9	97.9	89.3	87.5	81.4	77.3	73.5	-4.9
UK	131.5	130.4	130.1	125.2	122.2	113.0	111.8	109.9	105.1	105.5	100.9	93.6	90.3	90.8	90.5	95.8	5.8
EUR 12 (1)	129.3	130.2	127.7	124.3	121.8	116.6	110.6	105.3	103.7	105.2	99.8	95.2	87.6	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	102.4	97.7	89.3	84.9	85.6	85.2	-0.5
EUR 15 (1)	128.8	129.8	127.4	124.1	121.6	116.6	110.9	105.8	103.9	105.2	99.7	95.1	87.8	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	102.4	97.6	89.6	85.2	85.7	84.2	-1.8

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.32

Nominal value indices of final output in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	62.3	67.9	76.2	83.8	88.2	89.0	89.6	86.3	89.4	102.2	96.3	101.5	100.6	97.2	99.7	95.4	-4.3
DK	64.4	74.4	87.2	88.5	101.1	98.0	97.3	90.0	93.5	102.3	100.5	97.2	94.1	90.6	88.2	89.4	1.3
D (1)	95.3	101.5	111.5	107.6	110.2	103.6	101.9	92.4	97.1	104.2	98.1	97.8	96.5	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	99.9	100.1	98.2	89.8	88.9	91.3	2.7
GR	19.2	23.4	29.0	32.7	41.6	51.2	57.6	62.5	73.2	86.2	90.9	122.9	124.8	130.3	148.8	152.5	2.5
E	43.5	46.0	55.6	63.1	73.6	78.7	81.6	86.0	94.7	95.7	102.1	102.2	94.9	97.2	105.5	106.2	0.7
F	57.7	64.3	77.4	82.1	87.4	89.4	89.8	90.1	92.0	100.6	102.0	97.4	95.7	85.4	88.4	90.1	1.9
IRL	52.7	61.2	70.4	78.8	87.5	84.3	83.7	88.4	97.4	103.9	99.3	96.7	103.6	106.2	105.2	110.6	5.1
I	51.8	58.7	66.3	78.0	80.5	85.2	88.5	91.5	90.7	95.7	97.0	107.3	106.1	105.4	107.3	114.0	6.3
L	61.0	69.2	88.0	88.0	90.9	92.8	94.6	91.7	94.6	105.0	104.1	90.9	98.5	94.6	91.9	95.1	3.5
NL	69.9	80.5	85.8	88.5	93.6	93.5	92.3	89.4	91.5	100.3	98.5	101.2	99.2	92.9	98.2	96.6	-1.6
A	78.6	81.2	87.6	89.3	93.8	91.1	91.6	93.2	93.6	95.9	101.1	103.0	98.8	97.9	99.8	76.2	-23.6
P	23.2	26.8	33.5	40.4	52.3	61.6	70.4	79.7	78.5	92.0	103.3	104.7	93.0	86.4	98.8	102.5	3.7
FIN	58.8	63.3	81.1	87.2	92.1	94.3	98.4	88.7	89.9	100.5	105.0	94.5	85.9	89.6	86.6	53.4	-38.3
S	60.6	68.2	78.1	82.6	91.1	90.2	92.6	99.0	98.8	106.1	103.7	90.3	85.9	91.7	92.5	92.6	0.1
UK	67.1	73.3	83.3	83.3	91.0	86.0	88.5	90.2	91.2	98.9	100.8	100.3	102.9	102.8	106.0	115.0	8.5
EUR 12 (1)	59.8	66.1	75.8	80.4	86.3	87.3	88.7	88.6	91.8	98.8	99.4	101.8	100.0	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	98.8	101.2	99.3	95.3	98.8	101.6	2.8
EUR 15 (1)	60.2	66.4	76.2	80.8	86.6	87.6	89.0	88.9	91.9	98.9	99.7	101.4	99.4	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.1	100.9	98.8	95.2	98.5	99.9	1.5

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.33

Real value indices of final output in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	95.8	99.7	104.4	108.8	108.9	103.6	100.4	94.5	96.2	105.1	96.2	98.7	94.6	87.8	87.8	82.2	-6.4
DK	112.4	117.9	125.0	117.9	127.2	118.5	112.5	99.3	99.9	104.8	100.3	94.9	90.1	85.8	81.6	80.8	-1.1
D (1)	125.9	128.7	135.3	126.5	127.0	116.9	111.5	99.2	102.7	107.6	98.2	94.2	89.1	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	101.8	98.2	91.3	80.5	77.8	78.3	0.6
GR	102.8	104.6	103.4	98.1	103.7	108.5	103.8	98.5	99.8	104.6	91.2	104.2	92.7	85.1	87.7	82.2	-6.2
E	107.0	100.6	106.6	108.2	113.2	112.4	104.8	104.3	108.8	102.7	102.0	95.3	83.0	81.4	84.9	81.5	-4.0
F	106.0	106.1	114.3	110.4	109.3	105.8	101.0	98.4	97.7	103.7	102.0	94.3	90.7	79.0	80.6	80.6	-0.1
IRL	102.3	101.2	101.1	102.2	106.7	97.7	91.7	94.6	101.1	103.2	100.3	96.6	102.1	100.6	98.4	101.4	3.0
I	141.0	134.3	129.3	132.2	122.3	118.9	114.5	111.7	103.8	103.1	97.1	99.8	94.4	89.9	88.3	90.3	2.2
L	96.9	102.5	117.7	110.1	109.0	108.1	106.1	103.9	103.1	107.9	103.9	88.1	91.4	82.7	78.6	78.8	0.3
NL	86.4	94.3	94.8	96.0	99.7	97.7	96.3	93.7	94.9	102.7	98.7	98.6	94.3	86.6	89.4	86.3	-3.5
A	112.9	112.0	113.7	111.6	111.7	105.4	101.6	100.9	99.7	99.4	101.4	99.3	91.4	87.5	86.2	64.2	-25.5
P	121.2	118.8	122.9	118.8	123.7	119.8	113.6	115.5	102.1	105.6	103.5	90.9	71.1	62.9	66.6	65.5	-1.6
FIN	113.9	111.6	131.3	129.9	126.2	122.5	122.3	105.4	99.7	105.1	103.8	91.1	82.2	84.8	80.0	47.6	-40.5
S	126.4	129.4	136.9	131.6	134.8	125.2	120.2	122.7	115.0	114.3	102.6	83.0	78.2	81.3	79.2	76.3	-3.7
UK	122.6	120.2	126.8	120.5	125.9	112.6	112.1	108.9	103.9	105.1	100.7	94.1	92.5	89.4	90.3	95.8	6.1
EUR 12 (1)	115.3	114.3	118.1	115.8	116.0	111.2	106.6	102.5	101.6	104.2	99.5	96.3	90.7	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	101.6	98.4	92.4	85.2	85.6	85.5	-0.2
EUR 15 (1)	115.4	114.5	118.6	116.4	116.5	111.6	107.1	102.9	101.8	104.3	99.7	96.0	90.3	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	101.9	98.1	92.1	85.3	85.5	84.2	-1.6

