

AGRICULTURAL SUPPORT ESTIMATES

During the mid-1980s, when the Uruguay Round of agricultural trade negotiations was getting underway, the OECD undertook to measure and codify support to the farm sector arising from agricultural policies. This led to the development of the producer support estimate (PSE), an indicator that is available on a timely and comprehensive basis for all 30 of the OECD's member countries (the European Union is treated as a single entity) and selected non-members. The measure includes budgetary transfers financed by taxpayers but also includes the implicit tax on consumers that arises from agricultural policies – border protection, and administered pricing – that raise farm prices above the levels that would otherwise prevail. The measure is agreed by OECD member countries and is widely recognised as the only available internationally comparable indicator.

Definition

The OECD PSE is an indicator of the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers, measured at the farmgate level, arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income. It can be expressed as a total monetary amount, but is more usually quoted as a percentage of gross farm receipts (%PSE). This is the measure used here.

Comparability

Continuous efforts are made to ensure consistency in the treatment and completeness of coverage of policies in all OECD countries through the annual preparation of the Monitoring and Evaluation report. Each year, the provisional estimates are subject to review and approval by representatives of OECD's member countries, as are all methodological developments. The %PSE is the most appropriate and widely used measure to compare support across countries, commodities and time.

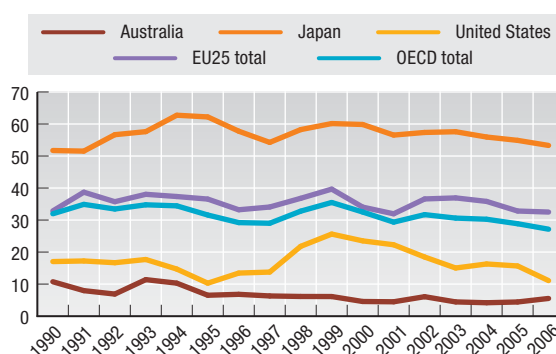
Long-term trends

There are large and increasing differences in the levels of support among OECD countries. Producer support estimates as a percentage of gross farm receipts (%PSE) currently range from almost zero to 66%. These differences reflect among other things, variations in policy objectives, different historical uses of policy instruments, and the varying pace and degrees of progress in agricultural policy reform. Over the longer term, the level of producer support has fallen in most OECD countries. The average %PSE in 2004-06 at 29% is lower than the 1986-88 average of 38% and has fallen in most countries. There has also been some change in the way support is delivered to the sector. Support known to be the most distorting in terms of production and trade is less dominant than in the past – 70% of total support during the 2004-2006 period compared to over 90% in 1986-1988.

In the table, data are not shown for individual EU member countries. Austria, Finland and Sweden are included in the EU15 from 1995. The Czech Republic, Hungary, Poland and the Slovak Republic, together with the 6 EU members which are not members of the OECD, are included in the EU25 from 2004. The OCDE total includes the Czech Republic, Hungary, Poland and the Slovak Republic for the entire period but excludes the 6 EU members not members of the OECD.

Agricultural producer support estimate for selected countries

As a percentage of value of gross farm receipts



StatLink <http://dx.doi.org/10.1787/270663210320>

Source

- OECD (2007), *Agricultural Policies in OECD Countries: Monitoring and Evaluation 2007*, OECD, Paris.

Further information

Analytical publications

- OECD, FAO (2007), *OECD-FAO Agricultural Outlook 2007-2016*, OECD, Paris.
- OECD (2001), *Market Effects of Crop Support Measures*, OECD, Paris.
- OECD (2002), *Agricultural Policies in China after WTO Accession*, OECD, Paris.
- OECD (2004), *Analysis of the 2003 CAP Reform*, OECD, Paris.
- OECD (2005), *Environmentally Harmful Subsidies: Challenges for Reform*, OECD, Paris.
- OECD (2006), *Agricultural Policies in OECD Countries: At a Glance – 2006 Edition*, OECD, Paris.
- OECD (2006), *OECD Review of Agricultural Policies*, OECD, Paris.
- OECD (2006), *OECD Sustainable Development Studies – Subsidy Reform and Sustainable Development: Economic, Environmental and Social Aspects*, OECD, Paris.
- OECD (2007), *OECD Sustainable Development Studies: Subsidy Reform and Sustainable Development: Political Economy Aspects*, OECD, Paris.


Methodological publications

- OECD (2002), *Methodology for the Measurement of Support and Use in Policy Evaluation*, OECD, Paris.

