

## United States

The Food, Conservation and Energy Act of 2008 provides the basic legislation governing farm policy for the period 2008-2012. The Act retains most traditional agricultural support measures, but it also introduces alternative support options for major field crops and to disaster relief arrangements. The American Recovery and Re-investment Act, which became a law in February 2009, provides, inter alia, extra funding for domestic food assistance, loans and loans guarantees and technical assistance to aid economic recovery in rural areas.

- In 2009, support to producers (%PSE) increased from 8% in 2008 to 10%, triggered by sharp increase in MPS for milk. In a longer term, the %PSE fell from 22% in 1986-88 to 9% in 2007-09, which is less than half the OECD average.
- The share of most distorting policies (support based on commodity output and non-constrained variable input based payments) in the PSE decreased from 52% in 1986-88 to 31% in 2007-09, while the share of the least production and trade distorting support (payments with no requirement to produce) increased ten fold, to 30% in 2007-09.
- Producer prices were 13% higher than world prices in 1986-88 and only 2% higher in 2007-09 (NPC).
- The share of single commodity transfers to producers decreased from 71% of PSE in 1986-88 to 31% in 2007-09. Around 44% of this support is attributable to support provided to the milk sector, 10% to cotton and 6% to sugar.
- Although domestic prices were on average equal to world prices in 2009, the %CSE constituted an implicit subsidy of 10% in 2007-09, in part due to food consumption aid (part of food stamps), where it was an implicit tax of 3% in 1986-88.
- Support for general services provided to agriculture increased from 27% of total support in 1986-88 to 45% in 2007-09. Total support to agriculture represents 0.8% of GDP, down from 1% in 1986-88.

Figure 2.23. **United States: PSE level and composition by support categories, 1986-2009**

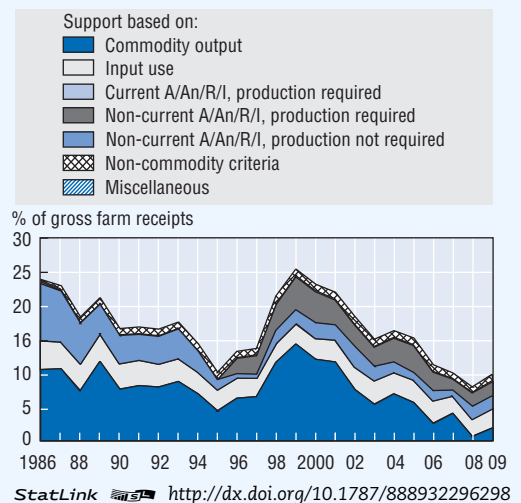
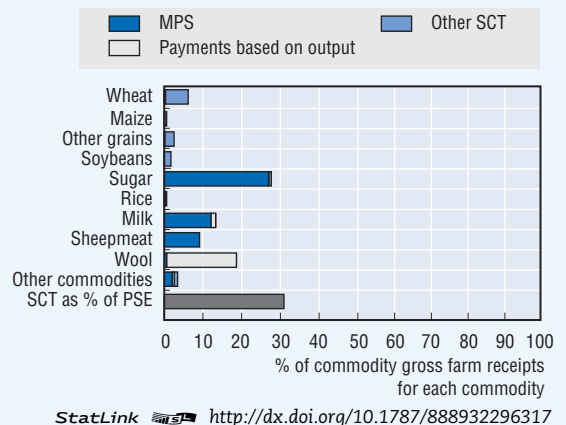


Figure 2.24. **United States: Producer SCT by commodity, 2007-09**



Overall, the 2008 Farm Act shows little progress towards market orientation. While maintaining the support programmes for crops authorised in the 2002 Farm Act, it provides additional avenues and scope for commodity-linked support – including greater potential for support to the dairy and sugar sectors. The sharp rise in the market price support for dairy, including use of export subsidies exacerbates market distortion in the sector.

