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TRENDS IN THE EC AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE FIRST QUARTER OF 1993

Producer prices of agricultural products (output)

Real prices continue to fall

(IV Quarter 1992, -11.7%, I Quarter 1993, -9.9%)

The average monthly index of producer prices of **agricultural products** (including fruit and vegetables) for the Community (EUR 11) declined in both *nominal* terms (-6.1%) and *real* terms (-9.9%) in the first quarter of 1993 relative to the corresponding quarter of the previous year (see Table 1). Thus the steep decline observed in the fourth quarter of 1992 (*nominal* index, -7.8%; *real* index, -11.7%) was seen to continue. There were clear differences amongst Member States. The *real* producer price index fell in all continental Member States; the fall ranged from -7.5% in Italy to -14.9% in Germany. However, the *real* index rose slightly in Ireland (+0.1%) and the United Kingdom (+2.1%).

Real producer prices for **crop products** were much lower (-12.7%) than in the same period of 1992. The fall was particularly marked, as in the previous quarter, for fruit (-32.9%) and root crops (-24.2%). The *real* producer price of wine and wine must also declined steeply (-14.6%). In contrast, *real* producer prices of seeds, flowers etc. fell only slightly (both -1.1%) and the *real* price of cereals even rose slightly (+0.6%), arresting the decline which had been recorded in the previous six quarters. The fall in the *real* producer price for crop products was seen in all Member States, ranging from -1.5% in the United Kingdom and -2.6% in Denmark to more than -18% in France, Germany and Belgium.

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

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The *real* producer price index for **animals and animal products** fell by -7.1% in the first quarter of 1993 which whilst being a steeper decline than the fourth quarter of 1992 (-4.7%) was not as steep as the decrease observed for crop products. There was a price rise for cattle excluding calves (+4.9%) and other animal products (+1.1%), prices fell for all other animals, especially pigs (-28.1%). The *real* price

index also fell for milk (-2.7%) and eggs (-3.7%).

Concerning Member States, the *real* price index for animals and animal products rose in Ireland (+1.6%) and the United Kingdom (+4.3%) but fell in all the continental Member States and particularly in Germany (-13.4%), the Netherlands (-14.1%) and Denmark (-15.1%).

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

Continued rise in nominal terms (+3.3%)

Modest decline in real terms (-1.1%)

The annual percentage change in quarterly averages of the monthly index for the **purchase prices of the means of agricultural production (Input 00)** continued to rise in *nominal* terms for the Community (EUR 11). However, the nominal rise was less than inflation and so the *real* input price index fell (see Table 3). This pattern has been seen each quarter in recent years.

The *real* index for **purchase prices of goods and services for current consumption in agriculture (Input I)** fell by -1.4%. Real purchase prices rose for energy and lubricants (+2.7%) having declined (-3.0%) the previous quarter; real purchase prices rose for maintenance and repair of machinery (+2.5%). However, real prices fell for animal feedingstuffs (-1.4%), a more moderate decline than in the previous quarter. Real prices also fell for fertilizers and soil improvers (-7.1%) and

animals for rearing (-13.2%), accentuating the trend seen in recent quarters.

The *real* index of **purchase prices of goods and services contributing to agricultural investment (Input II)** remained practically constant (-0.1%) relative to the corresponding quarter the previous year. The price of building (-1.4%) fell for the first time.

In nominal terms most **countries of the Community (EUR11)** displayed modest positive increases in the purchase prices of the means of agricultural production (Input 00), with the notable exceptions of Greece (+16.1%) and Italy (+5.6%) where rises were larger and Belgium (-0.3%) and the Netherlands (-0.5%) where the nominal price fell slightly (see Table 4). In real terms, there were continuing falls in the prices of Input 00 across most countries of the Community (EUR11).

