



# RAPID REPORTS

## Agriculture, forestry and fisheries

1994  2

ISSN 1017-5776

### TRENDS IN THE EC AGRICULTURAL PRICE INDICES IN 1993

#### *Important opening remark*

*For a better interpretation of the results presented here, it must be underlined that 1993 is the first year of the implementation of the CAP reform. One of the main instruments of this reform is a reduction of institutional prices, which are compensated by direct aids. For methodological reasons, the evolution of the producer prices does not take account of these compensatory payments.*

#### Results of Forecasts<sup>1)2)</sup>

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

Further decline forecast in real terms for EUR 12 in 1993 (-4.2%)  
but less extreme than in 1992 (-8.3%)

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

Slight decline in real terms (-0.9%)

##### **Comparison of trends in real output and input prices**

Decline expected in agricultural terms of trade (-3.5%)  
but less severe than in 1992 (-6.3%)

- 1) Agricultural output and input price trends in 1993 were forecast on the basis of price indices in consultation with the Member States of the Community. The forecasts presented in this Rapid Report reflect information available on 30 November 1993 (for France, information from 30 September 1993).
- 2) Data for the Federal Republic of Germany correspond to the area within the frontiers prior to 3 October 1990

Manuscript completed on = 17.12.93

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

Catalogue number: CA-NN-94-002-EN-C

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

*Slight increase in nominal terms: +0.7%*

*Decrease in real terms: -4.2%*

In 1993 the index of *nominal producer prices* for agricultural products is expected to rise slightly (+0.7%) relative to 1992 for the Community as a whole (EUR 12) (see Table 1). This represents an increase of +14.3% over the corresponding level in the base year of 1985. *Real* agricultural producer prices are forecast to have fallen -4.2% in 1993 relative to 1992, which corresponds to a cumulative drop -25.2% since the base year of 1985.

As stated in the opening remarks, for some products, the evolution of the producer prices in 1993 has been affected by the reduction in institutional prices as a consequence of the CAP reform. This is particularly the case for cereals, oilseeds, peas and beans and beef. In general, this drop in support prices has been compensated by direct payments.

The real price index for crop products is expected to have fallen (-4.6%), reflecting a decline in nearly all items, but particularly cereals and rice (-5.5%), fruit (-7.1%) and wine must and wine (-10.1%). This follows steep real price falls for these three groups in 1992. For the principal cereals, the following price changes are predicted: soft wheat (-7.2%), feeding barley (-9.1%) and grain maize (-1.1%). Concerning root crops, a marked price decline is forecast for potatoes (-9.4%), important in the Northern Member States. Amongst other crop products, a decline is estimated for pulses (-5.6%).

The real price index for animals and animal products is expected to have fallen (-4.0%) mainly as a result of a sharp fall in the pig price (-23.3%). A moderate decline in the price of milk (-1.8%) and poultry (-1.5%) is also foreseen. In contrast, real price rises are expected for cattle (+5.6%), calves (+2.2%) and sheep and lambs (+2.5%). The real price of eggs is forecast to rise (+4.1%) having fallen more than 20% over the previous three years.

Across Member States (see Table 2), the United Kingdom, Ireland and Spain are expected to show a modest increase in the real output price index (+2.2%, +4.2% and +1.3% respectively) reversing the trend of previous years. For the two insular Member States the anticipated rise is mainly due to cattle, sheep and lambs. Italy is anticipated to show a slight decline (-1.7%). The remaining eight Member States are expected to show continued marked real price decreases, ranging from -5.9% for Greece and Luxembourg to -11.1% for Germany and -11.8% for Denmark.

### **EC indices of the purchase prices of the means of agricultural production (input prices)**

*Continued increase in nominal terms (+3.6%)*

*Slight decrease in real terms (-0.9%)*

In 1993, the *nominal* index of the *purchase prices of the means of agricultural production* (Input 00) is expected to have increased by +3.6% for the Community as a whole (EUR 12) relative to 1992 (see Table 3). However, in real terms this price index is expected to have decreased by -0.9%, which is half the rate of the previous two years and about half the rate of the average annual decline recorded since the base year (-2.3% per annum). The cumulative drop in the real purchase price of the means of agricultural production (Input 00) is now -16.9% since the base year of the index (1985 = 100).

