

## Chapter 2. Overall trends in agricultural support

### OECD Countries

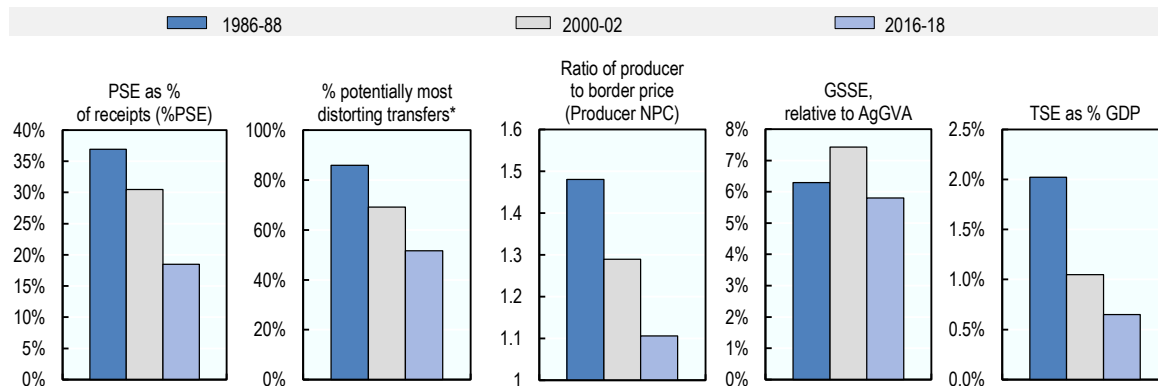
The total support to agriculture (TSE) provided in OECD countries represented USD 325 billion (EUR 286 billion) per year on average in 2016-18 of which 72%, or USD 235 billion (EUR 207 billion), was provided as support to producers individually (PSE). Producer support represented 18.5% of gross farm receipts (%PSE) in 2016-18 across the OECD area, a decline from around 30% in 2000-02 (Table 2.1).

The way support is delivered to producers has also evolved. In particular, the development in support to agriculture in the OECD area is characterised by the long-term decline of support based on commodity output (including market price support and output payments). OECD work has identified this form of support as having the strongest potential to distort agricultural production and trade, together with the payments based on the unconstrained use of variable inputs, which has slightly increased across OECD countries compared to the beginning of the millennium.

At the other end of the spectrum in the PSE classification, some countries also apply less distorting forms of support, such as payments based on parameters that are not linked to current production or based on non-commodity criteria such as land set aside or payments for specific environmental or animal welfare outcomes. Most notably, payments based on historical entitlements (generally crop area or livestock numbers of a given reference year in the past) have increased significantly in many OECD countries in the last two decades, representing close to 4% of gross farm receipts and more than a fifth of the PSE during 2016-18. Payments based on current crop area and animal numbers remain almost unchanged compared to 2000-02 and represent currently around 18% of total producer support (Table 2.1).

The expenditures financing general services to the sector (GSSE) increased (in nominal terms) in the OECD area from USD 36 billion per year in 2000-02 to USD 43 billion in 2016-18. Most of these expenditures in 2016-18 go to the financing of infrastructure (USD 18.4 billion), recording a slight increase compared to 2000-02, while the expenditures for agricultural knowledge and innovation (USD 13 billion) have increased by 60%. Expenditures for inspection and control services almost doubled, while spending for marketing and promotion activities and public stockholding declined over the same period (the reduction of spending on public stockholding being more substantial than on marketing and promotion), but all of these represented smaller shares of the GSSE expenditure (Table 2.1).

Figure 2.1. OECD: Development of support to agriculture



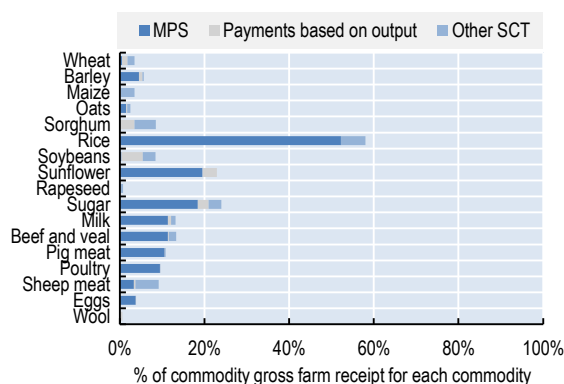
Note: \* Share of potentially most distorting transfers in cumulated gross producer transfers.

Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936332>

**Support to producers** in the OECD area as a share of gross farm receipts (**%PSE**) has declined gradually over the long term. In 2016-18, support has been around 18% of gross farm receipts. The share of potentially **most distorting support** has decreased over time mainly due to a reduction in market price support (MPS) (Figure 2.1 and Table 2.1). Effective prices received by producers, on average, were 11% higher than world prices; large differences between commodities persist with domestic prices for rice being more than a double of the world price, prices for sunflower 30%, sugar 28%, milk 14% and beef 13% above world prices in 2016-18. In 2018, the level of producer support has increased due mainly to higher budgetary payments and, to a lesser extent, increased MPS. Overall, in the OECD area, Single Commodity Transfers (SCT) represented 54% of the total PSE during 2016-18. Rice, sugar, sunflower, milk, beef and veal had the highest share of SCT in commodity gross farm receipts, with MPS representing the main component of SCTs for most commodities (Figure 2.2). The relative expenditures for **general services** (GSSE), mainly on knowledge and infrastructure, have declined steadily as agriculture value added has grown more rapidly. **Total support to agriculture** as a share of GDP has declined significantly over time. About 70% of this support is provided to individual producers (PSE).

