

1994 □ 10

ISSN 1017-5776

### TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN 1993

#### Producer prices of agricultural products (output prices)

*Slight rise in nominal terms (+0.6%) for EUR 12, continued decline in real terms (-4.2%)*

In 1993, the index of **producer prices of agricultural products** (including fruit and vegetables) for the Community, EUR 12 (but still excluding the new German "Länder"), rose slightly in *nominal* terms (+0.6%) following the unusual decline in nominal prices recorded in 1992. However, this price rise was less than the annual rate of inflation and so the *real* annual price index continued to decline (-4.2%). This represents the fourth consecutive fall in the output price index, a cumulative decline, -25.0%, since the base year, 1985.

The *real* price index for **crop products** declined in 1993 (-4.2%) continuing the decrease seen in 1992 but at a more moderate rate. For the second consecutive year, a fall in the real price index was observed for all groups of crop products shown in Table 1 for 1993. The price index for cereals and rice

decreased (-4.2%), reflecting declines for almost all of the cereals, notably soft wheat (-5.9%) and feed barley (-5.4%). The exception was durum wheat, for which the real price rose (+1.7%). Much of the price decrease for cereals is due to reductions in the institutional prices which have formed part of the reform of the Common Agricultural Policy, reductions offset by direct compensatory payments. In contrast to the cereals, the price index for rice increased strongly (+13.9%). The price index for fruit declined (-9.4%) and there were notable price decreases for certain fresh fruit, especially apples (-29.8%) and citrus fruit (-15.5%). The price index for wine must and wine declined (-9.5%) with changes ranging from -13.6% for France, -11.0% for Greece and -10.8% for Italy, to +12.8% for Germany and +24.1% for Portugal.

Manuscript completed on = 06.06.1994

For further information please contact: G. MAHON  
Eurostat, L-2920 Luxembourg, tel. 4301-37310 Fax: 4301-37317

Price (excl. VAT) in Luxembourg: Subscription ECU 227

Catalogue number: CA-NN-94-010-EN-C

The *real* price index for **animals and animal products** declined (-4.1%) at nearly the same rate as the price index for crop products. The pig sector was in crisis in 1993, due to increased production which reached 14.9 million tonnes, up from 14.4 million tonnes in 1992. The pig price index declined sharply (-4.0%). Real price decreases were in the range 24% to -30% for Germany, France, the Benelux countries, Denmark and Portugal. The real price of milk continued its decrease (-1.3%) but at a more moderate rate than in previous years. Real price changes ranged from -6.7% for Germany and -4.7% for Denmark to +6.9% for Ireland and +15.3% for Portugal. The real price index for cattle rose (+4.8%) especially in Italy (+11.0%), the United Kingdom (+15.8%) and Spain (+18.1%). The real price of eggs also rose (+4.2%).

In the individual **Member States** of the Community (see Table 2), the real producer price index fell sharply in Denmark (-13.4%),

Germany (-11.0%) and Belgium (-9.6%) and the declines were similar for both crop and animal products. More moderate price declines were observed in most other Member States. In the United Kingdom and Ireland there was even a rise in the real producer price index (+3.5% and +5.1% respectively) due to an increase in the prices of animals and animal products. The effects of currency devaluations tended to raise prices in certain Member States, particularly the United Kingdom, Ireland, Italy, Spain, Portugal and Greece.

The forecast for the real producer price index for the Community, EUR 12, published in Rapid Report 2-1994 (January 1994) was for a decrease (-4.2%), exactly the figure subsequently observed. The forecasts for the changes in the real price indices for crop products and for animals and animal products (-4.6% and -4.0% respectively) were close to the realised values (-4.2% and -4.0%).

### **Purchase prices of the means of agricultural production (input 00)**

*Continued rise in nominal terms (+3.1%), modest decline in real terms (-1.2%)*

The annual index of the purchase prices of the **means of agricultural production (input 00)** continued to rise in *nominal* terms (+3.2%) for the Community, EUR 12 (see Table 3). This, however, was less than the annual rate of inflation and so the *real* input index fell (-1.2%) thus continuing the pattern seen over the last six years.