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.34

Volume indices of intermediate consumption in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	80.6	79.8	81.8	81.0	83.2	85.4	89.6	92.4	94.0	97.6	98.4	104.0	105.3	104.1	104.7	106.1	1.3
DK	96.5	94.5	96.1	98.6	96.9	97.7	95.5	98.4	96.8	96.3	102.9	100.8	102.3	103.3	101.9	99.7	-2.1
D (1)	104.4	101.4	102.5	104.2	103.7	103.0	102.1	102.1	101.7	101.4	99.8	98.8	96.3	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	100.5	99.5	96.1	91.6	91.2	91.4	0.2
GR	86.4	89.1	90.8	93.8	93.3	96.4	90.7	95.3	96.5	99.8	100.2	99.9	100.8	107.5	108.8	109.1	0.4
E	80.8	85.1	88.4	88.9	91.5	91.4	94.5	95.5	97.4	97.9	101.3	100.8	101.8	101.7	106.8	108.6	1.7
F	89.0	88.7	89.2	89.8	91.2	91.2	93.1	95.7	97.3	99.6	100.7	99.7	99.1	97.1	98.9	101.4	2.5
IRL	81.2	85.3	84.9	89.1	88.9	89.9	95.8	91.9	93.2	101.1	99.0	99.9	101.5	105.9	113.5	116.4	2.5
I	93.1	90.8	90.8	92.4	92.9	93.7	95.9	99.9	100.2	100.6	98.8	100.5	99.1	96.6	95.7	95.0	-0.7
L	78.5	78.2	76.4	83.8	82.8	85.7	89.7	93.6	95.4	97.5	99.9	102.6	104.1	98.8	101.4	102.1	0.7
NL	88.4	86.5	86.2	96.1	90.1	96.0	99.5	113.7	110.6	99.6	99.3	101.2	101.7	100.8	98.7	96.3	-2.5
A	102.1	99.9	101.6	104.1	98.5	101.0	97.1	98.2	97.8	98.3	100.4	101.3	103.0	105.3	106.2	107.6	1.3
P	90.5	94.0	92.7	88.5	84.9	85.7	86.6	92.2	90.7	98.9	101.8	99.2	92.6	92.0	91.9	91.9	0.0
FIN	101.7	103.5	109.8	106.4	100.4	101.2	103.5	109.9	106.7	106.8	101.6	91.7	89.2	89.6	86.0	88.9	3.4
S	114.2	112.4	111.3	110.0	110.9	109.4	110.0	107.0	109.5	107.5	101.9	90.6	90.0	94.5	100.0	98.7	-1.3
UK	99.0	95.8	102.4	104.4	102.1	101.3	104.0	104.3	104.2	102.3	99.8	97.8	96.5	98.2	101.0	100.9	-0.1
EUR 12 (1)	91.8	91.1	92.7	94.6	94.4	95.0	96.7	99.6	99.9	99.9	100.2	99.9	99.2	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	100.1	99.9	99.0	97.6	98.8	99.4	0.6
EUR 15 (1)	92.8	92.1	93.8	95.4	95.1	95.7	97.2	100.0	100.3	100.3	100.2	99.5	98.8	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	100.4	99.6	98.7	97.7	98.8	99.4	0.6

