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TRENDS IN THE EU AGRICULTURAL PRICE INDICES (OUTPUT AND INPUT) IN THE THIRD QUARTER OF 1994

Producer prices of agricultural products (Output) Largest real price rise since 1989

(3rd Quarter 1994, +2.8%; 2nd Quarter 1994, +0.5%)

The average monthly index of **producer prices of agricultural products** (including fruit and vegetables) for the Union as a whole (EUR 12, but still excluding the new German Länder) rose +7.6% in nominal terms in the third quarter of 1994 relative to the corresponding quarter of the previous year (see Table 1). The price rise was clearly greater than the rate of inflation and so the real price index increased (+2.8%). Thus the sustained downward trend in the real producer price index from 1989 until the first quarter of 1994, has been reversed.

Real producer prices for **crop products** in the Union as a whole increased strongly (+8.9%) relative to the third quarter of 1993, continuing the increase seen in the second quarter. This rise was mainly due to real price increases for root crops (+29.8%), fresh vegetables (+24.3%), fruit (+12.1%) and wine must and wine (+8.7%). This increase in the price index for root crops resulted principally from the very large price increase for potatoes

for consumption (+75.1%). The price index for cereals and rice declined for the fifth successive quarter (-6.9%). This price decrease, a consequence of the reform of the Common Agricultural Policy, was seen for soft wheat (-6.5%), durum wheat (-18.2%), oats (-12.8%) and grain maize (-11.5%).

Real producer prices for **animals and animal products** declined (-2.0%), in contrast to crop products. Declines were recorded for most groups of animals and animal products, notably milk (-2.1%), cattle (-4.2%), calves (-8.3%) and eggs (-10.7%). The real price index for pigs, which had declined steeply over several quarters, rose strongly in the third quarter of 1994 (+5.4%). It may be noted that the pig population survey of August 1994 showed a decline in the pig population (-2.2%) relative to the previous year, perhaps heralding an end to the crisis in the sector (see Rapid Report: Agriculture, forestry and fisheries, 1994 no. 17).

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Across **Member States** (see Table 2), the real producer price index for agricultural products rose in six cases and remained constant or declined in the six others. Strong increases were seen in Spain (+9.7%) and Italy (+5.8%). In contrast, prices fell sharply in Luxembourg (-4.9%). For the other Member States, the change in the real price index was in the range plus or minus 3.2%.

The real price rises for root crops were reported in all Member States (except Denmark) and the increase was very large in Spain (+42.2%), the United Kingdom (+55.0%) and Belgium (+61.1%). For fresh vegetables, moderate real price decreases were found in Portugal (-4.3%) and Ireland (-3.2%). All other Member States recorded increases,

especially the Netherlands (+27.2%), France (+29.7%) and Italy (+45.8%). The change in the real price index for fruit varied greatly across Member States, and ranged from -21.1% in the United Kingdom to +48.3% in Germany and +120.3% in Belgium. For wine must and wine, changes in the real price index ranged from -9.1% in Greece to +44.3% in Spain where the harvest in 1994 was particularly small.

The real price index for milk increased strongly in Spain (+13.6%) and Greece (+15.2%) but fell in all other Member States except Italy), especially in Germany (-5.8%), the Netherlands (-8.2%) and Portugal (-15.3%).

Purchase prices of the means of agricultural production (Input)

Continued rise in nominal terms (+1.9%)

Moderate decline in real terms (-1.7%)

The average monthly index for the purchase prices of the **means of agricultural production (Input 00)** for the third quarter of 1994 continued to rise in nominal terms (+1.9%) for the Union (EUR 12, excluding the new German "Länder") relative to the corresponding quarter of 1993 (see Table 3). However, this nominal price rise was less than inflation and so the real price index fell (-1.7%), continuing the trend seen in each quarter since 1989.

