

TRENDS IN THE EU AGRICULTURAL PRICE INDICES IN 1994

Results of Forecasts¹⁾²⁾

Producer prices of agricultural products (output)

Further decline forecast in real terms for EUR 12 in 1994 (-1.3%)
but less extreme than in 1993 (-4.1%)

Producer prices of the means of agricultural production (input)

Continued decline in real terms (-2.1%)

Comparison of trends in real output and input prices

Small increase expected in agricultural terms of trade (+0.7%)
reversing the decrease of the previous year (-3.0%)

- 1) Agricultural output and input price trends in 1994 were forecast on the basis of price indices in consultation with the Member States of the Union. The forecasts presented in this Rapid Report reflect information available on 30 November 1994.
- 2) Data for the Federal Republic of Germany correspond to the area within the frontiers prior to 3 October 1990.

Producer prices of agricultural products (output prices)

Increase in nominal terms (+3.4%)

Moderate decrease in real terms (-1.3%)

The annual index of the producer prices of agricultural products (including fruit and vegetables) for the Union as a whole (EUR 12, but excluding the new German "Länder") is expected to rise +3.4% in *nominal* terms in the 1994 relative to the previous year (see Table 1). This price rise is less than the rate of inflation¹ and so the *real* price index is expected to decline (-1.3%). Thus the decrease in the real price index, observed each year since 1989, is expected to continue but at a more moderate rate. Since the base year 1985 there will have been a cumulative rise in the nominal producer price index (+18.3%) but a cumulative fall in the real price index (-26.1%).

Real producer prices for crop products in the Union as a whole are forecast to increase slightly (+1.4%) relative to 1993. This increase is partly due to the strong rise in the price index for root crops (+27.6%), because of the recovery in the price of potatoes for consumption. Other groups of crop products are also expected to show notable price increases, including fruit (+6.2%), wine must and wine (+6.6%) and olives and olive oil (+7.5%). The price index for cereals and rice are predicted to decline markedly (-12.3%) following a smaller decline in 1993. This downward trend is probably due to the consequences of the reform of the Common Agricultural Policy. In contrast, the real price index for oilseeds is expected to increase (+4.8%).

Real producer prices for animals and animal products, in contrast to crop products, are expected to fall (-3.7%). Declines will be recorded for almost all groups of animals and animal products, especially eggs (-5.4%). Last year the real price index for pigs declined steeply but in 1994 the decrease is expected to be more moderate (-2.2%). The price index for milk will continue to rise in nominal terms (+3.1%) but fall in real terms (-1.5%).

Across Member States (see Table 2), the real producer price index for agricultural products is expected to rise in five cases but fall in the seven others. The price index will increase in Portugal (+4.9%), Greece (+4.0%) and Belgium (+2.0%), reversing the downward trend of previous years. The real price index in Spain will increase (+5.6%) continuing the rise recorded in 1993. For some other Member States, the decline seen in recent years is expected to continue, with decreases in the range -1.2% to -3.4%. Steeper declines are foreseen in Italy (-4.7%) and Luxembourg (-4.8%). Concerning the price index for pigs which had previously fallen so steeply, it is expected to rise in Germany (+2.3%) and France (+2.0%). This index will continue to fall in the other Member States, most markedly in the United Kingdom (-6.3%), Luxembourg (-8.1%) and Italy (-14.1%).

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

Moderate increase in nominal terms (+1.6%)

Continued decline in real terms (-2.1%)

The annual index for the purchase prices of the means of agricultural production (Input 00) for 1994 (see Table 3) is expected to continue to rise in nominal terms (+1.6%) for the Union (EUR 12, excluding the new German "Länder") relative to 1993. However, this nominal price

¹Real price changes have been calculated from 1985 to 1993 using the consumer price index as a deflator. For 1994, Eurostat used a forecast published by DG II of the deflator of private consumption as a surrogate for the consumer price index.

rise will be less than the rate of inflation and so the real price index is expected to fall (-2.1%), continuing the trend seen in previous years. The nominal index of agricultural input prices is foreseen to have increased or remained constant in all Member States, except Denmark and the Netherlands.

The index of the prices of goods and services for **current consumption in agriculture (Input I)** is expected to decrease in real terms (-2.6%) as are the indices for the main items, especially feedingstuffs (-5.0%), and energy and lubricants (-3.3%).