Comparison of trends in real output and input prices Agricultural Terms of Trade ¹⁾

*Negative change in terms of trade in EUR 11 (-9.0%) in first quarter of 1993
compared to first quarter of 1992*

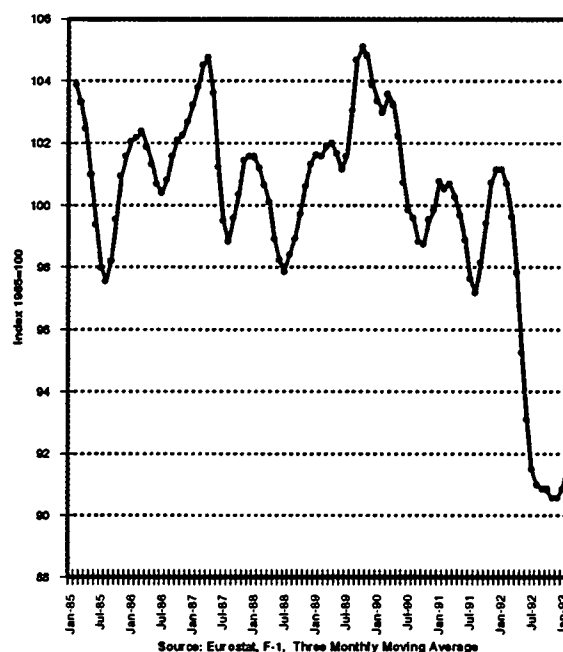
Analysis by Eurostat shows that the **agricultural terms of trade** for the Community as a whole (EUR11) declined month by month throughout 1992. However, in the first quarter of 1993 there has been an upturn (see attached chart). Data for the first quarter (EUR 11) shows a marked decline in real terms of trade (-9.0%) relative to the same period a year ago. This follows the (-10.3%) decline recorded in fourth quarter of 1992.

NL and UK) did have higher index levels for the terms of trade in the first quarter of 1993 relative to the fourth quarter of 1992.

Agricultural Terms of Trade

	4th Quarter 1992		1st Quarter 1993	
	Index (1985=100)	10/92-12/92 10/91-12/91 (%)	Index (1985=100)	01/93-03/93 01/92-03/92 (%)
B	100.3	-6.6	94.7	-11.7
DK	88.7	-6.1	83.9	-11.2
D	88.1	-9.2	85.8	-11.4
GR	88.4	-13.0	90.3	-13.7
E	91.3	-13.9	93.7	-9.2
F	90.6	-12.2	90.4	-12.8
IRL	100.6	1.0	104.6	1.4
I	89.0	-11.9	90.8	-8.6
L	90.4	-4.8	90.1	-6.6
NL	96.3	-13.8	98.3	-10.1
UK	89.7	-2.5	93.5	-0.2
EUR 11	90.5	-10.3	91.6	-9.0

Trend in the Agricultural Terms of Trade from January 1985 to
February 1993 for EUR 11



Looking at trends across **Member States** in the fourth quarter, it is evident that there are few divergences. All Member States with the exception of Ireland (+1.4%) recorded agricultural terms of trade that were worse than the corresponding quarter in the previous year (see Table). The decline in the Terms of Trade among the other Member States ranged from -0.2% (United Kingdom) to -13.7% (Greece). However, six Member States (GR, E, IRL, I,

¹⁾ For practical purposes Eurostat has decided to replace the previously used concept of the "net price effect" with the well-known concept of the "terms of trade" (price scissors) using the following formula :

$$\text{Real terms of trade} = \frac{\text{total real output price index}}{\text{total real input price index}} \times 100$$