The *real* index of purchase prices of **goods and services for current consumption in agriculture (input I)** declined (-1.6%). There was a marked fall in the real price index for animals for rearing and production (-11.2%) and fertilizers (-7.2%). The price index for feedingstuffs decreased (-1.5%), a moderate decline in view of the fall in the real producer price of cereals (-4.2%). Most other groups of goods and services showed moderate price decreases. There was a real increase for energy and lubricants and for maintenance and repair of equipment (+2.1% in both cases).

The *real* index of purchase prices of **goods and services contributing to agricultural investment (input II)** was almost stable (change, -0.1%). There were small real price changes for machinery and buildings (+0.1% and -0.4% respectively).

Across **Member States** (see Table 4) the real input index rose in the United Kingdom and Italy (+3.1% and +1.6% respectively), reversing the trend seen in recent years, but the index fell in all other Member States, especially in Germany and Portugal (-4.5% and -7.3% respectively). The notable declines in Germany and Portugal were mainly due to real declines in the prices of goods and services for current consumption in agriculture.

The forecast of the real input price index for the Community, EUR 12, was also published in Rapid Report 2-1994 (January 1994). The decline observed (-1.2%) was slightly more

marked than foreseen (-0.9%). The real index for goods and services currently consumed in agriculture was accurately forecast. The real price increase for goods and services

contributing to investment in agriculture was less than foreseen (observed, +0.1%; forecast, +0.6%) because the price index for machinery rose less than foreseen.

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

*Continued decline in real terms (-3.0%)  
But less extreme than previous year*

The real agricultural terms of trade, the real output index divided by the real input index expressed as an index, fluctuated around the 1985 base level of 100 until 1991 after which it fell steeply to 93.3 in 1992 and more moderately to 90.5 in 1993 (see Graph below). This figure is for the Community, EUR 12 excluding the new German "Länder". The decline in the terms of trade is due to a slight decline in the real price of inputs combined with a more marked decrease in the price of outputs.

Across Member States (see Table below) there was an improvement in the terms of trade for Ireland (+6.0%), Portugal (+4.1%), Spain (+2.8%) and the United Kingdom (+0.5%). The terms of trade in Ireland and Portugal are now more favourable than in 1985. Most of the other Member States showed declines of the order -3% to -7%. In Denmark, however, the fall was sharp (-13.0%). The terms of trade for that country are now much lower than 1985 (-21.4%).

**Real Agricultural Terms of Trade**

	1990	1991	1992	1993	93/92 %
<b>B</b>	103.2	101.0	98.4	91.8	-6.7
<b>DK</b>	92.1	90.4	90.3	78.6	-13.0
<b>D</b>	98.9	95.4	91.1	84.9	-6.8
<b>GR</b>	106.7	102.4	95.1	89.2	-6.2
<b>E</b>	103.9	101.7	94.4	97.1	2.8
<b>F</b>	101.8	100.5	92.9	88.5	-4.8
<b>IRL</b>	103.3	99.5	101.9	108.0	6.0
<b>I</b>	99.9	102.0	92.5	89.5	-3.2
<b>L</b>	106.9	96.5	91.1	88.5	-2.9
<b>NL</b>	103.8	105.1	98.9	93.9	-5.1
<b>P</b>	116.1	104.6	96.4	100.4	4.1
<b>UK</b>	97.5	92.9	91.1	91.6	0.5
<b>EUR 12</b>	101.4	99.7	93.3	90.5	-3.0

