

PART II

Country Focus

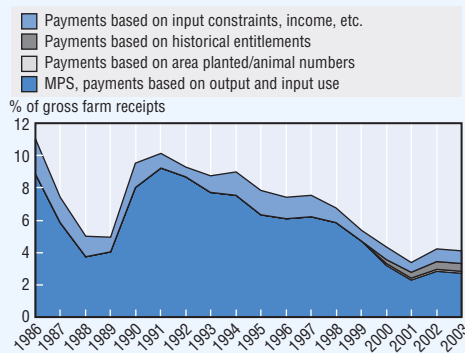
This part of the report provides detailed information on the recent and long-term development of the level, composition and variability of support to agriculture in each OECD country. It provides a concise, consistent snapshot of support to agriculture in OECD member countries and the European Union as a whole. A substantial database underpins the material in this part, and is publicly available on an OECD website (The link is www.oecd.org/agr/policy/ under > Statistics).

Australia

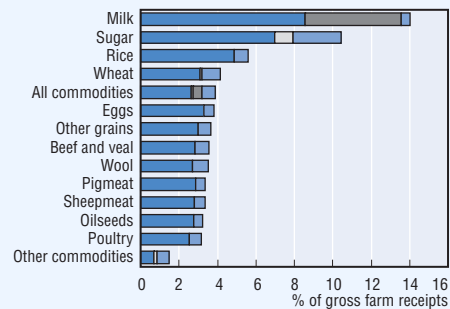
Support to Australian agriculture is the second lowest in the OECD, and in 2003 the PSE remained unchanged at 4%, despite a small increase in diesel fuel rebates and payments under the Exceptional Circumstances Relief Payment Scheme. To improve farmer's self-reliance and risk management in times of drought and floods various Federal Government measures were strengthened, such as the Environmental Management Systems and the National Water Initiative.

- Producer support (% PSE), fell from 8% in 1986-88 to 4% by 2001-03, compared to a decline in the OECD average over the same period from 37% to 31%. The highest supported commodities are milk and sugar, although support is well below the respective OECD averages.
- The combined share of market price support, output payments and input subsidies in the PSE, decreased from 79% in 1986-88 to 67% by 2001-03. Much of this support is accounted for by diesel fuel rebates, which represented 35% of producer support in 2001-03. Domestic producer prices, which were 4% higher than world prices in 1986-88, compared to the OECD average of 31%, have been aligned with world prices since 2001.
- The implicit tax on consumers from agricultural policies (% CSE) declined from 6% in 1986-88 to 2% by 2001-03, compared to the OECD average of 24%.
- General services accounted for 40% of total support in 2001-03, with its share almost doubling since 1986-88, mainly due to increases in infrastructure, research and development expenditures. The TSE as a share of GDP has decreased from 0.8% in 1986-88 to 0.3% by 2001-03, about a quarter of the OECD average.

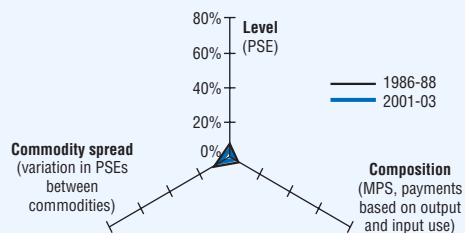
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, the Australian agricultural sector has been subject to a comprehensive reform of its policies over the past 15 years, leading to the virtual elimination of production and trade distortions. Agri-environmental performance is being enhanced through use of market based instruments, such as the water reform agenda.

Table II.1. **Australia: Estimates of support to agriculture**
(AUD million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	23 121	38 601	43 499	35 350	36 953
<i>of which share of MPS commodities (%)</i>	<i>75</i>	<i>78</i>	<i>79</i>	<i>77</i>	<i>77</i>
Total value of consumption (at farm gate)	7 133	12 010	11 863	12 752	11 413
Producer Support Estimate (PSE)	1 782	1 552	1 534	1 554	1 568
Market Price Support (MPS)	820	6	7	4	6
<i>of which MPS commodities</i>	<i>610</i>	<i>4</i>	<i>6</i>	<i>3</i>	<i>5</i>
Payments based on output	0	0	0	0	0
Payments based on area planted/animal numbers	0	37	37	37	37
Payments based on historical entitlements	0	183	183	183	183
Payments based on input use	580	1 041	1 033	1 041	1 049
Payments based on input constraints	0	0	0	0	0
Payments based on overall farming income	380	285	274	289	293
Miscellaneous payments	1	0	0	0	0
Percentage PSE	8	4	3	4	4
Producer NPC	1.04	1.00	1.00	1.00	1.00
Producer NAC	1.09	1.04	1.04	1.04	1.04
General Services Support Estimate (GSSE)	541	909	893	911	921
Research and development	298	591	586	591	597
Agricultural schools	0	0	0	0	0
Inspection services	89	92	90	92	94
Infrastructure	65	201	194	204	206
Marketing and promotion	49	8	8	8	8
Public stockholding	0	0	0	0	0
Miscellaneous	41	16	16	16	16
GSSE as a share of TSE (%)	23.3	40.4	40.3	40.4	40.4
Consumer Support Estimate (CSE)	-412	-215	-214	-216	-214
Transfers to producers from consumers	-416	-3	-3	-4	-3
Other transfers from consumers	0	-1	0	-2	0
Transfers to consumers from taxpayers	0	-211	-211	-211	-211
Excess feed cost	4	0	0	0	0
Percentage CSE	-6	-2	-2	-2	-2
Consumer NPC	1.06	1.00	1.00	1.00	1.00
Consumer NAC	1.06	1.02	1.02	1.02	1.02
Total Support Estimate (TSE)	2 323	2 249	2 216	2 254	2 278
Transfers from consumers	416	4	3	5	3
Transfers from taxpayers	1 907	2 246	2 212	2 251	2 275
Budget revenues	0	-1	0	-2	0
Percentage TSE (expressed as share of GDP)	0.79	0.31	0.32	0.31	0.30
GDP deflator 1995 = 100	77	116	113	116	119

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Australia are: wheat, other grains, rice, oilseeds, sugar, cotton, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

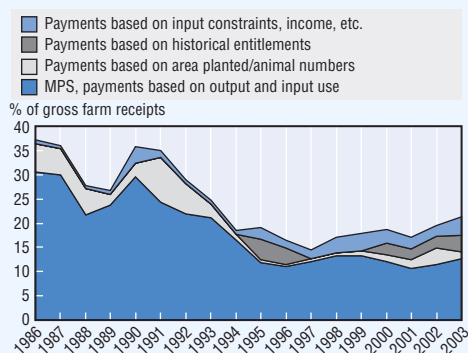
Source: OECD, PSE/CSE database 2004.

Canada

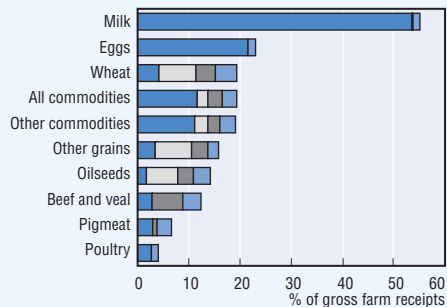
The Canadian Agricultural Income Stabilization (CAIS) program, a form of gross margin insurance, was introduced as part of the Agricultural Policy Framework (APF). Exceptional payments were made to the beef sector to compensate for BSE and drought related losses. Combined with the APF transition payments, supplementary payments make up a third of the budgetary component of the PSE for 2003, which has risen 10% over the 2002 level.

- Support to producers (% PSE) has fallen from 34% in 1986-88 to 19% in 2001-2003, and stands at two-thirds of the OECD average. The milk sector continues to receive the highest level of support, but recent increases in budgetary payments (drought, BSE) have been directed to other sectors.
- The combined share of market price support, output and input payments in the PSE has fallen from 82% in 1986-88 to 59% in 2001-03. Prices received by farmers were 40% above those on the world market in 1986-88 but only 13% higher in 2001-03.
- The composition of support continues to move towards less-distorting forms such as payments based on historical entitlements or farm income. At 31%, the share of these payments in the PSE is one of the highest among OECD countries. The % CSE fell from 22% in 1986-88 to 15% in 2001-03.
- Support for general services provided to agriculture, 20% of the TSE 1986-88, has increased to 26% in 2001-03. Total support to agriculture as a percentage of GDP declined from 1.7% in 1986-88 to 0.8% in 2001-03.

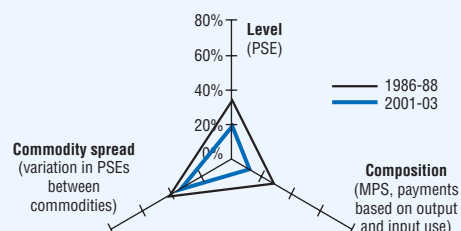
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



With the exception of supply managed commodities, progress has been made to shift support from production and trade distorting policy instruments to alternatives that are both more efficient and less distorting. While the percentage PSE remains below the 1986-88 average, recent payment increases have brought support to a ten-year high, 50% above its 1997 value.

Table II.2. **Canada: Estimates of support to agriculture**
(CAD million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	18 420	32 595	32 563	32 600	32 621
<i>of which share of MPS commodities (%)</i>	<i>82</i>	<i>76</i>	<i>78</i>	<i>75</i>	<i>74</i>
Total value of consumption (at farm gate)	15 363	24 395	23 418	24 020	25 745
Producer Support Estimate (PSE)	7 482	7 002	6 115	7 087	7 803
Market Price Support (MPS)	3 659	3 383	2 932	3 471	3 746
<i>of which MPS commodities</i>	<i>3 013</i>	<i>2 553</i>	<i>2 278</i>	<i>2 592</i>	<i>2 788</i>
Payments based on output	1 262	337	364	229	418
Payments based on area planted/animal numbers	1 247	788	671	1 216	477
Payments based on historical entitlements	0	989	810	844	1 314
Payments based on input use	1 160	484	483	479	489
Payments based on input constraints	0	1	0	0	2
Payments based on overall farming income	0	909	888	725	1 112
Miscellaneous payments	153	111	-34	124	245
Percentage PSE	34	19	17	20	21
Producer NPC	1.40	1.13	1.11	1.13	1.15
Producer NAC	1.51	1.24	1.21	1.24	1.27
General Services Support Estimate (GSSE)	1 920	2 455	2 225	2 576	2 564
Research and development	332	447	442	405	493
Agricultural schools	277	248	247	301	195
Inspection services	327	591	518	614	640
Infrastructure	474	538	441	636	536
Marketing and promotion	510	632	578	619	700
Public stockholding	0	0	0	0	0
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	20.3	25.9	26.7	26.7	24.5
Consumer Support Estimate (CSE)	-3 303	-3 540	-3 080	-3 789	-3 750
Transfers to producers from consumers	-3 614	-3 324	-2 931	-3 422	-3 620
Other transfers from consumers	-41	-255	-149	-366	-248
Transfers to consumers from taxpayers	42	28	0	0	85
Excess feed cost	310	11	0	0	32
Percentage CSE	-22	-15	-13	-16	-15
Consumer NPC	1.32	1.17	1.15	1.19	1.18
Consumer NAC	1.28	1.17	1.15	1.19	1.17
Total Support Estimate (TSE)	9 444	9 485	8 340	9 663	10 452
Transfers from consumers	3 655	3 579	3 080	3 789	3 868
Transfers from taxpayers	5 830	6 161	5 409	6 241	6 833
Budget revenues	-41	-255	-149	-366	-248
Percentage TSE (expressed as share of GDP)	1.68	0.82	0.75	0.84	0.86
GDP deflator 1995 = 100	81	111	109	111	114

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Canada are: wheat, maize, other grains, oilseeds, milk, beef and veal, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

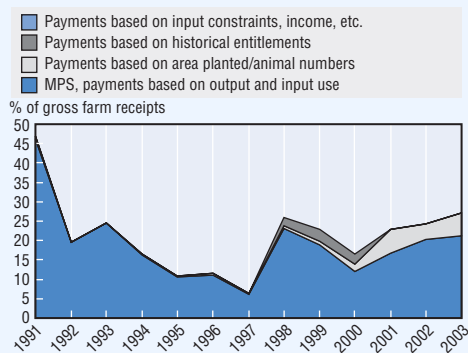
Source: OECD, PSE/CSE database 2004.