The real index for the purchase prices of goods and services contributing to **agricultural investment (Input II)** is expected to decline slightly (-0.4%) relative to 1993. Small decreases are anticipated for both machinery (-0.4%) and buildings (-0.6%).

Across **Member States** (see Table 4) the index of the real prices of the means of agricultural production is anticipated to have fallen in all Member States, especially in Denmark (-4.4%) and Portugal (-4.9%). Price decreases are expected to be in the range -1.3% to -3.2% in the other Member States. The price index for feedingstuffs is foreseen to decline in all Member States, most markedly in Denmark (-9.2%) and Germany (-8.0%).

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

Slight increase foreseen (1994, +0.7%)

Reversing trend of previous year (1993, -3.0%)

The real agricultural terms of trade, calculated by dividing the real output price index by the real input price index, fluctuated about the base level of the index, i.e. 100, from 1985 to 1991. In 1992 and 1993 it fell sharply to 90.5, and is expected to reach 91.1 in 1994. With the moderate decrease in the real price index for agricultural products and the continued decline in the real price index for the means of agricultural production, the agricultural terms of trade are expected to improve slightly (+0.7%) in 1994 compared to 1993.

Across **Member States** a marked improvement in the terms of trade is foreseen for Portugal (+10.2%) and Spain (+8.0%). A more moderate increase is expected for Greece, Belgium and the Netherlands (+5.4%, +4.6% and +4.6% respectively). In contrast, the terms of trade are expected to decline in Luxembourg, Italy and France (-2.5%, -3.5% and -4.1% respectively). Little change is foreseen for the four remaining Member States.

Methodological note: Rebasing

Eurostat and the Member States are in the process of changing from the base 1985=100 to 1990=100. Most Member States calculated their forecasts of the agricultural price indices for 1994 on the base 1985=100. However, Greece (for both output and input indices) and France (for output indices) already use the new base 1990=100. Eurostat re-referenced these indices to the base 1985=100, which remains the base for all indices presented in this report.

Table 1

EC Index of producer prices of agricultural products:
Rates of change of the price indices for EUR 12 (in %) (1)

	1990 1989	1991 1990	1992 1991	1993 1992	1994 1993
NOMINAL INDICES					
0 TOTAL	1.6	2.6	-3.5	0.7	3.4
1 CROP PRODUCTS	7.4	6.7	-9.0	1.1	6.6
11 Cereals and rice	-1.8	4.1	-2.6	0.1	-8.4
12 Root crops	1.5	8.3	-18.7	3.9	31.4
13 Fruit	16.7	19.4	-18.5	-2.4	13.5
14 Fresh vegetables	14.8	5.5	-5.4	4.4	5.4
15 Wine must and wine	11.7	-6.3	-6.3	-4.8	10.8
16 Olives and olive oil	13.2	26.9	-14.5	6.0	14.9
17 Seeds	1.0	-0.8	-1.8	0.6	-2.9
18 Flowers etc.	4.5	6.1	-3.0	3.2	-2.6
19 Other crop products	3.2	2.2	-6.7	4.8	7.5
2 ANIMALS AND ANIMAL PRODUCTS	-3.7	-1.5	2.6	0.3	0.3
21 Animals	-4.6	-2.0	3.8	-2.1	0.9
21A Calves	-8.4	-3.1	6.3	6.9	2.6
21B Cattle excluding calves	-7.3	-6.3	4.5	8.7	-0.3
21C Pigs	-4.7	1.4	4.3	-20.2	0.9
21D Sheep and lambs	-2.0	-4.3	9.8	6.4	4.2
21E Poultry	2.3	0.5	-2.1	5.2	-1.0
21F Other animals	3.7	3.4	-2.6	1.3	5.1
22 Milk	-2.8	-0.9	1.7	3.2	3.1
23 Eggs	1.3	0.8	-5.4	8.5	-1.5
24 Other animal products	-3.9	-12.0	7.0	-0.8	8.7
DEFLATED INDICES					
0 TOTAL	-5.2	-3.6	-8.3	-4.1	-1.3
1 CROP PRODUCTS	-0.4	-0.4	-14.6	-4.2	1.4
11 Cereals and rice	-8.1	-1.3	-7.3	-4.2	-12.3
12 Root crops	-5.0	1.6	-22.3	-1.9	27.6
13 Fruit	7.9	11.3	-24.8	-9.4	6.2
14 Fresh vegetables	5.4	-1.3	-12.4	-0.3	0.2
15 Wine must and wine	5.9	-11.0	-10.8	-9.5	6.6
16 Olives and olive oil	0.6	13.4	-21.7	-1.1	7.5
17 Seeds	-0.7	-6.0	-5.8	-1.5	-6.1
18 Flowers etc.	-7.4	0.6	-7.7	-0.5	-3.6
19 Other crop products	-9.3	-8.6	-18.8	-1.8	-0.1
2 ANIMALS AND ANIMAL PRODUCTS	-10.2	-6.6	-2.0	-4.1	-3.7
21 Animals	-14.1	-7.2	-0.9	-6.5	-2.7
21A Calves	-12.0	-8.7	1.4	1.7	-2.1
21B Cattle excluding calves	-9.5	-10.6	0.7	4.8	-3.3
21C Pigs	-10.8	-3.2	-0.8	-24.0	-2.2
21D Sheep and lambs	-4.7	-12.1	3.4	2.5	-0.1
21E Poultry	-4.6	-5.5	-6.4	0.7	-4.7
21F Other animals	-8.2	-4.8	-10.1	-4.7	-0.9
22 Milk	-5.0	-5.6	-2.4	-1.2	-1.5
23 Eggs	-13.7	-5.3	-10.6	4.2	-5.4
24 Other animal products	#REF!	-18.6	-0.6	-8.9	-0.3