The EUR 12 Input 00 index shows not only the combined effects of the purchase prices for goods and services *currently consumed in agriculture* (Input I) and those contributing to *agricultural investment* (Input II), but also a number of different trends at Member State level. These are now considered.

The real price index for *intermediate consumption* (Input I) is expected to have fallen by -1.5% in 1993 compared to the previous year for the Community as a whole. The main reasons for this decrease are that purchases prices of animal feedingstuffs (-1.9%), animals for rearing (-10.0%) and particularly fertilizers (-7.0%) declined. In contrast, the real price of energy is expected to have risen strongly (+4.2%), almost solely due to a huge increase in Italy (+52%) brought about by the introduction of a 50% tax at the beginning of the year. The real price for intermediate consumption is expected to have risen in Italy (+5.0%) and the United Kingdom (+1.5%) but fallen in other Member States, particularly Germany (-5.4%) and Portugal (-6.9%).

Like the previous years, the real price index for *goods and services currently contributing to agricultural investment* is expected to be almost unchanged (+0.6%), as a combined result of a small rise in the price index for machinery and equipment (+1.2%) and approximately constant prices for buildings (-0.2%). The largest real price decline in the Input II index is forecast for Portugal (-2.8%) and the greatest increase for the Netherlands (+2.5%).

### Comparison of forecast trend in output and input prices: Agricultural Terms of Trade

*Further declines in the agricultural terms of trade for most Member States*

1993: - 3.5%, 1992: - 6.3% for EUR 12

The *agricultural terms of trade*, the ratio of the total output index to the total input index, is expected to have fallen an average -3.5% in 1993 compared to the previous year. This is the fourth consecutive average annual fall in the terms of trade, with the corresponding index being about 10% lower than the base year (1985) and a stronger 13 percentage points lower than the index for 1989. However, the rate of decline in the agricultural terms of trade for 1993 was substantially less than the -6.3% annual change for 1992.

As the Table below shows, the agricultural terms of trade improved in three of the Member States (IRL, E and UK), but most notably in Ireland (+6.0%). On the other hand, most of the other Member States (Portugal being the exception) experienced a sharp decline (greater than -3.5%) in the agricultural terms of trade. With the inclusion of the latest annual data, only Ireland has had a cumulative improvement in the terms of trade since the base year (+8.1%). The agricultural terms of trade for all other Member States have declined since the base year, and particularly strongly for Denmark, Germany, France, Italy, Luxembourg and Greece.

The Agricultural Terms of Trade in real terms

	1990	1991	1992	1993	% change 93/92
B	103.2	101.0	100.1	93.9	-6.2
DK	92.1	90.3	90.3	80.5	-10.8
D	98.9	95.4	91.1	84.6	-7.2
GR	105.8	103.5	95.1	89.3	-6.1
E	103.9	101.7	94.5	95.4	1.0
F	101.8	100.5	93.0	87.7	-5.7
IRL	103.3	99.5	101.9	108.1	6.0
I	99.9	102.0	92.5	87.9	-4.9
L	106.9	96.3	91.1	87.8	-3.6
NL	103.8	105.1	99.0	94.3	-4.7
P	116.1	104.6	96.5	95.7	-0.9
UK	97.5	92.9	91.4	92.4	1.1
EUR 12	101.3	99.7	93.4	90.1	-3.5

