

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 a 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 production and trade distortions and environmental damage.

Definition

The OECD Producer Support Estimate (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. PSE can be expressed as a total monetary amount, but is usually quoted as a percentage of gross farm receipts. This is the measure used here.

The measure is agreed by OECD countries and is widely recognised as the only reliable indicator for comparing support across countries and over time. The European Union is treated as a single entity.

Overview

There are large differences in the levels of agricultural support among OECD countries. PSEs as a percentage of gross farm receipts (%PSE) for OECD countries currently range from almost zero to 63%. These differences reflect, among other things, variations in policy objectives, different historical uses of policy instruments, and the varying pace and degrees of progress in agricultural policy reform. Over the longer term, the level of producer support has fallen in most OECD countries. The average %PSE in 2010-12, at 19%, is lower than the 1986-88 average of 37%. There has also been some improvement in the way support is delivered to the sector towards policy measures which tend to be less market distortive.

For the emerging economies covered here, %PSEs have been lower than the OECD average for Brazil, China, the Russian Federation and South Africa, but for Indonesia it reached 19% and was at the OECD average in 2010-12. Trends in the level of producer support vary between the emerging economies. While in South Africa and the Russian Federation the level of producer support has fallen, in Brazil, China and Indonesia it has increased since the mid-1990s.

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.

Due to the EU's Common Agricultural Policy (CAP), the EU is counted as one country and therefore data in the table cannot be shown for individual EU member countries. Austria, Finland and Sweden are included in the OECD total for all years and in the EU from 1995. The Czech Republic, Estonia, Hungary, Poland and the Slovak Republic are included in the OECD total for all years and in the EU from 2004. Slovenia is included in the OECD total from 1992 and in the EU from 2004. Croatia is not yet included in the EU total. Data for Chile and Israel are included in the OECD total from 1995. The OECD total does not include the non-OECD EU member states.

Sources

- OECD (2013), *Agricultural Policy Monitoring and Evaluation*, OECD Publishing.

Further information

Analytical publications

- OECD (2013), *Global Food Security: Challenges for the Food and Agricultural Systems*, OECD Publishing.
- OECD (2013), *OECD Compendium of Agri-environmental Indicators*, OECD Publishing.
- OECD (2013), *OECD Review of Agricultural Policies*, OECD Publishing.
- OECD and Food and Agriculture Organization of the United Nations (FAO) (2013), *OECD-FAO Agricultural Outlook*, OECD Publishing.

Methodological publications

- OECD (2010), *“Producer Support Estimate and Related Indicators of Agricultural Support: Concepts, Calculations, Interpretation and Use (The PSE Manual)”*, OECD Trade and Agriculture Directorate.

Online databases

- OECD Agriculture Statistics.


Websites

- Producer and Consumer Support Estimates (supplementary material), www.oecd.org/agriculture/pse.