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.35

Nominal price indices of intermediate consumption in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	80.2	87.2	96.2	105.4	110.5	109.1	103.8	97.5	98.7	101.5	98.9	99.6	99.0	98.0	97.4	95.8	-1.6
DK	77.1	89.8	99.3	105.3	110.2	107.6	102.2	98.1	102.9	105.2	97.7	97.1	96.2	101.3	93.4	92.9	-0.6
D (1)	99.9	109.4	112.2	114.2	116.2	112.9	103.7	98.3	97.8	100.1	99.1	100.8	101.7	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	98.8	101.2	102.0	102.5	103.8	104.9	1.1
GR	21.4	26.2	30.1	37.1	44.3	52.6	61.2	67.4	76.1	82.6	98.7	118.7	135.5	142.7	153.1	161.3	5.4
E	48.3	58.7	64.5	75.3	85.2	90.9	92.1	93.8	95.5	98.2	99.4	102.4	102.5	103.9	106.0	109.3	3.1
F	64.4	73.0	81.4	90.2	97.6	99.7	96.2	94.9	98.2	101.5	99.7	98.8	99.4	98.0	97.9	100.4	2.5
IRL	69.0	79.5	87.9	94.4	101.1	103.6	99.3	94.7	97.3	98.4	100.7	101.0	100.3	100.4	101.4	103.8	2.3
I	56.2	68.7	78.1	87.0	94.7	97.2	93.6	92.7	94.2	97.6	100.5	101.9	103.1	110.8	112.3	122.0	8.6
L	80.0	89.1	96.6	106.5	111.2	107.6	100.9	94.3	95.4	98.9	100.7	100.4	101.5	100.7	98.3	98.7	0.4
NL	94.5	103.9	108.4	104.3	114.2	108.2	95.0	85.6	89.3	101.8	98.4	99.8	100.3	99.1	99.2	100.8	1.6
A	84.6	93.6	97.8	100.2	102.0	103.0	100.5	97.0	98.7	99.4	99.4	101.2	101.7	101.5	102.3	97.8	-4.4
P	20.8	26.1	32.1	44.2	60.3	70.3	79.2	81.8	89.6	94.1	99.6	106.3	103.9	105.1	112.1	113.0	0.8
FIN	59.2	69.1	76.5	82.9	90.3	94.7	92.2	51.2	90.4	94.7	99.4	105.8	108.2	112.2	111.9	88.5	-20.9
S	49.7	55.9	63.1	70.4	76.4	80.4	81.2	83.3	87.8	94.9	100.4	104.6	104.4	104.7	101.7	106.4	4.6
UK	69.2	75.4	80.4	86.6	89.8	90.7	88.5	89.0	92.5	96.3	99.6	104.1	105.3	110.5	110.7	114.3	3.2
EUR 12 (1)	70.7	79.6	85.8	92.4	98.7	99.5	95.2	92.9	95.3	99.3	99.4	101.3	102.2	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	99.0	101.0	101.8	103.6	104.3	107.1	2.7
EUR 15 (1)	70.0	78.8	85.1	91.6	97.8	98.8	94.8	92.6	95.0	99.1	99.5	101.5	102.3	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.0	101.0	101.9	103.6	104.3	106.5	2.1

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.36

Real price indices of intermediate consumption in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	123.4	128.2	132.0	137.0	136.5	127.1	116.4	106.9	106.2	104.5	98.8	96.9	93.1	88.6	85.8	82.6	-3.7
DK	134.6	142.6	142.5	140.4	138.8	130.2	118.2	108.4	110.0	107.9	97.6	94.9	92.2	96.0	86.6	84.0	-2.9
D (1)	132.0	138.7	136.2	134.3	133.9	127.5	113.5	105.6	103.5	103.4	99.3	97.2	93.9	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	100.7	99.3	94.8	91.8	90.9	90.0	-1.0
GR	114.8	116.9	107.5	111.4	110.5	111.4	110.4	106.4	103.9	100.3	99.1	100.6	100.6	93.3	90.2	87.0	-3.6
E	118.8	128.2	123.7	129.1	131.0	129.7	118.3	113.8	109.7	105.3	99.3	95.5	89.6	87.0	85.2	83.9	-1.6
F	118.3	120.4	120.1	121.3	122.2	118.0	108.2	103.7	104.4	104.6	99.7	95.7	94.3	90.7	89.3	89.8	0.5
IRL	134.1	131.5	126.2	122.4	123.3	120.0	108.7	101.3	101.0	97.6	101.6	100.8	98.9	95.1	94.9	95.2	0.3
I	152.6	156.8	152.1	147.2	143.6	135.5	120.9	112.9	107.6	105.0	100.5	94.5	91.6	94.3	92.3	96.4	4.4
L	127.3	132.3	129.4	133.6	133.6	125.6	113.3	107.0	104.1	101.9	100.7	97.5	94.4	88.2	84.2	81.9	-2.7
NL	116.9	121.7	119.7	113.0	121.5	113.0	99.1	89.8	92.6	104.3	98.5	97.2	95.3	92.3	90.3	90.0	-0.4
A	121.5	129.0	126.9	125.2	121.5	119.0	111.4	104.9	105.1	102.9	99.6	97.5	94.1	90.6	88.3	82.3	-6.8
P	108.5	115.5	117.9	130.0	142.5	136.7	127.8	118.6	116.5	108.0	99.8	92.2	79.4	74.8	75.5	72.2	-4.4
FIN	115.1	122.0	124.1	123.9	124.0	123.5	115.0	108.6	100.7	99.4	98.5	102.4	103.9	106.5	103.6	79.1	-23.6
S	104.1	106.6	111.1	112.6	113.6	112.1	106.0	103.7	102.7	102.8	99.9	96.7	95.5	93.3	87.6	88.1	0.7
UK	126.4	123.7	122.5	125.5	124.4	118.8	112.3	107.6	105.4	102.5	99.6	97.8	94.8	96.3	94.4	95.3	0.9
EUR 12 (1)	126.9	130.9	128.7	128.8	129.6	124.0	112.8	106.1	104.7	104.2	99.5	96.3	93.2	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	101.5	98.5	95.1	93.2	91.3	91.2	-0.1
EUR 15 (1)	125.7	129.8	128.0	128.1	128.8	123.5	112.6	106.1	104.6	104.0	99.5	96.5	93.5	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	101.5	98.5	95.3	93.5	91.4	90.7	-0.7