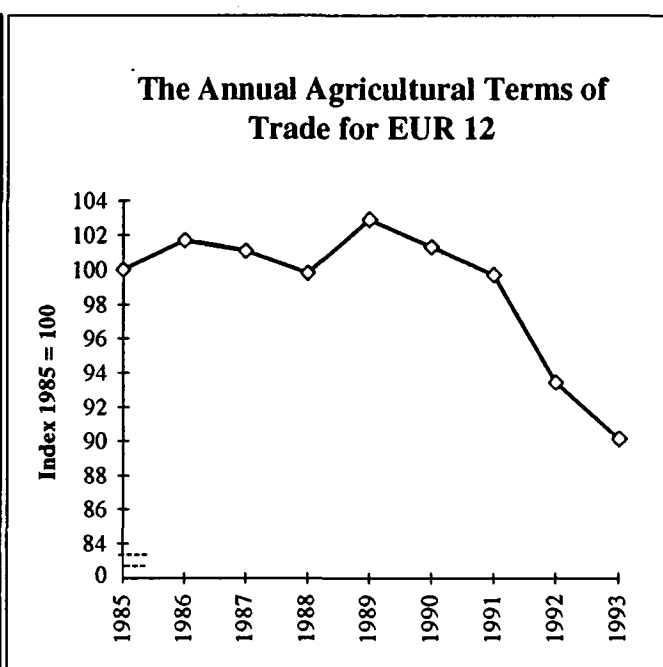


Table 1

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

	1989 1988	1990 1989	1991 1990	1992 1991	1993 (2) 1992
<b>NOMINAL INDICES</b>					
<b>0 TOTAL</b>	<b>8.9</b>	<b>1.5</b>	<b>2.8</b>	<b>-3.5</b>	<b>0.7</b>
<b>1 CROP PRODUCTS</b>	<b>7.8</b>	<b>7.3</b>	<b>7.1</b>	<b>-9.1</b>	<b>0.8</b>
11 Cereals and rice	1.1	-1.8	4.4	-2.7	-0.8
12 Root crops	13.3	1.5	8.3	-18.9	0.3
13 Fruit	3.0	18.2	19.8	-20.7	-0.3
14 Fresh vegetables	5.8	14.8	5.5	-5.2	1.8
15 Wine must and wine	26.6	11.7	-6.3	-6.3	-4.9
16 Olives and olive oil	17.6	13.0	27.2	-14.5	4.3
17 Seeds	9.0	1.2	-0.8	-2.0	1.2
18 Flowers etc.	-2.9	4.5	6.1	-3.0	3.0
19 Other crop products	13.1	1.4	5.8	-7.8	7.1
<b>2 ANIMALS &amp; ANIMAL PRODUCTS</b>	<b>9.8</b>	<b>-3.7</b>	<b>-1.5</b>	<b>2.7</b>	<b>0.4</b>
21 Animals	11.0	-4.6	-2.0	3.8	-1.7
21A Calves	11.8	-8.4	-3.1	6.3	7.5
21B Cattle excluding calves	6.4	-7.3	-6.3	4.5	9.8
21C Pigs	22.8	-4.8	1.4	4.4	-19.4
21D Sheep and lambs	4.1	-2.0	-4.3	9.8	7.1
21E Poultry	2.3	2.3	0.5	-2.1	3.1
21F Other animals	6.3	3.7	3.4	-2.6	0.0
22 Milk	7.6	-2.8	-0.8	2.0	2.5
23 Eggs	12.0	1.3	0.8	-5.4	8.7
24 Other animal products	4.6	-3.9	-12.1	7.0	1.0
<b>DEFLATED INDICES</b>					
<b>0 TOTAL</b>	<b>2.9</b>	<b>-5.2</b>	<b>-3.5</b>	<b>-8.3</b>	<b>-4.2</b>
<b>1 CROP PRODUCTS</b>	<b>1.1</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-14.5</b>	<b>-4.6</b>
11 Cereals and rice	-4.9	-8.0	-1.2	-7.3	-5.5
12 Root crops	8.0	-5.0	1.6	-22.5	-5.4
13 Fruit	-4.1	9.7	12.1	-26.0	-7.1
14 Fresh vegetables	-1.2	5.4	-1.3	-12.2	-2.9
15 Wine must and wine	18.6	5.9	-11.0	-10.8	-10.1
16 Olives and olive oil	7.7	0.5	13.6	-21.7	-2.9
17 Seeds	4.3	-4.3	-6.0	-6.1	-1.1
18 Flowers etc.	-5.9	-0.7	0.6	-7.9	-0.4
19 Other crop products	4.2	-8.5	-6.5	-19.4	0.5
<b>2 ANIMALS &amp; ANIMAL PRODUCTS</b>	<b>4.5</b>	<b>-9.3</b>	<b>-6.6</b>	<b>-1.9</b>	<b>-4.0</b>
21 Animals	5.6	-10.2	-7.2	-1.0	-6.2
21A Calves	6.7	-14.1	-8.8	1.3	2.2
21B Cattle excluding calves	1.3	-12.0	-10.6	0.7	5.6
21C Pigs	17.6	-9.5	-3.2	-0.8	-23.3
21D Sheep and lambs	-3.5	-10.8	-12.1	3.4	2.5
21E Poultry	-3.7	-4.7	-5.5	-6.4	-1.5
21F Other animals	-0.9	-4.6	-4.8	-10.1	-7.1
22 Milk	2.5	-8.3	-5.6	-2.2	-1.8
23 Eggs	6.1	-5.0	-5.3	-10.7	4.1
24 Other animal products	-3.2	-13.6	-18.7	-0.7	-6.6