Agricultural producer support estimate by country

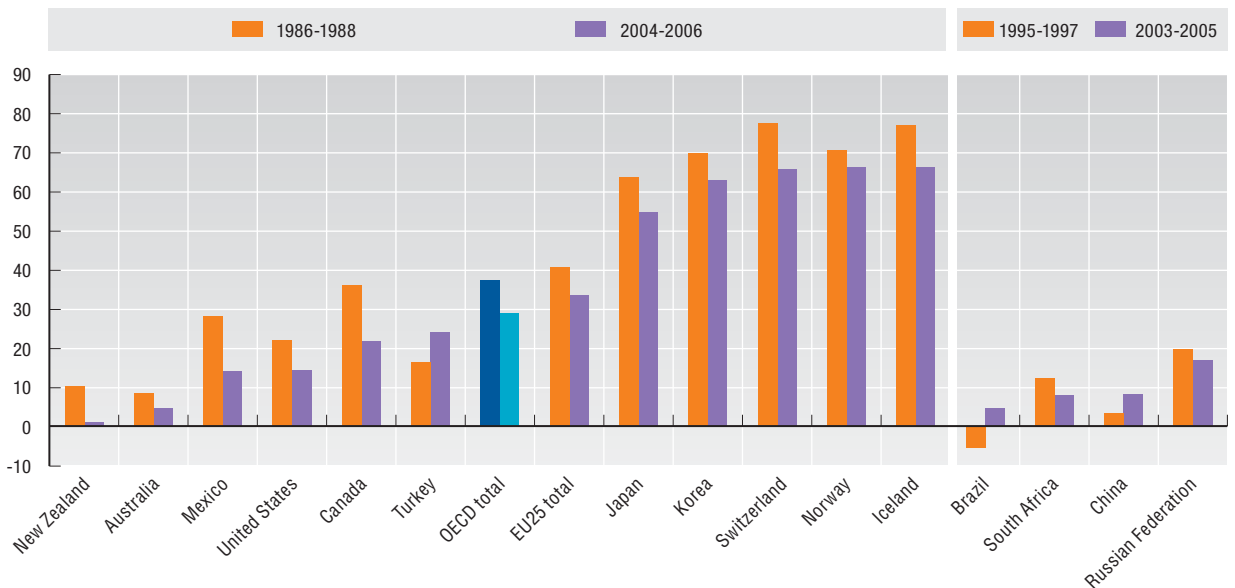
As a percentage of value of gross farm receipts

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Australia	11.4	10.3	6.5	6.8	6.3	6.1	6.1	4.6	4.5	6.1	4.4	4.2	4.4	5.5
Canada	24.3	20.7	19.6	15.6	14.4	16.8	18.0	19.9	15.9	21.2	24.5	20.8	21.9	22.7
Iceland	64.7	61.5	59.1	57.1	59.2	70.5	71.6	66.7	63.0	66.5	65.7	64.8	67.4	66.4
Japan	57.6	62.7	62.2	57.8	54.3	58.3	60.1	59.8	56.5	57.4	57.6	55.9	54.9	53.3
Korea	72.7	73.0	72.0	64.1	63.0	56.5	65.4	66.5	60.7	64.4	61.0	62.7	63.1	63.3
Mexico	30.5	22.6	-4.9	4.9	14.4	17.2	14.4	20.4	15.3	23.1	18.5	10.8	14.3	17.4
New Zealand	0.7	1.3	1.5	1.0	1.1	1.0	0.9	0.5	0.7	0.4	0.9	0.9	1.4	0.8
Norway	69.1	69.8	65.3	66.2	69.2	71.1	72.0	67.1	66.5	74.7	71.7	67.4	66.4	64.8
Switzerland	71.5	73.1	64.9	68.6	69.8	71.6	75.9	70.4	68.3	71.1	68.8	67.8	66.9	62.6
Turkey	23.4	14.3	13.0	15.7	25.0	26.4	22.4	20.8	3.4	21.1	28.8	25.7	26.6	20.1
United States	17.7	14.7	10.3	13.4	13.8	21.8	25.6	23.5	22.3	18.5	15.0	16.3	15.7	11.1
EU25 total	38.0	37.3	36.5	33.2	34.1	36.8	39.7	34.0	31.9	36.6	36.9	35.8	32.8	32.5
OECD total	34.8	34.4	31.6	29.2	29.0	32.8	35.5	32.5	29.4	31.7	30.6	30.3	28.8	27.1
Brazil	-7.7	-3.4	-4.4	4.0	-0.8	4.4	3.4	3.8	4.7	3.6	5.9	..
China	-13.1	0.9	6.3	1.9	1.9	1.4	-2.1	4.0	6.5	7.2	9.9	6.8	8.4	..
Russian Federation	-28.7	-4.1	13.7	18.5	27.0	19.0	0.8	4.6	14.3	18.0	15.9	19.3	15.5	..
South Africa	..	12.3	16.8	8.7	11.9	8.6	8.4	5.6	1.8	8.0	7.0	8.0	9.0	..

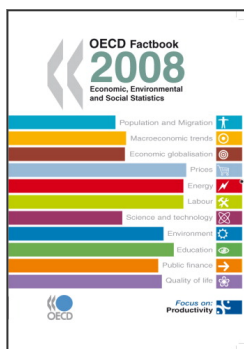
StatLink  <http://dx.doi.org/10.1787/275353782282>

Agricultural producer support estimate by country

As a percentage of value of gross farm receipts



StatLink  <http://dx.doi.org/10.1787/270635075246>



From:
OECD Factbook 2008
Economic, Environmental and Social Statistics

Access the complete publication at:
<https://doi.org/10.1787/factbook-2008-en>

Please cite this chapter as:

OECD (2009), "Agricultural support estimates", in *OECD Factbook 2008: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2008-75-en>

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