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.37

**Nominal value indices of intermediate consumption in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	64.7	69.6	78.7	85.4	91.9	93.2	93.0	90.1	92.8	99.1	97.3	103.6	104.3	102.0	102.0	101.7	-0.3
DK	74.4	85.0	95.5	103.9	106.8	105.2	97.7	96.6	99.8	101.4	100.6	98.0	98.5	104.8	95.3	92.7	-2.8
D (1)	104.3	110.9	115.0	119.0	120.5	116.2	105.9	100.4	99.4	101.5	99.0	99.6	97.9	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	99.3	100.7	98.0	93.9	94.6	95.9	1.3
GR	18.5	23.3	27.3	34.8	41.4	50.7	55.5	64.3	73.5	82.5	98.9	118.6	136.5	153.4	166.5	176.0	5.7
E	39.0	50.0	57.0	66.9	78.0	83.1	87.0	89.5	93.0	96.1	100.8	103.2	104.3	105.7	113.2	118.6	4.8
F	57.3	64.8	72.6	81.0	89.0	91.0	89.5	90.8	95.6	101.1	100.4	98.5	98.6	95.2	96.8	101.7	5.1
IRL	56.1	67.8	74.6	84.1	89.9	93.1	95.1	87.0	90.6	99.4	99.7	100.9	101.8	106.4	115.2	120.8	4.9
I	52.3	62.4	70.9	80.4	88.0	91.1	89.8	92.7	94.3	98.2	99.4	102.4	102.2	107.1	107.5	115.9	7.8
L	62.7	69.7	73.8	89.3	92.0	92.3	90.5	88.3	91.0	96.4	100.6	103.0	105.7	99.5	99.6	100.7	1.0
NL	83.6	89.9	93.4	100.3	102.9	103.8	94.5	97.3	98.8	101.4	97.7	100.9	102.0	99.8	97.9	97.1	-0.9
A	86.4	93.5	99.3	104.3	100.5	104.0	97.6	95.2	96.5	97.7	99.8	102.6	104.7	106.9	108.6	105.2	-3.2
P	18.8	24.5	29.8	39.2	51.2	60.2	68.5	75.4	81.3	93.1	101.4	105.5	96.2	96.7	103.0	103.8	0.8
FIN	60.4	71.6	84.2	88.4	90.9	96.2	95.8	100.5	96.8	101.4	101.3	97.3	96.8	100.8	96.5	78.9	-18.2
S	56.9	63.1	70.4	77.6	84.9	88.2	89.5	89.3	96.4	102.4	102.6	95.0	94.2	99.2	102.0	105.3	3.2
UK	68.5	72.3	82.3	90.5	91.8	91.9	92.1	92.8	96.4	98.7	99.4	101.9	101.6	108.6	111.9	115.4	3.1
EUR 12 (1)	64.9	72.5	79.6	87.3	93.1	94.5	92.0	92.4	95.3	99.2	99.6	101.2	101.4	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	99.2	100.8	100.8	101.1	103.1	106.4	3.2
EUR 15 (1)	65.0	72.6	79.8	87.4	93.0	94.5	92.1	92.6	95.3	99.3	99.7	100.9	101.1	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	99.3	100.7	100.6	101.2	103.0	105.8	2.7

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.38

**Real value indices of intermediate consumption in agriculture from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (2))**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	99.6	102.2	108.0	111.0	113.5	108.6	104.3	98.8	99.9	102.0	97.2	100.8	98.1	92.2	89.8	87.6	-2.5
DK	129.9	134.8	137.0	138.5	134.4	127.2	112.9	106.7	106.5	103.9	100.4	95.7	94.3	99.2	88.2	83.8	-5.0
D (1)	137.9	140.7	139.7	140.0	138.9	131.2	115.9	107.9	105.2	104.9	99.1	96.0	90.4	:	:	:	:
D (2)	:	:	:	:	:	:	:	:	:	:	101.2	98.8	91.2	84.1	82.9	82.2	-0.8
GR	99.1	104.2	97.5	104.5	103.2	107.4	100.1	101.4	100.3	100.1	99.3	100.6	101.4	100.3	98.1	94.9	-3.3
E	95.9	109.1	109.3	114.7	119.8	118.6	111.8	108.7	106.9	103.1	100.7	96.3	91.2	88.5	91.0	91.1	0.0
F	105.2	106.8	107.1	108.9	111.4	107.6	100.7	99.2	101.6	104.2	100.4	95.3	93.5	88.0	88.4	91.0	3.0
IRL	108.9	112.1	107.1	109.1	109.6	107.9	104.1	93.1	94.1	98.7	100.6	100.7	100.3	100.7	107.8	110.8	2.8
I	142.1	142.3	138.1	136.0	133.4	127.0	116.0	112.9	107.7	105.7	99.3	95.0	90.8	91.1	88.4	91.6	3.7
L	99.8	103.5	98.9	112.0	110.6	107.7	101.7	100.2	99.3	99.3	100.6	100.1	98.3	87.1	85.3	83.5	-2.1
NL	103.4	105.3	103.1	108.7	109.5	108.5	98.6	102.1	102.4	103.8	97.8	98.4	96.9	93.0	89.2	86.7	-2.8
A	124.1	128.9	128.9	130.2	119.8	120.2	108.2	103.0	102.8	101.1	100.0	98.9	96.8	95.5	93.8	88.5	-5.6
P	98.2	108.5	109.3	115.1	121.0	117.1	110.6	109.3	105.7	106.9	101.6	91.5	73.5	68.8	69.4	66.4	-4.4
FIN	117.0	126.3	136.2	131.8	124.5	125.0	119.1	119.4	107.4	106.1	100.1	93.8	92.7	95.4	89.1	70.3	-21.1
S	118.8	119.9	123.7	123.8	126.0	122.7	116.5	111.0	112.5	110.6	101.8	87.6	85.9	88.1	87.5	87.0	-0.6
UK	125.2	118.6	125.4	131.0	127.1	120.3	116.8	112.1	109.9	104.9	99.4	95.7	91.4	94.5	95.4	96.2	0.8
EUR 12 (1)	116.5	119.2	119.3	121.8	122.3	117.8	109.0	105.6	104.6	104.1	99.6	96.2	92.5	:	:	:	:
EUR 12 (2)	:	:	:	:	:	:	:	:	:	:	101.7	98.3	94.1	91.0	90.2	90.6	0.5
EUR 15 (1)	116.7	119.6	120.0	122.3	122.4	118.2	109.5	106.1	104.9	104.3	99.7	96.0	92.4	:	:	:	:
EUR 15 (2)	:	:	:	:	:	:	:	:	:	:	101.8	98.2	94.1	91.3	90.3	90.2	-0.2

(1) With Germany in its boundaries prior to 3 October 1990.