Figure 2.2. OECD: Transfer to specific commodities (SCT), 2016-18



Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936351>

Table 2.1. OECD: Estimates of support to agriculture (USD)

Million USD	1986-88	2000-02	2016-18	2016	2017	2018p
<b>Total value of production (at farm gate)</b>	<b>594 049</b>	<b>660 886</b>	<b>1 143 394</b>	<b>1 116 966</b>	<b>1 166 052</b>	<b>1 147 164</b>
of which: share of MPS commodities (%)	71.9	68.6	68.0	67.9	68.3	67.9
<b>Total value of consumption (at farm gate)</b>	<b>549 077</b>	<b>641 649</b>	<b>1 012 329</b>	<b>974 630</b>	<b>1 014 257</b>	<b>1 048 099</b>
<b>Producer Support Estimate (PSE)</b>	<b>239 900</b>	<b>229 804</b>	<b>235 395</b>	<b>231 010</b>	<b>228 488</b>	<b>246 687</b>
Support based on commodity output	196 954	151 024	112 151	107 675	107 134	121 643
Market Price Support <sup>1</sup>	184 356	136 071	105 896	103 918	103 440	110 330
Positive Market Price Support	188 327	136 659	106 169	104 266	103 762	110 477
Negative Market Price Support	-3 972	-588	-273	-349	-323	-147
Payments based on output	12 599	14 953	6 255	3 757	3 694	11 313
Payments based on input use	19 578	19 428	27 532	26 412	26 601	29 582
Based on variable input use	9 153	7 955	9 840	9 440	9 694	10 384
with input constraints	1 146	305	687	707	688	667
Based on fixed capital formation	6 882	5 063	9 748	9 134	9 290	10 819
with input constraints	1 638	625	2 673	2 653	2 536	2 830
Based on on-farm services	3 543	6 410	7 945	7 838	7 617	8 379
with input constraints	439	959	1 543	1 483	1 497	1 649
Payments based on current A/An/R/I, production required	19 377	42 516	42 092	40 244	43 323	42 708
Based on Receipts / Income	2 052	3 173	3 782	3 686	3 512	4 148
Based on Area planted / Animal numbers	17 325	39 343	38 310	36 558	39 811	38 560
with input constraints	4 093	18 032	30 062	28 208	30 931	31 047
Payments based on non-current A/An/R/I, production required	533	71	2 323	2 582	2 014	2 372
Payments based on non-current A/An/R/I, production not required	2 080	13 721	47 107	49 688	45 592	46 041
With variable payment rates	181	4 318	4 473	7 376	3 034	3 009
with commodity exceptions	0	4 079	4 319	7 224	2 880	2 852
With fixed payment rates	1 899	9 403	42 634	42 312	42 558	43 032
with commodity exceptions	1 561	6 081	2 601	2 672	2 574	2 557
Payments based on non-commodity criteria	1 078	3 205	3 664	3 581	3 483	3 928
Based on long-term resource retirement	1 076	2 900	2 346	2 385	2 204	2 449
Based on a specific non-commodity output	2	237	1 245	1 123	1 208	1 405
Based on other non-commodity criteria	0	68	73	74	72	74
Miscellaneous payments	300	-160	527	828	340	412
<b>Percentage PSE (%)</b>	<b>36.9</b>	<b>30.5</b>	<b>18.5</b>	<b>18.6</b>	<b>17.7</b>	<b>19.2</b>
<b>Producer NPC (coeff.)</b>	<b>1.48</b>	<b>1.29</b>	<b>1.11</b>	<b>1.11</b>	<b>1.10</b>	<b>1.12</b>
<b>Producer NAC (coeff.)</b>	<b>1.59</b>	<b>1.44</b>	<b>1.23</b>	<b>1.23</b>	<b>1.22</b>	<b>1.24</b>
<b>General Services Support Estimate (GSSE)</b>	<b>25 594</b>	<b>36 399</b>	<b>42 583</b>	<b>42 611</b>	<b>43 598</b>	<b>41 540</b>
Agricultural knowledge and innovation system	4 872	7 959	13 058	12 722	12 951	13 501
Inspection and control	1 076	1 919	3 822	3 747	3 896	3 823
Development and maintenance of infrastructure	10 223	16 297	18 366	18 866	19 354	16 880
Marketing and promotion	2 156	5 570	4 795	4 843	4 743	4 801
Cost of public stockholding	5 872	2 282	575	466	687	572
Miscellaneous	1 395	2 371	1 966	1 968	1 968	1 963
<b>Percentage GSSE (% of TSE)</b>	<b>9.0</b>	<b>12.6</b>	<b>13.1</b>	<b>13.3</b>	<b>13.7</b>	<b>12.4</b>
<b>Consumer Support Estimate (CSE)</b>	<b>-160 067</b>	<b>-129 166</b>	<b>-78 330</b>	<b>-73 988</b>	<b>-75 221</b>	<b>-85 779</b>
Transfers to producers from consumers	-169 134	-134 346	-99 984	-97 603	-97 540	-104 811
Other transfers from consumers	-22 308	-18 987	-26 574	-25 151	-25 952	-28 620
Transfers to consumers from taxpayers	19 956	23 580	47 230	47 598	47 140	46 952
Excess feed cost	11 420	586	999	1 168	1 130	699
<b>Percentage CSE (%)</b>	<b>-30.3</b>	<b>-20.9</b>	<b>-8.1</b>	<b>-8.0</b>	<b>-7.8</b>	<b>-8.6</b>
<b>Consumer NPC (coeff.)</b>	<b>1.54</b>	<b>1.31</b>	<b>1.14</b>	<b>1.14</b>	<b>1.14</b>	<b>1.15</b>
<b>Consumer NAC (coeff.)</b>	<b>1.43</b>	<b>1.26</b>	<b>1.09</b>	<b>1.09</b>	<b>1.08</b>	<b>1.09</b>
<b>Total Support Estimate (TSE)</b>	<b>285 450</b>	<b>289 783</b>	<b>325 208</b>	<b>321 219</b>	<b>319 227</b>	<b>335 179</b>
Transfers from consumers	191 442	153 333	126 559	122 754	123 491	133 431
Transfers from taxpayers	116 316	155 437	225 224	223 616	221 687	230 368
Budget revenues	-22 308	-18 987	-26 574	-25 151	-25 952	-28 620
<b>Percentage TSE (% of GDP)</b>	<b>2.0</b>	<b>1.0</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
<b>Total Budgetary Support Estimate (TBSE)</b>	<b>101 095</b>	<b>153 712</b>	<b>219 312</b>	<b>217 301</b>	<b>215 787</b>	<b>224 849</b>
<b>Percentage TBSE (% of GDP)</b>	<b>0.7</b>	<b>0.6</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>