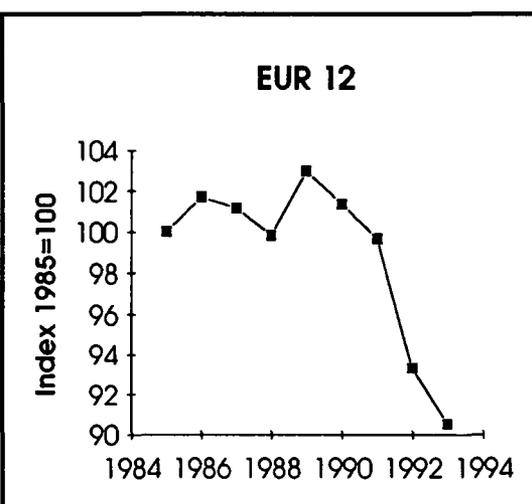


Table 1

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
<b>NOMINAL INDICES</b>					
<b>0 TOTAL</b>	<b>8.8</b>	<b>1.6</b>	<b>2.6</b>	<b>-3.5</b>	<b>0.6</b>
<b>1 CROP PRODUCTS</b>	<b>7.7</b>	<b>7.4</b>	<b>6.7</b>	<b>-9.0</b>	<b>1.0</b>
11 Cereals and rice	1.1	-1.8	4.1	-2.6	0.1
12 Root crops	13.3	1.5	8.3	-18.7	3.8
13 Fruit	2.5	16.7	19.4	-18.5	-2.4
14 Fresh vegetables	5.8	14.8	5.5	-5.4	4.4
15 Wine must and wine	26.6	11.7	-6.3	-6.3	-4.8
16 Olives and olive oil	17.6	13.2	26.9	-14.5	6.0
17 Seeds	9.0	1.0	-0.8	-1.8	0.6
18 Flowers etc.	-2.9	4.5	6.1	-3.0	2.9
19 Other crop products	11.3	3.2	2.2	-6.7	4.8
<b>2 ANIMALS AND ANIMAL PRODUCTS</b>	<b>9.8</b>	<b>-3.7</b>	<b>-1.5</b>	<b>2.6</b>	<b>0.2</b>
21 Animals	11.0	-4.6	-2.0	3.8	-2.1
21A Calves	11.8	-8.4	-3.1	6.3	6.9
21B Cattle excluding calves	6.4	-7.3	-6.3	4.5	8.7
21C Pigs	22.8	-4.7	1.4	4.3	-20.2
21D Sheep and lambs	4.1	-2.0	-4.3	9.8	6.4
21E Poultry	2.3	2.3	0.5	-2.1	5.2
21F Other animals	6.3	3.7	3.4	-2.6	1.3
22 Milk	7.6	-2.8	-0.9	1.7	3.0
23 Eggs	12.0	1.3	0.8	-5.4	8.5
24 Other animal products	4.6	-3.9	-12.0	7.0	-0.8
<b>DEFLATED INDICES</b>					
<b>0 TOTAL</b>	<b>2.8</b>	<b>-5.2</b>	<b>-3.6</b>	<b>-8.3</b>	<b>-4.2</b>
<b>1 CROP PRODUCTS</b>	<b>1.0</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-14.6</b>	<b>-4.2</b>
11 Cereals and rice	-4.9	-8.1	-1.3	-7.3	-4.2
12 Root crops	8.0	-5.0	1.6	-22.3	-1.9
13 Fruit	-4.9	7.9	11.3	-24.8	-9.4
14 Fresh vegetables	-1.3	5.4	-1.3	-12.4	-0.3
15 Wine must and wine	18.6	5.9	-11.0	-10.8	-9.5
16 Olives and olive oil	7.7	0.6	13.4	-21.7	-1.1
17 Seeds	4.3	-4.5	-6.0	-5.8	-1.6
18 Flowers etc.	-5.9	-0.7	0.6	-7.7	-0.8
19 Other crop products	2.9	-7.4	-8.6	-18.8	-1.8
<b>2 ANIMALS AND ANIMAL PRODUCTS</b>	<b>4.5</b>	<b>-9.3</b>	<b>-6.6</b>	<b>-2.0</b>	<b>-4.1</b>
21 Animals	5.6	-10.2	-7.2	-0.9	-6.5
21A Calves	6.7	-14.1	-8.7	1.4	1.7
21B Cattle excluding calves	1.3	-12.0	-10.6	0.7	4.8
21C Pigs	17.6	-9.5	-3.2	-0.8	-24.0
21D Sheep and lambs	-3.5	-10.8	-12.1	3.4	2.5
21E Poultry	-3.7	-4.7	-5.4	-6.4	0.7
21F Other animals	-0.9	-4.6	-4.8	-10.1	-4.7
22 Milk	2.5	-8.2	-5.6	-2.4	-1.3
23 Eggs	6.1	-5.0	-5.3	-10.6	4.2
24 Other animal products	-3.2	-13.7	-18.6	-0.6	-8.9