The index of the prices of goods and services for **current consumption in agriculture (Input 01)** decreased in real terms (-2.1%), mainly as a result of the decline in the price index for animal feedingstuffs (-4.5%) and energy (-4.1%). The decrease in the price of feedingstuffs was partly due to a fall in the price of cereals and milling by-products (-8.7%).

The real index for the purchase prices of goods and services contributing to **agricultural investment (Input 02)** declined slightly (-0.6%) relative to the third quarter of 1993. Small decreases were seen for both machinery (-0.5%) and buildings (-0.9%).

Across **Member States** (see Table 4) the index of the real prices of the means of agricultural production declined in all Member States and most strongly in Greece (-3.7%). The index for animal feedingstuffs declined in all Member States, especially Denmark (-4.9%), the United Kingdom (-5.2%) and Germany (-7.3%). For energy, the real price index declined in all Member States (except Germany and Belgium) and the largest decreases were seen in Greece (-7.4%), Luxembourg (-7.5%) and Spain (-9.4%).

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

Strong increase (+4.7%)

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 it fell sharply to about 90, a level around which it fluctuated

(see Graph below). With the rise 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 improved strongly (+4.7%) in the third quarter of 1994. This follows a smaller increase in the second quarter (+2.6%), and thus the index of agricultural terms of trade reached 93.3 in the third quarter.

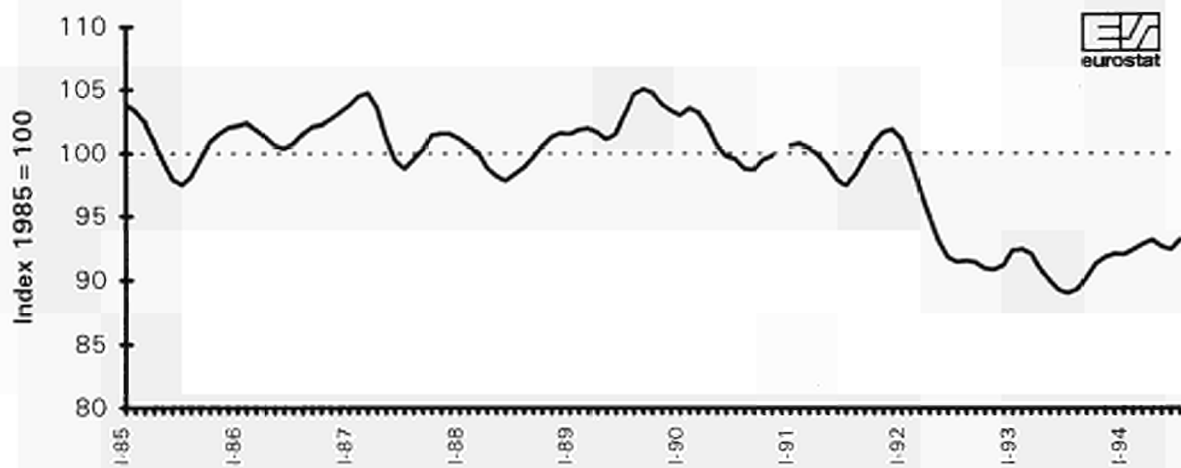
Across **Member States** (see Table below) there was an improvement in the terms of trade for most Member States, especially Spain (+12.1%), Belgium (+10.0%) and Greece (+7.2%). Declines in the terms of trade

were seen only in Luxembourg (-2.8%) and Ireland (-2.3%), two Member States with small crop sectors that drew little benefit from the rises in crop product prices.