Note: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

A/An/R/I: Area planted/Animal numbers/Receipts/Income.

The OECD total for 1986-88 includes all countries except Chile, Israel, Latvia, Lithuania and Slovenia, for which data are not available. The OECD total for 2000-02 includes all countries except Latvia and Lithuania. TSE as a share of GDP for 1986-88 for the OECD is an estimate based on available data.

1. Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities: see notes to individual country tables.

Source: OECD (2019), "Producer and Consumer Support Estimates", *OECD Agriculture statistics* (database). doi: <http://dx.doi.org/10.1787/agr-pcsedata-en>

## Emerging Economies

The total support to agriculture (TSE) provided in the Emerging Economies<sup>1</sup> represented USD 292 billion (EUR 257 billion) per year on average in 2016-18 of which 70% or USD 205 billion (EUR 180 billion) were provided as support to producers (PSE). Expressed as a share of gross farm receipts (%PSE), aggregate support to producers represented 9% in 2016-18 on average across the Emerging Economies, a substantial increase from 3.7% in 2002-02 (Table 2.2). While the aggregate %PSE remains well below that of the OECD area, this is partly related to the large negative MPS in a few countries, worth USD 83 billion (EUR 72 billion) per year. This means that support to producers and the sector in other countries has been correspondingly higher than suggested by aggregate indicators.

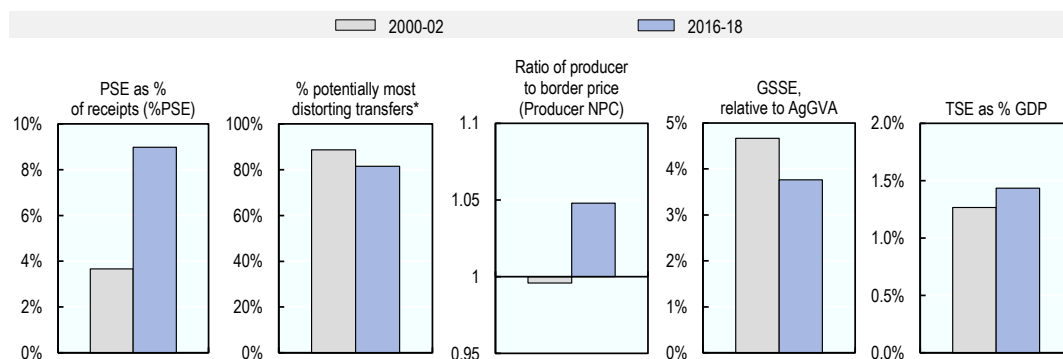
The share of transfers based on output (accounting for both positive and negative MPS and output-based payments) and input use in total producer support has increased. The transfers based on output have been identified as having the strongest potential to distort agricultural production and trade, together with the payments based on the unconstrained use of variable inputs. The average share of gross producer transfers (whether positive or negative, in absolute terms) arising from those potentially most production and trade distorting measures has slightly declined in the Emerging Economies, but at around 80% stays well above the OECD average.

Among the remaining forms of producer support, the most important are payments based on other input use (mainly fixed capital formation) and payments to areas planted and animal numbers. Across the Emerging Economies, the payments based on areas and animal numbers were almost non-existent in 2000-02 but reached close to 16% of aggregate support to producers in 2016-18. All other forms of support to producers remain marginal (Table 2.2).

The expenditures financing general services to the sector (GSSE) in the Emerging Economies reached an annual average of USD 63 billion (EUR 55 billion) in 2016-18. Most of these expenditures went to the financing of infrastructure projects (USD 26 billion) and public stockholding (USD 19 billion), the remaining expenditures went to finance mainly agricultural knowledge and innovation (USD 13 billion) (Table 2.2).

## Note

<sup>1</sup> The Emerging Economies included in this report include Argentina, Brazil, the People's Republic of China, Colombia, Costa Rica, India, Kazakhstan, Philippines, Russian Federation, South Africa, Ukraine and Viet Nam. The addition of Argentina and India to this report has a major impact on the aggregate support estimates compared to those reported in the 2018 edition: given the negative support found for these two countries, current aggregate estimates for the Emerging Economies and All Countries covered in this report are significantly smaller than those reported in the 2018 report. For more details, see Boxes 2.1 and 2.2.

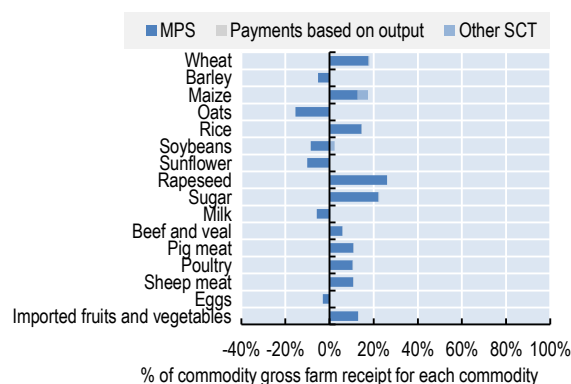
**Figure 2.3. Emerging Economies: Development of support to agriculture**

Note: \* Share of potentially most distorting transfers in cumulated gross producer transfers.

Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936370>

In contrast to the OECD area, the **support to producers** in Emerging Economies has increased over the long term. In 2016-18, aggregate producer support has been around 9% of gross farm receipts, still well below the OECD average, but including both implicit taxes on producers through negative MPS, worth -3.6% of gross farm receipts, and transfers to producers worth 12.6% of gross farm receipts. The share of gross producer transfers (whether positive or negative, i.e. expressed in absolute terms) arising from potentially **most distorting** measures (support based on output and variable input use – without input constraints) has gone down only slightly and stays around 80% on average in 2016-18 (Figure 2.3). Effective prices received by producers, on average, were 5% higher than world prices. This average figure hides large differences across countries and commodities as domestic prices stand below world market levels in a range of markets. In 2018, the level of support has increased mainly due to higher MPS as budgetary payments were almost unchanged. Overall, Single Commodity Transfers (SCT) on average represented above 60% of the total PSE during 2016-18. Rapeseed, sugar, wheat maize and rice, had the highest share of SCT in commodity gross farm receipts, while SCTs were negative for barley, oats, oilseeds and milk. Aggregate MPS is the main component of the SCTs in most cases (Figure 2.4). On average, the expenditures for **general services** (GSSE), relative to agriculture value added were below the OECD average. Aggregate **total support to agriculture** as a share of GDP has increased over time, mainly driven by the increase of producer support, which was about 84% of the total support.

**Figure 2.4. Emerging Economies: Transfer to specific commodities (SCT), 2016-18**

Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936389>

Table 2.2. Emerging Economies: Estimates of support to agriculture (USD)

Million USD					
	2000-02	2016-18	2016	2017	2018p
<b>Total value of production (at farm gate)</b>	<b>513 586</b>	<b>2 168 874</b>	<b>2 123 417</b>	<b>2 167 476</b>	<b>2 215 729</b>
<i>of which: share of MPS commodities (%)</i>	73.1	77.0	78.4	76.6	75.9
<b>Total value of consumption (at farm gate)</b>	<b>509 085</b>	<b>2 092 861</b>	<b>2 007 234</b>	<b>2 113 333</b>	<b>2 158 016</b>
<b>Producer Support Estimate (PSE)</b>	<b>19 571</b>	<b>204 710</b>	<b>217 935</b>	<b>206 653</b>	<b>189 543</b>
Support based on commodity output	232	99 999	123 363	99 132	77 502
Market Price Support <sup>1</sup>	-184	94 738	118 204	93 914	72 097
Positive Market Price Support	24 451	177 416	190 485	174 310	167 454
Negative Market Price Support	-24 635	-82 678	-72 281	-80 396	-95 357
Payments based on output	416	5 260	5 158	5 218	5 405
Payments based on input use	17 406	60 258	56 493	64 001	60 281
Based on variable input use	11 589	37 330	32 356	41 274	38 362
with input constraints	37	1 052	1 668	1 119	370
Based on fixed capital formation	4 423	19 515	20 425	19 462	18 659
with input constraints	4	1 007	1 337	1 063	623
Based on on-farm services	1 393	3 413	3 713	3 265	3 261
with input constraints	8	16	21	18	8
Payments based on current A/An/R/I, production required	802	31 804	29 475	30 868	35 068
Based on Receipts / Income	802	5 049	3 878	5 732	5 536
Based on Area planted / Animal numbers	0	26 755	25 597	25 136	29 532
with input constraints	0	0	0	0	0
Payments based on non-current A/An/R/I, production required	0	0	0	0	0
Payments based on non-current A/An/R/I, production not required	370	9 709	5 576	9 642	13 910
With variable payment rates	0	0	0	0	0
with commodity exceptions	0	0	0	0	0
With fixed payment rates	370	9 709	5 576	9 642	13 910
with commodity exceptions	0	0	0	0	0
Payments based on non-commodity criteria	459	2 405	2 673	2 351	2 191
Based on long-term resource retirement	459	2 405	2 673	2 351	2 191
Based on a specific non-commodity output	0	0	0	0	0
Based on other non-commodity criteria	1	0	0	0	0
Miscellaneous payments	302	535	355	659	591
<b>Percentage PSE (%)</b>	<b>3.7</b>	<b>9.0</b>	<b>9.8</b>	<b>9.1</b>	<b>8.1</b>
<b>Producer NPC (coeff.)</b>	<b>1.00</b>	<b>1.05</b>	<b>1.06</b>	<b>1.05</b>	<b>1.04</b>
<b>Producer NAC (coeff.)</b>	<b>1.04</b>	<b>1.10</b>	<b>1.11</b>	<b>1.10</b>	<b>1.09</b>
<b>General Services Support Estimate (GSSE)</b>	<b>18 533</b>	<b>62 616</b>	<b>60 091</b>	<b>64 016</b>	<b>63 739</b>
Agricultural knowledge and innovation system	2 996	13 059	12 817	13 297	13 063
Inspection and control	786	3 397	3 238	3 487	3 466
Development and maintenance of infrastructure	6 748	26 167	24 559	26 139	27 803
Marketing and promotion	29	719	776	720	662
Cost of public stockholding	7 870	19 010	18 368	20 122	18 539
Miscellaneous	104	263	332	252	206
<b>Percentage GSSE (% of TSE)</b>	<b>43.6</b>	<b>21.4</b>	<b>20.2</b>	<b>21.6</b>	<b>22.6</b>
<b>Consumer Support Estimate (CSE)</b>	<b>3 323</b>	<b>-82 893</b>	<b>-106 670</b>	<b>-80 595</b>	<b>-61 413</b>
Transfers to producers from consumers	109	-94 346	-115 361	-92 616	-75 060
Other transfers from consumers	-2 764	-21 001	-19 890	-20 486	-22 627
Transfers to consumers from taxpayers	4 432	24 685	20 033	25 450	28 573
Excess feed cost	1 546	7 769	8 548	7 057	7 702
<b>Percentage CSE (%)</b>	<b>0.7</b>	<b>-4.0</b>	<b>-5.4</b>	<b>-3.9</b>	<b>-2.9</b>
<b>Consumer NPC (coeff.)</b>	<b>1.01</b>	<b>1.06</b>	<b>1.07</b>	<b>1.06</b>	<b>1.05</b>
<b>Consumer NAC (coeff.)</b>	<b>0.99</b>	<b>1.04</b>	<b>1.06</b>	<b>1.04</b>	<b>1.03</b>
<b>Total Support Estimate (TSE)</b>	<b>42 537</b>	<b>292 011</b>	<b>298 060</b>	<b>296 119</b>	<b>281 855</b>
Transfers from consumers	2 655	115 347	135 251	113 102	97 687
Transfers from taxpayers	42 646	197 665	182 699	203 503	206 795
Budget revenues	-2 764	-21 001	-19 890	-20 486	-22 627
<b>Percentage TSE (% of GDP)</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>
<b>Total Budgetary Support Estimate (TBSE)</b>	<b>42 720</b>	<b>197 273</b>	<b>179 856</b>	<b>202 205</b>	<b>209 758</b>
<b>Percentage TBSE (% of GDP)</b>	<b>1.3</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