(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)	-5.6	-7.5	-5.0	21.2	0.6	-0.2	-11.4	4.7	-2.0	-5.6	4.1	1.3	1.6
		b)	-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
		c)	-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
		d)	-7.1	-12.4	-7.3	6.7	5.9	-4.3	6.6	2.7	-1.8	-6.4	2.7	5.1	0.6
	Deflated indices	a)	-8.7	-9.8	-7.5	0.6	-5.8	-3.5	-14.2	-1.7	-5.5	-7.8	-8.1	-7.5	-5.2
		b)	-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
		c)	-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
		d)	-9.6	-13.4	-11.0	-6.7	1.3	-6.3	5.1	-1.7	-5.2	-8.8	-3.5	3.5	-4.2
Crop products	Nominal indices	a)	2.2	-5.2	0.0	22.8	6.8	3.5	-7.4	8.9	1.8	0.7	5.2	5.5	7.4
		b)	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
		c)	-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
		d)	-7.0	-13.6	-4.9	6.0	7.6	-5.5	3.6	1.1	0.6	-3.2	3.2	0.5	1.0
	Deflated indices	a)	-1.3	-7.7	-2.6	2.0	0.1	0.1	-10.3	2.0	-1.8	-1.7	-7.1	-3.6	-0.4
		b)	-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
		c)	-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
		d)	-9.5	-14.6	-8.7	-7.4	2.9	-7.4	2.2	-3.3	-2.9	-5.6	-3.0	-1.1	-4.2
Animal products	Nominal indices	a)	-9.3	-8.4	-6.8	17.2	-7.4	-3.9	-11.9	-0.8	-2.7	-8.8	2.8	-1.1	-3.7
		b)	-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
		c)	2.8	0.5	2.1	12.4	0.3	1.2	3.9	2.7	-0.6	-0.9	-4.6	6.0	2.6
		d)	-7.2	-11.8	-8.2	8.5	3.6	-3.2	7.0	5.1	-2.2	-8.1	2.1	7.7	0.2
	Deflated indices	a)	-12.3	-10.8	-9.3	-2.7	-13.2	-7.0	-14.7	-6.8	-6.2	-11.0	-9.2	-9.6	-9.3
		b)	-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
		c)	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
		d)	-9.6	-12.9	-11.8	-5.2	-0.9	-5.2	5.5	0.6	-5.6	-10.4	-4.1	6.0	-4.1

(1) On the base 1985 = 100

a = 1990  
1989

b = 1991  
1990

c = 1992  
1991

d = 1993  
1992

(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)

	<u>1989</u> 1988	<u>1990</u> 1989	<u>1991</u> 1990	<u>1992</u> 1991	<u>1993</u> 1992
<b>NOMINAL INDICES</b>					
<b>00 TOTAL</b>	<b>5.1</b>	<b>2.3</b>	<b>3.8</b>	<b>2.8</b>	<b>3.1</b>
<b>01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE</b>	<b>4.9</b>	<b>1.1</b>	<b>3.2</b>	<b>2.0</b>	<b>2.7</b>
1. Seeds	6.0	5.0	1.6	-0.9	1.4
2. Animals for rearing	19.1	-6.9	-1.0	3.9	-5.5
3. Energy	7.8	13.7	8.6	2.5	9.3
4. Fertilizers	2.2	1.2	2.6	-1.0	-4.0
5. Plant protection products	1.8	4.9	6.2	2.4	3.2
6. Animal feedingstuffs	4.4	-3.5	0.8	1.2	2.9
7. Small tools	4.5	4.6	5.7	2.4	1.6
8. Maintenance and repair of plant	5.6	5.7	6.2	6.2	5.8
9. Maintenance and repair of buildings	6.4	6.8	6.2	4.3	4.5
10. Veterinary services	3.4	3.9	4.3	1.6	0.2
11. General expenses	3.3	3.3	5.8	5.8	3.1
<b>02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT</b>	<b>5.9</b>	<b>5.9</b>	<b>5.6</b>	<b>5.0</b>	<b>4.4</b>
12. Machinery	5.7	4.4	3.9	5.0	4.4
13. Buildings	6.4	8.7	8.8	5.1	4.5
<b>DEFLATED INDICES</b>					
<b>00 TOTAL</b>	<b>-0.3</b>	<b>-3.7</b>	<b>-2.0</b>	<b>-2.0</b>	<b>-1.2</b>
<b>01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE</b>	<b>-0.4</b>	<b>-4.8</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-1.6</b>
1. Seeds	0.4	-1.3	-3.8	-5.6	-1.9
2. Animals for rearing	14.4	-11.7	-5.9	-0.6	-11.2
3. Energy	2.6	6.3	0.6	-4.4	2.1
4. Fertilizers	-2.9	-4.5	-2.9	-6.3	-7.2
5. Plant protection products	-3.4	-0.6	1.1	-1.8	-0.1
6. Animal feedingstuffs	-1.1	-9.4	-4.9	-3.2	-1.5
7. Small tools	-1.0	-1.6	0.1	-2.1	-1.9
8. Maintenance and repair of plant	0.2	-0.1	0.9	1.7	2.1
9. Maintenance and repair of buildings	0.8	0.6	0.9	-0.1	0.9
10. Veterinary services	-2.0	-1.6	-0.7	-2.0	-2.7
11. General expenses	-1.5	-2.0	0.6	1.5	0.1
<b>02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT</b>	<b>0.2</b>	<b>-0.2</b>	<b>-0.3</b>	<b>0.1</b>	<b>-0.1</b>
12. Machinery	0.3	-1.1	-1.3	0.3	0.1
13. Buildings	0.2	1.4	1.7	-0.4	-0.4