Czech Republic

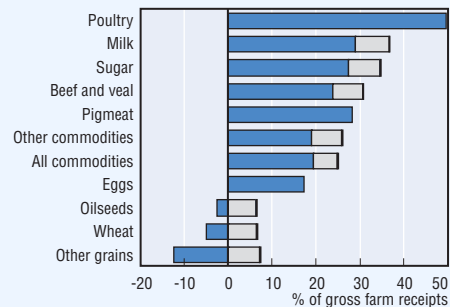
There were no substantial changes in policies applied during 2003. However within some programmes the amount of payments has substantially increased (set aside payments, direct payments for milk) and payments were provided in 2003 to compensate for drought losses. At the same time, payments supporting investments in agriculture were reduced by a half. The PSE increased slightly over 2002 to reach 27% in 2003.

- Support to producers (% PSE) has declined from 31% in 1991-93 to 25% in 2001-03 which is below the OECD average. Most of the support is for livestock products and sugar, while support to grains and oilseed is very low.
- The combined share of market price support, output and input payments in the PSE dropped from 98% in 1991-93 to 77% 2001-03. Prices received by farmers compared to those on the world market fell from being 54% higher in 1991-93 to 19% high in 2001-03. For the same periods Czech consumers paid on average 49% and 17% respectively, above the world price.
- Payments based on area planted/animal numbers increased from 1% of the PSE in 1991-93 to 22% in 2001-03. Payments based on inputs constraints and farm incomes remain marginal.
- The share of support for general services in total support provided to agriculture increased from 3% in 1991-93 to 10% in 2001-03. This is mainly due to increased payments for inspection services and infrastructure. Total support to agriculture as percentage of GDP represented 1.6% in 2001-03, somewhat above the OECD average.

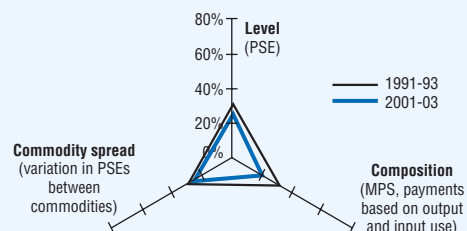
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, the more recent evolution of agricultural policies indicates a move away from the previous trend towards lower support and more market orientation. This is mainly due to the introduction of CAP type policies (set aside payments, milk and sugar production quotas) in preparation for EU accession in 2004.

Table II.3. **Czech Republic: Estimates of support to agriculture**
(CZK million)

	1991-93	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	123 938	117 854	129 839	116 668	107 055
<i>of which share of MPS commodities (%)</i>	<i>65</i>	<i>73</i>	<i>77</i>	<i>73</i>	<i>70</i>
Total value of consumption (at farm gate)	102 049	106 531	113 921	102 984	102 688
Producer Support Estimate (PSE)	39 326	32 058	32 976	30 940	32 258
Market Price Support (MPS)	36 476	21 099	19 622	21 803	21 874
<i>of which MPS commodities</i>	<i>23 420</i>	<i>15 407</i>	<i>15 071</i>	<i>15 940</i>	<i>15 208</i>
Payments based on output	11	168	76	85	344
Payments based on area planted/animal numbers	229	7 009	8 708	5 160	7 159
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	2 255	3 482	4 275	3 582	2 589
Payments based on input constraints	345	203	168	211	231
Payments based on overall farming income	11	96	127	99	61
Miscellaneous payments	0	0	0	0	0
Percentage PSE	31	25	23	25	27
Producer NPC	1.54	1.19	1.15	1.21	1.22
Producer NAC	1.49	1.33	1.30	1.33	1.38
General Services Support Estimate (GSSE)	1 042	3 496	3 554	3 489	3 445
Research and development	458	975	991	937	998
Agricultural schools	493	1 263	1 285	1 258	1 245
Inspection services	80	430	277	467	545
Infrastructure	11	818	991	817	647
Marketing and promotion	0	10	10	10	10
Public stockholding	0	0	0	0	0
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	2.6	9.8	9.7	10.1	9.6
Consumer Support Estimate (CSE)	-27 908	-19 046	-19 092	-19 545	-18 503
Transfers to producers from consumers	-30 151	-17 042	-16 631	-17 920	-16 576
Other transfers from consumers	5	-145	-141	-355	62
Transfers to consumers from taxpayers	0	52	30	62	63
Excess feed cost	2 237	-1 911	-2 350	-1 331	-2 051
Percentage CSE	-28	-18	-17	-19	-18
Consumer NPC	1.49	1.19	1.17	1.22	1.19
Consumer NAC	1.43	1.22	1.20	1.23	1.22
Total Support Estimate (TSE)	40 368	35 605	36 560	34 491	35 766
Transfers from consumers	30 146	17 187	16 772	18 276	16 514
Transfers from taxpayers	10 217	18 563	19 929	16 570	19 190
Budget revenues	5	-145	-141	-355	62
Percentage TSE (expressed as share of GDP)	4.39	1.56	1.68	1.52	1.50
GDP deflator 1995 = 100	82	147	144	148	151

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for the Czech Republic are: wheat, other grains, oilseeds, sugar, milk, beef and veal, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

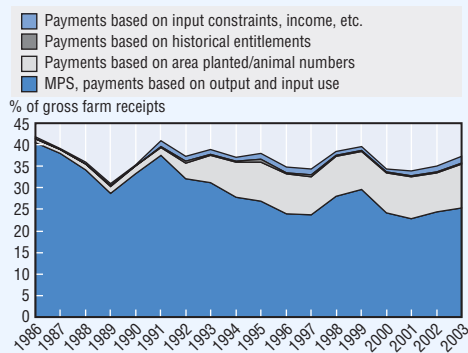
Source: OECD, PSE/CSE database 2004.

European Union

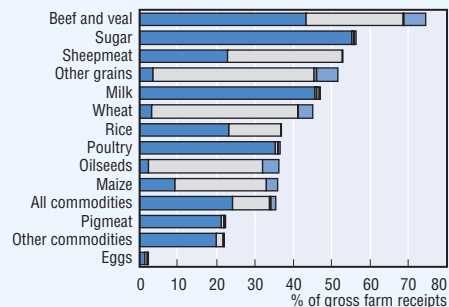
The major policy development in 2003 was the reform of the Common Agricultural Policy, whose implementation will start in 2004. Its main features are the introduction of a single payment based on historical reference to replace part or all of area and headage payments, and a strengthening of Rural Development Regulation measures, including through modulation. The impacts of the reform are examined in the OECD report *Analysis of the 2003 CAP reform*.

- Support to producers (% PSE) has decreased from 39% in 1986-88 to 35% in 2001-03, compared to an OECD average of 31%. Support reached up to 37% in 2003, mainly due to lower border prices as the euro appreciated against the US dollar. The spread in support by commodity has increased over the period, and ranges between 15 and 75%.
- The combined share of market price support, output and input payments in the PSE has fallen from 96% in 1986-88 to 69% in 2001-03. Prices received by farmers were 34% higher than those on the world market in 2001-03, compared to 72% in 1986-88.
- Since 1986-88, there has been a significant move from market price support to payments based on area planted and animal numbers, which accounted for 28% of the PSE in 2001-03.
- The cost imposed on consumers as measured by the % CSE has fallen from 40% in 1986-88 to 28% in 2001-03.
- Support for general services provided to agriculture has decreased from 9.6% of total support in 1986-88 to 8.1% in 2001-03. Total support to agriculture as a percentage of GDP has been halved since 1986-88, to 1.3% in 2001-03.

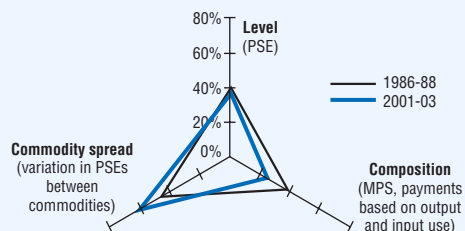
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, the long term reduction in the most trade distorting forms of support and in protection continues in the right direction, but major sectors remain insulated from world markets and support levels remain high, contributing to depressing world prices. The move to a single payment is expected to reduce further production and trade distortions.

Table II.4. **European Union: Estimates of support to agriculture**

(EUR million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	211 407	245 289	249 143	243 694	243 030
<i>of which share of MPS commodities (%)</i>	<i>72</i>	<i>71</i>	<i>71</i>	<i>71</i>	<i>71</i>
Total value of consumption (at farm gate)	163 333	192 236	196 750	190 337	189 620
Producer Support Estimate (PSE)	86 884	102 708	99 295	100 577	108 251
Market Price Support (MPS)	74 751	58 311	55 150	58 231	61 552
<i>of which MPS commodities</i>	<i>53 719</i>	<i>41 128</i>	<i>38 898</i>	<i>41 072</i>	<i>43 413</i>
Payments based on output	4 524	3 792	4 186	3 592	3 599
Payments based on area planted/animal numbers	2 415	28 027	28 289	26 229	29 563
Payments based on historical entitlements	0	608	591	598	633
Payments based on input use	4 525	7 908	7 663	7 725	8 335
Payments based on input constraints	643	4 073	3 515	4 051	4 653
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	26	-11	-99	149	-84
Percentage PSE	39	35	34	35	37
Producer NPC	1.72	1.34	1.31	1.33	1.37
Producer NAC	1.64	1.55	1.51	1.54	1.60
General Services Support Estimate (GSSE)	9 677	9 410	9 216	9 338	9 675
Research and development	1 063	1 550	1 643	1 481	1 526
Agricultural schools	93	901	850	858	995
Inspection services	156	369	304	407	396
Infrastructure	1 122	1 973	1 925	1 926	2 066
Marketing and promotion	2 430	3 138	3 026	3 102	3 287
Public stockholding	4 776	1 343	1 334	1 424	1 272
Miscellaneous	38	135	134	139	132
GSSE as a share of TSE (%)	9.6	8.1	8.2	8.2	7.9
Consumer Support Estimate (CSE)	-64 293	-51 904	-47 963	-52 299	-55 450
Transfers to producers from consumers	-75 246	-55 537	-51 846	-55 373	-59 392
Other transfers from consumers	-1 499	-698	-500	-581	-1 013
Transfers to consumers from taxpayers	4 387	3 762	3 676	3 645	3 963
Excess feed cost	8 066	570	707	10	991
Percentage CSE	-40	-28	-25	-28	-30
Consumer NPC	1.90	1.42	1.36	1.42	1.47
Consumer NAC	1.69	1.38	1.33	1.39	1.43
Total Support Estimate (TSE)	100 948	115 879	112 187	113 560	121 890
Transfers from consumers	76 745	56 235	52 346	55 954	60 405
Transfers from taxpayers	25 702	60 342	60 341	58 187	62 498
Budget revenues	-1 499	-698	-500	-581	-1 013
Percentage TSE (expressed as share of GDP)	2.68	1.27	1.27	1.24	1.32
GDP deflator 1995 = 100	74	113	111	113	116

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for the European Community are: wheat, maize, other grains, rice, oilseeds, sugar, milk, beef and veal, sheepmeat, pigmeat, poultry, eggs and potatoes. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

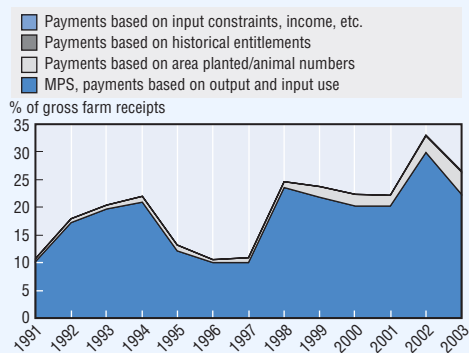
Source: OECD, PSE/CSE database 2004.