(1) On the base 1985 = 100

Table 2

EC Index of producer prices of agricultural products : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	P	UK	EUR12
Total	Nominal indices	a)	-1.2	-1.9	-0.9	18.0	-0.2	0.2	-3.1	5.6	-7.1	2.9	-5.4	-0.7	2.6
		b)	-2.3	0.1	-2.1	4.1	-6.7	-6.9	3.0	-5.6	-4.7	-4.6	-7.7	1.4	-3.5
		c)	-6.7	-12.4	-7.3	6.7	5.9	-4.3	6.7	2.7	-1.8	-6.4	2.7	5.3	0.7
		d)	4.6	-1.3	0.7	15.2	10.8	0.5	1.1	-0.9	-2.6	3.5	10.6	1.9	3.4
	Deflated indices	a)	-4.3	-4.2	-4.2	-1.2	-5.8	-2.9	-6.0	-0.6	-9.9	-1.0	-14.7	-6.2	-3.6
		b)	-4.6	-2.0	-5.9	-10.2	-11.9	-9.1	-0.2	-10.2	-7.6	-7.6	-15.4	-2.3	-8.3
		c)	-9.2	-13.4	-11.0	-6.7	1.3	-6.3	5.2	-1.7	-5.2	-8.8	-3.5	3.7	-4.1
		d)	2.0	-3.4	-2.0	4.0	5.6	-1.2	-1.7	-4.7	-4.8	1.2	4.9	-0.6	-1.3
Crop products	Nominal indices	a)	1.2	1.3	4.0	20.8	1.5	4.0	6.6	9.6	4.9	6.7	-6.8	1.4	6.7
		b)	-11.5	-0.7	-12.1	1.1	-11.3	-14.1	-3.4	-10.5	-23.2	-11.0	-10.4	-6.0	-9.0
		c)	-5.6	-13.6	-4.9	6.0	7.6	-5.5	4.3	1.1	0.6	-3.2	3.2	0.5	1.1
		d)	14.8	-3.8	4.9	15.9	13.8	0.5	0.8	-1.4	-1.7	14.9	15.7	5.6	6.6
	Deflated indices	a)	-2.0	-1.1	0.6	1.2	-4.2	0.8	3.3	3.1	1.7	2.7	-16.0	-4.2	-0.4
		b)	-13.6	-2.7	-15.5	-12.7	-16.3	-16.1	-6.4	-14.9	-25.5	-13.7	-17.9	-9.4	-14.6
		c)	-8.1	-14.6	-8.7	-7.4	2.9	-7.4	2.9	-3.3	-2.9	-5.6	-3.0	-1.1	-4.2
		d)	11.9	-5.1	2.2	4.6	8.5	-1.2	-2.0	-5.2	-4.0	12.4	9.7	3.0	1.4
Animal products	Nominal indices	a)	-2.5	-3.4	-2.8	10.6	-2.6	-3.8	-4.3	-0.4	-9.4	0.8	-3.8	-2.0	-1.5
		b)	2.9	0.5	2.1	12.4	0.3	1.2	3.9	2.7	-0.6	-0.9	-4.6	6.0	2.6
		c)	-7.3	-11.8	-8.2	8.5	3.6	-3.2	7.0	5.1	-2.2	-8.1	2.1	8.0	0.3
		d)	-0.3	-0.8	-0.9	13.7	6.5	0.3	1.1	-0.2	-2.7	-2.9	5.0	0.0	0.3
	Deflated indices	a)	-5.6	-5.6	-6.1	-7.4	-8.1	-6.8	-7.2	-6.3	-12.2	-3.0	-13.3	-7.4	-6.6
		b)	0.4	-1.6	-1.8	-3.0	-5.3	-1.1	0.7	-2.4	-3.6	-3.9	-12.5	2.2	-2.0
		c)	-9.8	-12.9	-11.8	-5.2	-0.9	-5.2	5.5	0.6	-5.6	-10.4	-4.1	6.4	-4.1
		d)	-2.5	-2.6	-3.5	2.6	1.7	1.3	-1.7	-4.1	-4.9	-5.0	-0.4	-2.4	-3.7