Note: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

A/An/R/I: Area planted/Animal numbers/Receipts/Income.

The Emerging Economies include Argentina, Brazil, China, Colombia, Costa Rica, India, Kazakhstan, the Philippines, Russian Federation, South Africa, Ukraine and Viet Nam.

1. Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities: see notes to individual country tables.

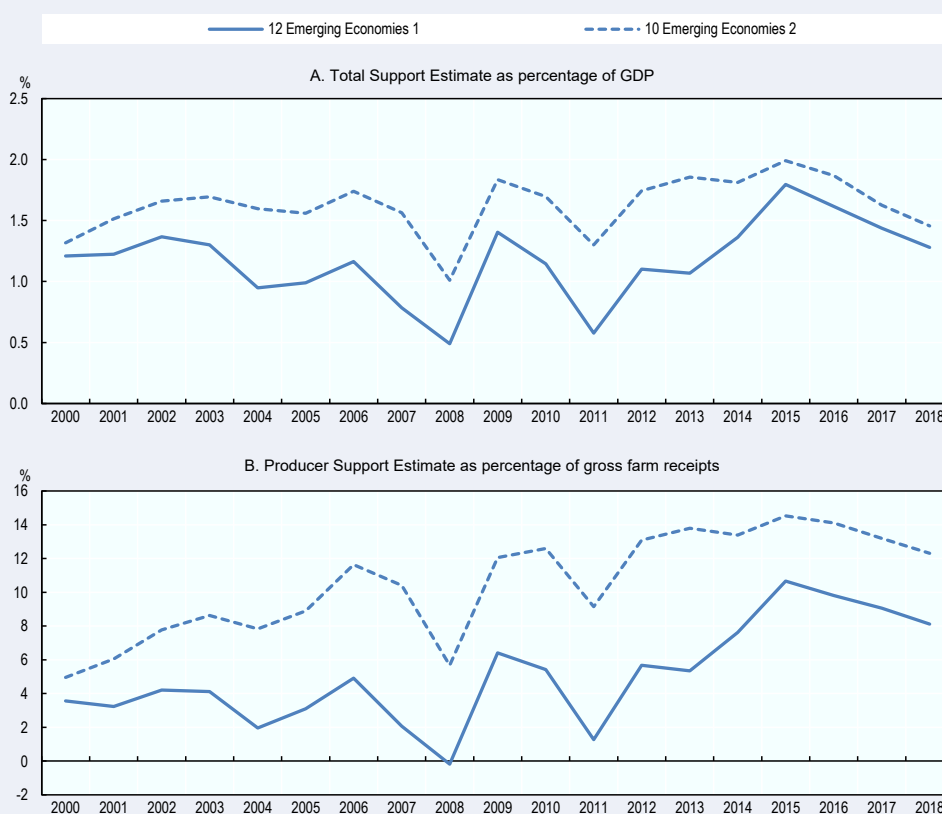
Source: OECD (2019), "Producer and Consumer Support Estimates", *OECD Agriculture statistics* (database). doi: <http://dx.doi.org/10.1787/agr-pcsedata-en>

### Box 2.1. The effect of adding Argentina and India in the Emerging Economies aggregate

This edition of the OECD Agricultural Policy Monitoring and Evaluation has expanded its coverage by adding Argentina and India. Country coverage has been extended frequently in the past, but the addition of Argentina and India is particular as both countries implicitly tax their producers through significant levels of negative market price support, in contrast to most of the other countries covered. This particularity is amplified by the fact that these countries are large agricultural producers, and their estimated levels of support therefore has an important weight in the aggregate indicators.

Adding Argentina and India reduces the aggregate Total Support Estimate (relative to GDP: %TSE) for the Emerging Economies by some 0.5 percentage points on average between 2000 and 2018, with a smaller effect of about 0.2 percentage points for the 2016-18 period. In 2016-18, the TSE for the Emerging Economies is estimated at 1.4% of the combined GDP of these 12 countries; without Argentina and India, it would account for more than 1.6% of the remaining Emerging Economies' GDP (Figure 2.5). The effect is even more visible for the aggregate Producer Support Estimate (relative to gross farm receipts: %PSE), which, for the Emerging Economies is reduced by more than 4.5 percentage points on average since 2000. During 2016-18, the percentage PSE, now estimated at 9.0% of gross farm receipts, would stand at 13.2% without these two countries.