Table 2.12. **United States: Estimates of support to agriculture**  
USD million


	1986-88	2007-09	2007	2008	2009p
<b>Total value of production (at farm gate)</b>	<b>143 469</b>	<b>304 629</b>	<b>311 268</b>	<b>315 597</b>	<b>287 022</b>
<i>of which share of MPS commodities (%)</i>	72	72	73	72	71
<b>Total value of consumption (at farm gate)</b>	<b>132 032</b>	<b>261 342</b>	<b>269 181</b>	<b>270 298</b>	<b>244 547</b>
<b>Producer Support Estimate (PSE)</b>	<b>36 219</b>	<b>30 281</b>	<b>33 203</b>	<b>27 043</b>	<b>30 598</b>
Support based on commodity output	15 996	6 998	13 423	1 921	5 650
<i>Market Price Support</i>	13 077	6 159	13 046	780	4 650
<i>Payments based on output</i>	2 919	839	377	1 141	1 000
Payments based on input use	7 061	9 147	8 948	9 165	9 328
<i>Based on variable input use</i>	3 697	3 087	3 152	3 092	3 018
<i>with input constraints</i>	739	415	386	467	393
<i>Based on fixed capital formation</i>	1 233	1 238	1 123	1 213	1 378
<i>with input constraints</i>	1 233	1 218	1 105	1 193	1 355
<i>Based on on-farm services</i>	2 131	4 821	4 672	4 861	4 931
<i>with input constraints</i>	349	1 059	956	1 092	1 130
Payments based on current A/An/R/I, <sup>1</sup> production required	12 231	5 134	2 811	6 608	5 983
<i>Based on receipts/Income</i>	912	1 311	1 203	1 377	1 352
<i>Based on area planted/Animal numbers</i>	11 319	3 823	1 608	5 230	4 630
<i>with input constraints</i>	2 565	3 773	1 535	5 163	4 621
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	338	6 583	5 683	6 996	7 069
<i>With variable payment rates</i>	0	961	771	1 220	893
<i>with commodity exceptions</i>	0	961	771	1 220	893
<i>With fixed payment rates</i>	338	5 621	4 913	5 776	6 176
<i>with commodity exceptions</i>	0	4 667	3 957	4 821	5 222
Payments based on non-commodity criteria	592	2 420	2 338	2 352	2 569
<i>Based on long-term resource retirement</i>	592	2 316	2 295	2 219	2 434
<i>Based on a specific non-commodity output</i>	0	0	0	0	0
<i>Based on other non-commodity criteria</i>	0	104	43	134	135
Miscellaneous payments	0	0	0	0	0
<b>Percentage PSE</b>	<b>22</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>10</b>
<b>Producer NPC</b>	<b>1.13</b>	<b>1.02</b>	<b>1.05</b>	<b>1.01</b>	<b>1.02</b>
<b>Producer NAC</b>	<b>1.28</b>	<b>1.10</b>	<b>1.11</b>	<b>1.09</b>	<b>1.11</b>
<b>General Services Support Estimate (GSSE)</b>	<b>17 197</b>	<b>49 229</b>	<b>41 659</b>	<b>46 045</b>	<b>59 984</b>
Research and development	1 131	2 311	2 331	2 356	2 245
Agricultural schools	0	1	1	1	1
Inspection services	384	941	866	953	1 004
Infrastructure	3 937	5 529	4 160	6 183	6 245
Marketing and promotion	10 645	38 257	32 064	34 389	48 318
Public stockholding	0	38	85	9	20
Miscellaneous	1 100	2 153	2 152	2 154	2 151
<b>GSSE as a share of TSE (%)</b>	<b>27.1</b>	<b>45.1</b>	<b>41.2</b>	<b>45.2</b>	<b>48.2</b>
<b>Consumer Support Estimate (CSE)</b>	<b>-3 794</b>	<b>22 644</b>	<b>12 172</b>	<b>27 129</b>	<b>28 631</b>
Transfers to producers from consumers	-12 746	-6 078	-12 847	-780	-4 608
Other transfers from consumers	-1 432	-956	-1 167	-970	-731
Transfers to consumers from taxpayers	10 089	29 679	26 186	28 880	33 971
Excess feed cost	294	0	0	0	0
<b>Percentage CSE</b>	<b>-3</b>	<b>10</b>	<b>5</b>	<b>11</b>	<b>14</b>
<b>Consumer NPC</b>	<b>1.12</b>	<b>1.03</b>	<b>1.05</b>	<b>1.01</b>	<b>1.02</b>
<b>Consumer NAC</b>	<b>1.03</b>	<b>0.91</b>	<b>0.95</b>	<b>0.90</b>	<b>0.88</b>
<b>Total Support Estimate (TSE)</b>	<b>63 505</b>	<b>109 190</b>	<b>101 047</b>	<b>101 968</b>	<b>124 554</b>
Transfers from consumers	14 177	7 035	14 014	1 751	5 340
Transfers from taxpayers	50 759	103 111	88 200	101 188	119 945
Budget revenues	-1 432	-956	-1 167	-970	-731
<b>Percentage TSE (expressed as share of GDP)</b>	<b>1.33</b>	<b>0.77</b>	<b>0.72</b>	<b>0.71</b>	<b>0.87</b>
<b>GDP deflator 1986-88 = 100</b>	<b>100</b>	<b>167</b>	<b>164</b>	<b>167</b>	<b>169</b>

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

1. A (area planted), An (animal numbers), R (receipts), I (income).

MPS commodities for the United States are: wheat, maize, other grains, rice, oilseeds, sugar, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs. Market Price Support is net of producer levies and Excess Feed Cost.

Source: OECD, PSE/CSE Database, 2010.

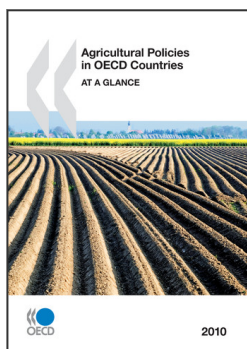
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## ANNEX 2.A

### *Focus on Selected Accession Countries*

This Annex provides basic information on support to agriculture in **Chile\*** and **Israel**, likely to become OECD members during 2010. The information is based on the in-depth reviews of agricultural policies (Chile, 2008 and Israel 2010) and the 2009 *Monitoring and Evaluation of Agricultural Policies in Emerging Economies* (Chile). **Estonia** and **Slovenia**, the two other potential OECD member countries, are already covered (with other non-OECD EU-member countries) in the estimation of support of the European Union. **Russia** is not covered, as this country is unlikely to become an OECD member in 2010.

\* Chile is a member of the OECD as from 7 May 2010.



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