(1) On the base 1985 = 100

a = 1991
1992

b = 1992
1993

c = 1993
1994

d = 1994
1995 (2)

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

Table 3

EC Index of purchase prices of the means of agricultural production:
Rates of change of the price indices for EUR 12 (in %) (1)

	1990 1989	1991 1990	1992 1991	1993 1992	1994 1993
NOMINAL INDICES					
00 TOTAL	2.3	3.8	2.8	3.1	1.6
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	1.1	3.2	2.0	2.6	1.0
1. Seeds	5.0	1.6	-0.9	1.4	0.7
2. Animals for rearing	-6.9	-1.0	3.9	-5.5	6.9
3. Energy	14.0	8.3	2.8	8.9	0.6
4. Fertilizers	1.2	2.6	-1.0	-4.0	3.0
5. Plant protection products	4.9	6.2	2.4	3.1	1.5
6. Animal feedingstuffs	-3.5	0.8	1.2	2.9	-1.2
7. Small tools	4.6	5.7	2.4	1.7	2.9
8. Maintenance and repair of plant	5.7	6.2	6.2	5.8	4.3
9. Maintenance and repair of buildings	6.8	6.2	4.3	4.5	3.7
10. Veterinary services	3.9	4.3	1.6	0.2	3.6
11. General expenses	3.3	5.8	5.8	3.1	2.6
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	5.9	5.6	4.9	4.4	3.4
12. Machinery	4.4	3.9	4.8	4.4	3.1
13. Buildings	8.7	8.8	5.1	4.5	3.9
DEFLATED INDICES					
00 TOTAL	-3.7	-2.0	-2.0	-1.2	-2.1
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-4.8	-2.5	-2.7	-1.7	-2.6
1. Seeds	-1.3	-3.8	-5.6	-1.9	-2.8
2. Animals for rearing	-11.7	-5.9	-0.6	-11.2	3.8
3. Energy	6.6	0.4	-4.1	1.7	-3.3
4. Fertilizers	-4.5	-2.9	-6.3	-7.2	-0.8
5. Plant protection products	-0.6	1.1	-1.8	-0.1	-1.9
6. Animal feedingstuffs	-9.4	-4.9	-3.2	-1.5	-5.0
7. Small tools	-1.6	0.1	-2.1	-1.9	-0.6
8. Maintenance and repair of plant	-0.1	0.9	1.7	2.1	0.8
9. Maintenance and repair of buildings	0.6	0.9	-0.1	0.9	0.3
10. Veterinary services	-1.6	-0.7	-2.0	-2.7	0.2
11. General expenses	-2.0	0.6	1.5	0.1	-0.3
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	-0.2	-0.3	-0.1	-0.1	-0.4
12. Machinery	-1.1	-1.3	0.1	0.1	-0.4
13. Buildings	1.4	1.7	-0.4	-0.4	-0.6

(1) On the base 1985 = 100

Table 4
EC Index of purchase prices of the means of agricultural production : Rates of change of the price indices by Member State (in %) (1)