(1) On the base 1985 = 100

(2) Forecast

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	20.3	0.6	-0.2	-11.4	4.7	-2.0	-5.6	4.1	1.3	1.5
		b)	-1.2	-2.0	-0.9	19.8	-0.2	0.2	-3.1	5.6	-7.3	2.9	-5.4	-0.7	2.8
		c)	-0.5	0.0	-2.1	3.5	-6.6	-6.9	3.0	-5.6	-4.7	-4.6	-7.7	1.4	-3.5
		d)	-6.0	-10.6	-7.9	7.1	6.1	-4.3	6.5	2.7	-2.6	-5.8	-1.0	5.7	0.7
	Deflated indices	a)	-8.7	-9.8	-7.5	-0.1	-5.8	-3.5	-14.2	-1.7	-5.5	-7.8	-8.1	-7.5	-5.2
		b)	-4.3	-4.3	-4.2	0.3	-5.8	-2.9	-6.0	-0.6	-10.1	-1.1	-14.7	-6.2	-3.5
		c)	-2.9	-2.1	-5.9	-10.7	-11.8	-9.1	-0.2	-10.2	-7.6	-8.1	-15.4	-2.3	-8.3
		d)	-8.6	-11.8	-11.1	-5.8	1.3	-6.4	4.2	-1.7	-5.9	-7.8	-7.3	2.2	-4.2
Crop products	Nominal indices	a)	2.2	-5.2	0.0	21.7	6.8	3.5	-7.4	8.6	1.8	0.7	5.2	5.5	7.3
		b)	1.2	1.1	4.0	23.4	1.5	4.0	6.6	9.6	3.8	6.7	-6.8	1.4	7.1
		c)	-12.2	-1.0	-12.1	0.4	-11.1	-14.1	-3.4	-10.5	-23.5	-11.0	-10.4	-6.0	-9.1
		d)	-4.5	-7.6	-7.6	6.2	8.8	-7.3	3.3	1.1	1.8	-2.9	0.4	0.6	0.8
	Deflated indices	a)	-1.3	-7.7	-2.6	1.0	0.1	0.1	-10.3	2.0	-1.8	-1.7	-7.1	-3.6	-0.5
		b)	-2.0	-1.3	0.6	3.3	-4.2	0.8	3.3	3.1	0.6	2.5	-16.0	-4.2	-0.2
		c)	-14.2	-3.0	-15.5	-13.4	-16.1	-16.1	-6.4	-14.9	-25.8	-14.2	-17.9	-9.4	-14.6
		d)	-7.1	-8.9	-10.8	-6.6	4.0	-9.3	1.0	-3.1	-1.7	-4.9	-6.0	-2.7	-4.6
Animal products	Nominal indices	a)	-9.3	-8.4	-6.8	16.9	-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	10.7	-2.6	-3.8	-4.3	-0.4	-9.4	0.8	-3.8	-2.0	-1.5
		c)	6.1	0.5	2.1	12.4	0.4	1.2	3.9	2.7	-0.6	-0.9	-4.6	6.0	2.7
		d)	-6.9	-12.0	-8.0	9.3	2.6	-1.4	6.9	4.9	-3.3	-8.0	-2.5	8.4	0.4
	Deflated indices	a)	-12.3	-10.8	-9.3	-3.0	-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	-7.3	-8.1	-6.8	-7.2	-6.3	-12.2	-3.1	-13.3	-7.4	-6.6
		c)	3.5	-1.6	-1.8	-3.0	-5.2	-1.1	0.7	-2.4	-3.6	-4.4	-12.5	2.2	-1.9
		d)	-9.4	-13.3	-11.2	-3.9	-2.0	-3.6	4.5	0.5	-6.7	-10.0	-8.7	4.8	-4.0

