

## GOVERNMENT SUPPORT FOR AGRICULTURE

Governments provide support to agriculture through a variety of means, ranging from budgetary transfers financed by taxpayers to policies such as border protection and administered pricing that, by raising farm prices above the levels that would otherwise prevail, are equivalent to an implicit tax on consumers. While some of these measures may pursue commendable goals such as sustaining rural communities and encouraging more environmentally-friendly agricultural practices, they may also lead to 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 member countries and is widely recognised as the only reliable indicator for comparing support across countries and over time. The producer support estimate indicator is available on a timely and comprehensive basis for all OECD countries (the European Union is treated as a single entity) and selected emerging economies.

### 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.

### Overview

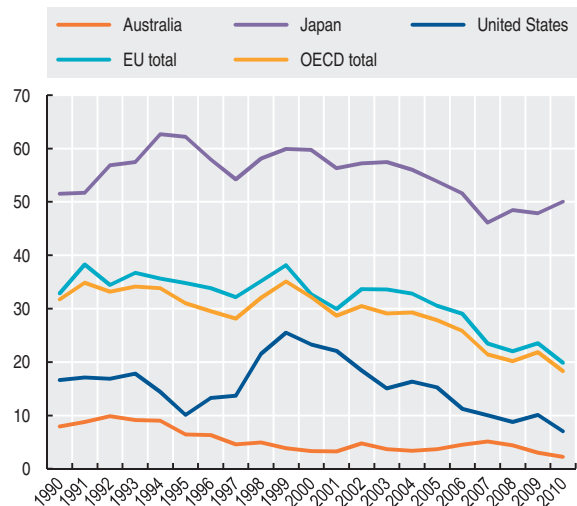
There are large differences in the levels of agricultural support among OECD countries. Producer support estimates as a percentage of gross farm receipts currently range from almost zero to 60%. These differences reflect, among other things, variations in policy objectives, different historical uses of policy instruments, and the varying pace and degrees of progress in agricultural policy reform. Over the longer term, the level of producer support has fallen in most OECD countries. The average support as a share of gross farm receipt in 2008-10, at 20%, is lower than the 1986-88 average of 37% and has fallen in most countries. There has also been some change in the way support is delivered to the sector. Support known to be the most distorting in terms of production and trade is also less dominant today (51% of total support during the 2008-10 period) than in the past (over 82% in 1986-1988).

For the emerging economies covered here producer support estimates as a percentage of farm receipts has been lower than the OECD average for Brazil, China, and South Africa, but higher for the Russian Federation, where it reached 22% and was above the OECD average in 2008-10. Trends in the level of producer support vary between economies. While in South Africa the level of producer support has fallen, in Brazil, China, and the Russian Federation it has increased since the mid-1990s.

In the table, data are not shown for individual EU member countries. The level of support is calculated for EU12 for 1986-94, including ex-GDR from 1990; EU15 for 1995-2003; EU25 for 2004-06; and EU27 from 2007. The OECD total does not include the non-OECD EU member states.

### Agricultural producer support estimate for selected countries

As a percentage of gross farm receipts



StatLink <http://dx.doi.org/10.1787/888932507274>

### Sources

- OECD (2011), *Agricultural Policy Monitoring and Evaluation 2011*, OECD Publishing.

### Further information

#### Analytical publications

- OECD and Food and Agriculture Organization of the United Nations (FAO) (2011), *OECD-FAO Agricultural Outlook*, OECD Publishing.
- van Tongeren, F. (2008), "Agricultural Policy Design and Implementation: A Synthesis", *OECD Food, Agriculture and Fisheries Working Papers*, No. 7.