			B	DK	D(2)	GR	E	F	IRL	I	L	NL	P	UK	EUR12
Total	Nominal indices	a)	0.9	0.0	2.8	22.4	2.0	1.5	0.7	3.4	2.8	1.7	5.0	4.1	3.8
		b)	0.3	0.2	2.5	12.6	0.6	0.8	0.5	4.1	1.1	1.3	0.1	3.2	2.8
		c)	-0.6	0.7	-0.6	13.8	3.0	0.4	0.6	6.1	1.3	-1.4	-1.3	4.5	3.1
		d)	0.0	-2.7	0.9	7.9	2.9	0.4	1.3	2.8	0.0	-1.0	0.4	0.1	1.6
	Deflated indices	a)	-2.2	-2.4	-0.6	2.5	-3.8	-1.7	-2.4	-2.7	-0.3	-2.1	-5.3	-1.7	-2.0
		b)	-2.1	-1.9	-1.5	-2.8	-5.0	-1.6	-2.6	-1.0	-2.0	-1.9	-8.2	-0.5	-2.0
		c)	-3.2	-0.5	-4.5	-0.6	-1.5	-1.6	-0.8	1.6	-2.2	-3.9	-7.3	2.9	-1.2
		d)	-2.6	-4.4	-1.7	-2.7	-2.2	-1.3	-1.8	-1.3	-2.3	-3.2	-4.9	-2.3	-2.1
Goods and services currently consumed in agriculture	Nominal indices	a)	0.5	-0.9	2.3	24.2	2.1	0.9	0.2	1.5	2.3	0.5	5.2	3.6	3.2
		b)	0.0	-0.3	1.8	13.1	0.3	0.1	0.2	2.4	-0.4	0.7	-0.6	3.1	2.0
		c)	-1.4	0.3	-1.7	13.6	2.8	-0.1	0.2	7.3	0.1	-2.3	-1.9	5.0	2.6
		d)	-0.3	-3.8	0.7	7.4	2.4	-0.2	0.6	1.7	-1.3	-1.2	0.5	-0.4	1.0
	Deflated indices	a)	-2.6	-3.2	-1.2	4.0	-3.6	-2.2	-2.8	-4.5	-0.8	-3.2	-5.2	-2.1	-2.5
		b)	-2.4	-2.3	-2.1	-2.4	-5.3	-2.3	-2.8	-2.6	-3.4	-2.4	-8.8	-0.7	-2.7
		c)	-4.0	-1.0	-5.6	-0.7	-1.7	-2.1	-1.1	2.7	-3.4	-4.7	-7.8	3.4	-1.7
		d)	-2.8	-5.3	-2.0	-3.1	-2.4	-1.8	-2.1	-2.2	-3.5	-3.4	-4.8	-2.9	-2.6
Goods and services contributing to agricultural investment	Nominal indices	a)	3.6	3.3	4.7	18.2	1.3	3.5	2.6	5.8	3.9	5.9	3.9	6.3	5.6
		b)	2.1	1.8	4.6	11.3	1.6	3.3	1.7	6.1	3.9	3.2	6.3	4.1	4.9
		c)	4.6	2.6	3.1	14.2	3.8	2.4	2.1	4.8	3.4	1.7	3.9	2.1	4.4
		d)	2.7	0.9	1.5	8.3	4.7	2.1	2.5	4.0	2.0	-0.4	-0.4	2.9	3.4
	Deflated indices	a)	0.4	0.9	1.2	-1.1	-4.4	0.3	-0.6	-0.5	0.8	1.9	-6.3	0.4	-0.3
		b)	-0.3	-0.3	0.6	-4.0	-4.0	0.9	-1.4	0.9	0.7	0.0	-2.5	0.3	-0.1
		c)	1.8	1.3	-1.0	-0.2	-0.8	0.3	0.7	0.3	-0.2	-0.9	-2.4	0.5	-0.1
		d)	0.2	-0.8	-1.1	-2.3	-0.2	0.4	-0.3	0.0	-0.3	-2.6	-5.6	0.4	-0.4

(1) On the base 1985 = 100

a = $\frac{1991}{1990}$

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

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

d = $\frac{1994}{1993}$ (2)

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

TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT)

1994 (*)