(2) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.39

Trends in productivity of intermediate consumption (1) from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (3))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	101.8	103.4	104.5	103.9	106.0	104.7	105.0	100.1	101.9	101.1	99.2	99.7	103.3	106.1	102.2	102.3	0.1
DK	84.7	88.5	91.2	87.2	96.7	96.3	99.4	93.2	98.7	102.1	99.1	98.9	95.2	101.9	100.9	104.0	3.2
D (2)	91.3	92.7	99.8	95.4	98.7	95.5	100.6	95.0	98.7	99.0	99.8	101.2	105.9	:	:	:	:
D (3)	:	:	:	:	:	:	:	:	:	:	99.2	100.9	109.1	109.6	107.1	109.3	2.0
GR	108.4	105.8	105.9	98.3	101.6	102.6	108.0	101.3	104.6	105.4	91.0	103.7	101.8	94.2	96.7	95.7	-1.1
E	105.8	94.0	94.9	97.6	99.1	103.4	94.4	101.0	104.0	98.4	100.5	101.0	100.2	96.6	89.1	83.2	-6.6
F	95.8	94.8	104.1	101.5	102.5	103.2	101.9	101.6	98.7	99.9	100.8	99.3	105.8	102.1	101.4	100.5	-0.9
IRL	98.9	93.8	100.5	99.2	107.6	105.0	97.2	102.3	102.4	90.8	105.0	104.4	107.9	100.0	92.1	93.3	1.4
I	105.0	105.4	104.0	109.7	103.9	103.3	103.2	102.5	99.1	99.5	98.0	102.5	105.7	106.2	106.5	106.7	0.2
L	117.5	122.3	137.3	120.2	123.8	117.4	114.4	106.5	104.1	105.2	101.3	93.8	101.9	103.1	99.4	103.0	3.6
NL	88.3	94.3	97.9	90.3	99.1	93.4	94.8	80.8	84.8	97.5	101.1	101.4	102.7	104.5	108.2	112.3	3.8
A	90.7	89.8	99.8	94.7	101.6	97.1	99.8	99.8	102.6	100.7	99.7	99.6	95.1	93.4	93.6	90.4	-3.5
P	93.6	85.3	91.7	94.0	99.6	103.5	103.3	102.0	92.0	95.1	100.7	104.2	106.3	100.6	104.9	105.1	0.2
FIN	95.4	90.2	92.0	99.6	102.7	98.4	97.8	82.6	86.5	93.2	102.5	105.1	98.9	100.3	103.4	98.4	-4.9
S	87.0	90.0	95.1	95.0	97.2	95.7	94.2	93.5	90.7	95.0	102.9	102.7	99.4	105.7	102.5	105.2	2.6
UK	94.1	96.2	95.2	92.2	100.9	98.3	96.4	95.0	94.8	97.3	100.0	102.8	106.2	100.3	98.9	99.2	0.3
EUR 12 (2)	97.1	96.4	99.8	98.5	100.9	100.4	99.7	97.8	98.0	99.1	99.6	101.3	104.4	:	:	:	:
EUR 12 (3)	:	:	:	:	:	:	:	:	:	:	99.1	100.9	104.6	102.8	101.2	100.9	-0.3
EUR 15 (2)	96.0	95.2	98.8	97.7	100.2	99.5	98.8	96.7	97.0	98.3	99.1	100.9	103.5	:	:	:	:
EUR 15 (3)	:	:	:	:	:	:	:	:	:	:	99.1	100.9	104.1	102.6	101.0	100.6	-0.4

(1) Index of volume of final output divided by the index of the volume of intermediate consumption.

(2) With Germany in its boundaries prior to 3 October 1990.

(3) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.40

Trends in "terms of trade" of agriculture (1) from 1980 to 1995
(Indices, 1989-1991=100 with the exception of (3))

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	94.6	94.4	92.6	94.4	90.5	91.2	91.7	95.7	94.5	101.9	99.7	98.3	93.4	89.8	95.6	91.7	-4.1
DK	102.2	99.0	100.1	97.7	97.9	96.8	100.4	100.0	95.1	98.8	100.9	100.4	100.5	84.9	91.8	92.7	0.9
D (2)	100.1	98.7	97.1	94.9	92.7	93.4	95.6	96.9	98.9	103.6	99.3	97.1	93.1	:	:	:	:
D (3)	:	:	:	:	:	:	:	:	:	:	101.4	98.6	91.8	87.3	87.7	87.2	-0.6
GR	95.7	94.8	100.0	95.5	98.9	98.4	96.0	95.9	95.1	99.0	100.9	99.9	89.7	90.1	92.3	90.5	-2.0
E	105.4	98.1	102.7	96.6	95.3	91.6	99.4	95.0	97.9	101.3	100.8	98.0	90.9	95.2	104.7	107.6	2.8
F	105.1	104.7	102.4	99.9	95.7	95.3	98.5	97.7	97.5	99.7	100.7	99.6	91.8	87.9	90.0	88.1	-2.2
IRL	94.5	95.7	93.4	94.0	90.0	85.8	90.2	98.8	104.3	114.5	94.4	91.4	93.8	99.4	98.7	97.6	-1.1
I	94.4	89.4	89.9	88.5	88.1	90.6	95.6	96.4	97.1	98.0	99.6	102.3	98.3	92.7	93.7	92.2	-1.6
L	82.8	81.2	87.0	82.1	79.9	85.7	91.4	97.7	100.0	103.6	102.3	94.2	91.5	92.3	92.9	91.8	-1.2
NL	94.6	94.9	93.8	97.8	91.8	96.4	103.0	113.6	109.2	101.4	99.7	98.9	94.7	89.0	92.6	88.7	-4.2
A	100.4	96.7	88.4	90.5	91.9	90.2	94.1	98.1	94.5	97.5	101.7	100.8	99.2	98.1	98.1	79.4	-19.1
P	131.9	128.3	122.7	109.9	102.7	98.9	99.5	103.7	105.0	104.0	101.2	95.3	91.0	90.9	91.5	93.9	2.7
FIN	102.3	98.3	105.1	99.3	99.0	99.9	105.4	107.2	107.6	106.6	101.5	92.7	90.0	88.9	87.1	69.1	-20.6
S	122.9	120.6	117.0	112.5	110.7	107.3	110.1	119.0	113.4	109.5	98.5	92.8	92.2	87.7	88.8	83.9	-5.5
UK	104.1	105.5	106.3	99.9	98.3	95.2	99.7	102.3	99.8	103.0	101.4	95.8	95.3	94.5	95.9	100.6	4.9
EUR 12 (2)	94.9	94.6	95.4	93.4	91.8	92.1	96.7	98.1	98.3	100.5	100.3	99.3	94.5	:	:	:	:
EUR 12 (3)	:	:	:	:	:	:	:	:	:	:	100.6	99.5	94.2	91.7	94.7	94.6	-0.2
EUR 15 (2)	96.4	95.9	96.5	94.4	92.8	93.0	97.6	99.1	99.1	101.1	100.6	99.4	94.8	:	:	:	:
EUR 15 (3)	:	:	:	:	:	:	:	:	:	:	100.7	99.3	94.3	91.8	94.7	93.9	-0.8