Table 1

**EC Index of producer prices of agricultural products:
Rates of change of the price indices for EUR 11 (in %) (1)**

	01/92-03/92 01/91-03/91	04/92-06/92 04/91-06/91	07/92-09/92 07/92-09/92	10/92-12/92 10/91-12/91	01/93-03/93 01/92-03/92
NOMINAL INDICES					
0 TOTAL	4,7	-0,8	-4,2	-7,8	-6,1
1 CROP PRODUCTS	3,9	-4,6	-10,7	-14,8	-9,0
11 Cereals and rice	-0,8	-6,5	-4,3	0,0	-20,1
12 Root crops	-3,6	-14,7	-22,8	-22,6	-30,0
13 Fruit	27,6	7,2	-24,3	-34,5	-5,8
14 Fresh vegetables	6,7	-8,3	-4,0	-18,0	-10,5
15 Wine must and wine	0,0	-2,5	-6,7	-9,7	-5,6
16 Olives and olive oil	-9,3	-17,5	-19,0	-13,4	1,7
17 Seeds	-3,5	-2,1	-2,3	-1,2	1,7
18 Flowers etc.	-5,5	-4,5	7,6	-8,2	2,5
19 Other crop products	4,7	4,6	-5,2	-5,6	-6,7
2 ANIMALS & ANIMAL PRODUCTS	5,5	3,4	2,8	-0,4	-2,9
21 Animals	9,5	5,1	3,5	-1,2	-5,7
21A Calves	5,0	7,5	9,6	5,4	2,5
21B Cattle excluding calves	2,9	1,8	5,7	7,9	8,8
21C Pigs	19,9	11,0	1,4	-13,0	-24,0
21D Sheep and lambs	18,1	4,5	13,9	5,4	-1,0
21E Poultry	3,1	0,0	-2,9	-0,6	-0,6
21F Other animals	-1,2	-5,5	-3,8	-0,9	0,3
22 Milk	1,1	1,7	2,8	1,7	1,2
23 Eggs	-6,0	-4,6	-5,6	-6,2	0,9
24 Other animal products	-0,6	6,3	10,0	13,8	10,0
DEFLATED INDICES					
0 TOTAL	-1,3	-6,1	-8,2	-11,7	-9,9
1 CROP PRODUCTS	-3,1	-10,8	-15,3	-18,9	-12,7
11 Cereals and rice	-6,1	-11,6	-8,6	-3,9	0,6
12 Root crops	-8,2	-19,0	-25,2	-26,5	-24,2
13 Fruit	18,6	0,5	-27,7	-38,2	-32,9
14 Fresh vegetables	-2,2	-15,5	-11,2	-22,5	-7,7
15 Wine must and wine	-4,8	-7,3	-11,3	-14,0	-14,6
16 Olives and olive oil	-19,2	-24,6	-25,6	-19,2	-11,8
17 Seeds	-8,8	-7,0	-6,2	-4,5	-1,1
18 Flowers etc.	-10,2	-10,1	2,1	-12,0	-1,1
19 Other crop products	-7,3	-6,8	-18,1	-17,4	-17,2
2 ANIMALS & ANIMAL PRODUCTS	0,4	-1,2	-1,4	-4,7	-7,1
21 Animals	4,2	0,4	-0,9	-5,9	-10,0
21A Calves	-0,7	1,9	5,6	0,6	-3,0
21B Cattle excluding calves	-1,3	-2,2	2,1	4,2	4,9
21C Pigs	14,3	6,1	-3,6	-17,9	-28,1
21D Sheep and lambs	10,4	-1,3	8,3	-0,9	-5,4
21E Poultry	-2,5	-4,9	-7,0	-4,9	-4,6
21F Other animals	-9,3	-12,4	-11,1	-8,4	-5,0
22 Milk	-3,5	-2,8	-0,9	-1,9	-2,7
23 Eggs	-11,4	-9,8	-10,4	-11,4	-3,7
24 Other animal products	-6,9	-1,5	2,2	3,8	1,1