Real Agricultural Terms of Trade

eurostat	2nd Quarter 1994		3rd Quarter 1994	
	index (1985=100)	04.94-06.94	index (1985=100)	07.94-09.94
		(%)		(%)
B	100.7	8.4	97.0	10.0
DK	80.8	0.7	78.5	1.0
D	83.9	-0.9	85.9	1.8
GR	96.7	7.0	95.6	7.2
E	102.8	8.8	106.6	12.1
F	92.3	2.2	88.3	2.5
IRL	114.3	3.9	106.9	-2.3
I	89.7	-0.4	92.9	7.5
L	84.6	-2.9	84.4	-2.8
NL	97.5	4.1	93.6	1.5
P	99.9	3.3	102.9	3.6
UK	94.0	0.4	93.1	0.6
EUR 12	93.2	2.6	93.3	4.7

Trend in Agricultural Terms of Trade
1985 to 1990 EUR 11 (without Portugal), 1991 to 1993 EUR 12



Source Eurostat F-1, Three Monthly Moving Average

Methodological note: Rebasing

Eurostat and the Member States are in the process of changing the price indices from the base 1985=100 to 1990=100. Several Member States continue to calculate the agricultural price indices for the third quarter of 1994 on the base 1985=100. Italy, Greece, Belgium, Denmark (for both output and input indices in each case) 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 *Statistics in Focus*.

Table 1

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

	07/93-09/93 07/92-09/92	10/93-12/93 10/92-12/92	01/94-03/94 01/93-03/93	04/94-06/94 04/93-06/93	07/94-09/94 07/93-09/93
NOMINAL INDICES					
0 TOTAL	1.4	3.4	2.7	5.3	7.6
1 CROP PRODUCTS	1.9	5.4	3.0	8.1	13.5
11 Cereals and rice	-4.4	-8.9	-13.2	-14.9	-3.5
12 Root crops	14.4	22.2	37.2	42.9	35.6
13 Fruit	0.5	10.1	10.2	19.1	15.8
14 Fresh vegetables	5.7	12.0	-2.6	7.6	32.5
15 Wine must and wine	-5.4	0.0	6.8	11.8	12.7
16 Olives and olive oil	13.7	15.4	19.4	14.4	11.9
17 Seeds	-3.5	0.2	-0.2	1.5	1.2
18 Flowers etc.	-0.3	5.1	-6.7	3.2	4.8
19 Other crop products	10.5	10.5	9.8	8.8	3.3
2 ANIMALS AND ANIMAL PRODUCTS	0.8	1.6	2.4	2.5	2.2
21 Animals	-3.2	0.1	2.6	4.3	4.0
21A Calves	9.5	8.4	12.4	4.8	-2.8
21B Cattle excluding calves	9.5	5.8	4.0	1.2	-1.4
21C Pigs	-19.9	-12.4	-6.6	3.1	8.8
21D Sheep and lambs	5.6	2.3	9.9	6.2	4.8
21E Poultry	6.3	8.8	3.2	1.2	1.9
21F Other animals	1.7	1.1	1.0	6.1	12.4
22 Milk	2.7	2.5	2.4	3.1	2.5
23 Eggs	14.0	8.7	5.7	-4.1	-6.0
24 Other animal products	-4.7	-6.2	-3.5	5.7	9.2
DEFLATED INDICES					
0 TOTAL	-3.7	-1.4	-2.4	0.5	2.8
1 CROP PRODUCTS	-3.8	-0.2	-3.3	2.8	8.9
11 Cereals and rice	-9.4	-13.6	-17.7	-19.0	-6.9
12 Root crops	7.4	15.0	25.5	33.3	29.8
13 Fruit	-5.6	5.7	6.6	12.2	12.1
14 Fresh vegetables	0.1	6.3	-10.9	5.5	24.3
15 Wine must and wine	-10.6	-4.8	2.7	8.1	8.7
16 Olives and olive oil	6.2	7.5	11.6	6.0	4.2
17 Seeds	-5.9	-2.3	-2.7	-1.0	-1.8
18 Flowers etc.	-3.2	1.3	-8.6	0.3	1.1
19 Other crop products	3.6	5.1	6.2	5.5	-2.1
2 ANIMALS AND ANIMAL PRODUCTS	-3.6	-2.4	-1.6	-1.6	-2.0
21 Animals	-8.0	-4.2	-1.6	0.3	-0.2
21A Calves	4.2	3.7	8.2	-0.2	-8.3
21B Cattle excluding calves	5.4	2.1	0.8	-1.6	-4.2
21C Pigs	-23.8	-15.4	-9.6	0.0	5.4
21D Sheep and lambs	1.4	-0.8	4.9	1.0	-0.9
21E Poultry	1.8	4.3	-1.0	-3.3	-2.0
21F Other animals	-4.5	-3.8	-5.8	-0.7	5.2
22 Milk	-1.7	-2.0	-2.0	-1.5	-2.1
23 Eggs	9.6	5.0	2.1	-8.4	-10.7
24 Other animal products	-12.3	-13.6	-12.0	-3.3	-0.3