(1) On the base 1985 = 100

a = 1990  
1989b = 1991  
1990c = 1992  
1991d = 1993 (3)  
1992

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

(3) Forecast

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)**

	1989 1988	1990 1989	1991 1990	1992 1991	1993 (2) 1992
<b>NOMINAL INDICES</b>					
<b>00 TOTAL</b>	5.1	2.3	3.8	2.7	3.6
<b>01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE</b>	4.9	1.1	3.2	2.0	3.0
1. Seeds	6.0	5.0	1.6	-0.9	1.1
2. Animals for rearing	19.1	-6.9	-1.0	3.9	-4.4
3. Energy	7.8	13.7	8.6	2.8	11.0
4. Fertilizers	2.2	1.2	2.6	-1.0	-3.6
5. Plant protection products	1.8	4.9	6.2	2.4	2.8
6. Animal feedingstuffs	4.4	-3.5	0.8	1.2	2.7
7. Small tools	4.5	4.6	5.7	2.4	2.0
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	6.3	4.3	4.7
10. Veterinary services	3.4	3.9	4.3	0.9	0.6
11. General expenses	3.3	3.3	5.8	5.6	3.6
<b>02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT</b>	5.9	5.9	5.6	4.9	5.2
12. Machinery	5.7	4.4	3.9	4.9	5.6
13. Buildings	6.4	8.7	8.8	4.9	4.9
<b>DEFLATED INDICES</b>					
<b>00 TOTAL</b>	-0.3	-3.7	-2.0	-2.1	-0.9
<b>01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE</b>	-0.4	-4.8	-2.5	-2.8	-1.5
1. Seeds	0.3	-1.3	-3.8	-5.7	-2.5
2. Animals for rearing	14.4	-11.7	-5.9	-0.6	-10.0
3. Energy	2.6	6.3	0.6	-4.1	4.2
4. Fertilizers	-2.9	-4.5	-2.9	-6.3	-7.0
5. Plant protection products	-3.4	-0.6	1.1	-1.8	-0.7
6. Animal feedingstuffs	-1.1	-9.4	-4.9	-3.2	-1.9
7. Small tools	-0.1	-1.6	0.1	-2.2	-1.9
8. Maintenance and repair of plant	0.2	-0.1	0.9	1.6	1.9
9. Maintenance and repair of buildings	0.8	0.6	0.9	-0.1	0.8
10. Veterinary services	-2.0	-1.6	-0.7	-2.7	-2.3
11. General expenses	-1.5	-2.0	0.6	1.3	0.2
<b>02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT</b>	0.2	-0.2	-0.3	-0.1	0.6
12. Machinery	0.3	-1.1	-1.4	0.2	1.2
13. Buildings	0.2	1.4	1.7	-0.7	-0.2

(1) On the base 1985 = 100

(2) Forecast

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	0.0	2.8	22.5	2.0	1.5	0.7	3.4	2.9	1.7	5.0	4.2	3.8
		c)	0.4	0.0	2.5	12.7	0.6	0.7	0.5	4.1	0.8	1.2	0.0	3.1	2.7
		d)	0.1	0.2	-0.7	13.2	2.5	1.4	0.5	8.0	1.0	-1.1	-0.2	4.6	3.6
	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	2.6	-3.8	-1.7	-2.4	-2.7	-0.3	-2.3	-5.2	-1.6	-2.0
		c)	-2.0	-2.0	-1.5	-2.7	-5.0	-1.7	-2.6	-1.0	-2.2	-2.4	-8.3	-0.6	-2.1
		d)	-2.6	-1.2	-4.2	-0.4	-2.1	-0.8	-1.7	3.5	-2.4	-3.2	-6.5	1.2	-0.9
Goods and services currently consumed in agriculture	Nominal indices	a)	-4.3	-1.8	-1.7	19.5	0.9	-0.6	0.2	0.8	1.2	-3.3	4.9	3.7	1.1
		b)	0.5	-0.9	2.3	24.3	2.1	0.9	0.2	1.5	2.3	0.5	5.2	3.8	3.2
		c)	0.1	-0.4	1.8	13.3	0.3	-0.1	0.2	2.4	-0.7	0.7	-0.6	3.0	2.0
		d)	-0.7	-0.4	-2.1	12.5	2.3	1.2	0.2	9.7	-0.2	-2.8	-0.6	4.9	3.0
	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	4.1	-3.6	-2.2	-2.8	-4.5	-0.8	-3.4	-5.2	-2.0	-2.5
		c)	-2.2	-2.5	-2.1	-2.3	-5.3	-2.4	-2.8	-2.6	-3.7	-2.9	-8.8	-0.8	-2.8
		d)	-3.4	-1.8	-5.4	-1.1	-2.3	-1.1	5.5	5.0	-3.7	-4.8	-6.9	1.5	-1.5
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	18.3	1.3	3.5	2.6	5.8	3.9	5.9	3.9	6.0	5.6
		c)	2.0	1.8	4.6	11.3	1.6	3.3	1.7	6.1	3.6	3.0	5.9	3.8	4.9
		d)	5.2	2.6	3.4	15.0	3.5	2.3	2.0	6.2	3.3	4.7	3.8	3.1	5.2
	Deflated indices	a)	0.3	2.4	1.2	-4.9	-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	-1.0	-4.4	0.3	-0.6	-0.5	0.8	1.8	-6.3	0.2	-0.3
		c)	-0.4	-0.3	0.6	-3.9	-4.0	0.9	-1.4	0.9	0.4	-0.7	-2.9	0.1	-0.1
		d)	2.4	1.2	-0.1	1.1	-1.1	0.1	-0.3	1.7	-0.3	2.5	-2.8	-0.3	0.6