(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)	-3.3	-0.5	-0.5	18.0	1.8	0.3	0.8	3.4	3.8	-1.6	4.9	4.0	2.3
		b)	0.9	-0.1	2.8	22.4	2.0	1.5	0.7	3.4	2.9	1.7	5.0	4.2	3.8
		c)	0.3	0.2	2.5	12.6	0.6	0.8	0.5	4.1	1.0	1.3	0.1	3.3	2.8
		d)	-0.4	0.7	-0.6	13.8	3.0	0.4	0.6	6.1	1.1	-1.4	-1.3	4.7	3.1
	Deflated indices	a)	-6.6	-3.1	-3.1	-2.1	-4.7	-3.0	-2.4	-2.9	0.1	-3.9	-7.4	-5.0	-3.7
		b)	-2.2	-2.4	-0.6	2.5	-3.8	-1.7	-2.4	-2.7	-0.3	-2.1	-5.3	-1.6	-2.0
		c)	-2.1	-1.9	-1.5	-2.8	-5.0	-1.6	-2.6	-1.0	-2.1	-1.9	-8.2	-0.4	-2.0
		d)	-3.1	-0.5	-4.5	-0.6	-1.5	-1.6	-0.8	1.6	-2.4	-3.9	-7.3	3.1	-1.2
Goods and services currently consumed in agriculture	Nominal indices	a)	-4.3	-1.8	-1.7	19.4	0.9	-0.6	0.2	0.8	1.2	-3.3	4.9	3.7	1.1
		b)	0.5	-0.8	2.3	24.2	2.1	0.9	0.2	1.5	2.3	0.5	5.2	3.8	3.2
		c)	-0.1	-0.3	1.8	13.1	0.3	0.1	0.2	2.4	-0.6	0.7	-0.6	2.8	2.0
		d)	-1.2	0.3	-1.7	13.6	2.8	-0.1	0.2	7.3	-0.2	-2.3	-1.9	5.3	2.7
	Deflated indices	a)	-7.5	-4.4	-4.3	-0.8	-5.5	-3.8	-3.0	-5.3	-2.4	-5.6	-7.3	-5.3	-4.8
		b)	-2.6	-3.2	-1.2	4.0	-3.6	-2.2	-2.8	-4.5	-0.8	-3.2	-5.2	-2.0	-2.5
		c)	-2.4	-2.3	-2.1	-2.4	-5.3	-2.3	-2.8	-2.6	-3.7	-2.4	-8.8	-0.9	-2.7
		d)	-3.8	-1.0	-5.6	-0.7	-1.7	-2.1	-1.1	2.7	-3.6	-4.7	-7.8	3.7	-1.6
Goods and services contributing to agricultural investment	Nominal indices	a)	3.7	5.1	4.0	14.6	5.3	3.6	3.8	6.7	9.0	5.0	4.3	5.7	5.9
		b)	3.6	3.3	4.7	18.2	1.3	3.5	2.6	5.8	3.9	5.9	3.9	6.0	5.6
		c)	2.1	1.8	4.6	11.3	1.6	3.3	1.7	6.1	3.9	3.2	6.3	5.3	5.0
		d)	4.6	2.6	3.1	14.2	3.8	2.4	2.2	4.8	3.4	1.7	3.9	2.1	4.4
	Deflated indices	a)	0.3	2.4	1.2	-4.8	-1.4	0.2	0.5	0.2	5.1	2.5	-7.9	-3.5	-0.2
		b)	0.4	0.9	1.2	-1.1	-4.4	0.3	-0.6	-0.5	0.8	1.9	-6.3	0.2	-0.3
		c)	-0.3	-0.3	0.6	-4.0	-4.0	0.9	-1.4	0.9	0.7	0.1	-2.5	1.5	0.1
		d)	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