(1) On the base 1985 = 100

Table 2

EU 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)	-2.7	-8.7	-4.6	9.0	16.4	-2.0	8.9	2.7	1.4	-0.3	13.9	0.7	3.4
		b)	0.3	-4.6	-2.2	16.1	13.8	-1.5	8.3	-3.0	0.4	-0.9	9.7	-3.6	2.7
		c)	10.0	-0.4	0.2	15.8	12.3	2.6	5.1	1.3	-3.3	3.1	10.4	-0.1	5.3
		d)	7.7	0.1	3.0	15.0	14.8	3.3	-0.6	9.9	-2.9	1.4	8.0	1.2	7.6
	Deflated indices	a)	-5.2	-10.0	-8.0	-2.9	11.1	-4.1	7.3	-1.6	-2.1	-3.0	7.2	-0.8	-1.4
		b)	-2.1	-6.3	-5.4	4.8	8.4	-3.1	6.6	-7.0	-2.1	-3.7	3.4	-5.9	-2.4
		c)	7.2	-2.3	-2.8	4.6	7.1	0.8	2.3	-2.6	-5.3	0.2	4.4	-2.6	0.5
		d)	5.1	-2.0	0.0	3.2	9.7	1.7	-3.1	5.8	-4.9	-1.3	2.9	-1.1	2.8
Crop products	Nominal indices	a)	-3.7	-11.5	-4.4	10.0	22.7	-2.9	16.8	1.2	-4.5	5.5	23.7	-3.1	5.4
		b)	-3.5	-9.0	-3.9	16.8	17.8	-5.1	14.7	-6.4	0.6	0.9	22.6	-9.6	3.0
		c)	14.7	-5.4	0.9	15.6	13.9	4.2	30.7	2.2	-4.7	11.5	17.6	4.1	8.1
		d)	24.4	-0.9	11.6	14.0	18.9	9.3	2.4	14.8	-3.1	10.2	13.9	9.1	13.5
	Deflated indices	a)	-6.2	-12.8	-7.8	-2.1	17.1	-5.0	15.2	-3.1	-7.7	2.7	16.4	-4.6	-0.2
		b)	-5.8	-10.6	-7.0	5.4	12.2	-6.7	12.8	-10.3	-1.9	-2.0	15.5	-11.7	-3.3
		c)	11.8	-7.3	-2.1	4.3	8.6	2.5	27.1	-1.7	-6.7	8.4	11.2	1.5	2.8
		d)	21.4	-3.0	8.4	2.3	13.6	7.5	-0.3	10.6	-5.1	7.3	8.6	6.6	8.9
Animal products	Nominal indices	a)	-2.2	-7.3	-4.6	6.7	8.6	-1.3	7.9	4.9	2.2	-3.5	4.9	2.7	1.6
		b)	2.2	-2.4	-1.6	14.4	8.4	1.7	7.6	2.1	0.4	-2.0	-3.1	-0.3	2.4
		c)	7.5	2.3	-0.1	16.5	10.0	1.1	2.2	-0.1	-3.1	-1.7	2.9	-2.4	2.5
		d)	0.0	0.5	-0.2	17.3	9.3	-1.1	-0.9	3.1	-2.9	-3.3	1.6	-2.5	2.2
	Deflated indices	a)	-4.7	-8.7	-8.1	-4.9	3.6	-3.3	6.4	0.4	-1.3	-6.1	-1.4	1.1	-2.4
		b)	-0.3	-4.0	-4.7	3.3	3.2	-0.1	5.8	-2.2	-2.1	-4.8	-8.7	-2.6	-1.6
		c)	4.8	0.3	-3.0	5.2	4.9	-0.6	-0.6	-3.9	-5.1	-4.5	-2.8	-4.8	-1.6
		d)	-2.5	-1.5	-3.1	5.4	4.4	-2.7	-3.5	-0.7	-4.9	-5.8	-3.1	-4.7	-2.0