Hungary

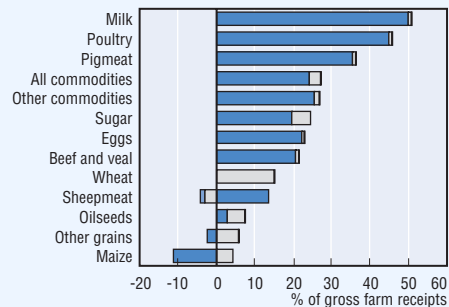
Efforts to align agricultural policies with those of the European Union accelerated in 2003, including implementation of the Special Accession Programme for Agriculture and Rural Development and changes to the area and headage support system. In 2003, the % PSE decreased by seven percentage points as compared to 2002, mainly due to a fall in market price support and payments based on input use.

- Support to producers (% PSE) increased from 16% in 1991-93, to 27% in 2001-03, but is still lower than the OECD average. Support is higher for livestock commodities, particularly dairy, pigmeat and poultry. The implicit tax to consumers increased from 12% in 1991-93 to 20% in 2001-2003.
- The combined share of market price support, output and input payments in total producer support has fallen from 96% in 1991-93 to 89% in 2001-03. Prices received by farmers were, on average, in 2001-2003 almost 17% higher than world prices. For most crops, however, producer prices were lower than world prices.
- Payments based on input use, which include credits, loan guarantees, capital grants and fuel-tax subsidies, are the second most important form of support after market price support, and accounted for more than a third of total support. The share of area and headage payments in total support almost tripled, reaching 11% in 2001-2003.
- Support for general services has sharply increased, from 0.7% in 1991-93 to 16% of total support to agriculture in 2001-2003. Total support to agriculture remained less than 3% of GDP, almost unchanged from 1991-93.

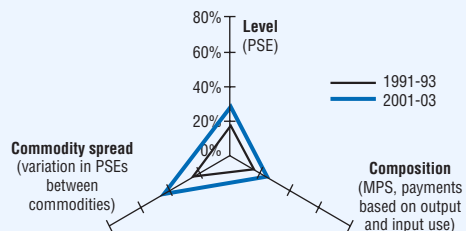
**Producer Support Estimate (PSE)
Level and composition over time...**



... by commodity, 2001-03 average



... and reform progress



Overall, since transition in the early 1990s there has been a shift towards increased use of the most production and trade distorting type of policy measures. Moreover, while producer support is below the OECD average, its level and variability has increased since 1991-93.

Table II.5. **Hungary: Estimates of support to agriculture**

(HUF million)

	1991-93	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	429 029	1 229 056	1 337 964	1 195 664	1 153 542
<i>of which share of MPS commodities (%)</i>	<i>73</i>	<i>76</i>	<i>78</i>	<i>75</i>	<i>76</i>
Total value of consumption (at farm gate)	362 379	1 012 199	1 061 258	1 013 891	961 446
Producer Support Estimate (PSE)	73 016	391 932	332 437	481 783	361 576
Market Price Support (MPS)	54 960	180 904	167 977	218 712	156 023
<i>of which MPS commodities</i>	<i>40 267</i>	<i>137 700</i>	<i>131 114</i>	<i>163 697</i>	<i>118 288</i>
Payments based on output	0	30 277	23 229	35 717	31 884
Payments based on area planted/animal numbers	2 933	43 006	28 580	45 472	54 966
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	15 123	136 082	112 585	180 693	114 969
Payments based on input constraints	0	1 663	66	1 189	3 734
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	16	27	22	33	27
Producer NPC	1.15	1.17	1.10	1.19	1.21
Producer NAC	1.20	1.38	1.28	1.49	1.36
General Services Support Estimate (GSSE)	500	76 387	63 556	89 559	76 046
Research and development	0	6 750	7 679	5 567	7 005
Agricultural schools	500	6 134	4 936	6 330	7 135
Inspection services	0	13 970	8 219	14 441	19 249
Infrastructure	0	3 773	5 124	4 484	1 712
Marketing and promotion	0	5 651	5 156	5 822	5 974
Public stockholding	0	0	0	0	0
Miscellaneous	0	40 109	32 442	52 914	34 971
GSSE as a share of TSE (%)	0.7	16.3	16.0	15.7	17.4
Consumer Support Estimate (CSE)	-42 753	-199 878	-222 445	-219 155	-158 032
Transfers to producers from consumers	-44 075	-176 865	-180 750	-179 899	-169 945
Other transfers from consumers	1 535	-1 266	606	-3 857	-546
Transfers to consumers from taxpayers	1 167	0	0	0	0
Excess feed cost	-1 379	-21 747	-42 301	-35 399	12 458
Percentage CSE	-12	-20	-21	-22	-16
Consumer NPC	1.14	1.21	1.20	1.22	1.22
Consumer NAC	1.14	1.25	1.27	1.28	1.20
Total Support Estimate (TSE)	74 683	468 319	395 993	571 342	437 622
Transfers from consumers	42 540	178 130	180 144	183 756	170 491
Transfers from taxpayers	30 608	291 454	215 243	391 443	267 677
Budget revenues	1 535	-1 266	606	-3 857	-546
Percentage TSE (expressed as share of GDP)	2.47	2.79	2.67	3.36	2.35
GDP deflator 1995 = 100	67	229	209	232	246

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Hungary are: wheat, maize, other grains, oilseeds, sugar, milk, beef and veal, sheepmeat, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

Source: OECD, PSE/CSE database 2004.

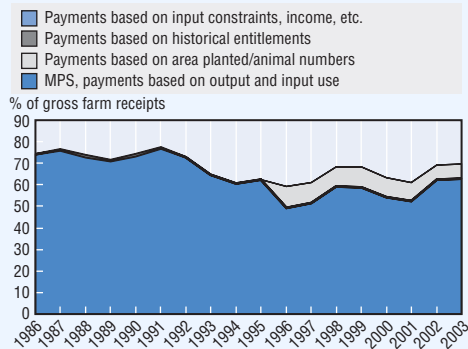
Iceland

There was no significant policy change in 2003. Although a series of reforms such as abolition of administered prices for poultry, eggs, sheepmeat and wool was implemented in the 1990's, the level of support is still high, at 70% PSE in 2003.

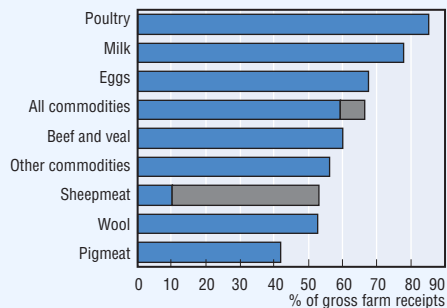
- Support to producers (% PSE) has fallen from 75% in 1986-88 to 67% in 2001-03, however it is still more than twice the OECD average. Milk and sheepmeat are the most important commodities accounting for a large share of the total PSE, while poultry, milk and eggs report the highest % PSEs.
- The combined share of market price support, output and input payments in gross farm receipts has fallen from 74% in 1986-88 to 59% in 2001-03. Prices received by farmers in 1986-88 were almost 390% higher than those received in the world market. By 2001-03, the gap had decreased to 270%.
- There were no payments based on historical entitlements in the 1980s but in 2003, such payments totalled ISK 1 276 million.
- Transfers to consumers, as measured by the % CSE, fell from 68% in 1986-88 to 51% in 2001-03.
- Support for general services provided to agriculture has remained unchanged at around 9% of total support. Total support to agriculture as a share of GDP decreased from 5.1% in 1986-88 to 1.8% in 2001-03.

Producer Support Estimate (PSE)

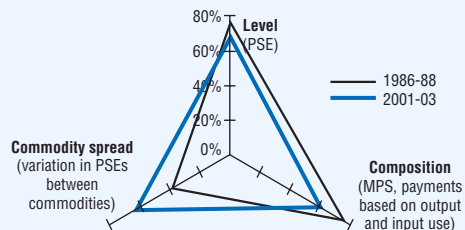
Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, although there has been progress in abolishing administered prices in recent years and shifting away from market price support, the level of support to Iceland's farmers remain among the highest in the OECD. Further efforts to shift toward less production and trade distorting policy and to reduce the support level are needed.

Table II.6. **Iceland: Estimates of support to agriculture**
(ISK million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	9 644	13 303	12 040	14 068	13 802
<i>of which share of MPS commodities (%)</i>	<i>80</i>	<i>77</i>	<i>75</i>	<i>79</i>	<i>78</i>
Total value of consumption (at farm gate)	8 750	13 057	12 643	13 634	12 892
Producer Support Estimate (PSE)	7 979	12 741	10 918	13 788	13 519
Market Price Support (MPS)	6 965	6 943	5 047	7 908	7 876
<i>of which MPS commodities</i>	<i>5 592</i>	<i>5 397</i>	<i>3 793</i>	<i>6 227</i>	<i>6 170</i>
Payments based on output	113	3 303	3 229	3 324	3 358
Payments based on area planted/animal numbers	48	0	0	0	0
Payments based on historical entitlements	0	1 373	1 520	1 323	1 276
Payments based on input use	853	1 122	1 122	1 234	1 009
Payments based on input constraints	0	0	0	0	0
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	75	67	61	69	70
Producer NPC	3.89	2.67	2.21	2.86	2.94
Producer NAC	3.99	3.03	2.56	3.24	3.28
General Services Support Estimate (GSSE)	935	1 322	1 375	1 265	1 327
Research and development	93	209	200	217	209
Agricultural schools	149	529	562	469	557
Inspection services	39	121	121	123	121
Infrastructure	281	193	211	179	189
Marketing and promotion	10	18	27	27	2
Public stockholding	359	244	244	244	244
Miscellaneous	5	8	11	7	6
GSSE as a share of TSE (%)	8.8	9.2	11.0	8.3	8.8
Consumer Support Estimate (CSE)	-4 823	-6 543	-5 294	-7 381	-6 954
Transfers to producers from consumers	-6 432	-6 502	-5 107	-7 293	-7 105
Other transfers from consumers	-96	-300	-432	-334	-135
Transfers to consumers from taxpayers	1 705	259	244	246	287
Excess feed cost	0	0	0	0	0
Percentage CSE	-68	-51	-43	-55	-55
Consumer NPC	3.95	2.11	1.78	2.27	2.28
Consumer NAC	3.23	2.07	1.75	2.23	2.23
Total Support Estimate (TSE)	10 619	14 323	12 537	15 299	15 132
Transfers from consumers	6 528	6 802	5 538	7 627	7 241
Transfers from taxpayers	4 187	7 821	7 431	8 005	8 027
Budget revenues	-96	-300	-432	-334	-135
Percentage TSE (expressed as share of GDP)	5.05	1.84	1.67	1.96	1.89
GDP deflator 1995 = 100	49	133	129	134	135

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Iceland are: milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

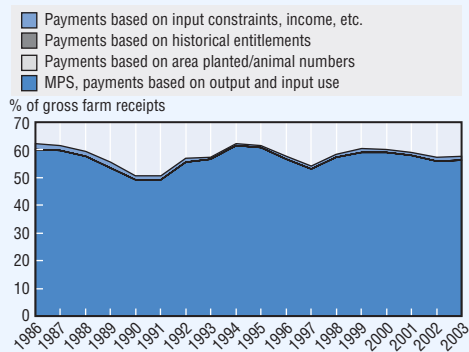
Source: OECD, PSE/CSE database 2004.

