

GOVERNMENT SUPPORT FOR AGRICULTURE

Governments provide support to agriculture through a variety of means, ranging from budgetary transfers financed by taxpayers to policies such as border protection and administered pricing that, by raising farm prices above the levels that would otherwise prevail, are equivalent to an implicit tax on consumers. While some of these measures may pursue commendable goals such as sustaining rural communities and encouraging more environmentally-friendly agricultural practices, they may also lead to trade distortions, over-production and environmental damage.

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.

The measure is agreed by OECD member countries and is widely recognised as the only reliable indicator for comparing support across countries and over time. The producer support estimate (PSE) indicator that is available on a timely and comprehensive basis for all 30 of the OECD's countries (the European Union is treated as a single entity) and selected non-members.

Comparability

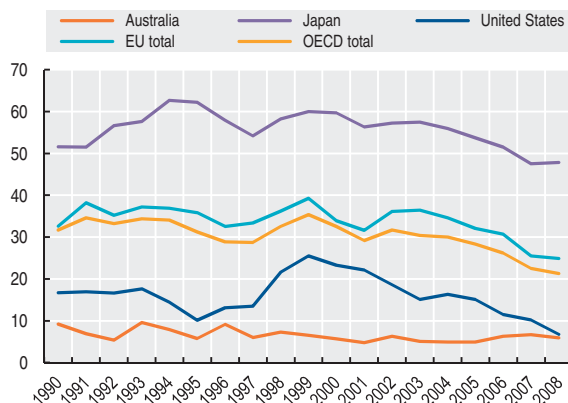
Continuous efforts are made to ensure consistency in the treatment and completeness of coverage of policies in all

OECD countries through the annual preparation of the Monitoring and Evaluation report. Each year, PSE provisional estimates are reviewed and approved by representatives of OECD's member countries, as are all methodological developments.

In the table, data are not shown for individual EU member countries. Austria, Finland and Sweden are included in EU15 since 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 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 countries not members of the OECD.

Agricultural producer support estimate for selected countries

As a percentage of gross farm receipts



StatLink <http://dx.doi.org/10.1787/822042462767>

Overview

There are large differences in the levels of agricultural support among OECD countries. Producer support estimates as a percentage of gross farm receipts currently range from almost zero to 62%. 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 support as a share of gross farm receipt in 2006-08 at 23% 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 also less dominant today (56% of total support during the 2006-2008 period) than in the past (over 86% in 1986-1988).

For the emerging economies covered here the %PSE has been significantly lower than the OECD average, ranging from 4% for Chile to 16% for Israel in 2005-07. Trends in the level of producer support vary between economies. While in Chile, Israel, the Russian Federation and South Africa the level of producer support has fallen, in Brazil and China it has increased since the mid-1990s.

Sources

- OECD (2009), *Agricultural Policies in OECD Countries 2009: Monitoring and Evaluation*, OECD, Paris.
- OECD (2009), *Agricultural Policies in Emerging Economies 2009: Monitoring and Evaluation*, OECD, Paris.
- OECD (2010), *OECD Review of Agricultural Policies: Israel 2010*, 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.

Methodological publications

- OECD (2009), *OECD's Producer Support Estimate and Related Indicators of Agricultural Support: Concepts, Calculations, Interpretation and Use (The PSE Manual)*, OECD, Paris.