(1) On the base 1985 = 100

a = $\frac{10/93-12/93}{10/92-12/92}$

b = $\frac{01/94-03/94}{01/93-03/93}$

c = $\frac{04/94-06/94}{04/93-06/93}$

d = $\frac{07/94-09/94}{07/93-09/93}$

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

Table 3

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

	07/93-09/93 07/92-09/92	10/93-12/93 10/92-12/92	01/94-03/94 01/93-03/93	04/94-06/94 04/93-06/93	07/94-09/94 07/93-09/93
NOMINAL INDICES					
00 TOTAL	3.4	2.4	1.9	1.8	1.9
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	2.9	1.8	1.3	1.3	1.4
1. Seeds	8.2	-2.5	0.6	5.0	2.9
2. Animals for rearing	-4.2	-1.4	4.2	8.9	6.6
3. Energy	7.7	4.7	1.1	0.6	-0.1
4. Fertilizers	-5.6	-2.8	1.6	3.9	6.1
5. Plant protection products	3.1	3.4	2.6	0.7	0.5
6. Animal feedingstuffs	3.5	1.8	-0.4	-1.1	-0.8
7. Small tools	1.6	1.1	1.5	1.0	3.3
8. Maintenance and repair of plant	5.4	6.0	5.2	4.6	4.6
9. Maintenance and repair of buildings	4.5	4.3	4.3	3.5	3.2
10. Veterinary services	-0.1	0.2	1.8	2.6	2.0
11. General expenses	3.1	1.9	2.4	2.0	2.0
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	4.7	4.0	3.5	3.1	3.1
12. Machinery	4.8	3.8	3.0	2.7	3.1
13. Buildings	4.7	4.3	4.3	3.7	3.3
DEFLATED INDICES					
00 TOTAL	-1.0	-1.8	-2.1	-2.1	-1.7
01 GOODS AND SERVICES CURRENTLY CONSUMED IN AGRICULTURE	-1.4	-2.3	-2.6	-2.5	-2.1
1. Seeds	4.4	-5.0	-3.2	-0.1	-1.4
2. Animals for rearing	-10.1	-6.3	0.4	5.8	3.5
3. Energy	1.1	-0.8	-2.9	-3.5	-4.1
4. Fertilizers	-8.9	-6.0	-2.0	-0.2	2.2
5. Plant protection products	-0.2	0.2	-0.7	-2.6	-2.7
6. Animal feedingstuffs	-1.0	-2.7	-4.7	-5.1	-4.5
7. Small tools	-1.9	-2.3	-1.6	-2.1	0.1
8. Maintenance and repair of plant	1.9	2.2	1.4	1.0	0.8
9. Maintenance and repair of buildings	0.8	0.7	0.5	0.0	-0.1
10. Veterinary services	-3.0	-2.8	-1.5	-0.8	-1.0
11. General expenses	0.0	-1.0	-0.5	-0.9	-0.8
02 GOODS AND SERVICES CONTRIBUTING TO AGRICULTURE INVESTMENT	0.1	-0.3	-0.7	-0.8	-0.6
12. Machinery	0.3	-0.2	-0.8	-0.9	-0.5
13. Buildings	-0.3	-0.4	-0.4	-0.6	-0.9