Japan

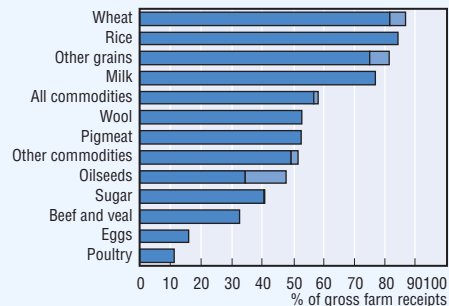
The major policy developments during 2003 concerned rice. A *scheme of the rice policy reforms* was announced in December 2002 which included several reforms including a revision of the staple food law in order to deregulate rice distribution in 2003. The level of support to producers remained virtually unchanged compared to 2002.

- Support to producers (% PSE), has declined from 61% in 1986-88 to 58% in 2001-03, and remains almost twice the OECD average. Variation in support between commodities is very high. Rice, wheat, other grains and milk are the most heavily supported commodities.
- The combined share of market price support and output payments in the PSE has remained unchanged, at around 93%, between 1986-88 and 2001-03. Prices received by farmers in 1986-88 were almost 250% higher than those in the world market, and 230% higher in 2001-2003.
- The burden imposed on consumers, as measured by the % CSE, declined from 57% in 1986-88 to 52% in 2001-03.
- Support for general services provided to agriculture has increased between 1986-88 and 2001-03, from 15% to 21% of total support. Total support to agriculture has declined from 2.3% of GDP in 1986-88 to 1.4% in 2001-03.

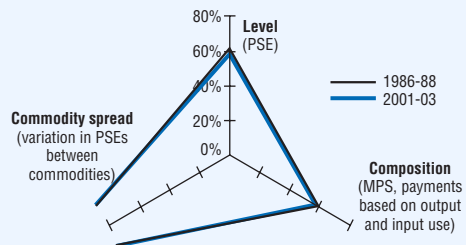
Producer Support Estimate (PSE)
Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, as measured by the percentage PSE, little progress has been made to reform agricultural policies since the mid-80s. While progress towards less production and trade distorting measures has been made in some products, further efforts to shift toward less production and trade distorting policy and to reduce support levels are needed.

Table II.7. **Japan: Estimates of support to agriculture**

(JPY billion)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	10 936	8 702	8 784	8 835	8 488
<i>of which share of MPS commodities (%)</i>	<i>69</i>	<i>66</i>	<i>66</i>	<i>66</i>	<i>65</i>
Total value of consumption (at farm gate)	13 938	13 007	13 365	13 084	12 573
Producer Support Estimate (PSE)	7 143	5 359	5 525	5 363	5 189
Market Price Support (MPS)	6 396	4 824	4 966	4 831	4 674
<i>of which MPS commodities</i>	<i>4 439</i>	<i>3 160</i>	<i>3 276</i>	<i>3 184</i>	<i>3 020</i>
Payments based on output	221	166	182	166	151
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	298	247	261	250	231
Payments based on input constraints	228	122	117	117	134
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	61	58	59	57	58
Producer NPC	2.46	2.29	2.35	2.25	2.26
Producer NAC	2.57	2.38	2.45	2.34	2.36
General Services Support Estimate (GSSE)	1 267	1 461	1 441	1 467	1 475
Research and development	46	54	52	53	55
Agricultural schools	29	52	53	52	51
Inspection services	8	11	11	11	11
Infrastructure	1 008	1 074	1 123	1 073	1 027
Marketing and promotion	22	26	26	26	26
Public stockholding	43	46	46	46	46
Miscellaneous	110	199	130	206	259
GSSE as a share of TSE (%)	15.1	21.4	20.7	21.5	22.1
Consumer Support Estimate (CSE)	-8 011	-6 732	-6 816	-6 700	-6 680
Transfers to producers from consumers	-6 310	-4 823	-4 965	-4 831	-4 674
Other transfers from consumers	-1 696	-1 917	-1 861	-1 877	-2 014
Transfers to consumers from taxpayers	-16	5	6	5	5
Excess feed cost	11	3	3	3	3
Percentage CSE	-57	-52	-51	-51	-53
Consumer NPC	2.35	2.08	2.04	2.05	2.14
Consumer NAC	2.35	2.08	2.04	2.05	2.13
Total Support Estimate (TSE)	8 395	6 826	6 973	6 835	6 669
Transfers from consumers	8 006	6 740	6 825	6 708	6 688
Transfers from taxpayers	2 085	2 003	2 008	2 004	1 996
Budget revenues	-1 696	-1 917	-1 861	-1 877	-2 014
Percentage TSE (expressed as share of GDP)	2.34	1.36	1.37	1.37	1.33
GDP deflator 1995 = 100	91	93	95	93	91

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Japan are: wheat, other grains, rice, sugar, milk, beef and veal, pigmeat, poultry, eggs, apples, cabbage, cucumbers, grapes, mandarins, pears, spinach, strawberries and Welsh onions. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

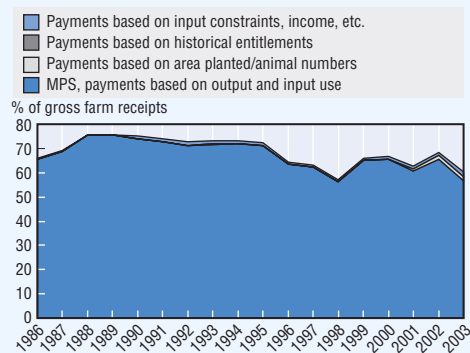
Source: OECD, PSE/CSE database 2004.

Korea

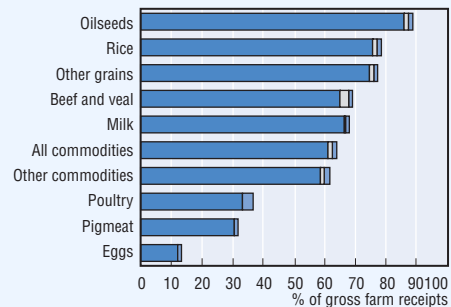
Korea's PSE fell from 68% to 60% between 2002 and 2003, due mainly to steep rises in world prices for a number of commodities. At the same time, the agricultural budget increased by 6.3%. Deregulation of farmland ownership has continued as has reform of the rice market. Korea is also investing in improving the production infrastructure. Policy measures for rural development were backed by new legislation in 2003.

- Support to producers (% PSE) has fallen from 70% in 1986-88 to 64% in 2001-2003, but it is still double the OECD average. The reduction is mainly due to the gradual decrease in price support. The support level varies widely across commodities, from 19% for eggs to 74% for rice, and 89% for oilseeds.
- The share of market price support has fallen from 99% in 1986-88 to 93% in 2001-03. Prices received by farmers in 1986-88 were 236% higher than those received in the world market in the same year. By 2001-03 the gap had decreased to 167%.
- Payments based on area, on input use and on overall farm income now each account for 3% of the PSE. Almost all area payments are contingent on the respect of environment-friendly farming practices.
- The tax on consumers, as measured by the % CSE has fallen from 66% in 1986-88 to 62% in 2001-2003. Consumers still paid on average two and a half times the world price for agricultural commodities in 2001-03.
- Support provided to general services for agriculture has increased slightly between 1986-88 and 2001-03, from 8% to 14% of the TSE. Total support to agriculture is 4.3% of GDP, down by half since 1986-88.

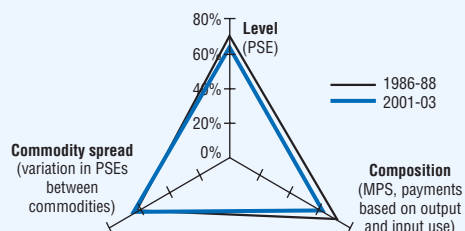
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, despite liberalization measures in the beef market and policy initiatives to reduce direct market support, further efforts are needed to substantially decrease the support level and bring about a shift to less trade distorting forms of support. Some key commodities, including rice, remain isolated from international market signals, and consumers bear the related costs.

Table II.8. **Korea: Estimates of support to agriculture**

(KRW billion)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	13 624	32 091	32 447	32 147	31 678
<i>of which share of MPS commodities (%)</i>	<i>72</i>	<i>62</i>	<i>65</i>	<i>61</i>	<i>59</i>
Total value of consumption (at farm gate)	14 367	40 076	37 703	41 571	40 955
Producer Support Estimate (PSE)	9 675	21 465	21 162	22 990	20 242
Market Price Support (MPS)	9 578	19 949	19 914	21 483	18 450
<i>of which MPS commodities</i>	<i>6 881</i>	<i>12 312</i>	<i>12 976</i>	<i>13 105</i>	<i>10 856</i>
Payments based on output	0	0	0	0	0
Payments based on area planted/animal numbers	0	424	260	458	555
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	69	564	538	621	534
Payments based on input constraints	0	47	18	21	103
Payments based on overall farming income	28	480	432	407	600
Miscellaneous payments	0	0	0	0	0
Percentage PSE	70	64	63	68	60
Producer NPC	3.36	2.67	2.59	3.01	2.39
Producer NAC	3.42	2.79	2.69	3.16	2.53
General Services Support Estimate (GSSE)	845	3 530	3 313	3 498	3 779
Research and development	52	362	272	420	393
Agricultural schools	5	51	48	51	54
Inspection services	21	123	117	120	131
Infrastructure	374	2 307	2 287	2 192	2 441
Marketing and promotion	0	33	31	40	29
Public stockholding	394	654	557	676	730
Miscellaneous	0	0	0	0	0
GSSE as a share of TSE (%)	8.0	14.0	13.5	13.2	15.5
Consumer Support Estimate (CSE)	-9 452	-24 635	-22 351	-27 655	-23 898
Transfers to producers from consumers	-9 331	-19 624	-19 040	-21 483	-18 349
Other transfers from consumers	-181	-5 185	-3 440	-6 285	-5 832
Transfers to consumers from taxpayers	59	175	129	112	283
Excess feed cost	0	0	0	0	0
Percentage CSE	-66	-62	-59	-67	-59
Consumer NPC	2.95	2.64	2.48	3.01	2.44
Consumer NAC	2.94	2.63	2.47	3.00	2.42
Total Support Estimate (TSE)	10 579	25 169	24 604	26 600	24 304
Transfers from consumers	9 512	24 809	22 479	27 767	24 181
Transfers from taxpayers	1 248	5 545	5 564	5 117	5 955
Budget revenues	-181	-5 185	-3 440	-6 285	-5 832
Percentage TSE (expressed as share of GDP)	9.30	4.27	4.46	4.46	3.92
GDP deflator 1995 = 100	54	114	112	114	115

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Korea are: other grains, garlic, chinese cabbage, rice, oilseeds, milk, beef and veal, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

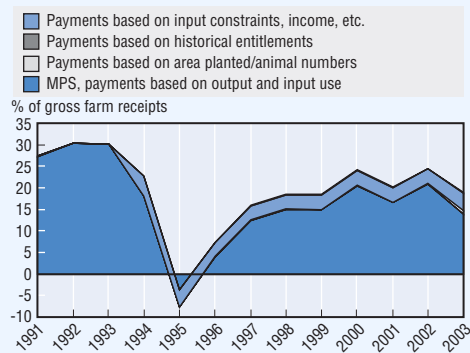
Source: OECD, PSE/CSE database 2004.