(1) On the base 1985 = 100

a = 1990  
1989b = 1991  
1990c = 1992  
1991d = 1993  
1992 (3)

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

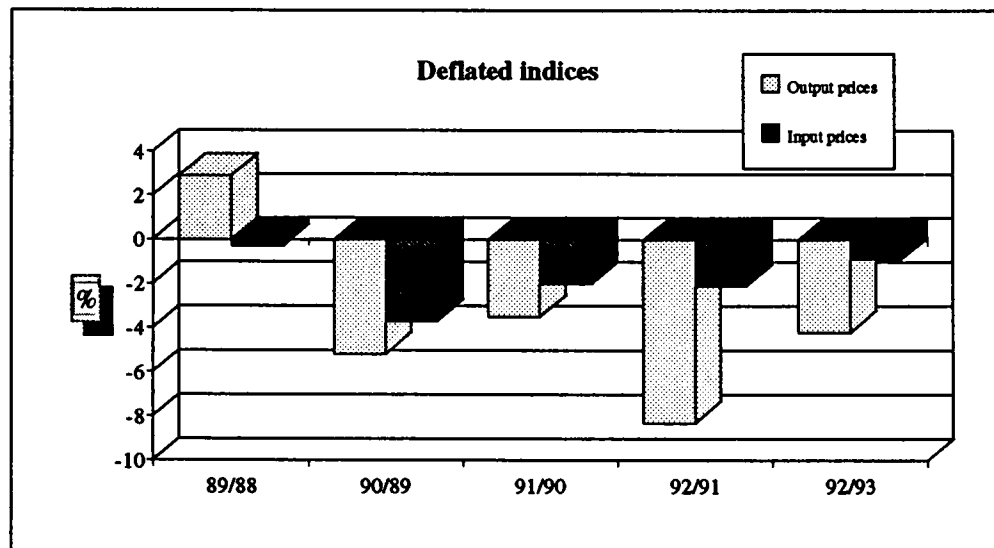
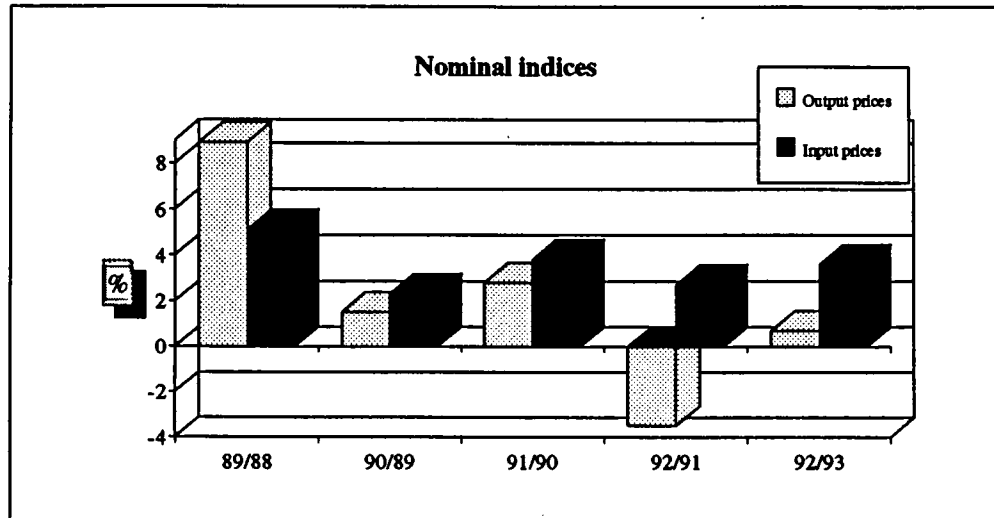
(3) Forecast