Agricultural producer support estimate by country

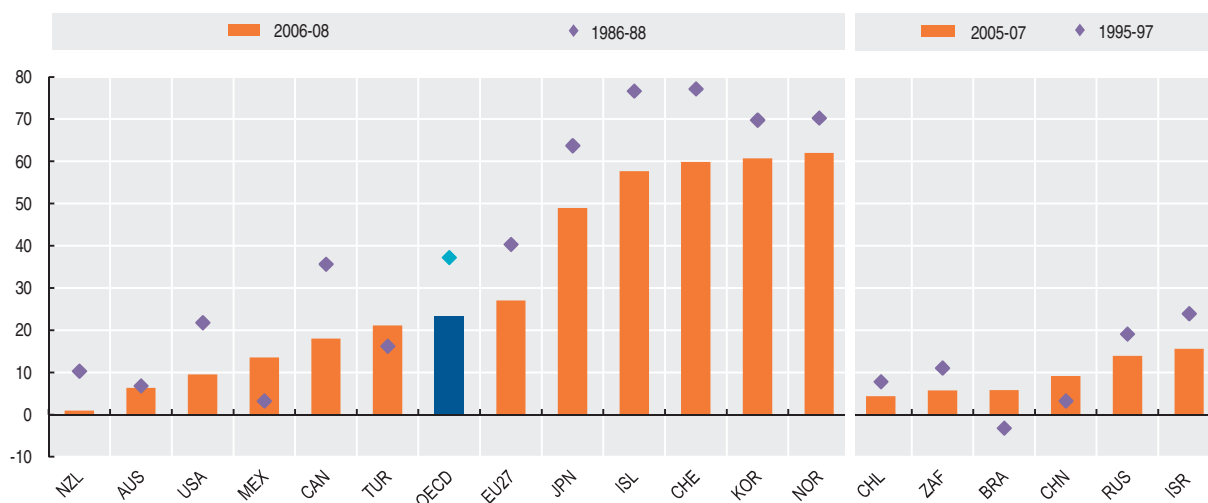
As a percentage of gross farm receipts

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	5.8	9.1	6.0	7.3	6.5	5.7	4.8	6.3	5.1	4.9	4.9	6.3	6.7	5.9
Canada	19.5	16.1	14.4	17.0	18.0	20.0	15.8	21.5	25.4	20.9	21.9	21.7	19.4	13.0
Iceland	59.6	58.7	59.8	71.3	72.0	67.2	63.4	67.5	66.4	66.0	67.1	65.3	56.8	51.0
Japan	62.2	57.9	54.2	58.2	60.0	59.7	56.3	57.2	57.5	55.9	53.7	51.5	47.5	47.8
Korea	72.0	64.2	63.0	56.2	64.7	66.0	60.3	63.8	60.6	65.8	65.6	65.3	65.1	51.7
Mexico	-4.2	5.0	14.5	17.5	17.3	23.4	18.2	26.9	19.2	11.5	12.8	13.8	13.6	13.1
New Zealand	1.5	1.0	1.1	1.0	0.9	0.5	0.7	0.4	0.9	0.9	1.5	1.0	1.0	0.8
Norway	65.0	66.8	69.0	71.2	71.9	67.0	66.2	74.7	72.0	67.4	66.9	65.3	58.7	61.9
Switzerland	64.8	69.1	69.7	71.8	75.9	70.4	67.9	71.3	70.0	69.9	66.9	66.4	55.0	58.1
Turkey	13.0	16.0	24.9	26.4	22.3	20.8	3.9	20.9	28.3	26.2	25.1	19.9	18.9	24.5
United States	10.1	13.1	13.5	21.6	25.5	23.3	22.1	18.6	15.1	16.3	15.1	11.5	10.2	6.8
EU total	35.8	32.5	33.4	36.2	39.3	33.9	31.6	36.1	36.4	34.6	32.1	30.7	25.5	24.9
OECD total	31.2	28.9	28.7	32.5	35.4	32.5	29.2	31.7	30.4	30.0	28.3	26.2	22.5	21.3
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	..
Chile	8.5	7.1	7.8	10.6	10.5	9.9	6.2	10.8	5.3	4.9	4.9	4.3	3.9	..
China	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	..
Israel	24.2	24.5	23.1	23.8	25.1	28.9	26.3	26.6	22.0	20.7	17.5	17.6	11.8	20.9
Russian Federation	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	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	..

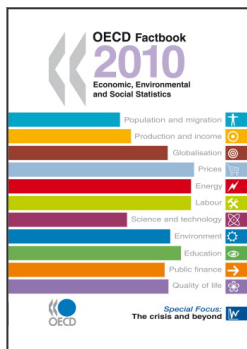
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Agricultural producer support estimate by country

As a percentage of gross farm receipts



StatLink <http://dx.doi.org/10.1787/822022843872>



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