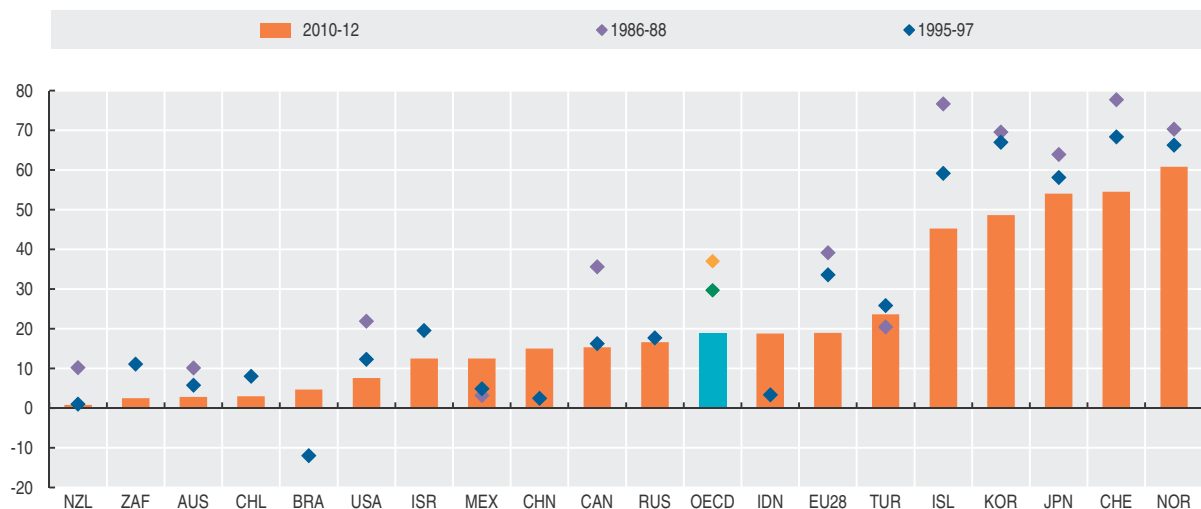

Agricultural producer support estimate by country

As a percentage of gross farm receipts

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Australia	3.3	3.3	4.7	3.7	3.4	3.6	4.4	4.8	4.4	3.1	2.8	2.9	2.7
Austria	..	..	..	..	..	..	..	..	..	..	..	..	..
Belgium	..	..	..	..	..	..	..	..	..	..	..	..	..
Canada	19.3	15.5	20.5	24.4	20.3	21.3	20.8	16.4	13.2	17.5	16.7	15.1	14.3
Chile	11.2	6.2	9.3	5.5	4.9	5.0	4.2	3.4	2.6	4.7	2.6	3.0	3.3
Czech Republic	..	..	..	..	..	..	..	..	..	..	..	..	..
Denmark	..	..	..	..	..	..	..	..	..	..	..	..	..
Estonia	..	..	..	..	..	..	..	..	..	..	..	..	..
Finland	..	..	..	..	..	..	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..	..	..	..	..	..	..
Germany	..	..	..	..	..	..	..	..	..	..	..	..	..
Greece	..	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	..	..	..	..	..	..	..	..	..	..	..	..	..
Iceland	69.6	62.6	66.4	65.0	65.9	66.9	64.7	55.4	50.6	49.2	44.3	44.3	47.3
Ireland	..	..	..	..	..	..	..	..	..	..	..	..	..
Israel	22.7	20.5	16.1	11.8	10.3	10.6	7.9	1.8	16.3	13.1	13.2	12.8	11.4
Italy	..	..	..	..	..	..	..	..	..	..	..	..	..
Japan	59.7	56.3	57.2	57.5	56.0	53.8	51.6	46.7	48.2	48.9	54.9	51.4	55.9
Korea	66.1	57.7	59.7	56.7	61.3	59.7	58.6	57.4	45.5	50.9	40.1	52.4	53.8
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	23.4	18.3	26.8	19.1	11.5	12.9	13.1	13.0	12.3	14.0	12.4	12.8	12.3
Netherlands	..	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand	0.3	0.6	0.3	0.7	0.6	1.3	0.9	0.7	0.6	0.5	0.7	1.0	0.8
Norway	66.5	65.3	73.7	71.1	66.3	65.8	64.1	54.6	59.4	61.1	60.4	59.1	63.1
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..
Portugal	..	..	..	..	..	..	..	..	..	..	..	..	..
Slovak Republic	..	..	..	..	..	..	..	..	..	..	..	..	..
Slovenia	..	..	..	..	..	..	..	..	..	..	..	..	..
Spain	..	..	..	..	..	..	..	..	..	..	..	..	..
Sweden	..	..	..	..	..	..	..	..	..	..	..	..	..
Switzerland	70.7	68.1	71.4	69.9	70.0	66.7	66.0	53.0	56.5	60.8	52.4	54.6	56.6
Turkey	30.5	14.3	26.1	31.2	31.5	33.1	33.4	26.2	26.2	28.4	26.3	22.3	22.4
United Kingdom	..	..	..	..	..	..	..	..	..	..	..	..	..
United States	23.3	22.1	18.4	15.1	16.4	15.3	11.2	10.0	8.8	10.6	7.8	7.7	7.1
EU 28	32.7	30.2	33.8	33.6	33.2	30.8	29.1	22.8	23.5	23.3	19.8	18.0	19.0
OECD	32.3	28.8	30.6	29.1	29.3	27.7	25.6	20.8	20.7	21.9	19.2	18.3	18.6
Brazil	5.7	4.3	4.7	5.6	4.2	6.7	6.1	4.7	3.7	6.5	4.5	4.8	4.6
China	2.3	4.0	7.4	9.0	6.5	7.4	12.1	9.9	2.9	11.5	15.3	12.9	16.8
India	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	6.9	3.6	12.3	12.6	8.8	3.7	15.2	14.9	-10.7	5.9	21.0	14.5	20.9
Russian Federation	1.1	8.0	7.5	15.0	21.2	14.5	14.6	15.1	20.5	20.7	21.5	15.1	13.5
South Africa	5.8	3.7	10.1	7.1	7.9	6.2	9.0	5.1	3.6	4.1	1.7	2.7	3.2

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Agricultural producer support estimate by country

As a percentage of gross farm receipts


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