**Figure 2.5. The impact of adding Argentina and India to this report: Main indicators for the Emerging Economies aggregate, 2000 to 2018**



*Notes:* 1. The 12 Emerging Economies include Argentina, Brazil, China, Colombia, Costa Rica, India, Kazakhstan, the Philippines, Russian Federation, South Africa, Ukraine and Viet Nam.

2. The 10 Emerging Economies include Brazil, China, Colombia, Costa Rica, Kazakhstan, the Philippines, Russian Federation, South Africa, Ukraine and Viet Nam.

*Source:* OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936408>



## All countries

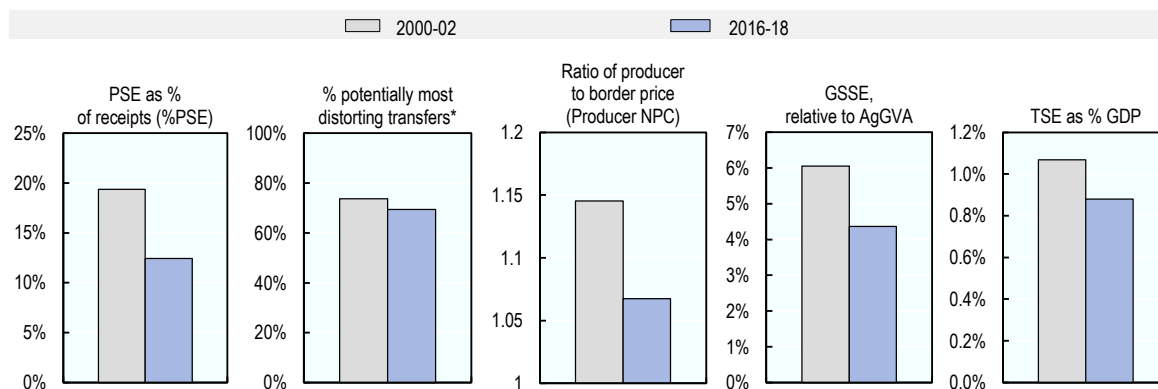
The total support to agriculture (TSE) provided in all countries covered in this report represented USD 623 billion (EUR 548 billion) per year on average in 2016-18 of which around 70% or USD 445 billion (EUR 392 billion) were provided as support to producers (PSE). Given the significant negative elements in market price support that are estimated for some of the emerging economies, gross transfers are significantly larger than that. Expressed as a share on gross farm receipts (%PSE), aggregate support to producers represented 12.4% in 2016-18 on average for all countries covered, a reduction from 19.4% in 2000-02 (Table 2.3).

The changes of the structure of support related to all countries in the report, in the period from 2000-02 to 2016-18, were relatively moderate. The share of the potentially most distorting forms of transfers (based on output or based on unconstrained use of variable inputs) has declined slightly, but these policies continue to represent around 70% of gross producer transfers across all countries (whether positive or negative, in absolute terms). Transfers based on output are shrinking but those based on unconstrained input use have increased.

Among the remaining forms of support to producers, the most important are payments based on areas planted and animal numbers (17% of all producer support), and payments based on historical parameters not requiring production. The importance of these latter payments, which are decoupled from current production and hence much less production and trade distorting, has increased significantly and today represents 13% of all producer support (Table 2.3).

Across all countries covered in this report, the expenditures financing general services to the sector (GSSE) reached an annual average of USD 105 billion (EUR 92 billion) in 2016-18. Most of these expenditures went to the financing of infrastructure projects (USD 45 billion), agricultural knowledge and innovation (USD 26 billion) and public stockholding (USD 20 billion) (Table 2.3).



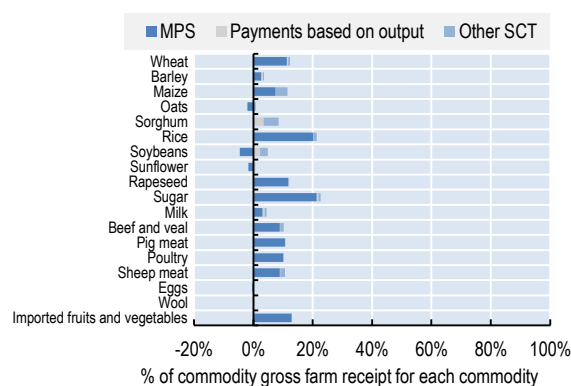
**Figure 2.6. All countries: Development of support to agriculture**

Note: \* Share of potentially most distorting transfers in cumulated gross producer transfers.

Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936427>

**Support to producers (%PSE)**, when measured for all countries in the report, has declined between 2000-02 and 2016-18 and is currently around 12% of gross farm receipts. The share of gross producer transfers (whether positive or negative, i.e. expressed in absolute terms) arising from potentially **most distorting** measures (support based on output and variable input use – without input constraints) remains almost unchanged and stays around 70% in 2016-18 (Figure 2.6). Effective prices received by producers, on average, were 7% higher than world prices; larger price gaps are recorded for rice and sugar. In 2018, the level of support has increased mainly due to higher MPS, and to a lesser extent to a rise of total budgetary payments. Overall, Single Commodity Transfers (SCT) represented above 60% of the total PSE during 2016-18. Rice and sugar had the highest share of SCT in commodity gross farm receipts (Figure 2.7). MPS is the main component of the SCTs in most cases. On average, the relative expenditures for **general services** (GSSE), mainly on infrastructure, knowledge and public stockholding, have declined as agriculture value added has grown more rapidly. **Total support to agriculture** as a share of GDP has declined slightly over time, mainly driven by the smaller relative size of the sector within the overall economies.