Mexico

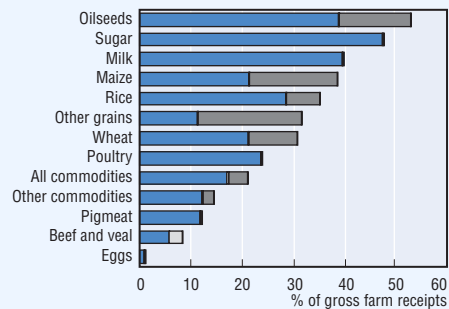
The % PSE in 2003 was 19% as compared to 25% in 2002. The main changes occurred in market price support which fell by 38% driven by a 10% depreciation of the peso. Payments based on output – for the first time with explicit counter-cyclical design in the form of a target price for crops- hardly changed, while PROCAMPO payments under the historical entitlements category grew by 20%. A new programme (PROGAN) of payments per head of cattle with traceability conditions was introduced.

- Support to producers (% PSE) was 21% in 2001-03 as compared to 0% in 1986-88 and 29% in the more stable currency period 1991-93. This is below the OECD average of 31% in 2001-03. The commodities with the highest level of support are sugar, milk and maize, all 40% or above, while all meats have lower levels of support.
- The combined share of market price support, output and input payments in the PSE fell in the last decade from 100% to 80% in 2001-03. Prices received by farmers in 2001-03 were 20% higher than on the world market.
- There has been a significant increase in payments based on historical entitlements due to the growing importance of PROCAMPO payments since 1994. PROCAMPO accounted for up to 17% of total PSE in 2001-03.
- According to the % CSE consumers were taxed by 18% in 2001-03 as compared to 25% in 1991-93.
- Support for general services provided to agriculture has slightly fallen from 10% of TSE in 1991-93 to 8% in 2001-03. Total support to agriculture as a per cent of GDP has been reduced from 3.1% in 1991-93 to 1.3% in 2001-03, close to OECD average.

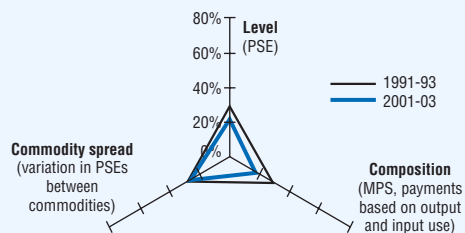
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Mexican agriculture is characterised by relatively low levels of support that have been reduced in the last decade in the context of trade liberalisation agreements, mainly the URAA and NAFTA. Support has also moved to less distorting categories such as historical entitlements. The spread of support levels across commodities has remained stable in the last decade.

Table II.9. Mexico: Estimates of support to agriculture

(MXN million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	23 249	315 135	305 838	323 668	315 901
<i>of which share of MPS commodities (%)</i>	<i>75</i>	<i>67</i>	<i>66</i>	<i>65</i>	<i>69</i>
Total value of consumption (at farm gate)	21 915	310 151	297 922	315 771	316 760
Producer Support Estimate (PSE)	-345	72 005	66 773	84 872	64 370
Market Price Support (MPS)	-2 421	47 819	42 191	62 677	38 590
<i>of which MPS commodities</i>	<i>-1 793</i>	<i>31 759</i>	<i>28 012</i>	<i>40 710</i>	<i>26 557</i>
Payments based on output	2	3 570	4 196	3 270	3 243
Payments based on area planted/animal numbers	1	1 267	566	667	2 569
Payments based on historical entitlements	0	12 349	11 005	11 851	14 191
Payments based on input use	2 073	6 556	8 219	5 872	5 576
Payments based on input constraints	0	0	0	0	0
Payments based on overall farming income	0	444	597	536	200
Miscellaneous payments	0	0	0	0	0
Percentage PSE	0	21	20	25	19
Producer NPC	0.92	1.20	1.18	1.27	1.15
Producer NAC	1.00	1.27	1.25	1.33	1.23
General Services Support Estimate (GSSE)	848	6 426	6 742	6 077	6 458
Research and development	77	1 301	1 272	1 373	1 260
Agricultural schools	125	1 737	1 689	1 735	1 787
Inspection services	0	984	914	1 158	880
Infrastructure	223	1 396	2 122	785	1 282
Marketing and promotion	18	908	703	864	1 157
Public stockholding	400	0	0	0	0
Miscellaneous	6	100	44	161	94
GSSE as a share of TSE (%)	53.4	8.1	9.0	6.6	9.1
Consumer Support Estimate (CSE)	3 308	-55 354	-48 399	-71 192	-46 472
Transfers to producers from consumers	2 174	-49 146	-42 474	-65 773	-39 191
Other transfers from consumers	-114	-8 074	-7 847	-8 274	-8 102
Transfers to consumers from taxpayers	1 087	890	1 388	925	357
Excess feed cost	161	976	535	1 930	464
Percentage CSE	16	-18	-16	-23	-15
Consumer NPC	0.92	1.23	1.20	1.31	1.18
Consumer NAC	0.86	1.22	1.20	1.29	1.17
Total Support Estimate (TSE)	1 589	79 320	74 903	91 874	71 185
Transfers from consumers	-2 060	57 221	50 321	74 047	47 294
Transfers from taxpayers	3 763	30 174	32 429	26 100	31 993
Budget revenues	-114	-8 074	-7 847	-8 274	-8 102
Percentage TSE (expressed as share of GDP)	0.68	1.28	1.28	1.49	1.08
GDP deflator 1995 = 100	15	256	244	255	269

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Mexico are: wheat, maize, other grains, coffee beans, tomatoes, rice, oilseeds, sugar, milk, beef and veal, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

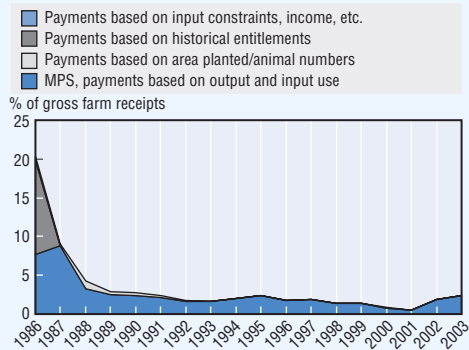
Source: OECD, PSE/CSE database 2004.

New Zealand

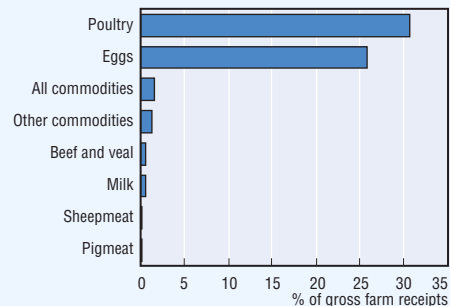
New Zealand continued the deregulation of marketing boards and the development of biosecurity and environmental policies in 2003. The level of support to agriculture has remained the lowest in the OECD since the agricultural reforms in the mid-1980s, and the % PSE in 2003 was 2%.

- Support to producers (% PSE) was 2% in 2001-03, down from 11% in 1986-88. Support is very low across all commodities. Price support, due to border measures, occurs only for poultry and eggs.
- The share of input payments, which is the only other heading under which producer support arises in New Zealand, has decreased from 39% of the PSE in 1986-88 to 27% in 2001-03. Prices received by farmers continue to be the same as those on the world market since 1988.
- Most of the support provided consists of payments for general services, mainly for basic research and for the control of pest and disease.
- Consumer prices were slightly above world market prices as measured by the % CSE, which is 5% in 2001-03 (9% in 1986-88).
- Support for general services provided to agriculture as a share of total support tripled between 1986-88 and 2001-03, from 17% to 49%. Total support to agriculture as a share of GDP is the lowest among the OECD countries at 0.4%, which is a quarter of the share in 1986-88.

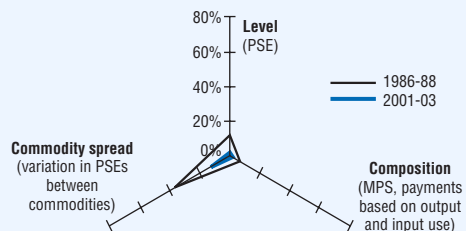
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, New Zealand agriculture is market-oriented and domestic prices of agricultural products are aligned with world market prices. New Zealand has achieved the long-term objective of reducing support to agriculture and eliminating market distortions. Recent policy initiatives relate to organic farming, sustainable development and legislative control on genetically modified organisms.

Table II.10. **New Zealand: Estimates of support to agriculture**

(NZD million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	6 860	14 476	15 815	14 383	13 229
<i>of which share of MPS commodities (%)</i>	<i>72</i>	<i>74</i>	<i>74</i>	<i>74</i>	<i>73</i>
Total value of consumption (at farm gate)	1 671	3 121	3 263	3 165	2 936
Producer Support Estimate (PSE)	852	221	73	265	325
Market Price Support (MPS)	158	174	23	221	279
<i>of which MPS commodities</i>	<i>114</i>	<i>128</i>	<i>17</i>	<i>163</i>	<i>202</i>
Payments based on output	3	0	0	0	0
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	315	0	0	0	0
Payments based on input use	334	47	50	44	46
Payments based on input constraints	0	0	0	0	0
Payments based on overall farming income	42	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	11	2	0	2	2
Producer NPC	1.02	1.01	1.00	1.02	1.02
Producer NAC	1.13	1.02	1.00	1.02	1.03
General Services Support Estimate (GSSE)	177	220	218	226	217
Research and development	77	114	123	122	98
Agricultural schools	0	12	10	11	16
Inspection services	54	66	57	66	75
Infrastructure	47	27	27	26	28
Marketing and promotion	0	0	0	0	0
Public stockholding	0	0	0	0	0
Miscellaneous	0	1	1	1	0
GSSE as a share of TSE (%)	17.2	49.9	75.0	46.0	40.1
Consumer Support Estimate (CSE)	-156	-162	-24	-204	-259
Transfers to producers from consumers	-152	-162	-24	-204	-259
Other transfers from consumers	-4	0	0	0	0
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	0	0	0	0	0
Percentage CSE	-9	-5	-1	-6	-9
Consumer NPC	1.10	1.06	1.01	1.07	1.10
Consumer NAC	1.10	1.06	1.01	1.07	1.10
Total Support Estimate (TSE)	1 029	441	291	491	542
Transfers from consumers	156	162	24	204	259
Transfers from taxpayers	877	279	267	287	283
Budget revenues	-4	0	0	0	0
Percentage TSE (expressed as share of GDP)	1.71	0.35	0.24	0.39	0.42
GDP deflator 1995 = 100	78	112	112	112	113

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for New Zealand are: wheat, maize, other grains, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

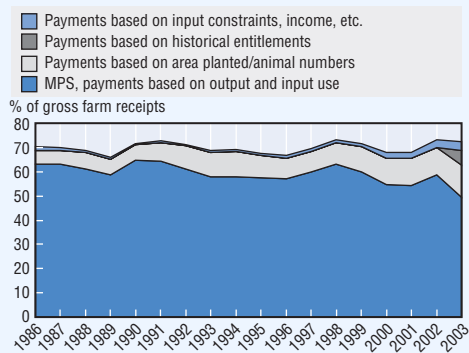
Source: OECD, PSE/CSE database 2004.