#### 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](http://www.oecd.org/agriculture/pse).



### Agricultural producer support estimate by country

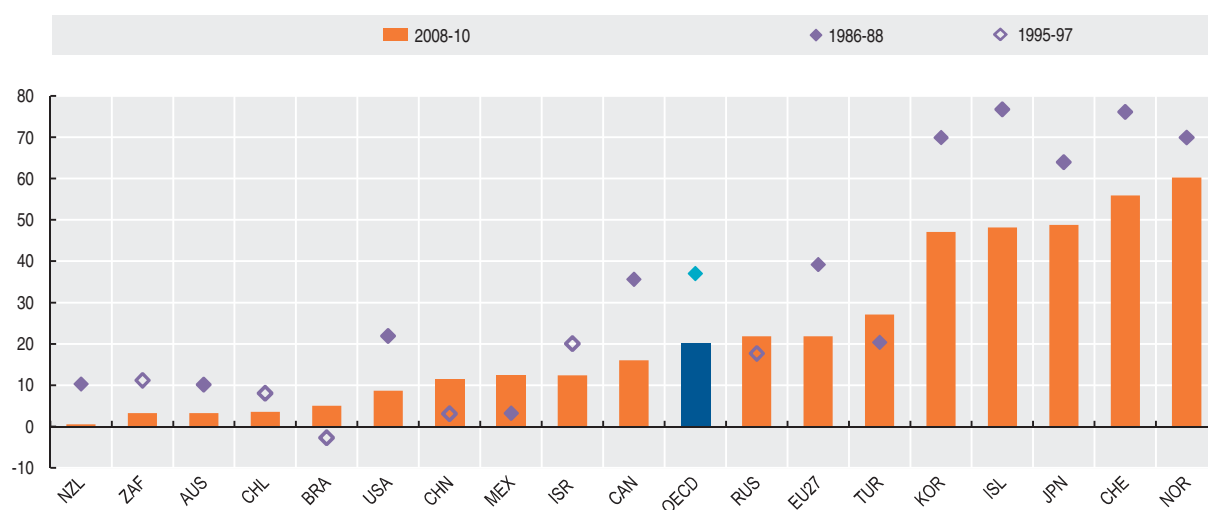
As a percentage of value of gross farm receipts

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Australia	4.6	4.9	3.9	3.3	3.3	4.7	3.7	3.4	3.7	4.5	5.1	4.4	3.0	2.2
Canada	13.9	16.0	17.2	19.3	15.5	20.5	24.4	20.3	21.3	20.8	16.4	13.1	17.3	17.7
Chile	8.0	10.5	10.4	11.2	6.2	9.3	5.3	4.9	5.0	4.2	6.3	3.2	4.4	2.9
Iceland	59.4	71.4	72.5	69.6	62.6	66.4	65.0	65.8	66.8	64.7	55.3	51.6	48.0	44.8
Israel	20.7	19.0	20.1	22.7	20.5	16.1	11.8	10.3	10.6	7.9	1.7	15.2	12.0	9.9
Japan	54.3	58.2	59.9	59.7	56.3	57.2	57.5	56.0	53.8	51.6	46.1	48.5	47.9	50.0
Korea	63.6	56.9	65.5	66.7	57.7	59.8	56.7	61.3	59.7	58.6	57.4	45.5	51.2	44.6
Mexico	14.6	17.6	17.3	23.4	18.2	26.8	19.2	11.6	12.9	13.2	12.9	12.0	12.8	12.1
New Zealand	0.9	0.8	0.8	0.3	0.6	0.3	0.7	0.7	1.3	0.9	0.7	0.6	0.4	0.5
Norway	68.3	70.8	71.2	66.5	65.3	73.7	71.1	66.4	65.9	64.1	54.6	59.3	60.9	60.6
Switzerland	69.1	71.6	75.2	69.8	67.3	70.6	69.2	69.3	66.2	65.4	48.6	54.4	59.5	53.9
Turkey	27.7	31.3	33.2	29.2	16.2	26.6	32.0	33.6	36.9	37.8	31.0	24.8	28.7	27.9
United States	13.7	21.6	25.5	23.3	22.1	18.4	15.1	16.3	15.3	11.2	10.0	8.8	10.1	7.0
EU total	32.1	35.2	38.2	32.7	30.0	33.6	33.6	32.8	30.5	29.1	23.4	22.0	23.5	19.8
OECD total	28.1	32.1	35.1	32.2	28.7	30.5	29.1	29.3	27.8	25.8	21.4	20.2	21.9	18.3
Brazil	-1.5	7.0	1.3	6.4	4.2	4.9	5.8	4.5	6.8	6.1	4.9	4.1	6.5	4.5
China	1.7	1.2	-2.6	3.0	4.7	8.4	10.1	7.5	8.5	12.3	10.1	3.3	13.2	17.4
Russian Federation	22.0	15.8	0.9	5.5	10.7	12.7	19.2	22.3	14.6	17.2	18.2	21.9	22.1	21.4
South Africa	10.8	10.5	8.0	5.8	3.7	10.1	7.1	7.9	6.2	9.2	4.2	3.1	4.3	2.2

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### Agricultural producer support estimate by country

As a percentage of value of gross farm receipts



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