(1) On the base 1985 = 100

Table 4

EU 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)	0.2	-0.3	-0.6	10.3	3.6	0.0	1.3	5.6	0.8	-2.2	-2.5	2.2	2.4
		b)	0.2	-0.9	0.4	8.4	3.3	0.1	1.9	3.3	0.3	-2.2	1.4	0.8	1.9
		c)	1.4	-1.0	1.1	8.2	3.2	0.3	1.2	1.7	-0.4	-1.0	6.9	-0.5	1.8
		d)	1.0	-0.9	1.2	7.2	2.4	0.8	1.8	2.2	-0.1	-0.2	4.2	0.6	1.9
	Deflated indices	a)	-2.4	-1.8	-4.2	-1.7	-1.2	-2.1	-0.2	1.1	-2.6	-4.8	-8.3	0.6	-1.8
		b)	-2.2	-2.6	-2.9	-2.1	-1.6	-1.6	0.2	-1.0	-2.2	-5.1	-4.5	-1.6	-2.1
		c)	-1.1	-3.0	-1.9	-2.3	-1.6	-1.4	-1.6	-2.2	-2.5	-3.7	1.0	-3.0	-2.1
		d)	-1.6	-2.9	-1.8	-3.7	-2.2	-0.8	-0.9	-1.5	-2.2	-2.8	-0.7	-1.7	-1.7
Goods and services currently consumed in agriculture	Nominal indices	a)	-0.5	-1.0	-1.5	10.4	3.3	-0.7	0.9	6.8	-0.6	-3.3	-3.5	1.9	1.8
		b)	-0.3	-1.4	0.0	7.8	3.1	-0.6	1.5	3.1	-1.4	-2.9	1.0	0.2	1.3
		c)	1.3	-1.5	0.9	8.5	3.0	-0.2	0.8	0.5	-1.6	-1.3	6.8	-1.2	1.3
		d)	0.7	-1.4	1.1	7.7	1.4	0.5	1.6	1.1	-0.8	-0.3	4.5	0.0	1.4
	Deflated indices	a)	-3.0	-2.5	-5.1	-1.7	-1.5	-2.8	-0.6	2.3	-4.0	-5.9	-9.3	0.4	-2.3
		b)	-2.7	-3.1	-3.2	-2.6	-1.8	-2.2	-0.2	-1.2	-3.8	-5.7	-4.9	-2.1	-2.6
		c)	-1.3	-3.5	-2.1	-2.1	-1.8	-1.9	-1.9	-3.3	-3.6	-4.0	1.0	-3.7	-2.5
		d)	-1.8	-3.4	-1.8	-3.3	-3.1	-1.1	-1.0	-2.7	-2.9	-2.9	-0.4	-2.2	-2.1
Goods and services contributing to agricultural investment	Nominal indices	a)	4.7	2.2	2.1	10.2	4.5	2.4	3.0	4.2	3.4	1.7	7.4	3.1	4.0
		b)	3.3	0.9	1.5	9.9	4.2	2.4	3.5	3.5	3.2	0.0	5.2	3.3	3.5
		c)	2.4	0.8	1.7	7.6	4.1	2.2	2.6	3.0	1.5	0.0	7.4	2.9	3.1
		d)	2.2	0.7	1.4	6.1	6.1	1.6	2.5	3.5	1.3	0.0	1.3	3.0	3.1
	Deflated indices	a)	2.0	0.7	-1.6	-1.9	-0.3	0.3	1.6	-0.2	-0.2	-1.0	1.1	1.6	-0.3
		b)	0.9	-0.8	-1.8	-0.8	-0.8	0.7	1.8	-0.8	0.7	-2.9	-0.9	0.9	-0.7
		c)	-0.2	-1.2	-1.3	-2.9	-0.8	0.5	-0.2	-0.9	-0.7	-2.8	1.5	0.3	-0.8
		d)	-0.3	-1.3	-1.5	-4.7	1.3	0.0	-0.1	-0.3	-0.9	-2.6	-3.5	0.6	-0.6