(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	UK	EUR11
Total	Nominal indices	a)	1,9	2,6	2,8	5,5	-1,4	-4,3	3,4	-2,9	-0,5	-1,9	-1,4	-0,8
		b)	-0,7	-0,8	-2,3	4,6	-10,3	-8,3	5,0	-7,4	0,8	-4,0	2,1	-4,2
		c)	-6,8	-6,0	-8,9	-0,8	-13,5	-11,6	0,7	-7,5	-3,2	-13,3	1,5	-7,8
		d)	-11,9	-9,9	-11,3	0,2	-7,8	-11,6	1,6	-3,5	-5,8	-10,5	4,0	-6,1
	Deflated indices	a)	-0,8	0,1	-1,6	-8,7	-7,3	-6,9	-0,4	-7,8	-3,9	-5,9	-5,4	-6,1
		b)	-2,9	-2,9	-5,6	-8,9	-15,0	-10,2	2,1	-11,8	-2,3	-7,2	-1,5	-8,2
		c)	-8,9	-7,4	-12,2	-13,8	-17,7	-13,2	-1,7	-11,6	-6,1	-15,9	-1,6	-11,7
		d)	-14,3	-11,1	-14,9	-13,0	-11,6	-13,4	0,1	-7,5	-9,1	-12,8	2,1	-9,9
Crop products	Nominal indices	a)	-10,0	-2,0	-4,6	3,9	-2,8	-8,8	4,0	-5,7	-1,2	-10,0	-8,1	-4,6
		b)	-16,2	2,3	-12,7	2,0	-16,5	-18,1	-6,0	-12,5	-1,0	-9,0	-5,5	-10,7
		c)	-20,1	-2,4	-16,2	-5,2	-20,6	-20,6	-10,3	-14,2	-13,8	-19,8	-4,7	-14,8
		d)	-16,0	-1,3	-15,0	-2,9	-10,8	-16,8	-9,7	-6,5	-13,8	-8,4	0,3	-9,0
	Deflated indices	a)	-12,4	-4,3	-8,7	-10,1	-8,7	-11,3	0,2	-10,5	-4,6	-13,6	-11,8	-10,8
		b)	-18,1	0,2	-15,6	-11,1	-20,9	-19,8	-8,6	-16,7	-4,0	-12,0	-8,8	-15,3
		c)	-21,8	-3,8	-19,2	-17,6	-24,5	-22,0	-12,5	-18,1	-16,3	-22,3	-7,5	-18,9
		d)	-18,4	-2,6	-18,5	-15,7	-14,5	-18,5	-11,0	-10,3	-16,9	-10,6	-1,5	-12,7
Animal products	Nominal indices	a)	9,3	4,8	6,2	9,8	0,7	1,1	3,3	1,7	-0,4	3,3	3,3	3,4
		b)	7,2	-2,2	2,1	11,2	-0,5	2,7	6,7	1,2	1,1	1,4	6,3	2,8
		c)	0,8	-7,7	-6,0	11,2	-2,7	-1,7	2,3	3,7	-1,5	-9,1	5,1	-0,4
		d)	-9,7	-14,0	-9,7	8,9	-3,4	-5,9	3,1	1,3	-4,5	-11,9	6,2	-2,9
	Deflated indices	a)	6,4	2,3	1,6	-5,1	-5,3	-1,7	-0,5	-3,5	-3,8	-0,9	-0,8	-1,2
		b)	4,8	-4,3	-1,3	-3,1	-5,8	0,5	3,7	-3,7	-2,0	-4,6	2,6	-1,4
		c)	-1,5	-9,1	-9,4	-3,4	-7,5	-3,5	-0,2	-1,0	-4,4	-11,9	2,0	-4,7
		d)	-12,2	-15,1	-13,4	-5,4	-7,3	-7,8	1,6	-2,9	-7,9	-14,1	4,3	-7,1

(1) On the base 1985 = 100

a = $\frac{04/92-06/92}{04/91-06/91}$

b = $\frac{07/92-09/92}{07/91-09/91}$

c = $\frac{10/92-12/92}{10/91-12/91}$

d = $\frac{01/93-03/93}{01/92-03/92}$

(2) Data for the Federal Republik 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 11 (in %) (1)**

	01/92-03/92 01/91-03/91	04/92-06/92 04/91-06/91	07/92-09/92 07/91-09/91	10/92-12/92 10/91-12/91	01/93-03/93 01/92-03/92
NOMINAL INDICES					
00 TOTAL	3,8	3,5	2,7	2,9	3,3
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	2,6	2,5	1,5	1,9	2,9
1. Seeds	-2,7	-3,4	-1,5	1,5	4,3
2. Animals for rearing	10,8	9,2	1,1	-4,6	-7,4
3. Energy	0,1	5,1	2,6	4,4	10,8
4. Fertilizers	-2,0	-0,6	-0,4	-1,4	-3,8
5. Plant protection products	2,9	1,7	1,9	1,3	1,8
6. Animal feedingstuffs	3,1	1,4	0,2	1,1	2,7
7. Small tools	3,2	2,6	1,8	2,3	2,1
8. Maintenance and repair of plant	6,8	6,9	6,1	5,5	6,3
9. Maintenance and repair of buildings	4,7	4,4	4,4	4,1	4,3
10. Veterinary services	2,6	3,0	3,4	3,6	3,4
11. General expenses	5,2	5,5	5,2	5,6	4,1
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	7,0	6,2	5,9	5,7	4,4
12. Machinery	4,9	4,7	4,9	5,0	5,1
13. Buildings	10,7	8,8	7,5	6,8	3,3
DEFLATED INDICES					
00 TOTAL	-1,5	-1,6	-1,8	-1,6	-1,1
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-2,4	-2,4	-2,8	-2,5	-1,4
1. Seeds	-7,1	-7,6	-5,4	-2,4	0,1
2. Animals for rearing	6,7	4,9	-3,4	-9,9	-13,2
3. Energy	-7,3	-1,4	-3,8	-3,0	2,7
4. Fertilizers	-7,9	-6,6	-5,0	-5,4	-7,1
5. Plant protection products	-1,4	-2,5	-1,7	-2,0	-1,3
6. Animal feedingstuffs	-1,6	-3,2	-4,0	-3,1	-1,4
7. Small tools	-1,8	-2,4	-2,5	-1,8	-1,7
8. Maintenance and repair of plant	1,7	1,8	1,8	1,6	2,5
9. Maintenance and repair of buildings	-0,2	-0,4	0,4	0,4	0,8
10. Veterinary services	-1,8	-1,3	-0,3	0,2	0,3
11. General expenses	0,8	1,0	1,5	2,0	0,7
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	1,3	0,9	1,1	1,0	-0,1
12. Machinery	-0,3	-0,2	0,6	0,7	0,7
13. Buildings	4,1	2,8	2,1	1,7	-1,4