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

1993 (\*)

Rates of change of the agricultural price indices

EUR 12

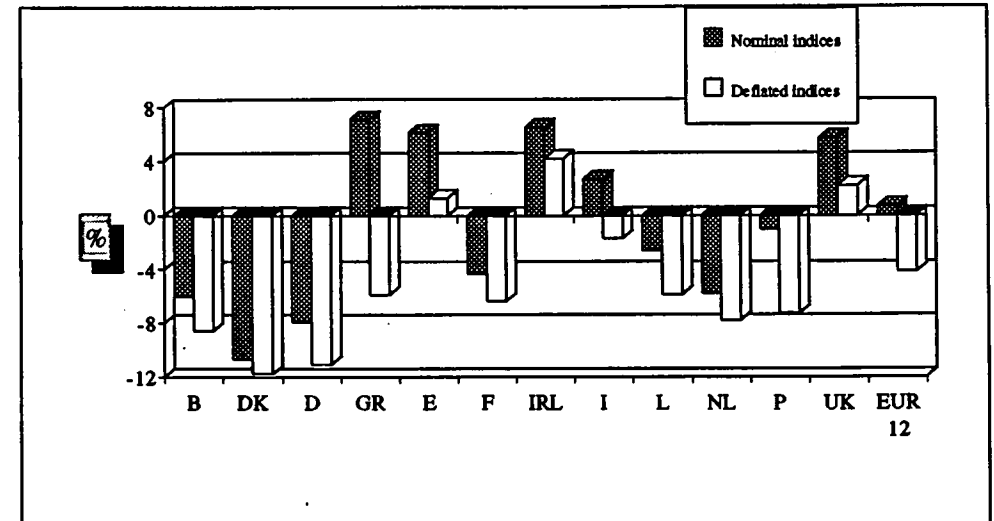


(\*) Forecast

**EC Index of producer prices of agricultural products:**

Rates of change of the price indices by Member States

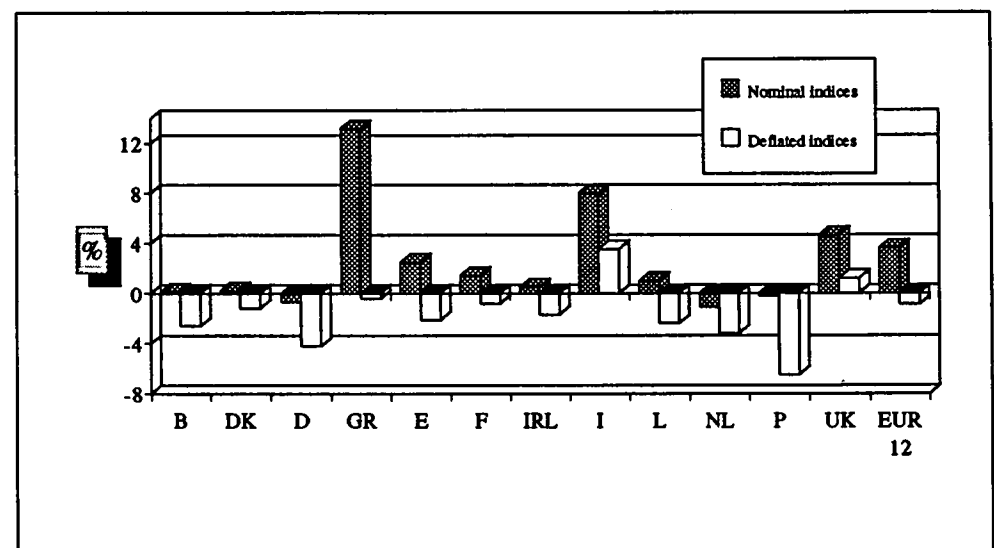
1993 (\*)



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

Rates of change of the price indices by Member States

1993 (\*)



(\*) Forecast