(1) On the base 1985 = 100

a = 1990  
1989

b = 1991  
1990

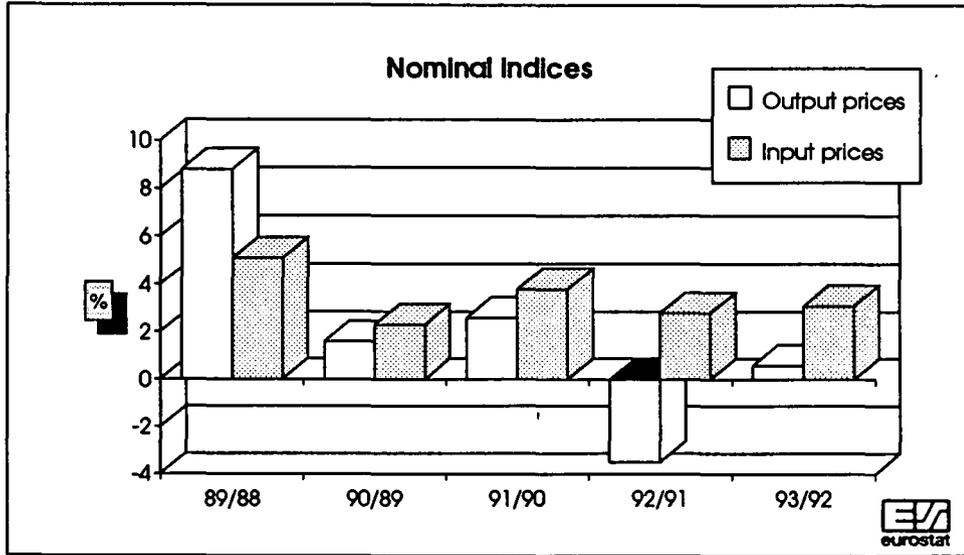
c = 1992  
1991

d = 1993  
1992

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

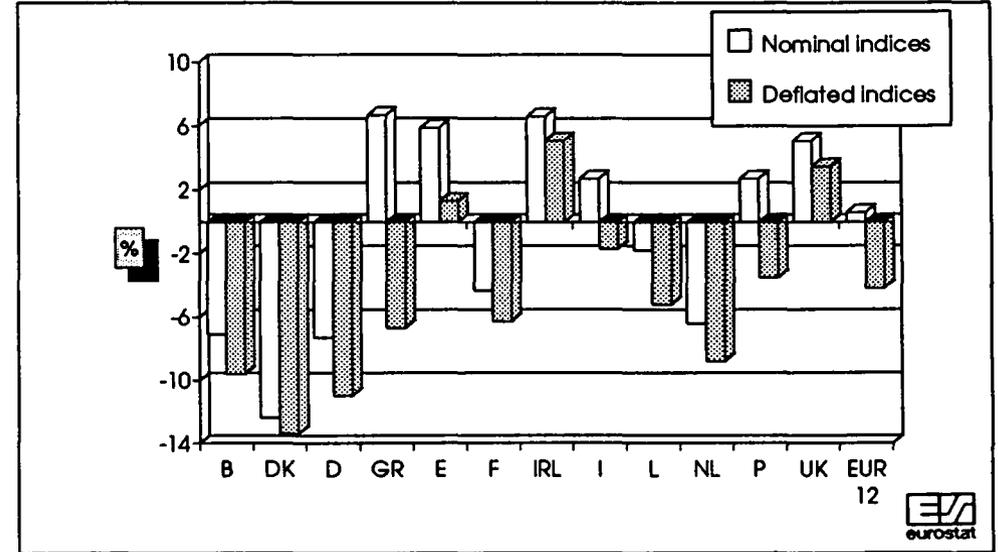
**TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT)  
1993**

**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  
1993**

1993



**EC Index of purchase prices of the means of agricultural products:  
Rates of change of the price indices by Member States  
1993**

1993