(1) Index of nominal prices of final output divided by the index of nominal prices of intermediate consumption.

(2) With Germany in its boundaries prior to 3 October 1990.

(3) With Germany in its boundaries after 3 October 1990, (Indices, 1990-1991=100).

Table A.41

**Volume of total labour input in agriculture in annual work units (AWU) from 1980 to 1995
in 1000**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	115.6	112.4	110.2	109.4	108.7	106.1	104.8	101.6	98.3	96.0	94.2	91.9	88.0	85.8	83.6	81.1	-3.0
DK (1)	132.8	126.8	119.4	118.1	115.0	110.8	106.9	102.7	96.9	99.2	98.9	95.5	93.5	92.7	87.5	85.0	-2.8
D (2)	1029.6	1015.8	991.9	945.9	930.8	917.9	904.1	850.7	837.0	786.8	760.0	718.0	689.1	658.1	:	:	:
D (3)	:	:	:	:	:	:	:	:	:	:	1229.1	1028.5	863.6	802.9	750.0	705.0	-6.0
GR	956.0	935.0	924.0	917.0	918.0	931.0	898.0	849.0	851.0	770.4	769.2	680.7	697.8	702.8	680.7	665.4	-2.2
E	1865.3	1697.4	1634.6	1614.7	1531.3	1483.9	1428.8	1389.9	1359.2	1298.0	1255.8	1186.7	1156.9	1112.1	1060.2	1025.2	-3.3
F	1817.2	1768.4	1720.2	1671.3	1619.5	1564.5	1508.9	1454.8	1401.0	1343.7	1288.6	1235.3	1183.0	1121.0	1081.6	1043.7	-3.5
IRL (4)	310.3	298.9	287.5	276.1	276.0	275.8	265.2	254.5	250.6	261.5	257.6	253.7	249.8	242.9	235.1	233.9	-0.5
I	2895.8	2751.6	2593.4	2654.7	2598.6	2494.1	2476.5	2422.9	2313.3	2194.3	2153.3	2156.4	2051.1	1901.6	1827.6	1802.4	-1.4
L	9.2	8.6	8.3	7.9	7.5	7.3	7.0	6.7	6.4	6.3	6.0	5.8	5.5	5.4	5.1	5.0	-2.3
NL	254.3	249.3	248.0	248.3	246.7	245.4	242.7	240.5	237.4	237.5	236.1	236.1	238.3	235.7	229.7	221.4	-3.6
A	264.8	259.3	254.2	249.9	244.5	237.6	230.1	222.5	215.1	206.2	198.0	190.4	178.8	167.8	158.1	149.0	-5.8
P	1133.5	1071.2	1035.8	958.5	962.4	966.3	892.1	931.1	915.0	806.9	716.1	696.6	639.8	574.6	577.6	570.4	-1.2
FIN	268.3	276.7	266.4	239.3	234.8	225.7	218.2	216.7	190.1	176.4	172.3	167.6	167.3	158.2	151.3	144.7	-4.3
S	141.4	140.8	132.2	130.4	126.8	125.8	117.8	114.7	108.5	104.3	99.0	95.9	92.7	90.8	87.9	85.4	-2.9
UK	518.3	506.7	501.4	497.1	489.0	486.7	477.8	466.1	457.6	445.7	436.7	424.3	418.1	414.4	405.8	403.6	-0.5
EUR 12 (2)	11037.9	10542.1	10174.6	10019.0	9803.5	9589.8	9312.8	9070.5	8823.8	8346.3	8072.5	7781.0	7510.9	7147.1	:	:	:
EUR 12 (3)	:	:	:	:	:	:	:	:	:	:	8541.6	8091.5	7685.4	7291.9	7024.5	6842.1	-2.6
EUR 15 (2)	11712.4	11218.9	10827.4	10638.6	10409.6	10178.8	9878.8	9624.4	9337.5	8833.1	8541.7	8234.9	7949.7	7563.9	:	:	:
EUR 15 (3)	:	:	:	:	:	:	:	:	:	:	9010.8	8545.4	8124.2	7708.7	7421.8	7221.2	-2.7

(1) Eurostat estimate for the year 1980.

(2) With Germany in its boundaries prior to 3 October 1990.

(3) With Germany in its boundaries after 3 October 1990.

(4) Eurostat estimate for the period 1980-1990.