(1) On the base 1985 = 100

a = 10/93-12/93
10/92-12/92

b = 01/94-03/94
01/93-03/93

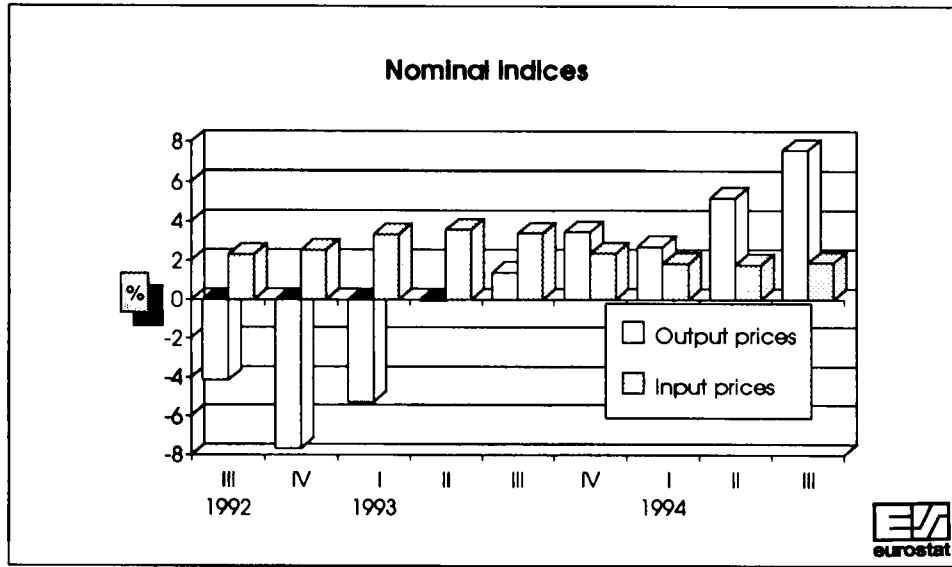
c = 04/94-06/94
04/93-06/93

d = 07/94-09/94
07/93-09/93

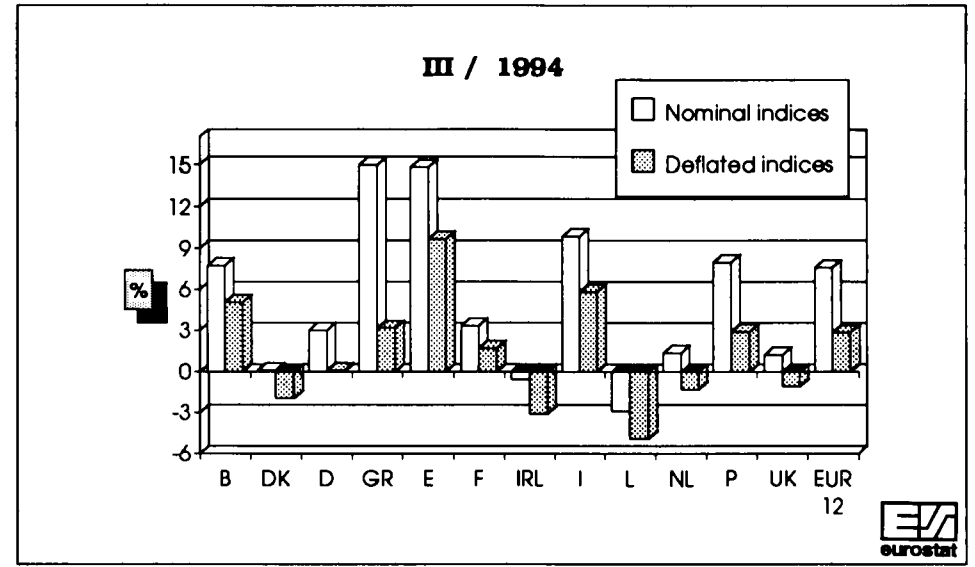
(2) Data for the Federal Republic of Germany in its boundaries prior to 3 October 1990, including West Berlin.

Rates of change of the EC agricultural price indices

EUR 12



**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**