**Figure 2.7. All countries: Transfer to specific commodities (SCT), 2016-18**

Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936446>

Table 2.3. All countries: Estimates of support to agriculture (USD)

Million USD					
	2000-02	2016-18	2016	2017	2018p
<b>Total value of production (at farm gate)</b>	<b>1 174 471</b>	<b>3 337 490</b>	<b>3 262 461</b>	<b>3 358 394</b>	<b>3 391 616</b>
<i>of which: share of MPS commodities (%)</i>	69.3	74.2	75.2	74.0	73.3
<b>Total value of consumption (at farm gate)</b>	<b>1 150 733</b>	<b>3 154 248</b>	<b>3 024 488</b>	<b>3 175 379</b>	<b>3 262 876</b>
<b>Producer Support Estimate (PSE)</b>	<b>249 376</b>	<b>445 401</b>	<b>453 749</b>	<b>440 285</b>	<b>442 170</b>
Support based on commodity output	151 256	212 973	231 789	207 022	200 108
Market Price Support <sup>1</sup>	135 887	201 186	222 608	197 841	183 108
Positive Market Price Support	161 111	284 156	295 249	278 596	278 625
Negative Market Price Support	-25 224	-82 971	-72 641	-80 755	-95 517
Payments based on output	15 369	11 787	9 181	9 181	17 000
Payments based on input use	36 834	88 143	83 199	90 921	90 309
Based on variable input use	19 544	47 216	41 848	50 997	48 804
with input constraints	342	1 741	2 376	1 809	1 038
Based on fixed capital formation	9 486	29 501	29 744	28 982	29 777
with input constraints	629	3 681	3 990	3 599	3 453
Based on on-farm services	7 803	11 426	11 607	10 942	11 728
with input constraints	967	1 559	1 504	1 515	1 658
Payments based on current A/An/R/I, production required	43 318	75 586	71 201	75 896	79 660
Based on Receipts / Income	3 975	8 839	7 568	9 256	9 694
Based on Area planted / Animal numbers	39 343	66 746	63 633	66 640	69 966
with input constraints	18 032	31 188	29 143	32 064	32 357
Payments based on non-current A/An/R/I, production required	71	2 327	2 587	2 017	2 375
Payments based on non-current A/An/R/I, production not required	14 091	59 194	57 476	57 563	62 544
With variable payment rates	4 318	4 473	7 376	3 034	3 009
with commodity exceptions	4 079	4 319	7 224	2 880	2 852
With fixed payment rates	9 773	54 721	50 100	54 529	59 535
with commodity exceptions	6 081	2 601	2 672	2 574	2 557
Payments based on non-commodity criteria	3 664	6 099	6 278	5 859	6 159
Based on long-term resource retirement	3 358	4 753	5 063	4 556	4 640
Based on a specific non-commodity output	237	1 272	1 141	1 232	1 444
Based on other non-commodity criteria	69	73	74	72	74
Miscellaneous payments	142	1 081	1 219	1 007	1 016
<b>Percentage PSE (%)</b>	<b>19.4</b>	<b>12.4</b>	<b>13.0</b>	<b>12.2</b>	<b>12.1</b>
<b>Producer NPC (coeff.)</b>	<b>1.15</b>	<b>1.07</b>	<b>1.08</b>	<b>1.06</b>	<b>1.06</b>
<b>Producer NAC (coeff.)</b>	<b>1.24</b>	<b>1.14</b>	<b>1.15</b>	<b>1.14</b>	<b>1.14</b>
<b>General Services Support Estimate (GSSE)</b>	<b>54 932</b>	<b>105 160</b>	<b>102 619</b>	<b>107 604</b>	<b>105 257</b>
Agricultural knowledge and innovation system	10 955	26 148	25 565	26 277	26 601
Inspection and control	2 705	7 219	6 985	7 383	7 288
Development and maintenance of infrastructure	23 046	44 584	43 494	45 530	44 729
Marketing and promotion	5 599	5 388	5 432	5 374	5 358
Cost of public stockholding	10 152	19 592	18 842	20 821	19 112
Miscellaneous	2 475	2 230	2 300	2 220	2 169
<b>Percentage GSSE (% of TSE)</b>	<b>16.5</b>	<b>16.9</b>	<b>16.4</b>	<b>17.3</b>	<b>16.9</b>
<b>Consumer Support Estimate (CSE)</b>	<b>-125 843</b>	<b>-162 848</b>	<b>-182 122</b>	<b>-157 227</b>	<b>-149 196</b>
Transfers to producers from consumers	-134 236	-195 999	-214 460	-191 616	-181 921
Other transfers from consumers	-21 751	-47 588	-45 067	-46 445	-51 252
Transfers to consumers from taxpayers	28 013	71 953	67 666	72 627	75 565
Excess feed cost	2 132	8 786	9 738	8 207	8 412
<b>Percentage CSE (%)</b>	<b>-11.2</b>	<b>-5.3</b>	<b>-6.2</b>	<b>-5.1</b>	<b>-4.7</b>
<b>Consumer NPC (coeff.)</b>	<b>1.16</b>	<b>1.08</b>	<b>1.09</b>	<b>1.08</b>	<b>1.08</b>
<b>Consumer NAC (coeff.)</b>	<b>1.13</b>	<b>1.06</b>	<b>1.07</b>	<b>1.05</b>	<b>1.05</b>
<b>Total Support Estimate (TSE)</b>	<b>332 320</b>	<b>622 514</b>	<b>624 035</b>	<b>620 516</b>	<b>622 993</b>
Transfers from consumers	155 987	243 587	259 527	238 061	233 173
Transfers from taxpayers	198 084	426 516	409 575	428 900	441 072
Budget revenues	-21 751	-47 588	-45 067	-46 445	-51 252
<b>Percentage TSE (% of GDP)</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>
<b>Total Budgetary Support Estimate (TBSE)</b>	<b>196 432</b>	<b>421 329</b>	<b>401 427</b>	<b>422 675</b>	<b>439 884</b>
<b>Percentage TBSE (% of GDP)</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>

Note: p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

A/An/R/I: Area planted/Animal numbers/Receipts/Income.