(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	UK	EUR11
Total	Nominal indices	a)	0,7	0,4	4,3	11,5	0,3	1,3	1,0	6,3	0,7	1,1	2,8	3,5
		b)	0,3	0,2	1,3	11,1	0,6	1,0	0,3	5,1	1,2	0,9	2,2	2,7
		c)	-0,3	0,1	0,3	14,1	0,5	0,7	-0,3	5,0	1,7	0,7	4,0	2,9
		d)	-0,3	1,5	0,1	16,1	1,1	1,3	0,1	5,6	0,9	-0,5	4,0	3,3
	Deflated indices	a)	-2,0	-2,0	-0,2	-3,6	-5,8	-1,5	-2,8	0,9	-2,8	-3,0	-1,3	-1,6
		b)	-2,0	-1,8	-2,1	-3,2	-4,7	-1,2	-2,5	0,1	-1,9	-2,4	-1,3	-1,8
		c)	-2,5	-1,4	-3,3	-0,9	-4,4	-1,2	-2,6	0,3	-1,3	-2,4	1,0	-1,6
		d)	-3,0	0,1	-4,0	0,8	-3,0	-0,8	-1,3	1,2	-2,7	-2,9	2,2	-1,1
Goods and services currently consumed in agriculture	Nominal indices	a)	0,6	-0,1	4,2	12,5	0,1	0,6	0,7	2,9	-0,9	0,6	2,5	2,5
		b)	0,1	-0,1	0,4	11,5	0,3	0,3	-0,1	1,3	-0,1	0,2	1,9	1,5
		c)	-0,5	-0,1	-1,0	14,7	0,4	0,1	-0,6	1,6	0,6	0,1	4,4	1,9
		d)	-0,4	1,0	-1,1	17,0	0,8	1,0	-0,1	5,9	1,2	-0,6	4,4	2,9
	Deflated indices	a)	-2,1	-2,5	-0,3	-2,7	-5,9	-2,1	-3,0	-2,4	-4,4	-3,5	-1,6	-2,4
		b)	-2,2	-2,2	-3,0	-2,8	-5,0	-1,8	-2,9	-3,5	-3,2	-3,0	-1,7	-2,8
		c)	-2,7	-1,5	-4,5	-0,4	-4,7	-1,8	-3,0	-3,0	-2,3	-3,0	1,3	-2,5
		d)	-3,2	-0,3	-5,2	1,6	-3,4	-1,1	-1,6	1,5	-2,4	-3,1	2,5	-1,4
Goods and services contributing to agricultural investment	Nominal indices	a)	1,7	2,2	4,9	9,2	1,0	3,7	2,1	10,4	3,6	3,0	4,1	6,2
		b)	1,6	1,5	4,4	10,0	1,7	3,3	2,0	9,5	3,6	3,0	3,8	5,9
		c)	1,5	0,7	4,3	12,5	1,1	2,9	1,2	9,1	3,6	3,0	2,6	5,7
		d)	0,8	3,1	3,8	13,7	2,3	2,6	1,5	5,3	0,2	0,0	2,5	4,4
	Deflated indices	a)	-1,0	-0,2	0,4	-5,6	-5,1	1,0	-1,7	4,7	0,1	-1,2	-0,1	0,9
		b)	-0,7	-0,6	0,9	-4,1	-3,7	1,2	-0,9	4,2	0,4	-0,4	0,2	1,1
		c)	-0,8	-0,8	0,6	-2,2	-3,9	1,0	-1,2	4,2	0,5	-0,1	-0,4	1,0
		d)	-2,0	1,7	-0,4	-1,2	-1,9	0,4	-0,1	0,9	-3,3	-2,5	0,7	-0,1

