

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

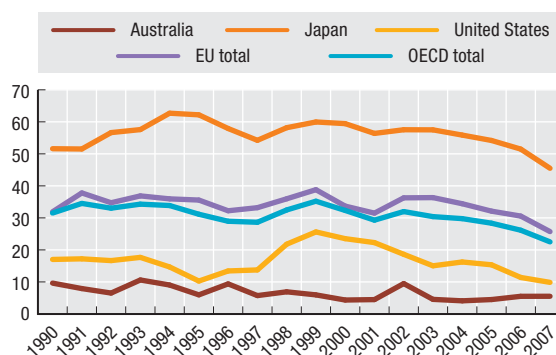
Continuous efforts are made to ensure consistency in the treatment and completeness of coverage of policies in all

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.

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 EU members which are not members of the OECD, are included in the EU25 from 2004 to 2006 and EU27 from 2007. The OECD total includes the Czech Republic, Hungary, Poland and the Slovak Republic for the entire period but excludes the EU members not members of the OECD.

Agricultural producer support estimate for selected countries

As a percentage of value of gross farm receipts



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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 61%. 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 2005-07 at 26% is lower than the 1986-88 average of 37% 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: 59% of total support during the 2005-2007 period compared to over 86% in 1986-1988.

For emerging economies covered by the OECD PSE calculations the %PSE has been significantly lower than the OECD average and ranged from 6% for South Africa and Brazil to 14% for the Russian Federation in 2005-07. Trends in the level of producer support vary between economies. While in South Africa and the Russian Federation the level of producer support has fallen, in Brazil and China it has increased since the mid-1990s.

Sources

- OECD (2009), *Agricultural Policies in Emerging Economies: Monitoring and Evaluation 2009*, OECD, Paris.
- OECD (2008), *Agricultural Policies in OECD Countries 2008: At a Glance*, OECD, Paris.

Further information

Analytical publications

- OECD (2008), *Agricultural, Policy Design and implementation, A Synthesis*, OECD, Paris.
- OECD, FAO (2008), *OECD-FAO Agricultural Outlook 2008-2017*, OECD, Paris.
- OECD (2008), *Biofuel Support Policies: An Economic Assessment*, OECD, Paris.
- OECD (2008), *Environmental Performance of OECD Agriculture since 1990: Environmental Indicators for Agriculture Volume 4*, OECD, Paris.

Methodological publications

- OECD (2008), *OECD's Producer Support Estimate and Related Indicators of Agriculture Support: Concepts, Calculations, Interpretation and Use (The PSE manual)*, OECD, Paris.

Agricultural producer support estimate by country

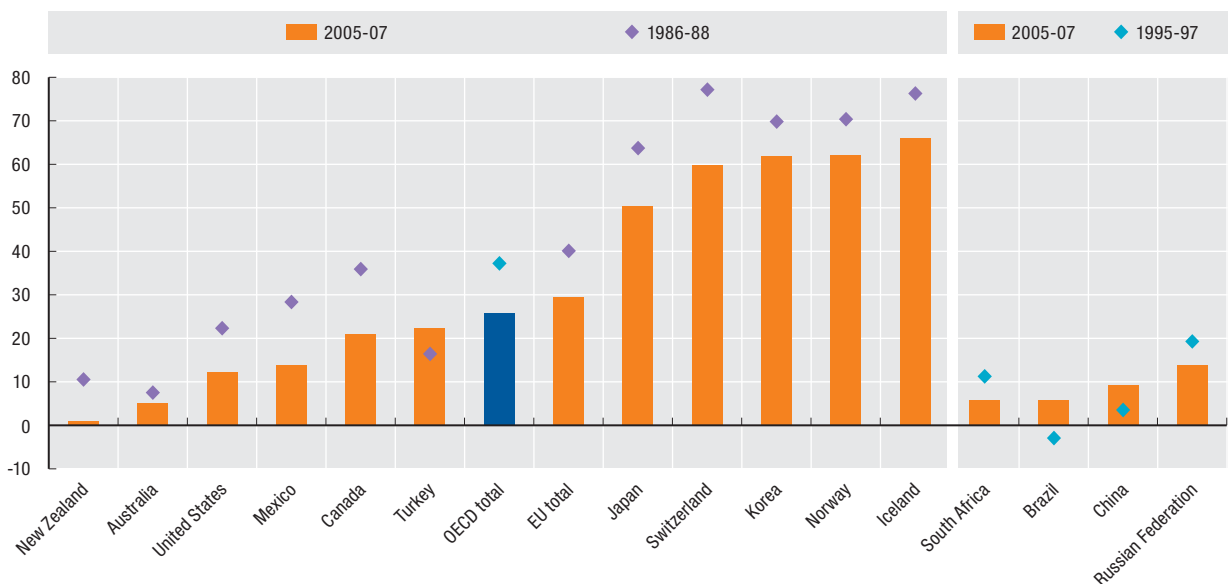
As a percentage of value of gross farm receipts

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	9.0	6.0	9.4	5.7	6.9	6.0	4.3	4.5	9.5	4.5	4.1	4.5	5.5	5.5
Canada	20.5	19.5	16.1	14.3	17.0	18.0	19.1	16.0	22.2	25.0	20.6	22.0	22.7	18.4
Iceland	62.1	61.8	60.4	59.4	70.7	71.1	62.7	58.8	65.9	66.4	66.4	69.6	67.7	60.6
Japan	62.7	62.2	57.9	54.2	58.2	60.0	59.4	56.4	57.5	57.5	55.9	54.2	51.5	45.5
Korea	73.0	72.0	64.2	63.0	56.5	65.4	66.3	60.7	64.6	61.1	62.2	62.3	63.3	59.8
Mexico	22.5	-4.9	5.5	14.5	17.7	17.4	22.5	18.4	27.6	19.1	11.3	12.9	14.8	13.6
New Zealand	1.3	1.5	1.0	1.1	1.0	0.9	0.5	0.7	0.4	0.9	0.8	1.4	1.0	0.7
Norway	69.5	65.0	66.8	69.0	71.2	71.9	65.9	66.4	75.6	72.0	67.3	67.4	65.4	53.3
Switzerland	72.9	64.8	69.1	69.7	71.8	75.9	69.1	68.2	72.6	70.1	67.7	67.7	62.3	49.8
Turkey	14.1	13.0	16.0	24.9	26.5	22.4	20.2	3.5	21.7	28.4	26.1	25.3	20.3	21.5
United States	14.7	10.3	13.4	13.7	21.8	25.6	23.5	22.3	18.6	15.0	16.2	15.4	11.4	9.9
EU total	35.9	35.6	32.2	33.2	36.0	38.8	33.7	31.5	36.3	36.3	34.4	32.1	30.6	25.7
OECD total	33.9	31.1	28.9	28.6	32.5	35.2	32.3	29.3	32.0	30.4	29.8	28.3	26.1	22.5
Brazil	..	-7.7	-0.1	-1.8	6.8	1.3	5.8	4.2	5.7	5.9	4.6	6.3	6.1	5.0
China	0.7	6.2	1.8	1.8	1.5	-2.4	3.4	5.9	8.8	10.1	7.2	7.8	11.0	8.6
Russian Federation	-4.1	13.2	17.7	26.4	18.6	-0.7	4.6	9.2	14.6	20.9	21.9	13.3	17.5	10.8
South Africa	10.8	14.7	7.6	10.8	10.7	8.2	5.2	3.9	11.0	7.1	7.7	6.5	7.5	3.3

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Agricultural producer support estimate by country

As a percentage of value of gross farm receipts



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