The All countries total includes all OECD countries, non-OECD EU Member States, and the Emerging Economies: Argentina, Brazil, China, Colombia, Costa Rica, India, Kazakhstan, the Philippines, Russian Federation, South Africa, Ukraine and Viet Nam. The All countries total for 2000-02 includes data for all countries except Latvia and Lithuania, for which data are not available.

1. Market Price Support (MPS) is net of producer levies and excess feed cost. MPS commodities: see notes to individual country tables.

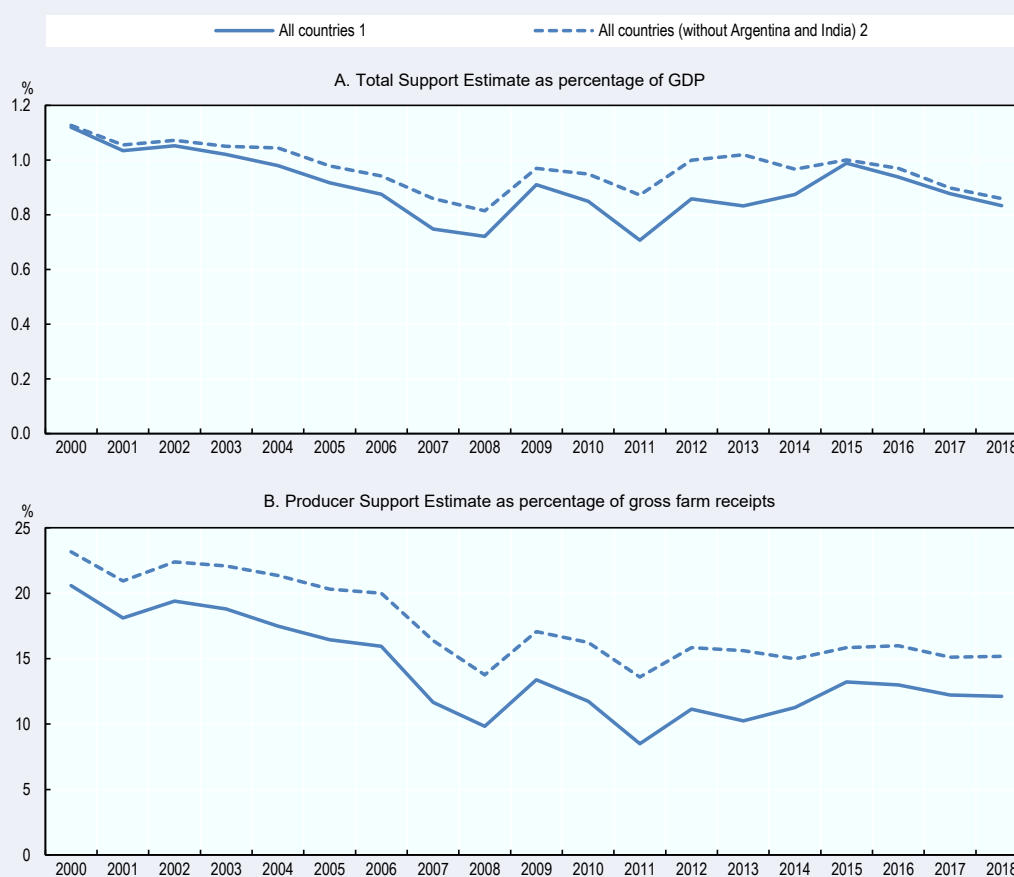
Source: OECD (2019), "Producer and Consumer Support Estimates", *OECD Agriculture statistics* (database). doi: <http://dx.doi.org/10.1787/agr-pcsedata-en>

### Box 2.2. The effect of adding Argentina and India in the All Countries aggregate

The addition of Argentina and India also affects the aggregate indicators across all countries in the report, albeit by less than the aggregates for the Emerging Economies. The percentage TSE is affected by less than 0.1 percentage point on average since 2000, and by a mere 0.03 percentage points during 2016-18 (0.88% for the 12 Emerging Economies covered, compared to 0.91% for the group excluding these two countries) (Figure 2.8).

The effect is, however, more noticeable for the percentage PSE which, on average for the 2000-18 period, would be almost 4 percentage points higher without Argentina and India. While the average percent PSE for All Countries covered is estimated at 12.4% of gross farm receipts during 2016-18, without these two countries it would be at 15.4% instead (Figure 2.8).

**Figure 2.8. The impact of adding Argentina and India to this report: Main indicators for the All countries aggregate, 2000 to 2018**



Notes: 1. The All countries total includes all OECD countries, non-OECD EU Member States, and the 12 Emerging Economies.

2. The All countries (without Argentina and India) total includes all OECD countries, non-OECD EU Member States, and the 10 Emerging Economies.

Source: OECD (2019), "Producer and Consumer Support Estimates", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-pcse-data-en>.

StatLink  <https://doi.org/10.1787/888933936465>





**From:**  
**Agricultural Policy Monitoring and Evaluation 2019**

**Access the complete publication at:**

<https://doi.org/10.1787/39bfe6f3-en>

**Please cite this chapter as:**

OECD (2019), "Overall trends in agricultural support", in *Agricultural Policy Monitoring and Evaluation 2019*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/8c0cc45e-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).