Table A.42

**Volume of family labour input in agriculture in annual work units (AWU) from 1980 to 1995
in 1000**

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	% 95/94
B	105.9	103.5	101.0	99.8	98.8	96.2	94.2	90.9	88.0	85.7	83.4	81.5	77.6	74.6	72.2	69.9	-3.2
DK (1)	105.1	100.5	94.7	91.8	87.9	84.2	80.7	77.3	73.2	74.1	73.5	70.9	68.9	68.0	64.0	62.0	-3.1
D (2)	919.4	897.0	877.8	837.1	829.3	804.1	792.9	750.3	732.4	684.5	667.3	634.7	609.2	577.2	:	:	:
D (3)	:	:	:	:	:	:	:	:	:	:	777.5	650.6	628.0	596.3	570.0	540.0	-5.3
GR	858.0	843.0	827.0	813.0	808.0	803.0	781.0	729.0	732.0	706.6	707.7	625.9	642.0	623.7	605.8	592.2	-2.2
E	1422.5	1294.5	1246.6	1231.4	1167.8	1131.6	1089.6	1059.9	1036.6	989.9	955.5	885.9	870.6	841.0	790.9	747.4	-5.5
F	1534.2	1492.4	1451.3	1409.4	1366.0	1319.2	1272.0	1225.3	1179.0	1123.1	1071.0	1021.7	973.3	915.2	879.6	845.3	-3.9
IRL (4)	274.9	264.0	253.1	242.2	241.5	240.7	232.3	223.8	222.9	236.0	235.1	234.2	228.1	223.5	212.3	211.3	-0.5
I	2026.9	1940.2	1807.1	1888.0	1864.6	1767.8	1766.5	1729.7	1633.8	1502.6	1466.5	1496.0	1388.4	1299.6	1248.7	1237.4	-0.9
L	8.6	8.0	7.7	7.3	6.9	6.7	6.4	6.1	5.8	5.7	5.3	5.1	4.9	4.7	4.5	4.3	-3.2
NL	203.7	198.8	197.1	197.6	196.5	193.7	189.4	186.0	182.6	179.8	176.3	173.7	174.0	170.8	166.0	156.9	-5.5
A	242.5	237.7	233.4	229.9	225.3	218.9	212.1	205.0	197.8	189.1	180.9	172.9	160.9	150.3	140.7	131.7	-6.4
P	983.8	929.8	899.1	816.4	819.7	823.0	759.6	793.0	775.3	687.8	605.3	602.0	551.6	484.7	496.4	495.4	-0.2
FIN	255.4	263.4	253.9	231.2	223.8	215.8	207.0	204.4	178.8	165.2	161.1	156.5	154.2	147.5	141.1	135.0	-4.3
S	123.9	123.8	119.9	116.5	113.0	109.3	101.3	100.3	94.4	90.5	85.9	82.7	79.6	77.8	75.0	72.6	-3.3
UK	304.4	299.8	298.6	297.4	297.0	297.7	297.9	290.7	287.0	281.7	274.5	268.1	266.9	266.3	261.8	259.8	-0.8
EUR 12 (2)	8747.4	8371.6	8061.1	7931.4	7784.0	7567.9	7362.5	7162.0	6948.6	6557.5	6321.4	6099.7	5855.5	5549.3	:	:	:
EUR 12 (3)	:	:	:	:	:	:	:	:	:	:	6431.6	6115.6	5874.3	5568.4	5372.2	5221.9	-2.8
EUR 15 (2)	9369.2	8996.5	8668.4	8509.0	8346.0	8111.8	7882.9	7671.7	7419.6	7002.3	6749.3	6511.8	6250.2	5924.9	:	:	:
EUR 15 (3)	:	:	:	:	:	:	:	:	:	:	6859.5	6527.7	6269.0	5944.0	5729.1	5561.2	-2.9

(1) Eurostat estimate for the year 1980.

(2) With Germany in its boundaries prior to 3 October 1990.

(3) With Germany in its boundaries after 3 October 1990.

(4) Eurostat estimate for the period 1980-1990.

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ES	Clasificación de las publicaciones de Eurostat
TEMA	<ul style="list-style-type: none"> 0 Diversos (rosa) 1 Estadísticas generales (azul oscuro) 2 Economía y finanzas (violeta) 3 Población y condiciones sociales (amarillo) 4 Energía e industria (azul claro) 5 Agricultura, silvicultura y pesca (verde) 6 Comercio exterior (rojo) 7 Comercio, servicios y transportes (naranja) 8 Medio ambiente (turquesa) 9 Investigación y desarrollo (marrón)
SERIE	<ul style="list-style-type: none"> A Anuarios y estadísticas anuales B Estadísticas conjunturales C Cuentas y encuestas D Estudios e investigación E Métodos F Estadísticas breves

GR	Ταξινόμηση των δημοσιεύσεων της Eurostat
ΘΕΜΑ	<ul style="list-style-type: none"> 0 Διαφορα (ροζ) 1 Γενικές στατιστικές (βαθυ μπλε) 2 Οικονομία και δημοσιονομικό (βιολετί) 3 Πληθυσμός και κοινωνικές συνθήκες (κιτρινο) 4 Ενέργεια και βιομηχανία (μπλε) 5 Γεωργία, δάση και ολιείο (πρασινό) 6 Εξωτερικό εμπόριο (κόκκινο) 7 Εμπόριο, υπηρεσίες και μεταφορές (πορτοκαλί) 8 Περιβάλλον (τουρκουαζ) 9 Έρευνα και ανάπτυξη (καφέ)
ΣΕΙΡΑ	<ul style="list-style-type: none"> A Επετηρίδες και ετήσιες στατιστικές B Συγκυριακές στατιστικές C Λογοισμοί και έρευνες D Μελέτες και έρευνα E Μέθοδοι F Στατιστικές εν συντομία

IT	Classificazione delle pubblicazioni dell'Eurostat
TEMA	<ul style="list-style-type: none"> 0 Diverse (rosa) 1 Statistiche generali (blu) 2 Economia e finanze (viola) 3 Popolazione e condizioni sociali (giallo) 4 Energia e industria (azzurro) 5 Agricoltura, foreste e pesca (verde) 6 Commercio estero (rosso) 7 Commercio, servizi e trasporti (arancione) 8 Ambiente (turchese) 9 Ricerca e sviluppo (marrone)
SERIE	<ul style="list-style-type: none"> A: Anuari e statistiche annuali B: Statistiche sulla congiuntura C: Conti e indagini D: Studi e ricerche E: Metodi F: Statistiche in breve