Norway

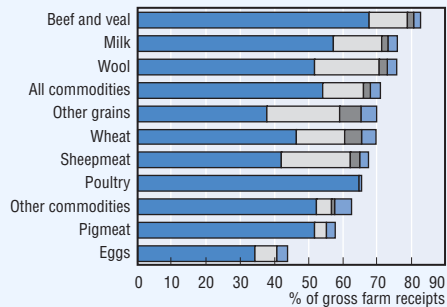
The major policy development in 2003 was the introduction of a standard payment of NOK 2 000 (USD 280) per hectare to all farmers, to support their contribution to the cultural landscape. Greater trading flexibility was provided in the milk quota market, and the maximum quota per farm was increased. On 1 January 2004, the Norwegian Food Safety Authority was established as the sole agency responsible for health, quality and other consumer issues.

- Support to producers (% PSE), has changed little between 1986-88 and 2001-03 at around 70%. This is more than twice the OECD average. Support is very high across all commodities.
- The combined share of market price support, output and input payments has fallen from almost 90% of producer support in 1986-88 to 76% in 2001-03. Prices received by farmers in 2001-03 were around 3 times higher than those received in the world market. They were 4 times higher in 1986-88.
- Reductions in the most distorting forms of support have been offset in terms of farm receipts by increases in area/headage payments, and more recently payments based on overall farm income and historical entitlements.
- The cost imposed on consumers, as measured by the % CSE, has also remained fairly constant, with some reduction in high prices but fewer consumer subsidies.
- Support for general services provided to agriculture increased between 1986-88 and 2001-03, from 4% to 6% of total support. Total support to agriculture represents 1.5% of GDP, down from 3.5% in 1986-88.

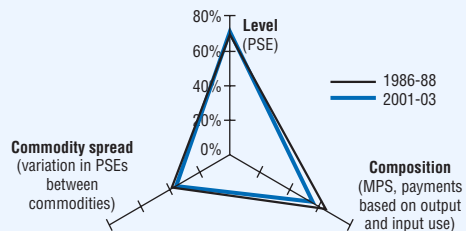
**Producer Support Estimate (PSE)
Level and composition over time...**



... by commodity, 2001-03 average



... and reform progress



Some progress has been made towards reducing the most production and trade distorting forms of support, with a move to more targeted assistance, and there is a relatively even distribution of support levels across commodities. However, the overall level of support remains very high and the share of the most distorting forms of support are significant. Further efforts in reducing both are needed to achieve the long-term reform objectives.

Table II.11. **Norway: Estimates of support to agriculture**
(NOK million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	17 354	17 843	17 656	17 648	18 226
<i>of which share of MPS commodities (%)</i>	<i>73</i>	<i>81</i>	<i>80</i>	<i>82</i>	<i>81</i>
Total value of consumption (at farm gate)	17 899	17 692	17 427	17 513	18 134
Producer Support Estimate (PSE)	18 925	20 741	19 590	21 412	21 221
Market Price Support (MPS)	9 073	9 438	8 399	9 774	10 140
<i>of which MPS commodities</i>	<i>6 649</i>	<i>7 638</i>	<i>6 713</i>	<i>7 982</i>	<i>8 221</i>
Payments based on output	4 554	2 442	2 830	3 012	1 483
Payments based on area planted/animal numbers	1 645	3 473	3 215	3 313	3 891
Payments based on historical entitlements	0	579	0	0	1 738
Payments based on input use	3 346	3 911	4 429	4 391	2 915
Payments based on input constraints	308	368	233	408	462
Payments based on overall farming income	0	530	484	513	592
Miscellaneous payments	0	0	0	0	0
Percentage PSE	70	71	68	73	72
Producer NPC	3.97	2.82	2.55	3.08	2.83
Producer NAC	3.29	3.49	3.12	3.72	3.62
General Services Support Estimate (GSSE)	885	1 436	1 296	1 548	1 465
Research and development	472	688	649	700	715
Agricultural schools	0	0	0	0	0
Inspection services	33	273	244	261	312
Infrastructure	133	210	104	338	188
Marketing and promotion	247	114	127	104	110
Public stockholding	0	14	16	11	13
Miscellaneous	0	139	155	135	127
GSSE as a share of TSE (%)	4.1	6.3	6.0	6.6	6.3
Consumer Support Estimate (CSE)	-9 004	-9 209	-8 164	-9 590	-9 872
Transfers to producers from consumers	-11 234	-10 217	-9 176	-10 569	-10 907
Other transfers from consumers	-969	-420	-445	-409	-407
Transfers to consumers from taxpayers	1 522	520	558	483	518
Excess feed cost	1 677	909	899	905	924
Percentage CSE	-55	-54	-48	-56	-56
Consumer NPC	3.17	2.52	2.23	2.68	2.66
Consumer NAC	2.23	2.17	1.94	2.29	2.27
Total Support Estimate (TSE)	21 333	22 697	21 443	23 443	23 204
Transfers from consumers	12 203	10 638	9 621	10 978	11 314
Transfers from taxpayers	10 099	12 479	12 268	12 874	12 297
Budget revenues	-969	-420	-445	-409	-407
Percentage TSE (expressed as share of GDP)	3.44	1.48	1.40	1.54	1.49
GDP deflator 1995 = 100	81	134	134	132	135

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Norway are: wheat, other grains, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

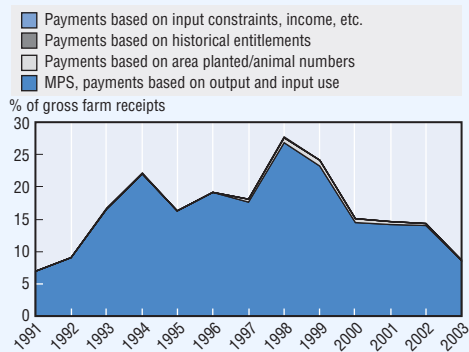
Source: OECD, PSE/CSE database 2004.

Poland

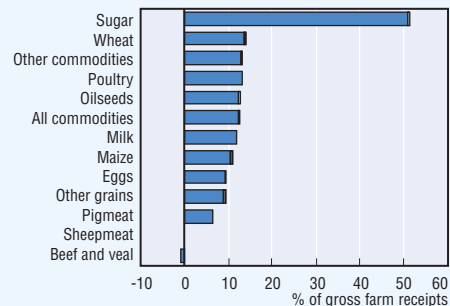
Agricultural policy institutions and instruments in Poland are in the process of being harmonized with those of the EU, in preparing for EU membership on 1 May 2004. In 2003, the % PSE in estimated to have decreased to 9% compared to 14% in 2002. This decrease is attributable mainly to a drop in market price support.

- Support to producers (% PSE) averaged 13% from 2001-03, relative to the OECD average of 31% for the same period. It has increased slightly relative to the base period 1991-93 (11%), but this is mainly due to fluctuations in market price support.
- Market price support accounts for approximately 2/3 of the total PSE in 1991-93 and in 2001-03. The remaining 1/3 is dominated by payments based on output and input use. Prices received by farmers are on average 12% higher than those prevailing on world markets.
- The cost imposed on consumers (% CSE) averaged 9% in 2001-03, slightly higher than the 8% average for 1991-93.
- Support for general services provided to agriculture in 2001-03 remains modest at 12% of total support, a slight decrease from 1991-93. Total support to agriculture in 2001-03 is 1% of GDP, approximately half the level in 1991-93.

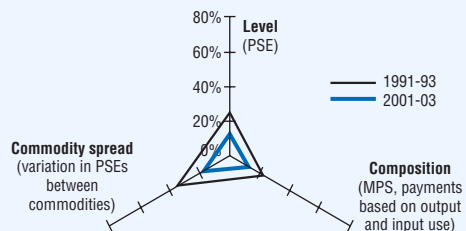
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Agricultural support in Poland is relatively low, although the level of support remains high for sugar. Significant reform progress, as measured by the level, composition and commodity spread has been made. Continuing efforts to assist farms undergoing structural change and to improve the functioning of market institutions are desirable.

Table II.12. **Poland: Estimates of support to agriculture**

(PLN million)

	1991-93	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	17 569	55 920	60 320	55 019	52 422
<i>of which share of MPS commodities (%)</i>	<i>63</i>	<i>57</i>	<i>56</i>	<i>57</i>	<i>59</i>
Total value of consumption (at farm gate)	18 006	52 828	57 882	50 783	49 819
Producer Support Estimate (PSE)	2 224	7 379	9 109	8 262	4 766
Market Price Support (MPS)	1 474	5 059	7 160	5 517	2 501
<i>of which MPS commodities</i>	<i>891</i>	<i>2 862</i>	<i>3 986</i>	<i>3 126</i>	<i>1 476</i>
Payments based on output	0	455	339	665	363
Payments based on area planted/animal numbers	0	139	229	125	63
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	738	1 698	1 356	1 930	1 808
Payments based on input constraints	2	6	6	4	7
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	11	22	21	21	25
Percentage PSE	11	13	15	14	9
Producer NPC	1.08	1.12	1.16	1.13	1.08
Producer NAC	1.13	1.14	1.17	1.17	1.10
General Services Support Estimate (GSSE)	367	1 090	831	1 450	988
Research and development	183	186	188	176	194
Agricultural schools	5	66	19	96	84
Inspection services	5	226	305	13	360
Infrastructure	58	295	176	385	325
Marketing and promotion	43	241	80	643	0
Public stockholding	61	53	43	116	0
Miscellaneous	11	22	21	21	25
GSSE as a share of TSE (%)	14.1	12.6	8.3	14.6	16.7
Consumer Support Estimate (CSE)	-1 751	-4 924	-7 241	-4 651	-2 879
Transfers to producers from consumers	-1 640	-5 273	-7 564	-4 957	-3 299
Other transfers from consumers	-163	-72	-98	-2	-115
Transfers to consumers from taxpayers	3	151	85	209	160
Excess feed cost	49	270	337	99	374
Percentage CSE	-8	-9	-13	-9	-6
Consumer NPC	1.09	1.11	1.15	1.11	1.07
Consumer NAC	1.09	1.10	1.14	1.10	1.06
Total Support Estimate (TSE)	2 594	8 620	10 026	9 920	5 914
Transfers from consumers	1 803	5 345	7 662	4 960	3 413
Transfers from taxpayers	954	3 347	2 462	4 963	2 616
Budget revenues	-163	-72	-98	-2	-115
Percentage TSE (expressed as share of GDP)	2.21	1.11	1.34	1.28	0.74
GDP deflator 1995 = 100	44	190	188	190	191

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Poland are: wheat, maize, other grains, oilseeds, sugar, milk, beef and veal, sheepmeat, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

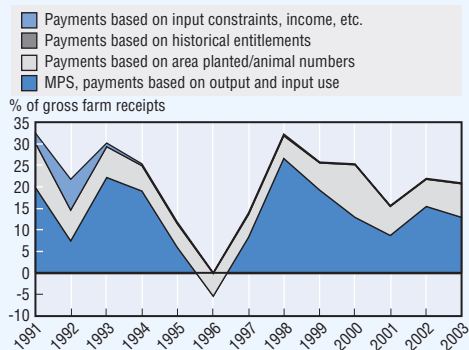
Source: OECD, PSE/CSE database 2004.

Slovak Republic

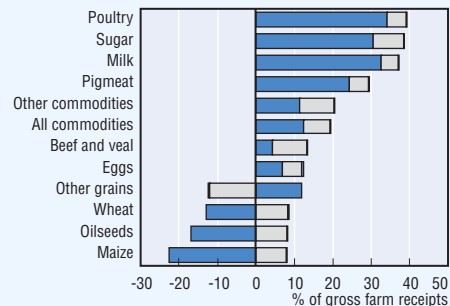
There were no substantial changes in policies applied during 2003. Budgetary payments continue to represent two thirds of support to agriculture, most important are payments to farmers in less favoured areas (one third of total payments). Overall, the % PSE in 2003 has not changed against 2002 and remains at 22%.

