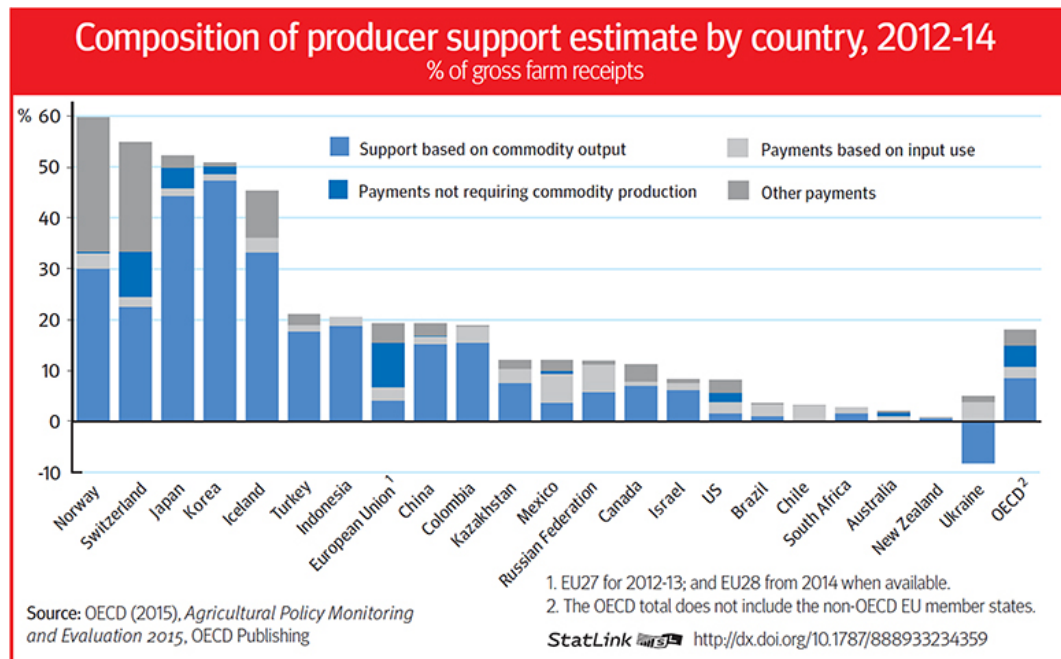


Agricultural producer support trends downwards

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Over the past 20 years, support provided to agricultural producers in 49 countries analysed by the OECD has been following a downward trend. The percentage Producer Support Estimate (%PSE) fell from 21% of gross farm receipts in 1995–97 to 17% in 2012-14 globally, edging up slightly at the end of the period to reach US\$601 billion (€450 billion) in value terms.

Average support in OECD countries has been declining in developed economies, from around 30% of gross farm receipts in 2000 to around 20% today. But it has risen in emerging economies by 10-15 percentage points to about 20% over the same period, driven mostly by increasing support in Indonesia and China, but also in Kazakhstan.

However, the composition of support is at least as important as the total level, as this impacts agricultural production, trade, incomes and markets. Market price support and payments based on output, for example, are burdensome for taxpayers and markedly distort production and trade. Moreover, the subsidised use of inputs, such as fossil energy or fertilisers, can potentially lead to environmentally damaging production practices.

China, Colombia, Iceland, Indonesia, Israel, Japan, Kazakhstan, Korea and Turkey are among those countries that provide most of their support in the form of influencing market prices and through output-linked payments, accounting for over 70% of the total PSE in 2012-14. These transfers are also important in the composition of support in Canada, Norway, the Russian Federation and Switzerland, where they account for between a third and two-thirds of all the producer support.