FI	Eurostatin julkaisuluokitukset
AiHE	<ul style="list-style-type: none"> 0 Sekalaista (vaaleanpunainen) 1 Yleiset tilastot (yonsininen) 2 Talous ja rahoitus (violetti) 3 Väestö- ja sosiaalitytlistot (keltainen) 4 Energia ja teollisuus (sininen) 5 Maa- ja metsätalous, kalastus (vihreä) 6 Ulkomaankauppa (punainen) 7 Kauppa, palvelut ja liikenne (oranssi) 8 Ympäristö (turkoosi) 9 Tutkimus ja kehitys (ruskea)
SARJA	<ul style="list-style-type: none"> A Vuosikirjat ja vuosittilastot B Suhdannetilastot C Laskennat ja kyselytutkimukset D Tutkimukset E Menetelmät F Tilastokatsaukset

DA	Klassifikation af Eurostats publikationer
EMNE	<ul style="list-style-type: none"> 0 Diverse (rosa) 1 Almene statistikker (mørkeblå) 2 Økonomi og finanser (violett) 3 Befolkning og sociale forhold (gul) 4 Energi og industri (blå) 5 Landbrug, skovbrug og fiskeri (grøn) 6 Udenrigshandel (rød) 7 Handel, tjenesteydelser og transport (orange) 8 Miljø (turkis) 9 Forskning og udvikling (brun)
SERIE	<ul style="list-style-type: none"> A: Årbøger og årlige statistikker B: Konjunkturstatistikker C: Tællinger og rundspørger D: Undersøgelser og forskning E: Metoder F: Statistikoversigter

EN	Classification of Eurostat publications
THEME	<ul style="list-style-type: none"> 0 Miscellaneous (pink) 1 General statistics (midnight blue) 2 Economy and finance (violet) 3 Population and social conditions (yellow) 4 Energy and industry (blue) 5 Agriculture, forestry and fisheries (green) 6 External trade (red) 7 Distributive trades, services and transport (orange) 8 Environment (turquoise) 9 Research and development (brown)
SERIES	<ul style="list-style-type: none"> A: Yearbooks and yearly statistics B: Short-term statistics C: Accounts and surveys D: Studies and research E: Methods F: Statistics in focus

NL	Classificatie van de publicaties van Eurostat
ONDERWERP	<ul style="list-style-type: none"> 0 Diverse (roze) 1 Algemene statistiek (donkerblauw) 2 Economie en financiën (paars) 3 Bevolking en sociale voorwaarden (geel) 4 Energie en industrie (blauw) 5 Landbouw, bosbouw en visserij (groen) 6 Buitenlandse handel (rood) 7 Handel, diensten en vervoer (oranje) 8 Milieu (turkoois) 9 Onderzoek en ontwikkeling (bruin)
SERIE	<ul style="list-style-type: none"> A: Jaarboeken en jaarstatistieken B: Conjunctuurstatistieken C: Rekeningen en enquêtes D: Studies en onderzoeken E: Methoden F: Statistieken in het kort

SV	Klassifikation av Eurostats publikationer
ÄMNE	<ul style="list-style-type: none"> 0 Diverse (rosa) 1 Allmän statistik (mörkblå) 2 Ekonomi och finans (lila) 3 Befolkning och sociala förhållanden (gul) 4 Energi och industri (blå) 5 Jordbruk, skogsbruk och fiske (grön) 6 Utrikeshandel (röd) 7 Handel, tjänster och transport (orange) 8 Miljö (turkos) 9 Forskning och utveckling (brun)
SERIE	<ul style="list-style-type: none"> A: Årsböcker och årlig statistik B: Konjunkturstatistik C: Redogörelser och enkäter D: Undersökningar och forskning E: Metoder F: Statistiköversikter

DE	Gliederung der Veröffentlichungen von Eurostat
THEMENKREIS	<ul style="list-style-type: none"> 0 Verschiedenes (rosa) 1 Allgemeine Statistik (dunkelblau) 2 Wirtschaft und Finanzen (violett) 3 Bevölkerung und soziale Bedingungen (gelb) 4 Energie und Industrie (blau) 5 Land- und Forstwirtschaft, Fischerei (grün) 6 Außenhandel (rot) 7 Handel, Dienstleistungen und Verkehr (orange) 8 Umwelt (turkis) 9 Forschung und Entwicklung (braun)
REIHE	<ul style="list-style-type: none"> A: Jahrbücher und jährliche Statistiken B: Konjunkturstatistiken C: Konten und Erhebungen D: Studien und Forschungsergebnisse E: Methoden F: Statistik kurzgefaßt

FR	Classification des publications d'Eurostat
THÈME	<ul style="list-style-type: none"> 0 Divers (rose) 1 Statistiques générales (bleu nuit) 2 Économie et finances (violet) 3 Population et conditions sociales (jaune) 4 Énergie et industrie (bleu) 5 Agriculture, sylviculture et pêche (vert) 6 Commerce extérieur (rouge) 7 Commerce, services et transports (orange) 8 Environnement (turquoise) 9 Recherche et développement (brun)
SÉRIE	<ul style="list-style-type: none"> A: Annuaire et statistiques annuelles B: Statistiques conjoncturelles C: Comptes et enquêtes D: Études et recherche E: Méthodes F: Statistiques en bref

PT	Classificação das publicações do Eurostat
TEMA	<ul style="list-style-type: none"> 0 Diversos (rosa) 1 Estatísticas gerais (azul-escuro) 2 Economia e finanças (violeta) 3 População e condições sociais (amarelo) 4 Energia e indústria (azul) 5 Agricultura, silvicultura e pesca (verde) 6 Comércio externo (vermelho) 7 Comércio, serviços e transportes (laranja) 8 Ambiente (turquesa) 9 Investigação e desenvolvimento (castanho)
SÉRIE	<ul style="list-style-type: none"> A: Anuários e estatísticas anuais B: Estatísticas conjunturais C: Contas e inquéritos D: Estudos e investigação E: Métodos F: Estatísticas breves

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