- Support to producers (% PSE) has declined from 28% in 1991-93 to 20% in 2001-03 which is below the OECD average. Most of the support is for livestock products (milk, poultry, pigmeat) and sugar, while producers of grains and oilseeds are implicitly taxed.
- The combined share of market price support, output and input payments in the PSE increased from 59% in 1991-93 to 65% 2001-03, but remains bellow the OECD average. Prices received by farmers compared to those on the world market were 17% higher in 1991-93 and 12% higher in 2001-03. For the same periods consumers paid on average 15% and 11% respectively above the world price.
- The share of payments based on area planted/ animal numbers increased from 30% in 1991-93 to 36% in 2001-03. Other forms of payments remained marginal.
- The share of support for general services in total support provided to agriculture increased from 12% in 1991-93 to 15% in 2001-03. This is mainly due to increased payments for inspection services and infrastructure. Total support to agriculture as % of GDP was 1.5% in 2001-03, slightly above the OECD average.

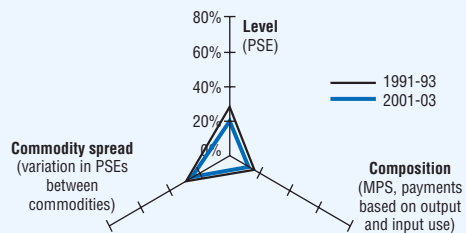
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, the long term evolution of agricultural policies in Slovakia reflects a declining level of support, although the distribution of support across commodities remains uneven. Policies and institutions are being aligned with those in the EU in the perspective of the EU membership in 2004.

Table II.13. **Slovak Republic: Estimates of support to agriculture**
(SKK million)

	1991-93	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	46 581	61 387	60 262	62 701	61 199
<i>of which share of MPS commodities (%)</i>	<i>73</i>	<i>76</i>	<i>78</i>	<i>77</i>	<i>72</i>
Total value of consumption (at farm gate)	43 178	56 220	55 469	57 252	55 938
Producer Support Estimate (PSE)	15 624	14 005	11 158	16 026	14 831
Market Price Support (MPS)	6 990	3 712	230	5 968	4 938
<i>of which MPS commodities</i>	<i>5 016</i>	<i>2 785</i>	<i>179</i>	<i>4 603</i>	<i>3 573</i>
Payments based on output	151	1 201	1 564	1 064	975
Payments based on area planted/animal numbers	4 622	4 926	4 743	4 566	5 469
Payments based on historical entitlements	0	0	0	0	0
Payments based on input use	2 013	4 010	4 467	4 274	3 288
Payments based on input constraints	48	17	14	14	22
Payments based on overall farming income	1 665	140	140	140	140
Miscellaneous payments	136	0	0	0	0
Percentage PSE	28	20	16	22	22
Producer NPC	1.17	1.12	1.06	1.15	1.15
Producer NAC	1.40	1.24	1.19	1.28	1.26
General Services Support Estimate (GSSE)	2 068	2 422	1 715	2 801	2 751
Research and development	671	543	555	527	548
Agricultural schools	600	44	77	25	31
Inspection services	508	860	303	1 106	1 170
Infrastructure	289	761	673	804	805
Marketing and promotion	0	118	107	131	115
Public stockholding	0	0	0	0	0
Miscellaneous	0	97	0	208	82
GSSE as a share of TSE (%)	11.7	14.6	13.2	14.8	15.4
Consumer Support Estimate (CSE)	-5 315	-6 640	-4 105	-8 395	-7 421
Transfers to producers from consumers	-5 346	-4 979	-2 346	-6 827	-5 765
Other transfers from consumers	-286	-500	-399	-680	-421
Transfers to consumers from taxpayers	0	157	93	76	302
Excess feed cost	317	-1 318	-1 453	-964	-1 537
Percentage CSE	-12	-12	-7	-15	-13
Consumer NPC	1.15	1.11	1.05	1.15	1.12
Consumer NAC	1.14	1.14	1.08	1.17	1.15
Total Support Estimate (TSE)	17 692	16 585	12 966	18 903	17 884
Transfers from consumers	5 632	5 479	2 744	7 507	6 186
Transfers from taxpayers	12 346	11 605	10 620	12 077	12 119
Budget revenues	-286	-500	-399	-680	-421
Percentage TSE (expressed as share of GDP)	4.23	1.54	1.31	1.76	1.52
GDP deflator 1995 = 100	80	146	140	145	153

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Slovakia are: wheat, maize, other grains, oilseeds, sugar, milk, beef and veal, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

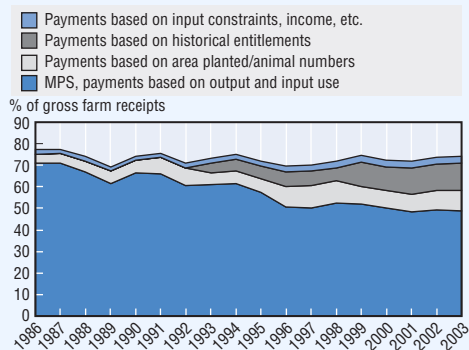
Source: OECD, PSE/CSE database 2004.

Switzerland

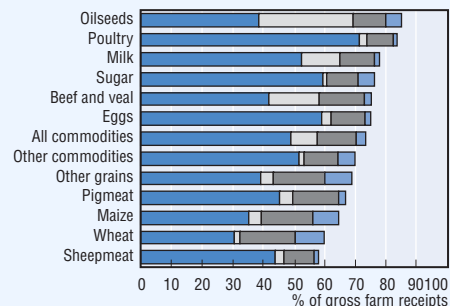
There were no major policy changes during 2003. The AP 2002 agricultural policy reform programme has been fully implemented and the new agricultural policy reform package (AP 2007) for the period 2004-2007 was adopted by parliament. The % PSE remained unchanged from the previous year at 74%.

- Support to producers (% PSE), has changed little between 1986-88 and 2001-03, falling from 76% to 73%, and is more than twice the OECD average. Support is very high across all commodities.
- As a result of successive reforms, the composition of support has changed since the mid-1980s. The share of market price support, output and input payments has fallen from 91% of PSE in 1986-88 to 67% in 2001-03. In 1986-88, producer prices and consumer prices at the farmgate had been more than 350% higher than world prices. Prices received by farmers in 2001-2003 were almost 200% higher than world prices and consumers paid on average more than two and a half times world prices. The implicit tax to consumers decreased from 72% in 1986-88 to 61% in 2001-2003.
- Payments based on historical entitlements, area and headage witnessed the largest increase. These are subject to environmental cross compliance requirements. Input constraint payments, which include measures for environmental purposes, are increasing, but still represent only 2% of producer support.
- Support for general services has slightly decreased, from 7% in 1986-88 to just over 6% of total support to agriculture in 2001-2003. Total support to agriculture is 2% of GDP, almost half of the share in 1986-88.

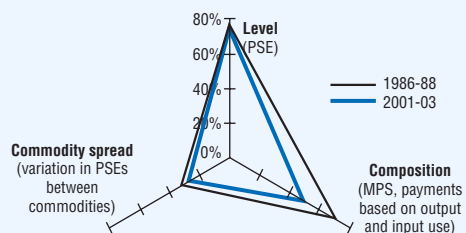
**Producer Support Estimate (PSE)
Level and composition over time...**



... by commodity, 2001-03 average



... and reform progress



Overall, changes in the composition of support are important steps in the direction of reducing the most production and trade distorting policies. At the same time progress towards the long-term reform objective of a progressive reduction in support has been modest. The adoption of AP 2007 provides an opportunity for further enhancing the market orientation of the agricultural sector.

Table II.14. **Switzerland: Estimates of support to agriculture**
(CHF million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	9 482	7 124	7 186	7 254	6 934
<i>of which share of MPS commodities (%)</i>	<i>85</i>	<i>79</i>	<i>80</i>	<i>78</i>	<i>78</i>
Total value of consumption (at farm gate)	11 624	8 646	8 585	8 725	8 629
Producer Support Estimate (PSE)	8 322	7 586	7 463	7 764	7 529
Market Price Support (MPS)	6 863	4 353	4 279	4 482	4 298
<i>of which MPS commodities</i>	<i>5 805</i>	<i>3 425</i>	<i>3 409</i>	<i>3 519</i>	<i>3 348</i>
Payments based on output	102	364	381	363	349
Payments based on area planted/animal numbers	494	905	842	930	944
Payments based on historical entitlements	0	1 302	1 304	1 316	1 284
Payments based on input use	647	336	339	349	320
Payments based on input constraints	0	130	119	129	142
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	216	196	200	194	193
Percentage PSE	76	73	72	74	74
Producer NPC	4.56	2.85	2.72	2.93	2.90
Producer NAC	4.20	3.74	3.57	3.80	3.86
General Services Support Estimate (GSSE)	688	532	544	521	531
Research and development	135	93	95	90	94
Agricultural schools	38	22	23	22	20
Inspection services	14	13	13	13	12
Infrastructure	137	97	98	90	102
Marketing and promotion	45	65	62	64	69
Public stockholding	103	47	53	48	41
Miscellaneous	216	196	200	194	193
GSSE as a share of TSE (%)	6.9	6.4	6.6	6.1	6.4
Consumer Support Estimate (CSE)	-7 661	-5 105	-4 923	-5 236	-5 155
Transfers to producers from consumers	-7 095	-4 415	-4 330	-4 573	-4 342
Other transfers from consumers	-1 960	-1 031	-956	-1 017	-1 118
Transfers to consumers from taxpayers	1 020	230	261	219	210
Excess feed cost	374	111	103	135	96
Percentage CSE	-72	-61	-59	-62	-61
Consumer NPC	4.54	2.70	2.60	2.78	2.72
Consumer NAC	3.62	2.54	2.45	2.60	2.58
Total Support Estimate (TSE)	10 030	8 348	8 268	8 504	8 270
Transfers from consumers	9 055	5 446	5 286	5 590	5 460
Transfers from taxpayers	2 935	3 933	3 938	3 931	3 928
Budget revenues	-1 960	-1 031	-956	-1 017	-1 118
Percentage TSE (expressed as share of GDP)	3.87	2.01	2.00	2.04	1.99
GDP deflator 1995 = 100	79	104	103	104	104

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Switzerland are: wheat, maize, other grains, oilseeds, sugar, milk, beef and veal, sheepmeat, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

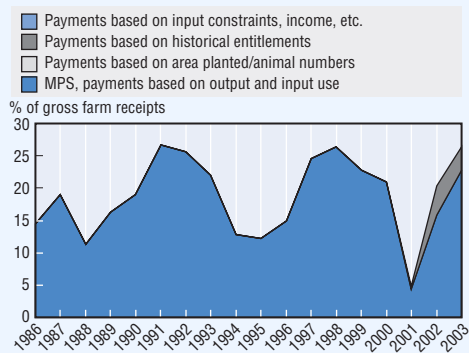
Source: OECD, PSE/CSE database 2004.

Turkey

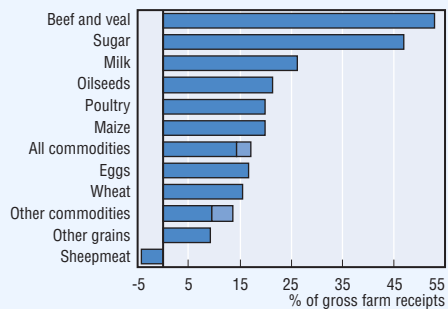
The major policy developments in 2003 were the introduction of a programme reducing the fuel price for farmers by 40%, and a two-thirds reduction in the financial aid to state economic enterprises and agricultural sales cooperatives. Purchasing prices for cereals and soybeans were set well above prices at the border and raised more than the inflation rate (around 25%). The % PSE increased to 26% mainly due a wider gap between domestic and world prices.