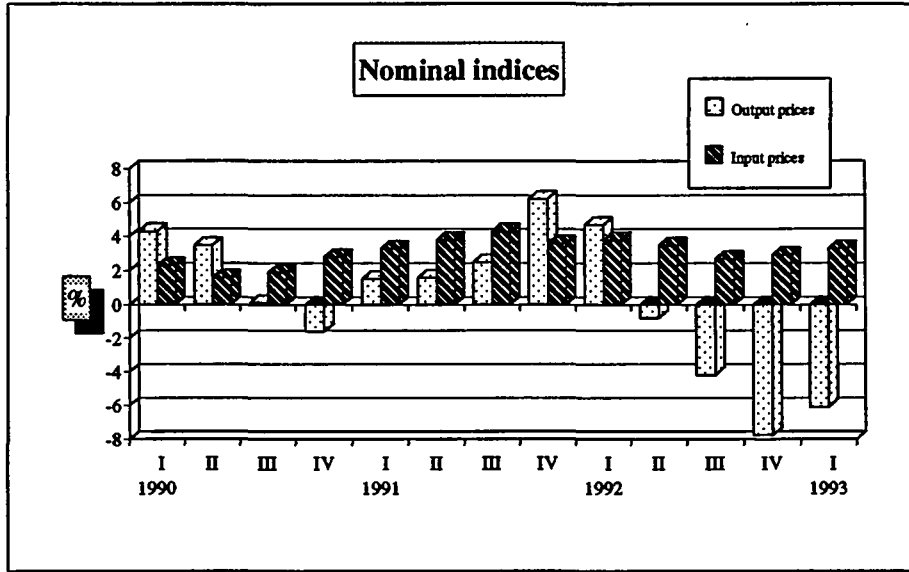
(1) On the base 1985 = 100

a = $\frac{04/92-06/92}{04/91-06/91}$ b = $\frac{07/92-09/92}{07/91-09/91}$ c = $\frac{10/92-12/92}{10/91-12/91}$ d = $\frac{01/93-03/93}{01/92-03/92}$

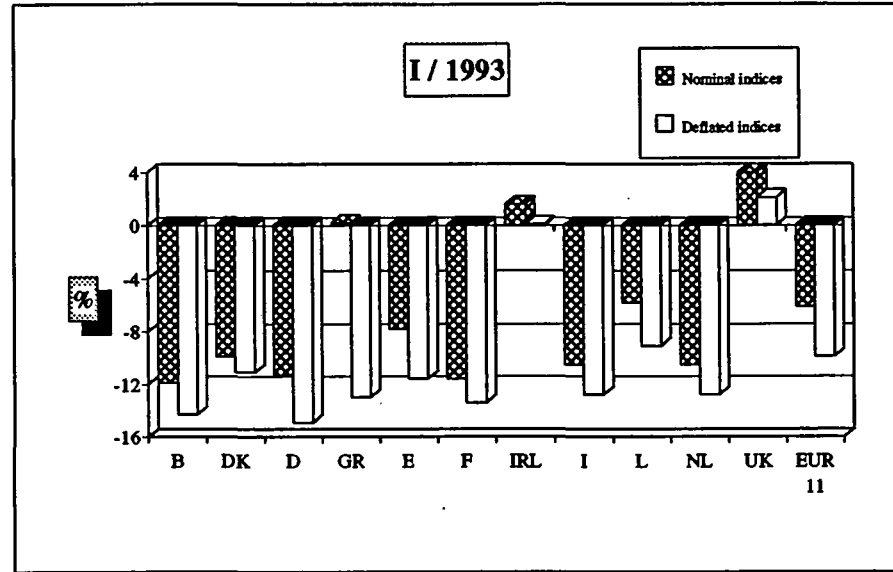
(2) Data for the Federal Republik of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Rates of change of the EC agricultural price indices

EUR 11



EC Index of producer prices of agricultural products:
Rates of change of the price indices by Member States



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