Rates of change of the agricultural price indices

EUR 12

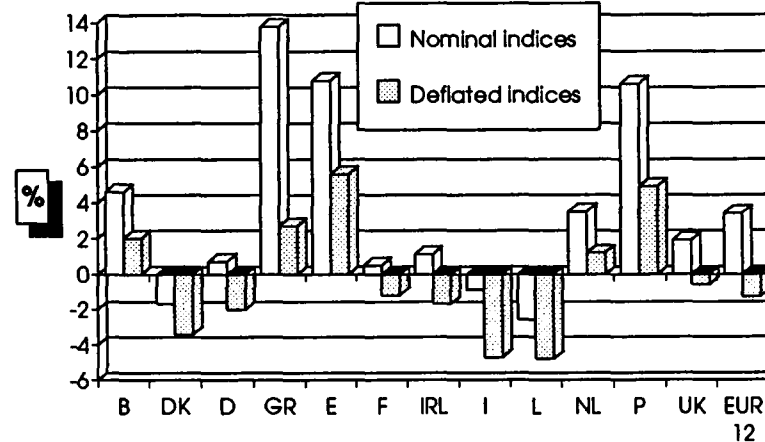
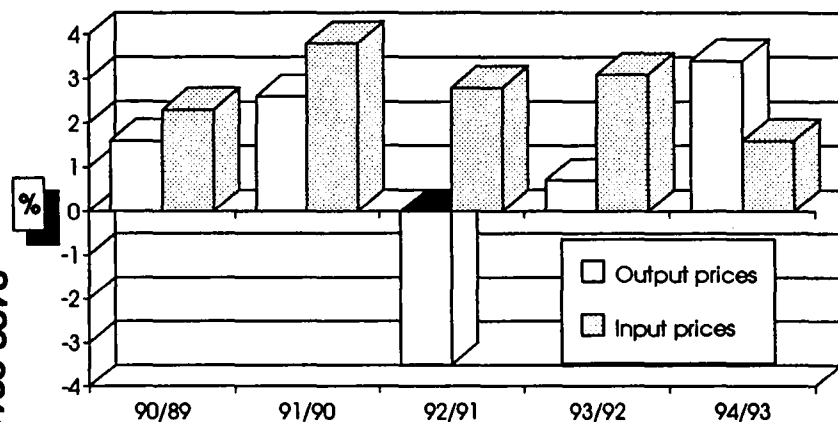


EC Index of producer prices of agricultural products:

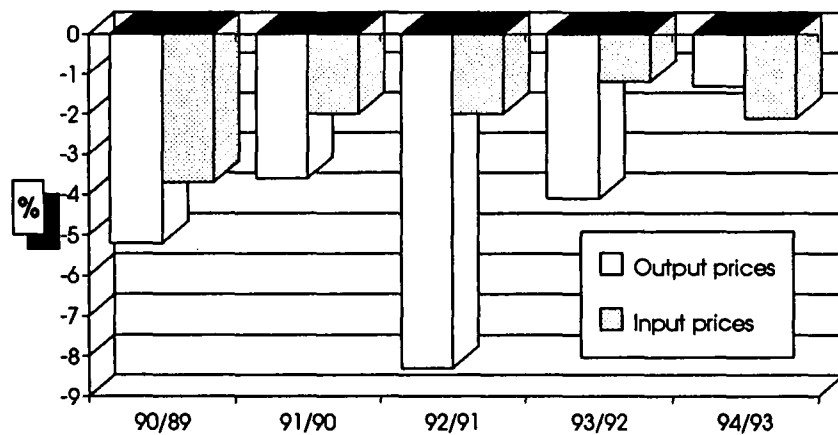
Rates of change of the price indices by Member States

1994 (*)

Nominal Indices



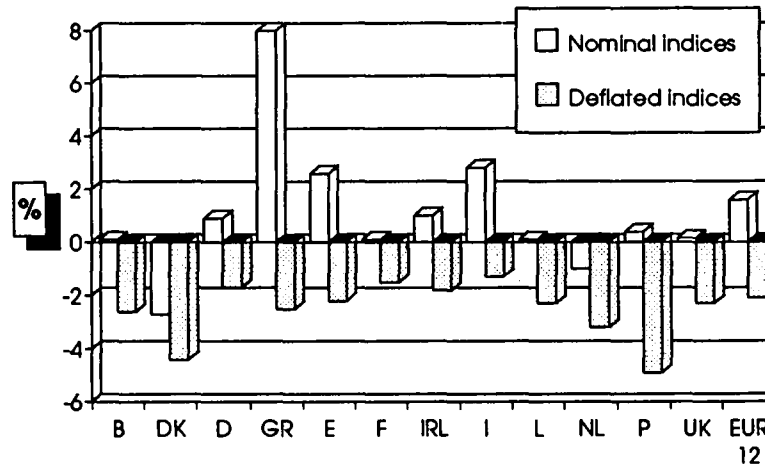
Deflated Indices



EC Index of purchase prices of the means of agricultural products:

Rates of change of the price indices by Member States

1994 (*)



3469 6616 31

HRB

INFORMATION
CONCENTRATION

(*) Forecast