- Support to producers (% PSE) increased from 15% in 1986-88 to 17% in 2001-03, but remains well below the 31% OECD average. Support is over 50% for beef, 45% for sugar, and 25% for milk.
- The combined share of market price support, output and input payments in the PSE has fallen from 99% in 1986-88 to 85% in 2001-03. Producer prices were 15% higher than world prices in 1986-88 and 19% in 2001-03.
- The share of input payments has fallen from 33% in 1986-88 to 4% of the PSE in 2001-2003, and the new annual *Direct Income Support* payment granted with a flat rate per hectare to all farmers represents 16% of support to farmers.
- The implicit tax on consumers (% CSE), has increased from 14% in 1986-88 to 15% in 2001-03. Consumers paid prices 18% higher than world prices in 1986-88 and 21% in 2001-03.
- Support for general services provided to agriculture has increased from 11% of total support in 1986-88 to 28% in 2001-03. Total support to agriculture increased from 3.6% of GDP in 1986-88 to 4.1% in 2001-03.

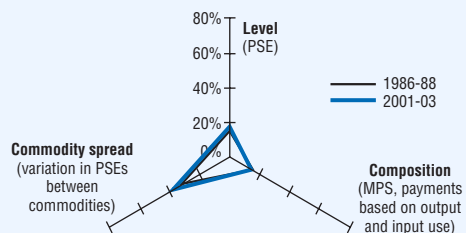
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Overall, although support to producers increased, it remains well below the OECD average, and the changes in the composition of support are steps in the direction of reducing the most production and trade distorting policy measures. Improving marketing infrastructure and support services such as advisory, training and research has the potential to facilitate structural adjustment and increase the efficiency and productivity of the sector.

Table II.15. **Turkey: Estimates of support to agriculture**

(TRL billion)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	18 179	38 896 931	26 083 159	39 241 204	51 366 432
<i>of which share of MPS commodities (%)</i>	<i>57</i>	<i>63</i>	<i>62</i>	<i>62</i>	<i>65</i>
Total value of consumption (at farm gate)	14 795	34 629 417	23 788 467	34 273 304	45 826 480
Producer Support Estimate (PSE)	2 710	8 001 477	1 281 269	8 434 776	14 288 385
Market Price Support (MPS)	1 798	6 008 086	425 682	6 123 988	11 474 589
<i>of which MPS commodities</i>	<i>1 029</i>	<i>3 825 147</i>	<i>263 112</i>	<i>3 791 494</i>	<i>7 420 836</i>
Payments based on output	12	381 098	557 943	247 504	337 845
Payments based on area planted/animal numbers	0	0	0	0	0
Payments based on historical entitlements	0	1 299 403	83 640	1 876 570	1 938 000
Payments based on input use	900	312 890	214 004	186 713	537 951
Payments based on input constraints	0	0	0	0	0
Payments based on overall farming income	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	15	17	5	20	26
Producer NPC	1.15	1.19	1.05	1.20	1.32
Producer NAC	1.18	1.22	1.05	1.25	1.36
General Services Support Estimate (GSSE)	326	3 103 572	3 879 738	3 820 124	1 610 853
Research and development	54	46 801	36 680	49 762	53 961
Agricultural schools	3	3 996	3 996	3 996	3 997
Inspection services	55	101 029	69 490	103 819	129 778
Infrastructure	7	4 729	4 729	4 729	4 730
Marketing and promotion	114	2 930 436	3 751 569	3 642 282	1 397 458
Public stockholding	0	0	0	0	0
Miscellaneous	93	16 580	13 274	15 536	20 929
GSSE as a share of TSE (%)	10.7	27.9	75.2	31.2	10.1
Consumer Support Estimate (CSE)	-1 979	-6 102 421	-677 705	-5 919 935	-11 709 623
Transfers to producers from consumers	-2 078	-6 278 466	-649 832	-6 011 819	-12 173 748
Other transfers from consumers	-32	-116 309	-61 667	-57 012	-230 249
Transfers to consumers from taxpayers	0	0	0	0	0
Excess feed cost	132	292 354	33 793	148 896	694 374
Percentage CSE	-14	-15	-3	-17	-26
Consumer NPC	1.18	1.21	1.03	1.22	1.37
Consumer NAC	1.17	1.19	1.03	1.21	1.34
Total Support Estimate (TSE)	3 036	11 105 048	5 161 006	12 254 900	15 899 238
Transfers from consumers	2 110	6 394 776	711 498	6 068 831	12 403 997
Transfers from taxpayers	958	4 826 582	4 511 175	6 243 081	3 725 490
Budget revenues	-32	-116 309	-61 667	-57 012	-230 249
Percentage TSE (expressed as share of GDP)	3.57	4.09	2.89	4.44	4.41
GDP deflator 1995 = 100	1.4	2 881	2 047	2 939	3 658

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for Turkey are: wheat, maize, other grains, oilseeds, sugar, milk, beef and veal, sheepmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

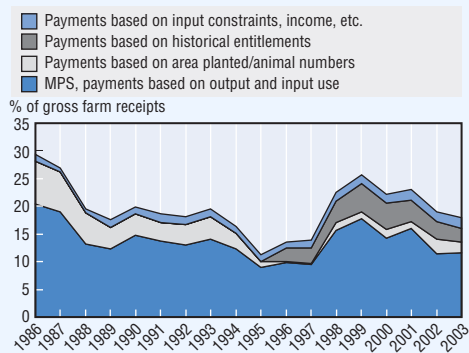
Source: OECD, PSE/CSE database 2004.

United States

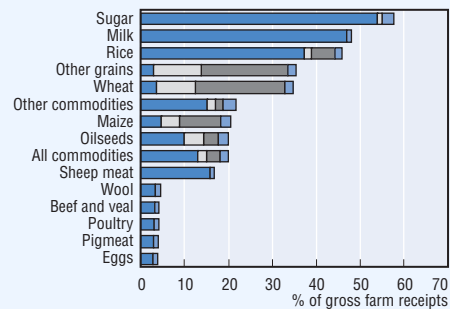
The major policy development in 2003 was the full implementation of the 2002 Farm Act. With the expiration of the 1996 Farm Act, “production flexibility contract payments” ceased, and were replaced by “direct payments” and “counter-cyclical payments”. These payments for crops decreased in 2003, and, together with higher world prices, have resulted in a reduction of the % PSE to 18%. Payments based on market prices have exceeded payments based on historical entitlements.

- Support to producers (% PSE) decreased from 25% in 1986-88 to 20% in 2001-03 and remained below the OECD average. Support is above 55% for sugar and 45% for milk and rice, and around 35% for wheat.
- The combined share of market price support, output and input payments in the PSE decreased from 70% in 1986-88 to 65% in 2001-03. Producer prices were 19% higher than world prices in 1986-88 and 12% higher in 2001-03.
- The share of area payments requiring production of specific commodities decreased from 27% in 1986-88 to 10% of the PSE in 2001-03, and new area payments not requiring production were 18% of support to farmers in 2001-03.
- The % CSE fell from an implicit tax of 7% in 1986-88 to an implicit subsidy of 3% in 2001-03 with domestic prices 11% lower than world prices due to food consumption aid (part of *food stamps*).
- Support for general services provided to agriculture has increased from 23% of total support in 1986-88 to 29% in 2001-03. Total support to agriculture decreased from 1.5% of GDP in 1986-88 to 0.9% in 2001-03.

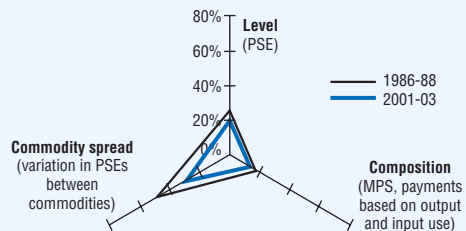
Producer Support Estimate (PSE) Level and composition over time...



... by commodity, 2001-03 average



... and reform progress



Progress towards the long term reform objective of a progressive reduction in support remains modest. While support is lower than the 1986-88 average, it is above the levels of the mid-90s, and the most production and trade distorting forms of support are still significant, contributing to depressing world prices.

Table II.16. **United States: Estimates of support to agriculture**
(USD million)

	1986-88	2001-2003	2001	2002	2003p
Total value of production (at farm gate)	143 469	193 522	198 081	190 469	192 014
<i>of which share of MPS commodities (%)</i>	<i>69</i>	<i>65</i>	<i>66</i>	<i>65</i>	<i>64</i>
Total value of consumption (at farm gate)	134 717	190 990	185 215	180 360	207 396
Producer Support Estimate (PSE)	41 831	44 239	52 991	40 849	38 878
Market Price Support (MPS)	19 525	16 836	20 219	15 594	14 695
<i>of which MPS commodities</i>	<i>13 478</i>	<i>11 000</i>	<i>13 424</i>	<i>10 110</i>	<i>9 465</i>
Payments based on output	2 919	4 841	9 355	2 146	3 020
Payments based on area planted/animal numbers	11 313	2 902	2 862	4 001	1 843
"Counter cyclical payments"	0	1 426	0	1 829	2 450
Payments based on historical entitlements	0	6 828	8 739	6 516	5 229
Payments based on input use	6 526	7 222	7 534	6 919	7 212
Payments based on input constraints	637	1 978	1 918	2 044	1 972
Payments based on overall farming income	912	2 206	2 364	1 798	2 456
Percentage PSE	25	20	23	19	18
Producer NPC	1.19	1.12	1.17	1.10	1.10
Producer NAC	1.34	1.25	1.30	1.23	1.22
General Services Support Estimate (GSSE)	16 151	27 159	25 125	26 735	29 618
Research and development	1 457	2 569	2 410	2 609	2 687
Agricultural schools	n.a.	n.a.	n.a.	n.a.	n.a.
Inspection services	384	734	683	751	768
Infrastructure	3 945	4 125	4 560	3 840	3 976
Marketing and promotion	9 266	17 434	15 175	17 241	19 884
Public stockholding	0	123	122	119	129
Miscellaneous	1 098	2 174	2 174	2 174	2 174
GSSE as a share of TSE (%)	23.3	28.6	25.2	29.2	31.5
Consumer Support Estimate (CSE)	-8 778	4 816	-575	6 353	8 669
Transfers to producers from consumers	-19 033	-16 833	-20 210	-15 594	-14 695
Other transfers from consumers	-1 507	-2 081	-2 012	-2 014	-2 216
Transfers to consumers from taxpayers	11 468	23 729	21 646	23 962	25 580
Excess feed cost	294	0	0	0	0
Percentage CSE	-7	3	0	4	5
Consumer NPC	1.19	1.11	1.14	1.11	1.09
Consumer NAC	1.08	0.97	1.00	0.96	0.95
Total Support Estimate (TSE)	69 450	95 128	99 763	91 545	94 076
Transfers from consumers	20 540	18 914	22 222	17 609	16 911
Transfers from taxpayers	50 417	78 295	79 552	75 951	79 382
Budget revenues	-1 507	-2 081	-2 012	-2 014	-2 216
Percentage TSE (expressed as share of GDP)	1.46	0.91	0.99	0.88	0.86
GDP deflator 1995 = 100	79	113	112	113	115

p: provisional. Market price support is net of producer levies and excess feed costs.

MPS commodities for the United States are: wheat, maize, other grains, rice, oilseeds, sugar, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

Source: OECD, PSE/CSE database 2004.

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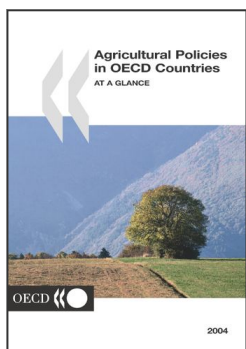
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